2.2.3 Other committees chaired by General Management

Xavier Durand also chairs the Executive Committee.

The Executive Committee is composed of the General Executive Committee (GEC) and the seven regional directors (see also Section 1.7 "Group organisation").

It helps to prepare the Group's strategy and reviews key operational matters or strategic initiatives.

Like the GEC, the Executive Committee pays particular attention to monitoring the efficiency of internal control, internal audit and risk management systems that are considered essential to the Group's smooth internal governance.

It meets each month to review the progress of the Group's cross-disciplinary projects and the implementation of the strategic plan. In 2020, it met twice a month to monitor and manage activities in the economic and health crisis.

Furthermore, the Executive Committee members contribute, as a team, to setting up and disseminating Coface's managerial culture.

In addition, the Chief Executive Officer convenes the main managers of the various head office functions for a meeting of this committee once a month. This committee focuses on information and discussions relating to the main areas of reflection and action.

2.3 COMPENSATION AND BENEFITS PAID TO MANAGERS AND CORPORATE OFFICERS

The Company refers to the AFEP-MEDEF Code to prepare the report required by Article L.225-37 of the French Commercial Code.

The tables inserted in the sections below present a summary of compensation and benefits of any kind that are paid to corporate officers of the Company, and to members of the Company's Board of Directors by (i) the Company, (ii) companies controlled, pursuant to Article L.233-16 of the French Commercial Code, by the Company in which the mandate is performed, (iii) companies controlled, pursuant to Article L.233-16 of the French Commercial Code, by the Company or companies that control the Company in which the mandate is performed and (iv) the Company or companies that, pursuant to the same article, control the Company in which the mandate is exercised. Since the Company belongs to a group at the date of this Universal Registration Document, the information concerns the amounts owed by all companies in the chain of control.

The Company is a limited corporation *(société anonyme)* with a Board of Directors. The duties of Board Chairman, performed by François Riahi from June 15, 2018 to August 3, 2020 then by Nicolas Namias from September 9, 2020, and Chief Executive Officer, performed by Xavier Durand, have been separated.

No form of compensation or benefit is paid to the Chairman of the Board of Directors. The compensation paid by Natixis to François Riahi and to Nicolas Namias for their terms as Chief Executive Officer of Natixis is described below (Sections 2.3.2 and 2.3.3).

Xavier Durand is compensated by the Company for his term as Chief Executive Officer as described in Sections 2.3.2 and 2.3.3 below.

2.3.1 Employee compensation policy

Regulatory framework

The Company's compensation policy falls under the provisions of the Solvency II Directive and the 2015/35 delegated regulation (Article 258 Section 1, Point 1 and Article 275).

Generally, compensation practices should contribute to effective risk management within the Company, and in particular:

- ensure strict compliance with the laws and regulations applicable to insurance companies;
- prevent conflicts of interest and not encourage risk-taking beyond the limits of the Company's risk tolerance;
- be consistent with the Company's strategy, interests and long-term results;
- guarantee the Company's capacity to keep an appropriate level of own funds.

In this context, Coface's compensation policy specifies general provisions applicable to all employees according to certain criteria and provisions specific to the population identified as regulated.

General principles

The compensation policy is a key instrument in implementing Coface's strategy. It seeks to attract, motivate and retain the best talent. It encourages individual and collective performance and seeks to be competitive in the market while respecting the Group's financial balance. It complies with the regulations in force, guarantees internal equity and professional equality, particularly between men and women. It includes social and environmental issues in its deliberations.

It is proposed by the Group's HR Department and is subject to approval by the Nominations and Compensation Committee, and then by the Board of Directors. The HR function is responsible for implementing the policy at the country level to ensure practices are consistent within the Group, and to ensure each country is compliant with local regulations and remains competitive in the market.

Structured in a clear and transparent manner, compensation is intended to be adapted to the Group's objectives and to assist it in its long-term development strategy:

- **fixed compensation:** this is the principal component of individual compensation and depends on the abilities and expertise expected for a given position. It is set at the time of hiring and reviewed annually in light of market practices, individual contribution and internal equity in strict compliance with the constraints of the budgets allocated for the financial year;
- **annual individual variable compensation ("bonus"):** the Group's variable compensation policy takes individual and collective performance over a given year into account and is assessed on the basis of financial and non-financial criteria. The eligibility rules and variable compensation level are set by function, responsibility level and market under consideration.

  For the Group's Senior Managers (Top 200), the target variable compensation is set as a percentage of the base salary and may not exceed 100% of this. It comprises objectives set annually by the Management Committee and the managers of each function involved in supporting the Group's HR Department. This procedure ensures that individual objectives are consistent with the Company's strategic objectives:

  - 15% of the objectives set are purely quantitative and relate to the financial performance of the business entity,
  - 45% relate to the performance of the function in question and are mainly quantitative,
  - 40% are set individually at the annual performance review meeting. They may be quantitative and/or qualitative, provided that they comply with the SMART rules (specific, measurable, attainable, relevant and time-bound);

Note: For 2020 and 2021, in order to guarantee fairness in the assessment of bonuses, the collective part of variable compensation was adjusted to 30% for the support functions, which are less impacted by the financial results and the economic consequences of the health crisis.

- **long term individual variable compensation (Long-Term Incentive Plan):** each year since 2016, the Group has awarded free performance shares to persons identified in the Solvency II Directive (members of the Executive Committee, key functions and employees with significant influence on the Company's risk profile), for whom part of their variable compensation must be deferred, and to certain key employees as part of the reward and retention policy. This plan also ensures that the interests of the beneficiaries are aligned with those of the shareholders over the long term;
- **collective variable compensation (employee savings):** in France, the Group negotiated a three-year profit-sharing agreement in 2018. This agreement benefits all employees on a fixed or open-ended employment contract, who have more than three months' seniority within the companies forming part of the Compagnie française d'assurance pour le commerce extérieur – Fimipar economic and corporate unit (a wholly-owned subsidiary of the Group). Participation is handled according to the legal formula. Similar collective schemes exist in other Group entities depending on their legal obligations and seek to give employees a stake in the Company's performance;
- **corporate benefits:** corporate benefits are determined by each of the Group's entities in an effort to closely address local concerns. The Group ensures practices are consistent, and guarantees a level of social protection that is competitive in the market and respectful of its employees worldwide. In 2020, the Group introduced a car policy aiming to harmonise practices and reduce the carbon impact of its vehicle fleet.

The compensation of employees is wholly or partly comprised of these components, depending on the position held, the level of responsibility and the reference market.

Special provisions applicable to the regulated population

Scope of the regulated population

Pursuant to the provisions of Article 275, Section 1, Point (c) of Regulation 2015/35, the Company has identified the following persons as falling within the scope of the regulated population:

- members of the Executive Committee who cover general management, finance, strategy, transformation, operations (business technology), legal and compliance, human resources, commercial, risk underwriting, information, claims and debt collection and regional managers;
- persons holding the key functions described in Articles 269 to 272 of Regulation 2015/35: audit, risk, compliance and actuarial;
- persons whose professional activity has a material impact on the Company's risk profile: risk underwriting, commercial underwriting, credit risk support, investment, reinsurance, economic research, financial communication, country managers where turnover exceeds a threshold determined each year with respect to the Company's overall turnover.

For 2020, 29 functions fell within the regulated population scope. The Nominations and Compensation Committee identifies these functions, then presents them to the Board of Directors for approval. This list is reviewed each year in order to guarantee a perfect match between the evolution of the Company's risk profile and that of its employees.

Specific provisions regarding compensation

The Group endeavours to ensure that the proportion and structure of variable compensation are balanced and that the goals set are in accordance with the Company's strategy and risk profile.

In addition to rules common to all employees, the Group sets specific compensation rules intended for the population identified as regulated:

- the variable compensation package therefore includes the annual variable compensation ("bonus") and the long term variable compensation (Long-Term Incentive Plan) in the form of free performance shares;
- free performance shares make up the deferred portion of the variable compensation and represent at least 30% of overall variable compensation. They are contingent upon presence and performance conditions and have a vesting period of three years;
- all risk hedging transactions are prohibited.

Furthermore, to avoid any conflict of interest, for the control functions referred to in Articles 269 to 272 (audit, risk, compliance), the collective part of annual variable compensation based on financial objectives is assessed using the Group scope, irrespective of the employee's level of involvement, to prevent them from being directly assessed on the performance of the units placed under their control.

2.3.2 Compensation policy for corporate officers

In accordance with Decree No 2019-1234 of November 27, 2019 relating to the compensation of corporate officers of listed companies provided for under the PACTE law, the Board of Directors, at the request of the Nominations and Compensation Committee, draws up a compensation policy for corporate officers. This document describes the principles of the policy, which is in line with the Company's corporate interests, falls within its commercial strategy and contributes to its long-term viability.

It describes all the components of fixed and variable compensation and explains the decision-making process followed to determine, review and implement it.

It is presented in a clear and understandable way as part of the corporate governance report and is the subject of a draft resolution submitted for approval by the Shareholders' Meeting each year and each time a significant change is made.

The compensation policy for corporate officers defines the principles, structure and governance rules applicable to the compensation paid to the Chief Executive Officer and the directors.

Compensation of the Chief Executive Officer

Principles applicable to the compensation of the Chief Executive Officer

The Board of Directors sets the various components of the Chief Executive Officer's compensation at the start of each financial year, based on a proposal by the Nominations and Compensation Committee. The Nominations and Compensation Committee proposes the compensation policy for the Chief Executive Officer in compliance with the rules laid down by the Solvency II Directive and the recommendations of the AFEP-MEDEF Code.

It thereby ensures that the principles of balance, external competitiveness, consistency and internal equity are observed in determining the components of compensation. It ensures a correlation between the responsibilities exercised, the results achieved and the level of compensation over a performance year.

It also ensures that compensation practices contribute to effective risk management within the Company and in particular to:

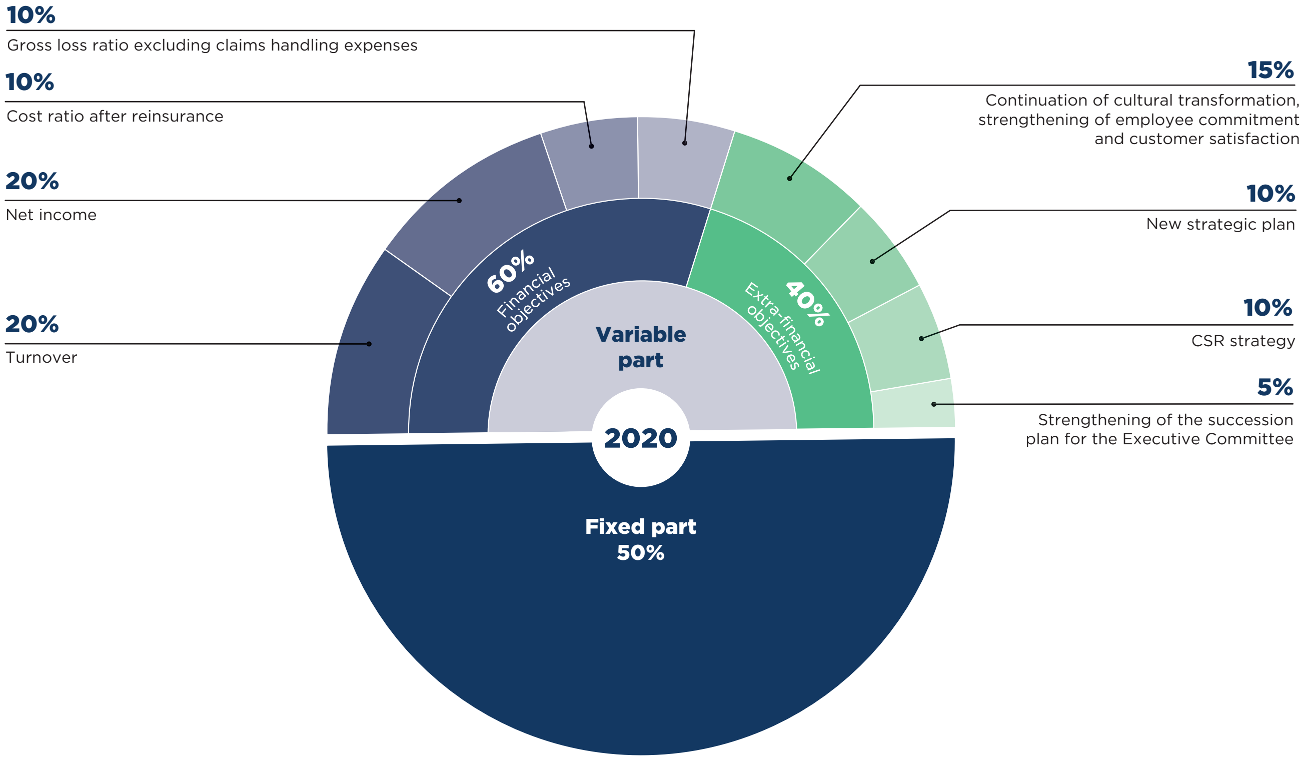
- strict compliance with the laws and regulations applicable to insurance companies;
- prevention of conflicts of interest and the management of risk-taking within the limits of the Company's risk tolerance;
- consistency with the Company's strategy, interests and long-term results;
- consideration of social and environmental issues.

The Chief Executive Officer's compensation is subject to a comparative analysis of the market each year by a compensation consultancy firm in order to ensure it is competitive within the market and that the structure offers the right balance of fixed, variable, short-term and long-term components. The results of this analysis are fed back to the Nominations and Compensation Committee as part of the annual review of the Chief Executive Officer's compensation.

The objectives, practices and governance in terms of compensation are clearly established and communicated and the components of the Chief Executive Officer's compensation are presented transparently in the corporate governance report subject to approval by the Shareholders' Meeting.

Components of the compensation of the Chief Executive Officer

The compensation of the Chief Executive Officer comprises:



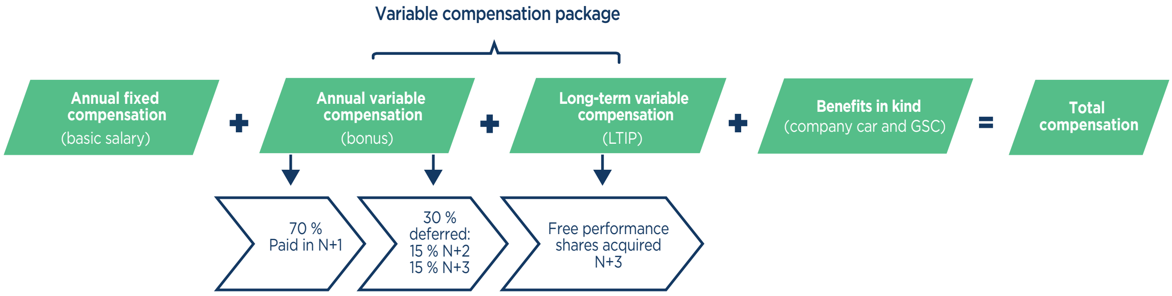
- **fixed compensation:** determined at the start of his term of office in 2016, the fixed annual compensation was adjusted to €750,000 gross when the Chief Executive Officer's term of office was renewed in 2020 in order to take into account his responsibilities, performance and market practices (see detailed explanation in the fairness ratio section below);
- **annual variable compensation:** the bonus is assessed on the basis of performance for a given year. The target is set at 100% of the base salary. It comprises 60% financial objectives and 40% strategic and managerial objectives. The maximum achievement rate for variable compensation is 200% (150% for financial objectives and 50% for strategic and managerial objectives);
- **long-term variable compensation:** fixed in the form of free performance shares. They are contingent upon presence and performance conditions and have a vesting period of three years. The Chief Executive Officer's allocation meets the same conditions as all beneficiaries; however, he must retain 30% of the shares allocated until expiry of the term of office. These Long-Term Incentive Plan (LTIP) schemes are intended to ensure that the interests of the Chief Executive Officer are aligned with those of the shareholders over the long term;
- **benefits in kind:** the Chief Executive Officer is entitled to a company vehicle and the payment of 62.5% of the contributions payable to the social security regime for company managers and corporate officers.

The CEO is entitled to the Group healthcare and retirement schemes in place for all employees and has no supplementary retirement scheme. A medical check-up will be proposed to the Chief Executive Officer and members of the Executive Committee in 2021.

Note:

- the variable compensation package includes the annual variable compensation ("bonus") and the long term variable compensation (Long-Term Incentive Plan) in the form of free performance shares;
- the payment of 30% of the annual variable compensation ("bonus") is deferred and paid as follows: 50% in N+2 and 50% in N+3. Deferred compensation is not paid if a loss is observed on the date of payment or in case of dismissal for serious misconduct or gross negligence;
- deferred compensation, including the deferred bonus portion and the free performance shares awarded under the Long-Term Incentive Plan, accounts for more than 60% of the overall variable compensation;
- all risk hedging transactions are prohibited.

The compensation of the Chief Executive Officer may be summarised as follows:



Directors' compensation

Principles of directors' compensation

The Group's policy is not to allocate compensation to management representatives who perform the duties of directors in Group companies or to directors representing the principal shareholder, Natixis. The Chairman of the Board of Directors does not therefore receive any compensation for their corporate office within COFACE SA.

The compensation policy for corporate officers has been adapted to the usual practices of listed companies and guarantees the independence of directors.

The components of directors' compensation are presented clearly and transparently in the corporate governance report and are subject to approval by the Shareholders' Meeting.

Components of directors' compensation

The total annual package allocated to the compensation of directors in 2020 amounted to €450,000, divided between the Board of Directors, the Accounts and Audit Committee, the Risk Committee and the Nominations and Compensation Committee. The rules on distribution of directors' fees are as follows:

		FIXED PORTION (PER YEAR *PRORATA TEMPORIS* OF THE TERM OF OFFICE)	VARIABLE PORTION (PER MEETING AND CAPPED*)
Board of Directors	Members	€8,000	€3,000
Audit and Accounts Committee	Chairman	€17,000	€3,000
	Members	€5,000	€2,000
Risk Committee	Chairman	€17,000	€3,000
	Members	€5,000	€2,000
Nominations and Compensation Committee	Chairman	€8,000	€3,000
	Members	€3,000	€2,000

* *Capped:*
- *at six meetings for the Board of Directors, the Audit and Accounts Committee and the Risk Committee;*
- *at five meetings for the Nominations and Compensation Committee.*

	FINANCIAL YEAR 2020 – MAXIMUM GROSS COMPENSATION AMOUNTS		
On the basis of six Board meetings per year; six Audit and Accounts Committee meetings; six Risk Committee meetings; five Nominations and Compensation Committee meetings	**AMOUNT OF COMPENSATION**	**FIXED PORTION** *(in%)*	**VARIABLE PORTION** *(in%)*
Member of the Board of Directors	€26,000	31	69
Member of the Board of Directors + Chairman of the Audit and Accounts Committee	€61,000	41	59
Member of the Board of Directors + Member of the Audit and Accounts Committee	€43,000	30	70
Member of the Board of Directors + Chairman of the Risk Committee	€61,000	41	59
Member of the Board of Directors + Member of the Risk Committee	€43,000	30	70
Member of the Board of Directors + Chairman of the Nominations and Compensation Committee	€49,000	33	67
Member of the Board of Directors + Member of the Nominations and Compensation Committee	€39,000	28	72

2.3.3 Summary of the compensation of each executive director for financial years 2019 and 2020

In order to comply with the regulations, the tables below present a summary of the compensation, stock options and shares granted during the fiscal years ended December 31, 2019 and December 31, 2020 to François Riahi, Chairman of the Board of Directors until August 3, 2020 and Xavier Durand, Chief Executive Officer; and during the fiscal year ended December 31, 2020 to Nicolas Namias, Chairman of the Board of Directors since September 9, 2020.

No form of compensation or benefit was paid to François Riahi or Nicolas Namias by Coface for their term as director or Chairman of the Board of Directors of COFACE SA. The compensation paid by Natixis to François Riahi and Nicolas Namias for their terms as Chief Executive Officer of Natixis is described below.

/ SUMMARY OF COMPENSATION, STOCK OPTIONS AND SHARES GRANTED TO EACH EXECUTIVE DIRECTOR (TABLE 1 – AMF/AFEP-MEDEF)

	FINANCIAL YEAR 2020 (1)	FINANCIAL YEAR 2019 (1)
François Riahi, Chairman of the COFACE SA Board and Natixis CEO (2) until August 3, 2020		
Compensation due for the financial year (3)	474,743	1,790,646
Value of the multi-year variable compensation allocated during the financial year	-	-
Value of options allocated during the financial year	-	-
Value of performance shares allocated during the financial year (4)	160,000	160,000
TOTAL	**634,743**	**1,950,646**
Nicolas Namias, Chairman of the COFACE SA Board and Natixis CEO (2) since September 9, 2020		
Compensation due for the financial year (5)	525,119	N/A
Value of the multi-year variable compensation allocated during the financial year	-	-
Value of options allocated during the financial year	-	-
Value of performance shares allocated during the financial year (4)	0	N/A
TOTAL	**525,119**	**-**
Xavier Durand, Chief Executive Officer		
Compensation due for the financial year (6) (presented in detail in Section 2.3.4 below)	1,204,916	1,460,526
Value of the multi-year variable compensation allocated during the financial year	-	-
Value of options allocated during the financial year	-	-
Value of performance shares awarded during the financial year (presented in detail in Section 2.3.8 below) (7)	717,900	463,260
TOTAL	**1,922,816**	**1,923,786**

(1) In euros.
(2) Details of the compensation paid to François Riahi and Nicolas Namias are available in Natixis' Universal Registration Document as well as on the website: www.natixis.com.
(3) Including a family supplement of €2,384 for 2019 and €1,625 for 2020.
(4) Corresponding to an amount on the award date, for a fair value of €73,116 for François Riahi for 2020.
(5) Including 4,380 euros of family supplement and vehicle benefits for 2020.
(6) Before social security contributions and income tax.
(7) IFRS fair value (corresponding to a value on the award date of €564,445 for the 2019 LTIP plan and €862,463 for the 2020 LTIP plan).

2.3.4 Compensation of executive directors for financial years 2019 and 2020

In order to comply with the regulations, the tables below present the breakdown of fixed and variable compensation and other benefits granted during the fiscal years ended December 31, 2019 and 2020 to François Riahi, Chairman of the Board of Directors until August 3, 2020, to Xavier Durand, Chief Executive Officer; and during the fiscal year ended December 31, 2020 to Nicolas Namias, Chairman of the Board of Directors since September 9, 2020.

No form of compensation or benefit was paid to François Riahi or is paid to Nicolas Namias. The compensation paid by Natixis to François Riahi and to Nicolas Namias for their terms as Chief Executive Officer of Natixis is described below.

/ SUMMARY OF THE COMPENSATION PAID TO EACH EXECUTIVE DIRECTOR (TABLE 2 – AMF/AFEP-MEDEF)

Compensation due or awarded for the financial year ended December 31, 2020, to François Riahi, Chairman of the COFACE SA Board of Directors until August 3, 2020

	2020 (1)		2019 (1)	
	AMOUNTS DUE	AMOUNTS PAID	AMOUNTS DUE	AMOUNTS PAID
François Riahi, Chairman of the COFACE SA Board and Natixis CEO (3)				
Fixed compensation for corporate office (4)	473,118	473,118	800,000	800,000
Annual variable compensation	0	781,400 (5)	988,262	749,248 (5)
Extraordinary compensation			-	-
Compensation for attending COFACE SA Board meetings			-	-
Benefits in kind (6)			2,384	2,384
TOTAL	**474,473 (2)**	**1,256,143**	**1,790,646 (2)**	**1,551,632**

(1) In euros.
(2) François Riahi was also granted 77,783 free performance shares on a pro rata temporis basis by the Board of Directors on May 20, 2020, corresponding to a grant of 160,000 euros; and on May 28, 2019, a free grant of 31,708 performance shares corresponding to a grant date of 160,000 euros.
(3) Details of the compensation paid to François Riahi are available in Natixis' 2020 Universal Registration Document as well as on the website: www.natixis.com.
(4) On a gross basis before social contributions and income tax.
(5) This amount includes payment and delivery of securities relating to the variable remuneration deferred from previous years.
(6) The deferred amount corresponds to the family supplement.

Compensation due or awarded for the financial year ended December 31, 2020, to Nicolas Namias, Chairman of the COFACE SA Board of Directors since September 9, 2020

	2020 (1)	
	AMOUNTS DUE	AMOUNTS PAID
Nicolas Namias, Chairman of the COFACE SA Board and Natixis CEO (3)		
Fixed compensation for corporate office (4)	330,158	330,158
Annual variable compensation	190,581	79,947 (5)
Extraordinary compensation		
Compensation for attending COFACE SA Board meetings		
Benefits in kind (6)	4,380	4,380
TOTAL	**525,119 (2)**	**414,485**

(1) In euros.
(2) Nicolas Namias did not benefit from a free allocation of performance shares in 2020.
(3) Details of the compensation paid to Nicolas Namias are available in Natixis' 2020 Universal Registration Document as well as on the website: www.natixis.com.
(4) On a gross basis before social contributions and income tax.
(5) This amount includes payment and delivery of securities relating to the variable remuneration deferred from previous years.
(6) The deferred amount corresponds to the family supplement.

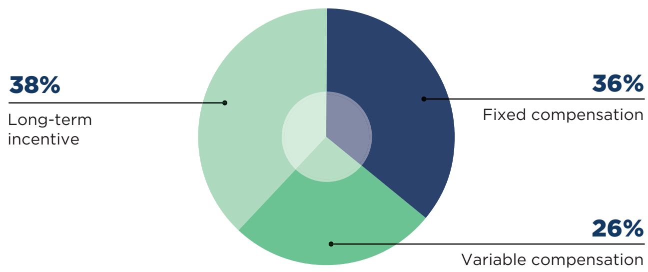
Compensation due or awarded for the financial year ended December 31, 2020, to Xavier Durand, Chief Executive Officer of COFACE SA

	2020 (1)		2019 (1)	
	AMOUNTS DUE (2)	AMOUNTS PAID (3)	AMOUNTS DUE (2)	AMOUNTS PAID (3)
Xavier Durand, Chief Executive Officer				
Fixed compensation	691,667	691,667	575,000	575,000
Annual variable compensation	498,733 (5)	609,507 (4)	870,723 (5)	635,272 (4)
Deferred variable compensation (6)		267,239	-	200,109
Extraordinary compensation	-	-	-	-
Directors' fees	-	-	-	-
Benefits in kind (7)	14,516	14,516	14,803	14,803
TOTAL (8)	**1,204,916**	**1,582,929**	**1,460,526**	**1,425,184**

(1) Amount in euros, on a gross basis before social contributions and income tax.
(2) The amounts due correspond to the sums allocated for the financial year excluding long-term variable compensation and deferred variable compensation.
(3) The amounts paid correspond to the sums effectively paid during the financial year and include the amounts that were due for the previous financial year.
(4) Variable compensation paid in performance year N (portion due for N-1).
(5) Variable compensation for performance year N.
(6) Deferred variable compensation paid in year N for performance year N-2 and N-3.
(7) Xavier Durand is entitled to the payment by the Company of 62.5% of the contributions payable to the social security regime for company managers and corporate officers, and a company car.
(8) For the history of allocation of free performance shares, see Section 2.3.12.

Breakdown of the compensation paid to Xavier Durand, Chief Executive Officer of COFACE SA for the financial year ended December 31, 2020 (see also Section 8.1.3 on the principles and components of the Chief Executive Officer's compensation)

64% OF TOTAL GROSS ANNUAL COMPENSATION IS LINKED TO GROUP PERFORMANCE



* See the fixed remuneration in the table below "Components of compensation".

COMPONENTS OF COMPENSATION	AMOUNT	COMMENTS
Fixed compensation	€691,667	Gross annual compensation set at €750,000 on the renewal of the term of office of Xavier Durand and effective from the Shareholders' Meeting closing financial year 2019, held in May 2020. The amount of €691,667 corresponds to the pro-rata calculation over the period, *i.e.*: • €575,000 in fixed annual compensation from January to April 2020; • €750,000 in fixed annual compensation since May 2020 (date of the General Shareholders' Meeting closing fiscal year 2019).
Annual variable compensation (“bonus”)	€498,733	Target variable compensation is maintained at **100% of fixed compensation**.

The maximum achievement rate for variable compensation is 200%, broken down as follows:
- 150% for financial objectives (*i.e.*, a maximum achievement rate of 250%);
- 50% for strategic and managerial objectives (*i.e.*, a maximum achievement rate of 125%).

The achievement rate for financial objectives is defined in the scope of variation limits, as follows:
- the lower end of the variation limit corresponds to the trigger threshold, *i.e.* 0% achieved;
- the objective level corresponds to 100% achievement;
- between the lower end of the variation limit and the objective, the achievement rate is set on a straight-line basis between 0% and 100% of achievement;
- between the objective and the upper end of the variation limit, the achievement rate is set on a straight-line basis between 100% and 250% of achievement.

Thus, if the achievement rate for one of the financial objectives is at or below the lower end of the variation limit for this objective, no compensation will be paid for it.
The payment of 30% of the annual variable compensation (“bonus”) is deferred and paid as follows: 50% in N+2 and 50% in N+3. A penalty system is introduced in the event of dismissal for serious misconduct or gross negligence or observed losses prior to the payment date.

The achievement rate for 2020 objectives proposed by the Nominations and Compensation Committee meeting of January 25, 2021, approved by the Board of Directors at the meeting of February 10, 2021 and submitted for approval of the Shareholders' Meeting that approves the 2020 financial statements is 72.106%, broken down as follows:

The achievement rate for 2020 objectives proposed by the Nominations and Compensation Committee meeting of January 25, 2021, approved by the Board of Directors at the meeting of February 10, 2021 and submitted for approval of the Shareholders' Meeting that approves the 2020 financial statements is 72.106%, broken down as follows:

FINANCIAL OBJECTIVES	VARIATION LIMIT	ALLOCATION KEY	ACHIEVEMENT RATE	AMOUNT OF VARIABLE COMPENSATION
Turnover	-/+10%	20%	53.03%	€73,358
Net income	-/+20%	20%	0.00%	€0
Cost ratio after reinsurance	+/-3 pts	10%	140.00%	€96,833
Gross loss ratio excluding claims handling expenses	+/-5 pts	10%	0.00%	€0
TOTAL (A)			**24.61%**	**€170,191**

STRATEGIC AND MANAGERIAL OBJECTIVES	VARIATION LIMIT	ALLOCATION KEY	ACHIEVEMENT RATE	AMOUNT OF VARIABLE COMPENSATION
Continuation of cultural transformation, strengthening of employee commitment and customer satisfaction	0/125%	15%	125.00%	€129,688
New strategic plan	0/125%	10%	125.00%	€86,458
CSR strategy	0/125%	10%	100.00%	€69,167
Strengthening of the succession plan for the Executive Committee	0/125%	5%	125.00%	€43,229
TOTAL (B)			**47.50%**	**€328,542**
TOTAL (A + B)			**72.106%**	**€498,733**

The bonus due for financial year 2020 is therefore €498,733 and will be paid as follows:
- **70% of the total amount paid in 2021, *i.e.* €349,113;**
- 15% of the total amount deferred to 2022, *i.e.* €74,810;
- 15% of the total amount deferred to 2023, *i.e.* €74,810.

Note that payment of the 2020 bonus is conditional on the approval of the Ordinary Shareholders' Meeting that follows the closing of financial year 2020.
A penalty scheme has also been introduced: therefore, in case of losses observed prior to the payment dates of the deferred amounts or dismissal for gross negligence or serious misconduct before the payment date, no payment will be made for these deferred amounts.

COMPONENTS OF COMPENSATION	AMOUNT	COMMENTS
Multi-year variable compensation	€0.00	N/A
Extraordinary compensation	€0.00	N/A
Long-term variable compensation (Allocation of stock options/performance shares and any other component of long-term compensation)	(see Section 2.3.8)	75,000 shares are awarded under the 2020 Long-Term Incentive Plan (2020 LTIP), representing an IFRS fair value of €717,900 (€862,463 on award, based on the average opening share price for the last 20 stock market trading sessions preceding the date of the Board meeting). Free performance shares will be definitively vested on February 6, 2023, subject to presence and performance conditions measured over the term of the plan until December 31, 2022, as follows: • one third of the shares allocated will be vested subject to achievement of COFACE SA's RoATE (return on average tangible equity) level for the financial year ending December 31, 2022; • one third of the shares allocated will be vested subject to the relative performance of COFACE SA's shares, measured by COFACE SA's Total Shareholder Return (TSR) compared to the TSR of companies comprising the Euro Stoxx Insurance index over the period from January 1, 2020 to December 31, 2022; • one third of the shares allocated will be vested subject to achievement of the net cost ratio at December 31, 2022. The trigger threshold is set at 80% of the target for each criterion. Thus, if the rate of attainment of one of the criteria is less than 80% of the target, performance under that criterion will not be met. The rate of attainment of the criteria may vary between 80% and 120% and the rates of attainment may offset each other. However, this compensation may not apply if the rate of achievement under one of the criteria is less than 80% of the target and may not lead to the acquisition of more than 100% of the shares in total. The share vesting period is set at three years starting from February 5, 2020. The plan does not include a retention period. The Board decided that 30% of the CEO's shares vested under the 2020 LTIP should be retained until the end of his term of office or of any other role that he might hold within Coface.
No hedging	€0.00	To the Company's knowledge, no hedging instrument has been set up.
Supplementary retirement scheme	€0.00	Xavier Durand is not entitled to any supplementary retirement scheme.
Directors' fees	€0.00	Xavier Durand did not receive any directors' fee in connection with his duties within the Company.
Benefits in kind	€14,516	Xavier Durand is entitled to a company vehicle and the payment of 62.5% of the contributions payable to social security regime for company managers and corporate officers.
TOTAL AMOUNTS DUE*	**€1,204,916**	

* *The amounts due correspond to the sums allocated for the financial year excluding long-term variable compensation.*

Fairness ratio between the level of compensation of the Chief Executive Officer and the average and median compensation of the Company's employees

In accordance with the terms of Decree No. 2019-1234 of November 27, 2019 relating to the compensation of corporate officers of listed companies provided for under law No. 2019-486 of May 22, 2019, the so-called PACTE law, the Company provides here the ratio of the level of compensation of the Chief Executive Officer to the average and median full-time equivalent compensation of the Company's employees.

This analysis was conducted taking into account the "guidelines on compensation multiples" issued by the AFEP (the French Association of Private Enterprises) on September 27, 2019 and updated in February 2021. The scope used for the analysis is France (all employees established in France and continuously present during the reference year), the reference market for the Chief Executive Officer, which appears the most relevant for this study. It takes into account the components paid or allocated for financial year N (fixed portion, variable portion paid during financial year N for year N-1, deferred variable portion paid during financial year N for previous financial years, free performance shares allocated for financial year N valued at their IFRS value and benefits in kind).

It concerns only the Chief Executive Officer; the Chairman of the Board of Directors does not receive compensation for their corporate office within COFACE SA.

FINANCIAL YEAR	2016	2017	2018	2019	2020	SBF 120 BENCHMARK*
Ratio vs average compensation of employees	12.3	17.8	23.7	24.1	29.1	40
Ratio vs median compensation of employees	13.8	21.2	29.2	29.0	35.2	55

* *Average of ratios, source Willis Towers Watson*

/ EXPLANATIONS FOR THE CHANGE IN THE RATIO OVER THE REFERENCE PERIOD

- **Financial year 2016:** as regards the first year of the term of office of Xavier Durand, the compensation paid in 2016 does not include annual variable compensation for 2015. The ratio is therefore low for this financial year.
- **Financial year 2017:** Xavier Durand's compensation includes the cash portion of the guaranteed bonus at 80% for 2016 (70% of the bonus amount for 2016, 30% of the annual variable compensation being deferred and paid in years N+2 and N+3). Financial year 2017 does not therefore reflect a full year of compensation in terms of the rate of achievement and payment.
- **Financial year 2018:** first full year of Xavier Durand's compensation, including an overperformance bonus for 2017 (152.01% achievement of the objectives set over the period) and the first deferred variable compensation amount paid in respect of the 2016 bonus.
- **Financial year 2019:** Xavier Durand's compensation includes an overperformance bonus for 2018 (157.83% achievement of the objectives set over the period), comparable to 2017, and the second deferred variable compensation amount paid in respect of the 2016 bonus and the first for the 2017 bonus; the ratios are relatively stable between 2018 and 2019.

Financial year 2020: Xavier Durand's compensation includes a performance bonus for 2019 (151.43% achievement of the objectives set over the period), comparable to 2017 and 2018, the second deferred variable compensation amount paid in respect of the 2017 bonus and the first for the 2018 bonus. In addition, Xavier Durand's fixed compensation was revised from €575,000 to €750,000 in 2020, on his reappointment, in order to take into account:

- individual performance: Xavier Durand outperformed his objectives for the previous three financial years;
- market practice: Xavier Durand's fixed compensation was voluntarily set below the market median at the time he took office in 2016 (17% below the market median [1] in base salary and -21% overall in 2019) and was not reviewed in his first four years in office, in accordance with the company's policy and the recommendations of the AFEP-MEDEF code. This review allowed the Xavier Durand's compensation to be positioned at a competitive level, slightly above the market median (+7% compared to the median base salary and +9% overall). The fairness ratio therefore changed over the period but remains well below the benchmarks made up of SBF 120 companies.

(1) *Benchmark performed by Willis Towers Watson on a panel of 30 SBF 80 companies comparable with Coface in terms of headcount, turnover and/or geographic scope.*

/ ANNUAL CHANGES IN COMPENSATION, THE COMPANY'S PERFORMANCE, AVERAGE FULL-TIME EQUIVALENT COMPENSATION FOR THE COMPANY'S EMPLOYEES AND THE AFOREMENTIONED RATIOS DURING THE FIVE MOST RECENT FINANCIAL YEARS

	2016	2017	2018	2019	2020
Change in the compensation of the Chief Executive Officer	(34%)	57%	41%	9%	22%
Change in the average compensation of employees	(1%)	8%	6%	7%	1%
Ratio vs average compensation of employees	12.3	17.8	23.7	24.1	29.1
Change in the fairness ratio vs average compensation of employees (compared to the previous exercice)	(33%)	45%	33%	2%	21%
Ratio vs median compensation of employees	13.8	21.2	29.2	29.0	35.2
Change in the fairness ratio vs median compensation of employees (compared to the previous exercice)	(33%)	54%	37%	(1%)	21%
Change in net income	(67%)	100%	47%	20%	(44%)
Change in turnover	(5%)	(4%)	2%	7%	(2%)

Note: In an economic environment marked by a sharp slowdown in our policyholders' activity, operating performance remained very satisfactory; turnover was stable and net income remained positive over the period.

However, in order to take account of the economic situation, it was agreed:

- to maintain the objectives set for Xavier Durand's annual variable compensation as defined before the health crisis; the 2020 bonus is down 43% compared to 2019 (from €870,723 for 2019 to €498,733 for 2020);
- not to modify the performance evaluation criteria of the 2018 Long-Term Incentive Plan measured at December 31, 2020, the delivery of which was scheduled for February 2021; 65,000 shares, or all of the shares awarded under the 2018 LTIP, will not be delivered to Xavier Durand (value of €594,198 on the award date), resulting in a 40% decrease in total compensation paid in 2021 compared to 2020;
- to set the maximum amount of the LTIP budget allocated to Xavier Durand at 20% of the budget allocated for the fiscal year and 125% of his fixed compensation as from 2021;
- finally, in accordance with the recommendations of the AFEP-MEDEF Code, it was agreed that, except in exceptional circumstances, the compensation structure of the Chief Executive Officer, including fixed compensation, will only be reviewed at lengthy intervals; the review must be justified in light of changes in responsibilities, performance and market competitiveness.

2.3.5 Compensation of members of the Board of Directors for financial years 2019 and 2020

The table below shows the compensation received by members of the Company's Board of Directors for the financial year ended December 31, 2019 as well as compensation payable to them for the financial year ended December 31, 2020.

/ TABLE OF COMPENSATION RECEIVED BY NON-CORPORATE OFFICERS (TABLE 3 – AMF/AFEP-MEDEF) (1)

NON-CORPORATE OFFICERS	FIRST APPOINTMENT	EXPIRY OF THE TERM OF OFFICE (3)	AMOUNTS DUE FOR FINANCIAL YEAR 2020 (2)	AMOUNTS PAID IN FINANCIAL YEAR 2019 (2)
Jean Arondel	21/11/12	2020	26,000	26,000
Other compensation			-	-
Nathalie Bricker	16/05/19	2022	- (4)	- (4)
Other compensation			-	-
Éric Hémar	01/07/14	2021	58,000	55,000
Other compensation			-	-
Daniel Karyotis	08/02/17	2020	26,000	23,000
Other compensation			-	-
Isabelle Laforgue	27/07/17	2020	41,000	41,000
Other compensation			-	-
Nathalie Lomon	27/07/17	2020	58,000	55,000
Other compensation			-	-
Sharon MacBeath	01/07/14	2021	35,000	33,000
Other compensation			-	-
Marie Pic-Pâris	23/10/19	2020	41,000	5,000
Other compensation			-	-
Isabelle Rodney	03/11/16	2020	41,000	41,000
Other compensation			-	-
Anne Sallé-Mongauze	03/11/16	2020	- (4)	- (4)
Other compensation			-	-
Olivier Zarrouati	01/07/14	2021	43,000	40,000
Other compensation			-	-

(1) The dates of appointments and ends of terms of office for the Board of Directors are available in Section 2.1.1 "Mapping of the characteristics of the members of the Board of Directors for financial year 2020".
(2) In euros, on a gross basis (before social contributions and tax).
(3) Shareholders' Meeting called to approve the financial statements for the financial year ending December 31 of the year in question.
(4) Nathalie Bricker, Chief Financial Officer of Natixis, waives her attendance fees for her participation on the Board of Directors of COFACE SA pursuant to the Natixis policy. The same applies to Anne Sallé-Mongauze, CEO of a wholly owned subsidiary of Natixis.

2.3.6 Stock options or warrants awarded in financial year 2020 to each executive director by the Company or by any company in the Group

/ TABLE 4 – AMF/AFEP-MEDEF

None – no stock options or warrants were awarded to executive directors during the financial year ended December 31, 2020.

2.3.7 Stock options or warrants exercised in financial year 2020 by each executive director

/ TABLE 5 – AMF/AFEP-MEDEF

None – no stock options or warrants were exercised by an executive director during the financial year ended December 31, 2020.

2.3.8 Free performance shares allocated during financial year 2020 to each executive corporate officer

The conditions for bonus share allocation are described in Section 2.3.4. The table below provides a description of the free performance shares awarded to Xavier Durand under the 2020 Long-Term Incentive Plan.

/ SHARES AWARDED TO EACH CORPORATE OFFICER (TABLE 6 – AMF/AFEP-MEDEF)

	PLAN DATE	NUMBER OF SHARES ALLOCATED DURING THE FINANCIAL YEAR	VALUATION OF SHARES IN EUROS ACCORDING TO THE METHOD USED FOR THE CONSOLIDATED FINANCIAL STATEMENTS (1)	VESTING DATE	AVAILABILITY DATE (2)	PERFORMANCE CONDITIONS
Xavier Durand **Chief Executive Officer**	2020 Long-Term Incentive Plan 05/02/20	75,000	€717,900	06/02/23	06/02/23	See table in Section 2.3.4
TOTAL		**75,000**	**€717,900**			

(1) *The value on the award date was €862,463 based on the average opening share price for the last 20 stock market trading sessions preceding the date of the Board meeting.*
(2) *Xavier Durand must retain 30% of the shares acquired under the 2020 LTIP until the end of his term of office or of any other role that he might hold within Coface.*

2.3.9 Shares which have vested in financial year 2020 for each corporate officer

/ TABLE 7 – AMF/AFEP-MEDEF

	PLAN NO. AND DATE	NUMBER OF SHARES VESTED DURING THE FINANCIAL YEAR
Xavier Durand **Chief Executive Officer**	2017 Long-Term Incentive Plan 11/02/19	60,000

As the performance condition was met in full, all of the shares awarded to Mr Xavier Durand under the 2017 LTIP, *i.e.*, 60,000 shares, were definitively vested and delivered on February 9, 2020. As agreed under the Plan's regulations, Xavier Durand must retain 30% of the shares acquired under the LTIP 2017 until the end of his term of office or of any other role that he hold within Coface, which corresponds to 18,000 shares under this Plan.

2.3.10 History of stock option or warrant awards – information on subscription or purchase options

/ TABLE 8 – AMF/AFEP-MEDEF

None, no stock options or warrants were awarded during the financial years ended December 31, 2020, 2019, 2018, 2017 and 2016.

No plan to award stock options or warrants is pending at the date of this Universal Registration Document.

2.3.11 Stock options or warrants granted to the top ten employees who are not corporate officers

No stock options or warrants were awarded during the financial years ended December 31, 2020, 2019, 2018, 2017 and 2016 to the top ten employees who are not corporate officers.

No plan to award stock options or warrants is pending at the date of this Universal Registration Document.

2.3.12 History of bonus share awards

366,146 performance shares were awarded under the **2017 LTIP**, out of the 405,317 available shares representing the total package allocated to this plan by the Board of Directors. 60,000 performance shares were awarded to the Chief Executive Officer for a value of €370,080 on the award date (an IFRS fair value of €318,300). The remainder of the 306,146 performance shares were awarded to members of the Executive Committee, to the "regulated" population and to a number of other employees, with a view to their retention. In addition, in certain countries where the award of free performance shares was too complicated or impossible, a "phantom shares" solution was implemented for some beneficiaries (34,400 phantom shares). As the performance condition was met in full, the shares awarded under this plan were delivered on February 10, 2020, subject to the condition of beneficiaries being present on that date, meaning that 333,197 shares were actually delivered.

298,132 performance shares were awarded under the **2018 LTIP**, out of the 382,869 available shares representing the total package allocated to this plan by the Board of Directors. 65,000 performance shares were allocated to the Chief Executive Officer for a value of €594,198 on the award date (an IFRS fair value of €463,320). The remainder of the 233,132 performance shares were awarded to members of the Executive Committee, to the "regulated" population and to a number of other employees, with a view to their retention. In addition, in certain countries where the award of free performance shares was too complicated or impossible, a "phantom shares" solution was implemented for some beneficiaries (29,000 phantom shares). As the performance condition has not been met, no shares will be delivered under this plan.

372,268 performance shares were awarded under the **2019 LTIP**, out of the 434,055 available shares representing the total package allocated to this plan by the Board of Directors. 70,000 performance shares were allocated to the Chief Executive Officer for a value of €564,445 on the award date (an IFRS fair value of €463,260). The remainder of the 302,268 performance shares were awarded to members of the Executive Committee, to the "regulated" population and to a number of other employees, with a view to their retention. In addition, in certain countries where the award of free performance shares was too complicated or impossible, a "phantom shares" solution was implemented for some beneficiaries (28,520 phantom shares).

312,200 performance shares were awarded under the **2020 LTIP**, out of the 347,841 available shares representing the total package allocated to this plan by the Board of Directors. 75,000 performance shares were allocated to the Chief Executive Officer for a value of €862,463 on the award date (an IFRS fair value of €717,900). The remainder of the 237,200 performance shares were awarded to members of the Executive Committee, to the "regulated" population and to a number of other employees, with a view to their retention. In addition, in certain countries where the award of free performance shares was too complicated or impossible, a "phantom shares" solution was implemented for some beneficiaries (28,109 phantom shares) – see Section 7.2.3 "Own shares and the acquisition of treasury shares by the Company".

/ HISTORY OF BONUS SHARE AWARDS (TABLE 9 – AMF/AFEP-MEDEF)

	LONG-TERM INCENTIVE PLAN*			
	2020	**2019**	**2018**	**2017**
Meeting date	May 16, 2018	May 16, 2018	May 19, 2016	May 19, 2016
Date of the Board of Directors' meeting	Feb. 5, 2020	Feb. 11, 2019	Feb. 12, 2018	Feb. 8, 2017
Total number of free performance shares allocated	312,200	372,268	298,132	366,146
of which allocated to Xavier Durand	75,000	70,000	65,000	60,000
Share vesting date	Feb. 6, 2023	Feb. 14, 2022	Feb. 15, 2021	Feb. 9, 2020
End-date of the retention period	N/A	N/A	N/A	N/A
Number of shares subscribed	-	-	-	-
Cumulative number of cancelled or lapsed shares	-	-	298,132-	32,949
Remaining free performance shares allocated at financial year-end	312,200	372,268	0	333,197

* *The performance conditions are described in Section 2.3.4 above.*

/ TABLE SUMMARISING THE MULTI-YEAR VARIABLE COMPENSATION PAID TO EACH EXECUTIVE CORPORATE OFFICER (TABLE 10 – AMF/AFEP-MEDEF)

None.

2.3.13 Employment contracts, retirement indemnities and indemnities in the event of termination of the duties of the executive directors

/ TABLE 11 – EMPLOYMENT CONTRACTS, RETIREMENT INDEMNITIES AND INDEMNITIES IN THE EVENT OF TERMINATION OF THE DUTIES OF THE EXECUTIVE DIRECTORS (TABLE 11 – AMF/AFEP-MEDEF)

	EMPLOYMENT CONTRACT		SUPPLEMENTARY RETIREMENT SCHEME		COMPENSATION OR BENEFITS DUE OR WHICH COULD BE DUE AS A RESULT OF A TERMINATION OR CHANGE OF DUTIES		INDEMNITIES RELATED TO A NON-COMPETE CLAUSE	
EXECUTIVE CORPORATE OFFICERS	YES	NO	YES	NO	YES	NO	YES	NO
Nicolas Namias Chairman of the Board of Directors From September 9, 2020 until the Ordinary Shareholders' Meeting called to approve the financial statements for the financial year ending December 31, 2020		X		X (1)	√ (3)		√ (3)	
Xavier Durand Chief Executive Officer From February 5, 2020 until the Ordinary Shareholders' Meeting called to approve the financial statements for the financial year ending December 31, 2023		X		X (2)	√		√	

(1) *Nicolas Namias benefits from mandatory pension schemes as all other Natixis employees do, and does not benefit from any supplementary retirement scheme under Articles 39 or 83 of the French General Tax Code.*
(2) *The Chief Executive Officer benefits from all health, retirement and social security plans under the prevailing conditions of the Company.*
(3) *No compensation for severance or a change in position, or under a non-compete clause, was paid in 2020. No form of compensation or benefit has been paid to Nicolas Namias by the Company.*

Severance compensation granted to Xavier Durand

Should his corporate term be terminated, Xavier Durand would be entitled to severance pay of an amount equal to two years' salary (fixed and variable). The reference used for the fixed portion will be the salary for the current financial year at the date his duties cease. The reference amount for the variable portion will be the average of the variable compensation received for the three financial years preceding the date his duties cease.

This severance pay shall be due if the following performance criteria have been met:

- achievement of at least 75% of the average annual objectives during the three financial years preceding the departure date; and
- the Company's combined ratio after reinsurance is at most 95% on average for the three financial years preceding the departure date.

If just one of the two conditions above has been fulfilled, 50% of the severance pay will be due. If neither of the conditions above has been met, no severance pay will be due. No severance pay will be paid by the Company if the corporate term is ended at Xavier Durand's initiative or in the event of termination for serious misconduct or gross negligence. The compensation components and corporate benefits governed by the regulated agreements procedure in accordance with the provisions of the French Commercial Code are subject to approval by the Company's Shareholders' Meeting.

Xavier Durand does not have an employment contract.

Following the renewal of his term of office in 2020, given his responsibilities as Chief Executive Officer and in order to preserve the Company's interests, the Board of Directors resolved to introduce a non-compete clause.

It is understood that the total maximum amount paid to Xavier Durand in respect of severance compensation and the non-competitor clause may under no circumstances exceed two years' salary (fixed and variable).

2.3.14 Amounts placed in reserve or otherwise recorded by the Company or its subsidiaries for the purposes of paying pensions, retirement or other benefits

As Xavier Durand is entitled to the collective scheme within the Company, no particular amount was reserved or recorded by the Company or its subsidiaries for the purposes of paying pensions, retirement or other benefits to its executive directors.

ENVIRONMENT

& OUTLOOK

€1,451M

TURNOVER IN 2020M

79.8%

ANNUAL NET COMBINED RATIO

€82.9M

NET INCOME (GROUP SHARE)

100%

PROPOSED PAYOUT RATIO

3

COMMENTS ON THE FINANCIAL YEAR

3.1 ECONOMIC ENVIRONMENT [(1)]

In 2020, the **global economy** shrank by 3.8% [(1)] in volume terms, its worst performance since 1946, when the decline was 8.1%. This slump, caused by the COVID-19 (coronavirus SARS-CoV-2) pandemic, hit an already sluggish economy, as growth had declined from 3% in 2018 to 2.5% in 2019. As well as being extremely severe, this contraction was rare because it was triggered by an external event and because it affected all regions around the world. The virus first appeared in November 2019 in Hubei province, China, before spreading around the world through people's movements. The World Health Organization announced a state of health emergency in January 2020, then declared the pandemic in March. After a first wave of contagion in spring, the situation seemed to improve before deteriorating again in the autumn, gaining strength and reaching countries that were initially spared. During the two spikes in infection, and in particular during the first wave, almost all countries in the world chose to protect their populations by imposing varying degrees of social distancing measures, regardless of their economic cost. These measures included the closure of non-essential shops, schools and borders, curfews, a ban on travelling between regions or gathering, an obligation to work from home where possible, and the closure or reduction in activity at industrial sites. The restrictions triggered a slump in activity in the economies concerned, in line with the severity of the measures imposed. Even countries the least affected by the pandemic, and/or those which applied minimal or no restrictions, were affected through their external trade, with global trade expected to have declined by 8.8% in 2020 (6% for goods and 15% for services). Economies that are highly dependent on international tourism recorded some of the worst recessions even though they were overall less affected by the health crisis and applied fewer restrictive measures. The disruptions caused by the reduction in capacity in international air, marine and road transport, which was still far from being reversed at the end of the year, obviously played a negative role. In order to limit the impact, governments allowed automatic stabilisers to take effect and, in some cases, within the limits of their resources, they adopted fiscal and monetary policies to support households and businesses. These measures included the reduction or deferral of taxes and charges, short-time working schemes, the suspension of redundancies, loan repayment deferrals, the distribution of money to households, interest rate cuts, the provision of liquidity to banks, and loan guarantees. Despite these measures, all regions of the world were affected to a greater or lesser extent. Advanced economies posted a decline in GDP of 5.1% (after a slight increase of 1.6% in 2019), while emerging markets contracted by 2.3% (after growth of 3.7%).

The **eurozone** economy recorded one of the strongest contractions in the world (-6.5%), led by **Spain** (-11.0%), **Greece** (-9.3%), **Italy** (-8.8%), **France** (-8.3%) **Portugal** (-7.6%), and **Belgium** (-6.2%), due to the severity of the health crisis and the restrictions imposed as well as these countries' exposure to the services sector and tourism in particular, where social interaction is crucial and where distancing measures had a devastating effect. In France, Belgium and Spain, the strong presence of the automotive and/or aerospace sectors, which too were hard hit, also played a role. **Germany** (-5.0%) was less badly affected. The health crisis and the measures introduced were, at least initially, less severe, while the industrial sector, which has a stronger presence in the German economy, was less affected than services and benefited from the resilience of China, its major export market. Its automotive industry was impacted, but probably less so due to its specialisation in the high-end segment. The Netherlands was also relatively less hard hit (-4%) due to the minimal restrictions applied (despite the gravity of the health situation), the fairly rapid resumption of trade in goods, on which the country is very dependent due to its ports, and the fact that the Dutch had no choice but to spend their holidays in their own country. As usual, Ireland took the lead (2.9%) due to the strong presence of the pharmaceuticals and IT sectors in its economy, coupled with a moderate rate of infections.

The **United Kingdom** was hit hard (-10.8%). The automotive industry and tourism suffered particularly badly. Uncertainty over the terms of Brexit lasted until the end of the year, with a negative impact on investment. The US economy showed some resilience (-3.7%). Despite the seriousness of the health situation, measures taken to contain the virus were overall limited. Domestic demand was supported by very accommodative policies from both the Treasury and the Fed. Unemployment protection has been strengthened and money was given to all households. Housing construction remained strong thanks to low interest rates and the wealth effect linked to excellent stock market performances. The strength of the pharmaceutical and digital sectors offset the poor performance of energy, retail, tourism and aerospace. The Japanese economy posted a similar decline (-5.3%), probably because the epidemic was contained and did not require strict measures, but also because of the resilience of its main external markets (China, South Korea and the United States) and high-tech sectors, which partially offset the absence of foreign tourists. Australia also recorded a comparable contraction (-3%), with the strength of Chinese demand for commodities (excluding coal, which is subject to an informal embargo), strong housing construction supported by cheap credit, a limited health crisis and few restrictive measures offsetting the absence of tourism and foreign students. South Korea (-1%) and Taiwan (3.0%) benefited from their excellent handling of the epidemic, the strong performance of their exports of electronic components and high-tech products, very accommodative economic policies, and, for Taiwan, the trade war between China and the United States, which led to the repatriation of manufacturing activities from mainland China.

Among the emerging regions, **Latin America** was the worst performer (-7.2%), faring worse than the eurozone. Admittedly, its economies were already weak in 2019, with growth of only 0.7%. Argentina fell further into recession (-11% after -2.1%), despite the sharp increase in public spending. Consumer spending, which was already affected by unemployment and inflation, was hit by the health crisis and the severity of related restrictions. Investment suffered from controls on capital movements and the uncertain economic policy owing to ongoing debt renegotiations. Peru (-12%) faced an extreme health crisis, which the authorities struggled to control, despite providing considerable fiscal support, due to the strength of the informal economy and limited healthcare resources. In addition, mining was temporarily halted. The Mexican economy (-8.5%) suffered from both the pandemic and the lack of a fiscal response. Exports were negatively impacted by the weak situation in North America, while investors remained sceptical about President Obrador's policy. However, while Brazil was also affected by the epidemic, it limited the decline (-4.5%) thanks to massive fiscal and monetary support, as well as the excellent performance of its external trade, while the implementation of health protection measures varied across the country. Chile and Colombia, both mining countries, also suffered (-6.2% and -7% respectively) from the health crisis, despite the support of accommodative economic policies. In Chile, this included central bank purchases of government

(1) *Group estimates.*

securities and the possibility for households to withdraw some of their pension savings. However, Chile faced a referendum to modify its constitution, while Colombia was hit by falling oil and coal prices, as well as the drying up of foreign direct investment.

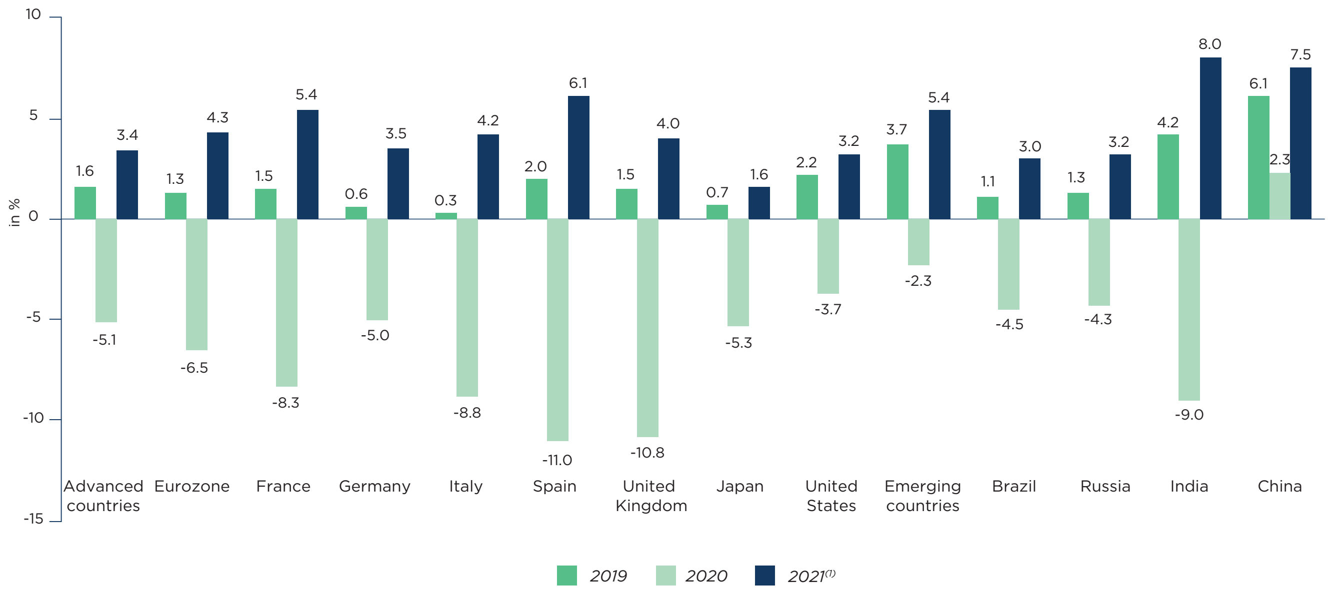
The **Middle East** and **North Africa** saw their economies shrink by 6.2%. Oil-producing countries suffered from both the slide in prices and the drop in production provided for in the OPEC+ agreement: Algeria (-6.5%), Oman (-6.2%), United Arab Emirates (-6.1%), Saudi Arabia (-4.3%), Iraq (-12%). Iran, which still faced US sanctions, contracted slightly more (-8% after -6.5%). Israel (-5.5%) suffered from strict health measures, soaring unemployment, the collapse of tourism and the impact of the slowdown in Europe on its exports. Morocco (-7%) and Tunisia (-9%) faced a decline in exports to Europe, the absence of tourists, and the health crisis.

Central European economies overall declined by 4.9%, with major disparities: Slovakia (-7.6%), Czech Republic (-7.1%), Hungary (-6.6%), due to their high exposure to the European automotive sector, and Croatia (-9.5%) due to its dependence on tourism, suffered much more than Poland (-2.8%) or Serbia (-1.5%), where household spending held up well. Similarly, Turkey (0.5%) introduced an ultra-accommodative monetary policy, causing a sharp deterioration in its current account balance. Eastern Europe and Central Asia saw GDP fall by 4.1% overall, for example in Russia (-4.3%), Kazakhstan (-3.5%) and Ukraine (-5.2%). These three countries were hit by the health crisis, and Kazakhstan and Ukraine responded with strict measures. Russia and Kazakhstan faced a drop in oil and gas revenues, while Ukraine benefited from strong grain and iron ore prices. Consumption fell in line with shrinking incomes and rising unemployment, as did investment, despite fiscal support in Kazakhstan financed by drawing on the sovereign fund.

Sub-Saharan Africa posted a decline of 3.3%. Oil-producing countries such as Nigeria (-3.5%) and Angola (-4%) suffered, while agricultural countries resisted: Côte d'Ivoire (1%), Kenya (0.5%), Ghana (1%). South Africa (-8%), which was already in a weak position (0.2% in 2019), suffered both a violent health crisis with strict lockdown measures and a drop in external demand for its vehicles and commodities.

Finally, **emerging Asia** fell by only 0.2% thanks to support from **China** (2.3%) and Vietnam (2.9%). China quickly contained the epidemic, allowing its economy to recover strongly, particularly through exports and investment. Vietnam benefited from the transfer of some production capacity from China due to its trade dispute with the United States. Indonesia resisted (-1.7%) due to the cushion provided by its agricultural sector and variable distancing measures due to the country's size, but this came at the expense of a high death toll and a contraction in imports, which largely offset the absence of tourists. The other major emerging economies suffered more: India (-9%), Philippines (-9.5%), Thailand (-5.5%), Malaysia (-5%). All of them faced a major health crisis and took severe measures that had a significant impact on domestic demand through a loss of income and rising unemployment. Fiscal support came at the expense of public investment. While their exports of electronic and IT equipment, as well as agricultural products, resumed in the second half of the year with the recovery in China and the relaunch of supply chains, tourism remained on hold.

/ GDP GROWTH (AS A%): 2019, 2020 AND 2021 (1) (SOURCE COFACE)



(1) Group estimates.

3.2 SIGNIFICANT EVENTS OF 2020

3.2.1 Coface launches its new 2023 strategic plan, Build to Lead

During its investor day organised on February 25 in Paris, Coface presented its new 2023 strategic plan Build to Lead. This plan seeks to take further the business and cultural transformation undertaken under Fit to Win.

In particular the new plan will: a) continue to strengthen risk management and underwriting discipline; b) improve service, commercial and operational efficiency; c) invest in select growth initiatives in trade credit insurance as well as in specialty lines and d) maintain balance sheet strength.

With the implementation of the plan Build to Lead, Coface raises all its financial targets.

The rapid occurrence of the health and economic crisis induced after the presentation of the plan does not call into question the fundamentals of the plan. Circumstances have led to a review of the Group's short-term priorities, but the strategic direction remains the same.

3.2.2 Coface demonstrates its agility in crisis management

Faced with the occurrence of the health crisis and the economic freeze in a large number of countries, Coface quickly took measures to mitigate the effects on its economic model. First, Coface's teams were working from home with no disruption in quality of service delivered to clients, thus demonstrating operational agility.

On the financial level, Coface rapidly reduced the level of risk of its investment portfolio and significantly increased its liquidity level to 21% at the peak of the crisis at the end of the first quarter, before gradually reinvesting its liquidities folowing the implementation of the financial measures taken by governments and central banks.

During this period, the Group was able to refinance its factoring business without any problems thanks to the over-collateralisation of available bank lines and the responsiveness of its teams, who were also able to renew certain bank lines on time or in advance, while maintaining satisfactory financial conditions in line with its expectations.

For reasons of prudence, in line with the recommendations of regulatory and governmental authorities, and to maintain its financial agility, the Board of Directors decided at its meeting on April 1 to propose to the Combined General Meeting of May 14, 2020 to pay no dividend for the financial year ending December 31, 2019. This measure resulted in a gain of approximately 13 points on the Group's solvency ratio.

Lastly, in response to the general deterioration in credit risk, Coface took an exceptionally high number of preventive measures in its insurance and factoring portfolios. Despite record volumes, most of the decisions were taken following a detailed analysis of the situation of each debtor, based on its country, sector and specific situation.

3.2.3 Coface cooperates with a number of countries to guarantee the availability of credit insurance

In 2020, many governments were quick to recognize the crucial role of credit insurance in maintaining business-to-business credit, the primary source of financing for many businesses. In order to guarantee the availability of credit insurance in a period when the risk is not necessarily insurable, many states have set up guarantee mechanisms of varying form and scope. During the year Coface has signed 13 government agreements that represent 64% of its exposure as of December 31, 2020.

Depending on the country, these mechanisms take the form of proportional reinsurance treaties or supplementary guarantees. The treaties generally cover domestic policyholders or policyholders domiciled in the country and concern the entire existing portfolio and new business. Depending on the country, the schemes are subject to a cession rate for premiums and claims, which may differ, and generally give rise to the payment of a reinsurance commission. It enables the insurer's customers to purchase a guarantee that is no longer available on the private market because of the difficulty of insuring risks that have become too uncertain.

The impact of all these governmental schemes on FY-2020 accounts have lowered pre-tax profit by €5.9 million in 2020. Given the current low level of claims activity, under these schemes, Coface will end up ceding more premiums than claims.

During the last quarter, Coface signed 12 extensions of agreements with France, Germany, Italy, United Kingdom, the Netherlands, Denmark, Belgium, Slovenia, Canada, Portugal, Israel and Norway. These agreements aim to extend the arrangements put in place in 2020 until June 30, 2021.

3.2.4 Rating agencies recognise Coface's good performances

Before the beginning of the crisis, on February 24, Rating agency AM Best has assigned a Financial Strength Rating (FSR) of A (Excellent) to Compagnie française d'assurance pour le commerce extérieur (la Compagnie) and to Coface Re. Both ratings have a stable outlook.

The agency has also affirmed the FSR of Coface North America Insurance Company (CNAIC) to A (Excellent). The outlook remains stable.

After the crisis started, the rating agencies quickly analysed the potential consequences of the crisis on the various sectors of economic activity. In the insurance sector, and particularly in credit insurance, the first reaction was to anticipate a deterioration in the rating profile.

Thus, the rating agency Moody's confirmed Coface's Insurance Financial Strength (IFS) A2 rating on March 27,2020 but the outlook is now moved to negative.

Ratings agency Fitch has, on March 31, 2020 placed Coface on Rating Watch Negative. This includes Coface's Insurer Financial Strength (IFS) rating. On November 5th, the agency maintained the rating watch at negative.

3.2.5 Shareholding evolution

On 25th of February 2020, Natixis announced the sale of 29.5% of the share capital of Coface to Arch Capital Group Ltd and has stated its intention to resign from COFACE's Board of Directors after the closing of the transaction. Natixis also specified that its agreement with Arch states that, on this date, Coface's Board of Directors will be composed of ten members comprising four members proposed by Arch and six independent directors (including the current five independent directors).

Coface's Board of Directors, liaising with the Nominations and Compensation Committee, decided to immediately launch a search for the future Chairman of the Board whose term of office will take effect on the closing date of the transaction. The Chairman of the Board will be an independent director.

Final completion of the transaction is subject to obtaining all the required regulatory authorizations.

Arch affirmed support of COFACE's current management and of its new 2023 strategic plan Build to Lead.

3.2.6 Coface finalised the acquisition of GIEK Kredittforsikring AS

On July 1, Coface announced the closing of the acquisition of GIEK Kredittforsikring AS, a company created in 2001 that manages the short-term export credit insurance portfolio previously underwritten by the Norwegian ECA, GIEK. Coface has acquired all GIEK Kredittforsikring AS shares, and the business will thus operate under the brand name Coface GK.

GIEK is consolidated in the Group account starting from 1st of July and its integration lead to the recognition of a €8.9 million badwill in the September 2020 net result.

3.2.7 Merger of the Brazilian subsidiary SBCE (Seguradora Brasileira C.E.) with Coface Do Brasil

Following the buyout in 2019 by Compagnie française d'assurance pour le commerce extérieur of minority interests in its subsidiary SBCE (Seguradora Brasileira C.E.), it was decided to merge it into its other subsidiary Coface Do Brasil. This operation is in line with the Group's desire to rationalise its presence in Brazil and meet regulatory requirements. The impact of this transaction on the consolidated financial statements for the year is nil.

3.2.8 Nicolas Namias is appointed as Chairman of Directors of COFACE SA

The Board of Directors of COFACE SA had a meeting on September 9, 2020 and elected Nicolas Namias, Chief Executive Officer of Natixis, as Chairman of the Board of Directors. He succeeds François Riahi, who is leaving the COFACE SA Board following his departure from Natixis.

3.2.9 Implementation of a share buyback programme

Through its Build to Lead plan, Coface continues to improve the capital efficiency of its business model. Confident in the strength of its balance sheet, Coface launched on October 26, 2020 a shares buybacks programs for a total amount of 15 million euros. The description of these programs is as follows:

- a program for a targeted amount of 15 million euros was launched at October 27, 2020 and extends until January 29, 2021 with 1,852,157 additional shares bought. As of December 31, 2020, Coface purchased 1,110,677 shares for an amount of 8,613,694.42 euros.

3.3 COMMENTS ON THE RESULTS AS AT DECEMBER 31, 2020

3.3.1 Group performance

Consolidated turnover came to €1,450.9 million, down 0.6% on 2019 at constant FX and perimeter. The net combined ratio stood at 79.8%, or 2.1 points above the level recorded in 2019 (77.7%). This breaks down into a 2.7 point increase in the loss ratio to 47.7% and a 0.6 point decline in the cost ratio to 32.1% compared with 2019. The Group ended the year with net income (Group share) down 43%, to €82.9 million (*vs.* €146.7 million in 2019) and return on equity of 4.8%.

The Group adjusted its target solvency ratio upwards to a range of between 155% and 175%. The solvency ratio is estimated at 204.7% at December 31, 2020 [(1)]. Coface will propose the payment of a dividend [(2)] of €0.55 per share to shareholders, representing a payout ratio of 100%.

The changes at constant FX and perimeter, presented for comparison purposes in the tables below, take into account the consolidation of Coface PKZ as of April 1, 2019 and of Coface GK from July 1, 2020.

3.3.2 Turnover

The Group's consolidated turnover fell by 0.6% at constant FX and perimeter (down -2.0% at current FX and perimeter) to €1,450.9 million at December 31, 2020.

Changes in exchange rates reduced turnover by 2.1 points. This was mainly due to the depreciation of Latin American currencies (especially the Argentinean peso, but also the Brazilian real and the Chilean peso) and the Turkish lira.

The table below shows changes in the Group's consolidated turnover by business line as of December 31, 2019 and 2020:

Change in consolidated turnover by business line *(in millions of euros)*	**AS AT DEC. 31** 2020	2019	**CHANGE** *in €m*	*as a %*	*as a %: at constant FX and perimeter*
Insurance	1,392.4	1,417.0	(24.6)	(1.7%)	(0.2%)
*o/w Gross earned premiums**	*1,204.3*	*1,235.6*	*(31.3)*	*(2.5%)*	*(0.8%)*
*o/w Services***	*188.1*	*181.4*	*6.7*	*3.7%*	*4.1%*
Factoring	58.5	64.1	(5.7)	(8.8%)	(8.3%)
CONSOLIDATED TURNOVER	**1,450.9**	**1,481.1**	**(30.2)**	**(2.0%)**	**(0.6%)**

* Gross earned premiums-credit, Single Risk and surety bond insurance.
** Sum of turnover from services related to credit insurance ("Fee and commission income" and "Other insurance-related services") and services provided to customers without credit insurance (access to information on corporate solvency and marketing information – "Information and other services", and debt collection services – "Receivables management").

(1) This estimated solvency ratio is a preliminary calculation made according to Coface's interpretation of Solvency II Regulations, using the Partial Internal Model. The result of the definitive calculation may differ from the preliminary calculation. The estimated solvency ratio is not audited.
(2) The proposed dividend is subject to the approval of the Annual General Shareholders' Meeting of May 12, 2021.

Insurance

Turnover from the insurance business (including surety bond and Single Risk insurance) was down by 0.2% at constant FX and perimeter (-1.7% at current FX and perimeter), at €1,392.4 million in 2020, compared with €1,417.0 million in 2019.

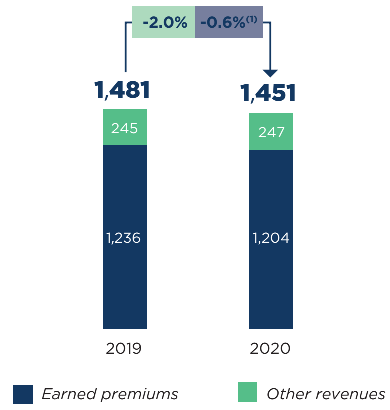
Gross earned premiums were down by 0.8% at constant FX and perimeter (-2.5% at current FX and perimeter), at €1,204.3 million in 2020, compared with €1,235.6 million in 2019.

The production of new contracts amounted to €138 million, up €5 million compared with 2019.

The contract retention rate (ratio between the annual value of renewed policies and the value of policies to be renewed during the year) was high in most regions and stood at 91.9% for the Group (compared with 91.6% at December 31, 2019). The price effect was positive, at 1.4%, after prices were under pressure in 2019 (-1.0%), reflecting selective repricing measures implemented during the year.

Coface's customers' activity declined by 1.1% in 2020 after having had a positive impact of 2.8% in 2019.

Turnover from the services business was up by 4.1% at constant FX and perimeter (up +3.7% at current FX and perimeter), rising from €181.4 million in 2019 to €188.1 million in 2020. This good performance was due in particular to the growth of the "business information" activity (+11%).



(1) At constant exchange rate

Factoring

Factoring turnover (only in Germany and Poland) was down 8.3% at constant FX (-8.8% at current FX), from €64.1 million in 2019 to €58.5 million in 2020.

Turnover in Germany was down -7.5% due to a major contraction in the volumes financed, which was partially offset by portfolio repricing.

In Poland, which was also impacted by this effect, turnover was down -9.7% at constant FX (-12.7% at current FX).

Change in turnover by region

The table below shows trends in consolidated turnover (net of intra-group flows) in the Coface Group's seven geographic regions for the financial years ended December 31, 2019 and 2020:

	AS AT DEC. 31		CHANGE			
Change in consolidated turnover by invoicing region *(in millions of euros)*	**2020**	**2019**	*in €m*	*as a %*	*as a %: at constant FX*	*as a %: at constant FX and perimeter*
Western Europe	291.9	294.6	(2.7)	(0.9%)	(0.9%)	(0.9%)
Northern Europe	297.6	307.5	(9.8)	(3.2%)	(3.0%)	(4.7%)
Mediterranean and Africa	394.9	394.2	0.7	0.2%	1.6%	1.6%
North America	136.5	138.5	(2.0)	(1.4%)	0.6%	0.6%
Central Europe	143.1	148.1	(5.0)	(3.4%)	(0.6%)	(2.7%)
Asia-Pacific	119.5	117.6	1.9	1.6%	2.7%	2.7%
Latin America	67.3	80.7	(13.3)	(16.5%)	3.7%	3.7%
CONSOLIDATED TURNOVER	**1,450.9**	**1,481.1**	**(30.2)**	**(2.0%)**	**0.0%**	**(0.6%)**

The regions posted different turnover trends at constant FX and perimeter, ranging from -4.7% for Northern Europe to +3.7% for Latin America.

In Western Europe, turnover was down 0.9% at constant FX due to the decline in short term credit insurance. This decrease was linked to the policyholder activity indicator, which contracted sharply over the period and was negative for the entire financial year. Conversely, customer retention indicators and the price effect increased in 2020 compared with 2019.

In Northern Europe, turnover was down 4.7% at constant FX and perimeter (-3.2% at current FX and perimeter, mainly due to the acquisition of Coface GK). Credit insurance and factoring turnover accounted for most of this decline. In credit insurance, the growth in new business and the positive price effect did not offset the rise in terminations and the decline in policyholder activity.

Turnover in the Mediterranean & Africa region grew by 1.6% at constant FX and perimeter thanks to strong sales momentum (high retention rate and positive price effect) and the development of the "business information" activity. This good commercial performance was mitigated by the level of activity of Coface's policyholders.

In North America, turnover increased by 0.6% at constant FX. In addition to a strong currency effect, the credit insurance portfolio is expanding well thanks to new business and a positive price effect, despite the decline in policyholder activity.

Central Europe posted a drop in turnover of 2.7% at constant FX and perimeter (-3.4% at current FX and perimeter). The decline in factoring was the main reason for the fall in turnover in 2020. The level of insurance premiums (-2.3% at constant FX and perimeter) was impacted by the decline in policyholder activity.

Asia-Pacific recorded a 2.7% increase in turnover at constant FX (+1.6% at current FX). This growth was driven by credit insurance and Single Risk insurance. In credit insurance, the portfolio's development was linked to net production and the price effect, which were mitigated by lower policyholder activity.

Latin America posted an increase in turnover of 3.7% at constant FX (-17% at current FX due to the sharp devaluation of the region's currencies), due to a positive price effect.

3.3.3 Underwriting income

Underwriting income before reinsurance

Underwriting income before reinsurance stood at €171.4 million, down 36% compared to end-December 2019 (€265.9 million) due to the increase in the loss ratio.

The 7.8-point deterioration in the combined ratio before reinsurance to 85.5% in 2020 (77.8% in 2019) was attributable to a +8.4 point deterioration in the loss ratio and a slight decline in the cost ratio of -0.6 points. In particular, the cost ratio benefited from savings made thanks to the measures taken very quickly at the start of the crisis and the sharp reduction in spending on business travel, seminars, etc.

Loss experience

The Group's loss ratio before reinsurance, including claims-handling expenses, increased by 8.4 points, from 43.4% for 2019 to 51.8% in 2020 due to the impact of the crisis. This increase in the loss experience was limited by government support measures for their economies. The Group continues to benefit from the strict management of past claims, and recoveries remain at a high level.

Loss experience *(in millions of euros and as a%)*	**AS AT DEC. 31**		**CHANGE**	
	2020	**2019**	*in €m*	*as a %*
Claims expenses incl. claims handling costs	623.7	536.2	87.4	16.3%
Loss ratio before reinsurance	51.8%	43.4%	-	8.4 pts
Earned premiums	1,204.3	1,235.6	(31.3)	(2.5%)

In Western Europe, the loss ratio was up 13.2 points to 47.8%. This increase was linked to the level of the opening loss ratio of the 2020 insurance year, and reflects the crisis.

Thanks to an improvement in losses on previous years, Northern Europe saw its ratio decrease by 3.9 percentage points to 37%.

The 9.2 points increase in the loss ratio in the Mediterranean & Africa region compared to 2019 was due to the effects of the crisis. This increase in the loss ratio was due to the opening level and because recoveries were below the average of recent years.

In North America, the loss ratio rose by 17.9 points to 63.7%, *vs.* 45.8% in 2019. The impact of the crisis was more pronounced in this region than in most of the Group's regions.

The loss ratio in Central Europe rose by 3.6 points to 46.1%, *vs.* 42.5% in 2019. Recoveries declined against 2019 (the 2019 financial year benefited from the favourable development of past claims in Russia).

The Asia-Pacific loss ratio increased by 12.9 points to 48.8%. The crisis environment and a significant Single Risk claim explain this increase in the loss ratio, which nevertheless remains at a satisfactory level.

The loss ratio in Latin America rose by 12.2 points to 72.3%, due, on the one hand, to a deterioration in past claim loss experience, particularly in Mexico and Brazil, and on the other hand, to the high opening level due to the crisis.

Change in loss experience by invoicing region *(as a%)*	AS AT DEC. 31		CHANGE IN POINTS
	2020	**2019**	
Western Europe	47.8%	34.6%	13.2 pts
Northern Europe	37.0%	40.9%	(3.9 pts)
Mediterranean and Africa	55.5%	46.3%	9.2 pts
North America	63.7%	45.8%	17.9 pts
Central Europe	46.1%	42.5%	3.6 pts
Asia-Pacific	48.8%	35.9%	12.9 pts
Latin America	72.3%	60.1%	12.2 pts
LOSS RATIO BEFORE REINSURANCE	**51.8%**	**43.4%**	**8.4 PTS**

/ OVERHEADS

Overheads *(in millions of euros)*	AS AT DEC. 31		CHANGE	
	2020	**2019**	*as a %*	*as a %: at constant FX and perimeter*
Internal overheads	536.1	547.0	(2.0%)	(0.7%)
o/w claims handling expenses	*31.8*	*31.2*	*2%*	*3%*
o/w internal investment management expenses	*3.4*	*4.0*	*(15.3%)*	*(15.2%)*
Commissions	154.8	165.3	(6.4%)	(4.4%)
TOTAL OVERHEADS	**690.9**	**712.4**	**(3.0%)**	**(1.6%)**

Total overheads, which include claims handling expenses and internal investment management expenses, were down by 1.6% at constant FX and perimeter (-3% at current FX and perimeter), from €712.4 million at December 31, 2019 to €690.9 million at December 31, 2020.

Policy acquisition commissions were down 4.4% at constant FX and perimeter (-6.4% at current FX and perimeter), from €165.3 million in 2019 to €154.8 million in 2020. This fall was bigger than the decline in earned premiums (-0.8% at constant FX and perimeter) due to the increase in savings generated by the insourcing of agents in North America.

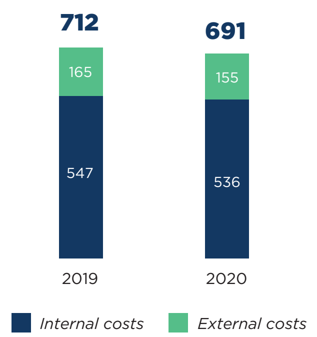
Internal overheads, which include claims handling expenses and internal investment management expenses, fell by 0.7% at constant FX and perimeter (-2% at current FX and perimeter), from €547.0 million in 2019 to €536.1 million in 2020.

Payroll costs were up by 2.3% at constant FX and perimeter (+1.5% at current FX and perimeter), from €298.1 million in 2019 to €302.7 million in 2020. Annual revaluations and changes in headcount explain this increase.

IT costs fell by 9% at constant FX and perimeter (-8.6% at current FX and perimeter), from €52.3 million in 2019 to €47.8 million in 2020, while transformation projects and investments were re-prioritised to adapt to the ongoing crisis.

Other expenses (taxes, information costs, rent) were down 3.1% at constant FX and perimeter (-5.6% at current FX and perimeter), from €196.6 million in 2019 to €185.6 million in 2020. Travel and seminar costs naturally fell with the stoppage of business trips. Consulting fees also substantially declined as some projects were postponed.

The cost ratio before reinsurance improved by 0.6 points, from 34.4% for the year ended December 31, 2019 to 33.7% for the year ended December 31, 2020 thanks to measures taken to address the decline in premiums. As a result, the decrease in earned premiums had an adverse impact of 0.9 points, which was offset by the favourable effect of the fall in commissions (-0.9 points) and in internal overheads (-0.6 points).



In Western Europe, overheads fell by 5.1% at constant FX (-4.6% at current FX), while both external expenses (policy acquisition commissions) and internal costs declined, with targeted decreases in variable compensation, IT costs, and travel costs.

In Northern Europe, overheads posted a 5.8% decline at constant FX and perimeter. The region saw savings in variable compensation and policy acquisition commissions.

Overheads in the Mediterranean & Africa region were up 5.1% at constant FX. This change was mainly due to the rise in variable costs on the "business information" activity (due to the growth in turnover in this segment) and higher re-billed central expenses (excluding this impact overheads increased by 2.8%).

In Central Europe, overheads decreased by 4.7% at constant FX and perimeter (-5% at current FX and perimeter), owing to savings on rent, travel, and communications.

In North America, overheads declined by 1.6% at constant FX (-3.6% at current FX), benefiting from the insourcing of agents and savings.

In Latin America, overheads increased by 7.7% at constant FX (down by 14% at current FX given the sharp devaluation of the region's currencies). High inflation, particularly in Argentina, drove wage increases. The region also incurred an increase in re-billed central expenses (excluding this impact, overheads decreased by 0.5%).

In Asia-Pacific, overheads were up slightly, by 0.6% at constant FX, due to a targeted increase in information purchases (in line with the increase in turnover in this segment).

Underwriting income after reinsurance

Underwriting income after reinsurance totalled €127.3 million, down by 32% compared with 2019 (€187.9 million).

The 43% decline in the cost of reinsurance, to -€44.1 million at December 31, 2020 (-€78 million at December 31, 2019) was due to the rise in loss experience and the implementation of government reinsurance schemes (negative impact of €6 million), which resulted in a higher rate of ceded claims for the current underwriting year, which experienced a higher loss ratio.

	AS AT DEC. 31		CHANGE	
(in thousands of euros and%)	**2020**	**2019**	*(in €k)*	*(as a%)*
Turnover	1,450,864	1,481,088	(30,224)	(2.0%)
Claims expenses	(623,653)	(536,247)	(87,406)	16.3%
Contract acquisition costs	(238,453)	(242,675)	4,222	(1.7%)
Administration costs	(261,807)	(274,784)	12,977	(4.7%)
Other expenses from insurance activities	(60,971)	(70,739)	9,768	(13.8%)
Expenses from banking activities, excluding cost of risk	(12,833)	(13,742)	909	(6.6%)
Cost of risk	(100)	(1,804)	1,704	(94.4%)
Expenses from other activities	(81,608)	(75,198)	(6,410)	8.5%
Underwriting income before reinsurance	**171,439**	**265,899**	**(94,460)**	**(35.5%)**
Income and expenses after ceded reinsurance	(44,116)	(77,963)	33,847	(43.4%)
UNDERWRITING INCOME AFTER REINSURANCE	**127,322**	**187,936**	**(60,614)**	**(32.3%)**
Net combined ratio	79.8%	77.7%	-	-

3.3.4 Investment income, net of management expenses

Financial markets

In 2020, the global economy suffered an exceptional shock. The successive waves of COVID-19 contagion led to significant restrictions on business that weighed heavily on GDP. However, the rapid and massive support provided by central banks and governments helped avoid a collapse in household income in developed countries and a systemic financial crisis.

In the United States, GDP is expected to have fallen by 4.3%. The health crisis led to a drop in consumer spending while household income came under increased pressure due to the unprecedented deterioration in the labour market. Despite the extremely bad health situation, the Fed's very accommodative monetary policy and two fiscal stimulus plans, combined with the US economy's capacity to adapt, fostered a rise in the financial markets. After the market collapsed in March, the main indices, namely the Dow, S&P and Nasdaq, posted record high performances, with annual gains of 6.6%, 15.5% and 43.4% respectively. Among other reasons, the rally on the tech-heavy Nasdaq index was due to growing demand for IT solutions with the rise in remote working. On the fixed income side, short term yields remained relatively low, close to zero, which pushed the long end of the curve down further and boosted the performance of bonds. Moreover, the Fed's decision to keep rates low in the short term led the dollar to decline against all major currencies, by as much as -4% in the summer. The US 10-year yield fell from 1.88% at the beginning of the year to 0.56% in March due to the slowdown in the global economy, before ending the year at 0.93%.

In the eurozone, GDP growth was already slowing when COVID-19 stopped many sectors in their tracks at the end of Q1. Reflecting developments in of the number of infections and lockdown measures, economic activity contracted by 3.7% in Q1 and 11.7% in Q2 before rebounding by 12.5% in Q3, though it remained well below the level seen at the end of 2019. In Q4, the economy probably contracted again. The crisis hit the services sector hard, as services are greatly dependent on local activities, while the manufacturing sector held up better. Inflation declined gradually, moving into negative territory towards the end of the year, despite stronger than usual food price trends. Governments implemented far-reaching fiscal measures to protect jobs, household incomes and businesses, leading to a surge in public deficits and debt ratios, which have reached almost unprecedented levels. Major support measures were also decided at EU level. The ECB took very expansionary measures, including a new asset purchase programme, as well as ramping up its existing programmes. Against this backdrop, most equity indices ended the year down despite liquidity injections. On the fixed income market, the German 10-year yield reached an all-time low of -0.85% in mid-March, before ending the year at -0.51%.

The pandemic did not spare any emerging countries, with many recording double-digit declines in GDP in Q1 and/or Q2, a sharp depreciation in their currencies and record capital outflows. To combat the virus and minimise the negative impact of the crisis on the economy, governments massively increased their spending. Despite the financial support provided by international institutions, the widening of public deficits weighed on the most vulnerable countries and increased the risk on external financing. Against this backdrop, rating agencies have downgraded the sovereign ratings of several countries. Central banks took action and eased their monetary policies significantly with rate cuts and/or quantitative easing. While the situation improved in emerging economies in Q3, particularly in Asia, some countries have had to deal with a second wave of the epidemic. Governments and central banks continued to support growth, although their room for manoeuvre has declined considerably.

Financial income

Against this backdrop of crisis, the Group lowered its portfolio's risk level at the end of February by significantly reducing its exposure to emerging market debt, high yield debt, BBB-rated corporate bonds and equities, in favour of money market instruments. Later, following interventions by central banks and governments, the strategic allocation was adjusted. Accordingly, the proportion of money market instruments was then gradually reduced in exchange for investment grade corporate bonds, investment grade emerging market debt and equities. These investments were all made within a strictly defined risk framework. Issuer credit quality, issue sensitivity, and the spread of risk across issuers and geographic regions are covered by clear rules set out in the investment mandates granted to the Group's dedicated asset managers.

The market value of the portfolio remained stable over 2020, with the moderate decline in the European equity markets offset by the increase in the value of fixed income products (bonds, loans, deposits and money market mutual funds) in a crisis environment that was significantly improved by the support measures taken by central banks and governments.

The following table shows the financial portfolio by main asset class:

/ MARKET VALUE

	AS AT DEC. 31	
(in millions of euros)	2020	2019
Listed shares	141	160
Unlisted shares	8	15
Bonds	1,914	2,119
Loans, deposits and money market mutual funds	540	319
Real estate	231	236
Total investment portfolio	**2,834**	**2,848**
Non-consolidated companies	150	142
TOTAL	**2,984**	**2,991**

Income from the investment portfolio amounted to €26.9 million, of which -€1.7 million in realised gains, impairment/reversals and equity/interest rate derivatives (representing 1.1% of 2020 average annual assets under management and 1.2% excluding realised gains, impairment/reversals and equity/interest rate derivatives), compared with €36.9 million in 2019, of which €3.1 million in realised gains, impairment/reversals and equity/interest rate derivatives (1.7% of 2019 average annual assets under management and 1.6% excluding realised gains, impairment/reversals and equity/interest rate derivatives). Against the backdrop of the crisis, the increase in the allocation of assets to money market products accounts for most of the decline in the return on the investment portfolio.

/ INVESTMENT PORTFOLIO INCOME

(in millions of euros)	AS AT DEC. 31 2020	2019
Equities*	(0.8)	0.6
Fixed income**	22.2	38.7
Investment property	9.7	8.4
Investment income	**31.1**	**47.7**
o/w realised gains, impairment and reversals, derivatives (equity and interest rate)	(1.7)	3.1
- o/w disposals	*(3.3)*	*5.5*
- o/w impairment and reversals	*(4.4)*	*4.6*
- o/w derivatives (equity and interest rate)	*6.0*	*(7.0)*
Investment income excluding realised gains	**32.9**	**44.6**
Foreign exchange income	(3.5)	1.8
- o/w foreign exchange	*(5.5)*	*(0.7)*
- o/w currency derivatives	*2.0*	*2.5*
Other	(0.8)	(12.6)
- o/w non-consolidated subsidiaries	*5.2*	*(4.7)*
- o/w financial and investment charges	*(6.0)*	*(7.8)*
NET INCOME FROM INVESTMENTS	**26.9**	**36.9**

* *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 2020 totalled €26.9 million.

The portfolio's economic rate of return was positive at +1.5% in 2020 thanks to an increase in revaluation reserves, with the decline in interest rates offsetting a moderate fall in the equity market.

3.3.5 Operating income/(loss)

(in millions of euros)	AS AT DEC. 31 2020	2019	CHANGE *(in €m)*	*(as a%)*	*(as a%: at constant FX and perimeter)*
Consolidated operating income	**140.4**	**218.9**	**(78.4)**	**(35.8%)**	**(34.6%)**
Operating income including finance costs	**118.7**	**197.5**	**(78.8)**	**(39.9%)**	**(38.6%)**
Other operating income and expenses	**(13.8)**	**(6.0)**	**(7.8)**	**130%**	**130%**
OPERATING INCOME INCLUDING FINANCE COSTS AND EXCLUDING OTHER OPERATING INCOME AND EXPENSES	**132.5**	**203.5**	**(71.0)**	**(34.9%)**	**(33.6%)**

Consolidated operating income decreased by 34.6% at constant FX and perimeter, from €218.9 million for the year ended December 31, 2019 to €140.4 million for the year ended December 31, 2020.

Current operating income, including finance costs and excluding non-recurring items (other operating income and expenses), declined by 33.6% at constant FX and perimeter, from €203.5 million in 2019 to €132.5 million in 2020.

The net combined ratio increased by 2.1 percentage points, from 77.7% in 2019 to 79.8% in 2020, including a 2.7 percentage point increase in the net loss ratio and a decline of -0.6 percentage points in the cost ratio.

Other operating income and expenses amounted to -€13.8 million, breaking down as follows:

- expenses for the implementation and execution of the sale of shares by its main shareholder;
- investment expenses and provisions for restructuring in line with the Build to Lead strategic plan.

Change in operating income by invoicing region *(in millions of euros)*	AS AT DEC. 31			
	2020	**2018**	**CHANGE**	**SHARE OF ANNUAL TOTAL AT DEC. 31, 2020**
Western Europe	(13.4)	31.3	(44.7)	(9%)
Northern Europe	73.7	74.3	(0.6)	52%
Mediterranean and Africa	70.8	79.0	(8.1)	50%
North America	(13.1)	16.3	(29.4)	(9%)
Central Europe	27.9	30.4	(2.5)	20%
Asia-Pacific	(8.9)	21.4	(30.3)	(6%)
Latin America	5.9	2.3	3.7	4%
TOTAL (EXCLUDING INTERREGIONAL FLOWS AND NON-REBILLED HOLDING COSTS)	**143.0**	**255.0**	**(112.0)**	**100%**

3.3.6 Net income (Group share)

3

Coface Group's effective tax rate rose from 28.1% in 2019 to 37.4% in 2020, an increase of 9.3 points. Net income (Group share) came to €82.9 million, down 43% compared to the year ended December 31, 2019 (€146.7 million).

3.4 GROUP CASH AND CAPITAL RESOURCES

Information in this section is derived from the statement of cash flows in the consolidated financial statements and from Note 9 "Cash and cash equivalents" in the Company's consolidated financial statements.

(in millions of euros)	AS AT DEC. 31	
	2020	**2019**
Net cash flows generated from operating activities	194.4	247.7
Net cash flows generated from investment activities	(54.3)	(77.6)
Net cash flows generated from financing activities	(39.5)	(155.3)

(in millions of euros)	AS AT DEC. 31	
	2020	**2019**
Cash and cash equivalents at beginning of period	320.8	302.4
Cash and cash equivalents at end of period	401.0	320.8
Net change in cash and cash equivalents	80.2	18.4

3.4.1 Group debt and sources of financing

The Group's debt comprises financial debt (financing liabilities) and operating debt linked to its factoring activities (composed of "Amounts due to banking sector companies" and "Debt securities").

	AS AT DEC. 31	
(in millions of euros)	**2020**	**2019**
Subordinated borrowings	389.8	389.3
Sub-total financial debt	**389.8**	**389.3**
Amounts due to banking sector companies	535.4	523.0
Debt securities	1,425.6	1,538.7
Sub-total operating debt	**1,961.0**	**2,061.7**

Financial debt

For the financial year ended December 31, 2020, the Group's financing liabilities, totalling €389.8 million, only include the subordinated borrowings.

This fixed rate subordinated note (4.125% maturing on March 27, 2024) was issued on March 27, 2014 by COFACE SA for a nominal amount of €380 million.

The issue allowed the Group to optimise its capital structure, which had previously been characterised by an extremely low debt ratio (less than 1% at end-2013), and to strengthen its regulatory equity.

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

Operating debt linked to the factoring business

The Group's operating debt is mainly linked to financing for its factoring activities.

This debt, which includes "Amounts due to banking sector companies" and "Debt securities" items, corresponds to sources of refinancing for the Group's factoring companies (Coface Finanz in Germany and Coface Poland Factoring in Poland).

Amounts due to banking sector companies, which correspond to drawdowns on the bilateral credit lines (see "Bilateral credit lines" below) set up with various banking partners of Coface Finanz and Coface Poland Factoring and the Group's leading local banks, amounted to €535.4 million for the financial year ended on December 31, 2020.

Borrowings represented by securities amounted to €1,425.6 million for the financial year ended on December 31, 2020, including:

- senior units issued by the Vega securitisation fund under the Coface Finanz factoring receivables securitisation programme (see "Securitisation programme" below), in the amount of €887.9 million; and
- commercial paper issued by COFACE SA (see "Commercial paper programme" below) to finance the activity of Coface Finanz in the amount of €537.7 million.

Coface Group's main sources of operational financing

To date, the Coface Group's main sources of operational financing are:

- a securitisation programme to refinance its factoring receivables for a maximum amount of €1,100 million;
- a commercial paper programme for a maximum amount of €650 million; and
- bilateral credit lines for a maximum total amount of €928.5 million.

In February 2012, the Group took a first step towards achieving financial autonomy by implementing a factoring receivables securitisation programme dedicated to financing the business of Coface Finanz (Germany) and implemented a commercial paper programme dedicated to factoring financing.

In 2014, a structural addition was introduced into the securitisation programme which allowed the maximum amount of the programme to be increased to €1,195 million (the initial amount was €1,100 million). At the end of 2015, the securitisation programme was renewed ahead of schedule, for an unchanged maximum amount.

In 2017, the Group continued to set up new bilateral lines in Germany and Poland. At the end of 2017, the securitisation programme was entirely renewed ahead of schedule, for a period of five years and for an unchanged amount. Concerning the commercial paper issue programme, the Group restructured the credit lines likely to be drawn should the commercial paper market shut down. Since July 28, 2017, the Group has had a syndicated loan maturing in three years with two one-year extension options for a maximum amount of €700 million. This loan replaced the bilateral credit lines covering the maximum amount of the €600 million commercial paper programme, and includes an additional liquidity line of €100 million available to factoring entities if needed.

On June 8, 2018, Coface Poland Factoring and a pool of partner banks set up a €300 million multi-currency syndicated loan. This syndicated loan partly replaced existing bilateral credit lines. The loan has a two-year maturity with the option of a one-year extension, at the lenders' discretion. The maximum amount of the commercial paper programme was increased to €650 million with the option to issue commercial paper in euros, dollars and pound sterling. The additional Group-level liquidity line available to factoring entities, if needed, was thus increased to €50 million.

In 2019, the securitisation programme was reduced to €1,100 million in July and then renewed early in December. The following extensions were exercised during the year:

- third year of the €300 million multi-currency syndicated loan for Coface Poland Factoring;
- fifth year of the €700 million syndicated loan for COFACE SA.

In 2020, Coface Poland Factoring's syndicated multi-currency loan was renewed early in the amount of €281 million. The loan has a two-year maturity with the option of a one-year extension, at the lenders' discretion.

At December 31, 2020, the amount of the Coface Group's debt linked to its factoring activities amounted to €1,961 million.

a) Securitisation programme

In connection with the refinancing of its factoring activities, in February 2012 the Group implemented a securitisation programme for its factoring trade receivables for a maximum total amount of €1,100 million, guaranteed by Compagnie française d'assurance pour le commerce extérieur. The maximum amount of the programme was increased by €95 million, thanks to a structural addition set up in July 2014. The ceding entity was Coface Finanz, the German wholly-owned subsidiary of Compagnie française d'assurance pour le commerce extérieur. The purchaser of the receivables is a French securitisation mutual fund, Vega, governed by the stipulations of the French Monetary and Financial Code. The Group gained initial funding from this programme, with 35% of the programme due in one year and the remaining 65% in three years. On February 3, 2014, the Group reached an agreement with the banks in charge of the funding to renew the funding due in one year and extend the three-year portion of the funding, which was accordingly raised to 75% of the programme size. Thanks to the additional financing that was introduced in July 2014, the portion of financing over three years stood at 77%. The securitisation programme was completely renewed early in December 2017, for a maximum amount of €1,195 million, with 23% maturing in one year and 77% in three years.

In July 2019, the securitisation programme was reduced to a maximum amount of €1,100 million and was subsequently renewed early in December 2019. The programme was adjusted with 25% due in one year and 75% in three years. The main monitoring indicators for the programme include the default ratio, the delinquency ratio and the dilution ratio. The priority units issued by the Vega securitisation mutual fund were subscribed and refinanced by four vehicles issued in consideration for the short-term securities. The subordinated units were underwritten by Coface Poland Factoring.

At December 31, 2020, €887.9 million had been used under this programme.

This securitisation programme includes a number of usual early payment cases associated with such a programme, concerning the financial position of Coface Finanz (the ceding company) and other Group entities (including certain indicators regarding the quality of the ceded receivables), and linked to the occurrence of various events, such as:

- payment default of Coface Finanz or of Compagnie française d'assurance pour le commerce extérieur for any sum due under the securitisation fund;
- the cross default of any Group entity pertaining to debt above €100 million;
- closure of the asset-backed commercial paper market for a consecutive period of 180 days;
- winding-up proceedings against Coface Finanz, Coface Poland Factoring, the Company or Compagnie française d'assurance pour le commerce extérieur;
- the discontinuance of or substantial change to the activities practised by Coface Finanz or by Compagnie française d'assurance pour le commerce extérieur;
- a downgrading of the financial rating of Compagnie française d'assurance pour le commerce extérieur below BBB- for the main funding (maximum amount of €1,100 million) and to below A for additional funding (maximum amount of €70 million); as well as in case of
- non-compliance with one of the covenants linked to the quality of the portfolio of ceded factoring receivables.

The securitisation programme does not contain a change of control clause for the Company, but contains restrictions regarding the change of control in Compagnie française d'assurance pour le commerce extérieur and the factoring companies resulting in their exit from the Group.

The three covenants set by the securitisation programme include:

COVENANT	DEFINITION	TRIGGER THRESHOLD
Default ratio	Three-month moving average of the rate of unpaid receivables beyond 60 days after their due date	> 2.24%
Delinquency ratio	Three-month moving average of the rate of unpaid receivables beyond 30 days after their due date	> 5.21%
Dilution ratio	Three-month moving average of the dilution ratio	> 9.71%

At December 31, 2020, the Group had complied with all of these covenants.

b) Bilateral credit lines

In connection with the refinancing of its factoring business, the Group also introduced, mainly through its subsidiaries, a number of bilateral credit lines and overdraft facilities for a total maximum amount of €928.5 million:

- bilateral credit lines and bank overdrafts concluded with six German banks (the "German credit lines") and two Polish banks (the "Polish overdraft facilities") for a maximum amount of €297.5 million. These bilateral credit lines and bank overdrafts were concluded for a maximum period of one to two years. Some German credit lines contain the usual clauses, such as: borrower compliance with a specified net asset level; borrower change of control clause; and benefit for the lender of the strictest financial covenant granted by the borrower to other financial institutions. The Polish overdraft facilities contain the standard commitments. At December 31, 2020, €117.7 million had been drawn down under the German credit lines and Polish overdraft facilities;
- bilateral credit lines concluded with the Group's eight relationship banks:
  - three lines for a maximum total amount of €175 million for Coface Finanz (with maturities ranging between one and three years), of which €98.4 million had been drawn down as of December 31, 2020;
  - two lines for a maximum total amount of €175 million for Coface Poland Factoring (with maturities ranging between one and two years), of which €141.2 million had been drawn down as of December 31, 2020;
  - a syndicated loan facility for a total amount of €281 million for Coface Poland Factoring, of which €178.1 million had been drawn down as of December 31, 2020.

c) Commercial paper programme

The Group has a commercial paper issuance programme that was extended in October 2015 and increased in June 2018 to reach a maximum amount of €650 million. Under this programme, the Company frequently issues securities with due dates ranging generally between one and six months. At December 31, 2020, securities issued under the commercial paper programme totalled €537.7 million. The programme was rated P-2 by Moody's and F1 by Fitch.

Should the commercial paper market shut down, since July 28, 2017 the Group has had a currently unused syndicated loan, granted for a period of three years with two one-year extension options and covering the maximum amount of the commercial paper issue programme (€650 million). This loan replaces the former bilateral credit lines in force in the event of a market shutdown. The agreement regulating this syndicated loan contains the usual restrictive clauses (such as a negative pledge clause, prohibition from assigning the assets outside the Group above a specified threshold or restrictions related to the discontinuance or any substantial change in the Group's business activities) and early repayment clauses (payment default, cross default, non-compliance with representations, warranties and commitments, significant adverse change affecting the Company and its capacity to meet its obligations under these bilateral credit lines, insolvency and winding-up proceedings), in line with market practices. The fifth year of the €700 million syndicated loan for COFACE SA was exercised.

3.4.2 Group solvency (1)

The Group measures its financial strength based on the capital requirement (amount of equity required to cover its managed risks) according to the Solvency II Regulation for its insurance business and according to banking 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.

For insurance activities, pursuant to the Solvency II Regulation which became effective on January 1, 2016, the Group proceeded with the calculation of the solvency capital requirement (SCR) on December 31, 2020, using the partial internal model introduced by European Directive No. 2009/138/EC. 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 major risks. This calculation is calibrated to cover the risk of loss corresponding to a 99.5% quantile at a one-year horizon. At December 31, 2020, the estimated capital required for the two Group businesses amounted to €1,077 million, compared with €1,158 million at the end of 2019.

At December 31, 2020, the required capital for the factoring business was estimated at €168.7 million by applying a rate of 10.5% to the risk-weighted assets, or RWA. The Group has reported its capital requirements using the standard approach since December 31, 2019. It should be noted that the local regulators for Germany and Poland (the two countries in which the Group operates its factoring business) have not defined specific mandatory capital requirements for factoring companies.

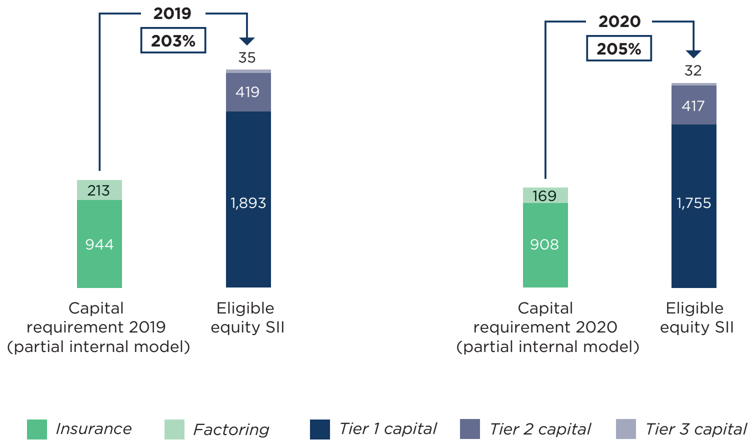
The sum of the capital requirement for the insurance business and the capital requirement for the factoring business is compared with the estimated available capital, which totalled €2,204 million as of December 31, 2020.

At this date, the solvency ratio (ratio between the Group's available capital and its capital requirement for insurance and factoring) was estimated at 205% (2), compared to 203% (3) at the end of 2019.

(1) Solvency information is not audited.
(2) This estimated solvency ratio is a preliminary calculation made according to Coface's interpretation of Solvency II Regulations, using the Partial Internal Model. The result of the definitive calculation may differ from the preliminary calculation. The estimated solvency ratio is not audited.
(3) The final solvency ratio at end-2019 amounted to 203% (based on Coface's interpretation of Solvency II and incorporating an estimated Factoring SCR using the Standard Approach). Unaudited.

The table below presents the items for calculating the Group's solvency ratio:

(in millions of euros)	AS AT DECEMBER 31, 2020	AS AT DECEMBER 31, 2019
Total equity	1,999	1,925
- Goodwill and other intangible assets (net of deferred taxes)	(207)	(199)
+ Revaluation of provisions using the best estimate method (net of deferred taxes)	243	381
+/- Other adjustments	(159)	(179)
- Dividend payments	(89)	-0
+ Subordinated debt (valued at market value)	417	419
= Solvency II available own funds (A)	**2,204**	**2,347**
Capital requirement – Insurance (B)	908	944
Capital requirement – Factoring (C)	169	213
Capital requirement (D) = (B) + (C)	1,077	1,158
SOLVENCY RATIO (E) = (A)/(D)	**205%**	**203%**



3.4.3 Return on equity

The return on equity ratio is used to measure the return on the Group's invested capital. Return on average tangible equity (or RoATE) is the ratio between net income (Group share) and the average of accounting equity (Group share) restated for intangible items (intangible asset values).

The table below presents the elements used to calculate the Group's RoATE over the 2019-2020 period:

	AS AT DEC. 31		
(in millions of euros)	2020	2019	2019 [1]
Accounting equity (Group share) – A	1,998	1,924	1,927 [2]
Intangible assets – B	231	221	221
Equity, net of intangible assets – C (A - B)	1,767	1,704	1,706
Average equity, net of intangible assets – D ([C_n + C_n -1]/2)	1,736	1,645	1,646
Net income (Group share) – E	82.9	146.7	149.3
RoATE – E/D	4.8%	8.9%	9.1%

(1) Calculation restated for non-recurring items.
(2) Recalculated on the basis of net income excluding non-recurring items.

3.4.4 Off-balance sheet commitments

Most of the Group's off-balance sheet commitments concern certain credit lines, guarantees received (pledged securities received from reinsurers corresponding to deposits made by reinsurers under commitments binding them to the Coface Group) and transactions on financial markets.

The table below presents the details of the Group's off-balance sheet commitments for the 2019-2020 period:

(in thousands of euros)	DEC. 31, 2020	RELATED TO FINANCING	RELATED TO ACTIVITY
Commitments given	**1,029,839**	**1,018,188**	**11,651**
Endorsements and letters of credit	1,018,188	1,018,188	
Property guarantees	7,500		7,500
Financial commitments in respect of equity interests	4,151		4,151
Commitments received	**1,537,881**	**1,018,976**	**518,905**
Endorsements and letters of credit	117,702		117,702
Guarantees	398,704		398,704
Credit lines linked to commercial paper	700,000	700,000	
Credit lines linked to factoring	318,976	318,976	
Contingent capital	0		0
Financial commitments in respect of equity interests	2,500		2,500
Guarantees received	**401,315**		**401,315**
Securities lodged as collateral by reinsurers	401,315		401,315
Financial market transactions	163,766		163,766

(in thousands of euros)	DEC. 31, 2019	RELATED TO FINANCING	RELATED TO ACTIVITY
Commitments given	**1,055,216**	**1,037,195**	**18,021**
Endorsements and letters of credit	1,037,195	1,037,195	
Property guarantees	7,500		7,500
Financial commitments in respect of equity interests	10,521		10,521
Commitments received	**1,503,863**	**1,018,308**	**485,555**
Endorsements and letters of credit	140,576		140,576
Guarantees	342,479		342,479
Credit lines linked to commercial paper	700,000	700,000	
Credit lines linked to factoring	318,308	318,308	
Contingent capital	0		0
Financial commitments in respect of equity interests	2,500		2,500
Guarantees received	**382,200**		**382,200**
Securities lodged as collateral by reinsurers	382,200		382,000
Financial market transactions	281,097		281,097

Endorsements and letters of credit totalling €1,018,188,000 for the financial year ended December 31, 2020 correspond mainly to:

- a joint surety bond of €380,000,000 in favour of investors in COFACE SA subordinated notes (10-year maturity);
- various joint surety bonds totalling €638,188,000 given by the Group, in particular to banks financing the factoring business.

Collateral concerns Coface Re for €365,715,000 and Compagnie française pour le commerce extérieur for €35,600,000.

The syndicated loan for a maximum amount of €700 million for the financial year ended December 31, 2020 includes the coverage of the Group's commercial paper issuance programme for €650 million and an additional liquidity line of €50 million available to factoring entities if needed (see Section 3.4.1 "Group debt and sources of financing").

3.5 POST CLOSINXG EVENTS AT DECEMBER 31, 2020

3.5.1 Changes in shareholding and governance – Arch Capital Group takes a stake in Coface and Bernardo Sanchez Incera appointed Chairman of the Board of Directors

On February 10, 2021, Natixis and Arch Capital announced that the sale of a 29.5% stake in Coface capital had received all the necessary approvals for its closing. In line with the announcements made in February 2020, all the directors representing Natixis have resigned. The Board then co-opted four directors presented by Arch as well as Bernardo Sanchez Incera, who was then appointed Chairman of the Board. As of today, Coface's Board of Directors has therefore 10 members, 4 women and 6 men, the majority (6) of whom are independent directors.

3.6 OUTLOOK

3.6.1 Economic environment [1]

The health situation remains very uncertain, making the forecast modelling exercise more volatile. The outlook is also highly dependent on the measures taken by governments to counter the negative effects of the crisis on the economy and society. Coface's economic teams assess and monitor these effects and the scenario presented below is the core scenario at the time of writing.

In 2021, global activity is expected to rebound sharply, with growth of 4.5% (after a decline of 3.9% in 2020). With this recovery, global output is expected to return to pre-crisis levels at the end of 2021. However, much of this performance will be due to a favourable base effect since the level of activity at the end of 2020 had already recovered some of the ground lost during the year. In addition, a large part of this growth will be due to the Chinese economy, meaning that other countries will not have returned to pre-crisis levels. Finally, in relation to the rising world population, output will not have returned to pre-crisis levels. This will, of course, be the case in many low-income or emerging countries that are experiencing significant population growth and where, as a result, GDP *per capita* will still be lower than before the crisis. Furthermore, and crucially, this scenario is based on an improvement in the health situation, in particular through the extension of vaccine coverage, which will allow the lifting of restrictions on economic activity to continue, although some constraints, such as border controls, are likely to remain in place, with consequences for transport and tourism.

As in the past, growth is expected to be higher in emerging economies (5.4%, after a decline of 2.3%) than in advanced economies (3.7%, after a decline of 5.2%). However, this difference in favour of emerging countries will only be due to the strong performance of emerging Asia, as the other emerging regions will either equal or fare less well than advanced economies.

In 2021, the United States is expected to grow by 3.2% (after a decline of 3.7%). Consumer spending, which represents two-thirds of GDP, should once again be the main driver of growth, supported by persistently low interest rates and a wealth effect linked to high real estate and stock market prices. An improvement in the health situation is expected to be a major factor. Moreover, while housing construction should remain strong and public investment will benefit from a federal infrastructure programme, business investment is likely to be slow due to the adverse situation in energy, office and retail space. Finally, external trade is expected to contribute negatively as imports rise faster than exports. In the United Kingdom, the economy is expected to rebound by 5.9% (after a slump of 11.4%). The trade agreement with the European Union removes considerable uncertainty. Despite a difficult start to the year due to the worsening health situation, consumer spending should be the first to recover with the lifting of travel restrictions, the reopening of shops and the savings built up during the epidemic. In contrast, while public investment is likely to benefit from fiscal support, business investment could be held back by the resumption of loan and tax payments after a grace period. In Japan, growth is expected to be slightly positive (1.6% after a drop of 3.5%). The new restrictions imposed in early January due to the worsening health situation will delay the recovery in consumption and tourism. In contrast, exports of transport equipment, electronics and machinery should continue to benefit from the improvement in China, notwithstanding uncertainty over trade relations with South Korea. However, it remains uncertain whether the Tokyo Olympic Games will go ahead.

Eurozone growth is expected to rebound sharply (4.9% in 2021 *vs.* -7.4% in 2020). Lending conditions will remain extremely loose due to the ECB's ultra-accommodative policy. A recovery is expected in Germany (3.5% *vs.* -5.6%), despite the slowdown caused by the restrictions introduced in late 2020/early 2021 as the health situation worsened, and the possibility of further upsets. Unlike the services sector, industry, which accounts for a large part of the German economy, is little affected by restrictions. In addition, consumers have changed their habits. Exports, including vehicles, which were already being underpinned by the Chinese recovery, should benefit from the recovery in other markets (Europe, North America). Moreover, many of the fiscal support measures for employment and income will remain in place in 2021. In France, the rebound should be greater, but from a worse situation (7.1% after -9.2%). The main driver of growth will be domestic demand, spurred by the release of household savings built up during the lockdowns, as well as

(1) *Group estimates.*

the extension of fiscal support measures and the recovery plan for both households and businesses. However, exports are likely to continue to suffer from difficulties in the aerospace and tourism sectors. Finally, the upturn will be gradual and subject to developments in the health situation. Spain will still be far from returning to its pre-crisis situation, with GDP expected to rise by 6.4% after shrinking by 11.5%. While exports of goods, such as vehicles and textiles, will benefit from the improvement in the European market, tourism is expected to remain on hold for at least the first half of the year. Meanwhile, domestic demand will benefit from the extension of fiscal support measures. Similarly, in Italy (5.1% after -9.3%), the improvement will not be sufficient to return to the pre-crisis situation. Exports of manufactured products (textiles, vehicles, food) will benefit from the recovery in demand in advanced and emerging economies, while tourism will continue to struggle. Consumption and investment should benefit from the extension of certain support measures, as well as a rise in confidence, provided that the health situation improves as vaccine coverage increases.

As mentioned above, there will be a two-speed recovery in emerging countries, with Asian countries, led by China, recording much stronger growth than most countries on other continents.

As such, emerging Asia is expected to post growth of 6.7% in 2021, after a decline of only 0.2% in 2020. As usual, this region will owe most of its excellent performance to China (7.5% after 2.3%), where the recovery that began in the second quarter of 2020 should gather pace as domestic demand picks up and also due to an upturn in foreign demand, although trade relations with the United States remain tense. Other economies in the region (India, Indonesia, Malaysia, Philippines, Vietnam) will also perform strongly. Central Europe is expected to achieve growth of 3.7% (after -5.1%), with all countries benefiting from the recovery in demand in Western Europe, particularly in the automotive sector, and from the arrival of new funds from Europe. Russia is expected to grow by 3.2% (after -4.3%), a modest performance, in line with the rise in consumption and investment. A moderate performance is also expected in Ukraine (2.5% after -5.2%) and Kazakhstan (2.8% after -3.5%). Turkey should fare a little better (4% after 0.5%), with exports to Europe offsetting weaker domestic demand with the return of a stricter monetary policy, although tourism will continue to suffer. The Middle East and North Africa (3% after -6.2%), for example Saudi Arabia (2.7% after -4.3%), will struggle to recover due to the slow resumption of tourism and efforts to restore public finances, although oil and gas revenues will rise. Latin America's performance (3.1% after -7.3%) will reflect that of its heavyweights: Argentina (3% after -11%), Brazil (3% after -4.5%), Colombia (3.7% after -7%) and Mexico (2.5% after -9%). As well as benefiting from an easing in the effects of the health crisis, consumption should benefit from better employment trends, continued accommodative monetary policy and, in Mexico, an increase in expatriate workers' remittances. Their exports should also pick up on the back of external demand and commodity prices. However, with the exception of Colombia, investment is likely to remain weak due to political uncertainty and reduced fiscal leeway. Despite their political uncertainties, Chile (4.5% after -6.2%) and Peru (8% after -12%) should gain from the excellent trend in metals prices, particularly copper, while monetary and fiscal policy will boost consumption and investment. Finally, the sub-Saharan Africa economy is expected to grow by just 2.5% in 2021, after shrinking by 3.7% in 2020, dragged down by its major economies, Nigeria (1.5% after -4%) and South Africa (3% after -9%), where, although exports will pick up, the domestic economies will continue to be hampered by structural problems, particularly at a fiscal level. Likewise, Angola, Congo, Gabon, Mozambique, Namibia, Zambia and Zimbabwe will reap little reward from higher prices for their oil and gas, metals or diamonds. The situation should be different for economies where agriculture (exports and/or subsistence farming) is important, sometimes alongside gold, wood, diamond and oil, such as Côte d'Ivoire, Ghana, Kenya or Senegal, as well as countries in the Sahel, despite their security problems. These countries were less badly affected in 2020 and are expected to grow between 4% and 6% in 2021.

3.6.2 Outlook for the Coface Group

The start of 2021 is marked by renewed uncertainties around the coronavirus crisis. Just as the global vaccination campaign began, new, and often more contagious, variants of the virus began to appear. This means that tougher measures will be required to curb the spread of the virus, subsequently delaying an economic recovery. So far, the vaccines appear to be effective against these new variants.

Regions that are less affected by the pandemic (Asia in particular) are continuing to grow. There are therefore significant disparities between countries and between sectors of economic activity. The current crisis has accelerated a number of major trends, such as increased digitization of the economy, the proliferation of zombie companies, and decarbonisation of the economy.

In this uncertain context, Coface's strategy – based on excellence in trade credit insurance, the development of adjacent activities, and agility – is thus fully relevant. Moreover, Coface will continue to work with governments, who have set up dedicated schemes for credit insurance in order to maintain supplier credit to the best possible extent. Coface has signed, where relevant, extensions to the schemes launched in 2020.

2021 also marks important changes in the Company's governance of the Company, with the arrival of 5 new directors, including one independent director and the appointment of Bernardo Sanchez Incera as Chairman.

Coface's Board of Directors is therefore now composed of 10 members, including 4 appointed by Arch. It is therefore composed of a majority of independent directors, including the Chairman.

3.7 KEY FINANCIAL PERFORMANCE INDICATORS

3.7.1 Financial indicators

Consolidated turnover

The composition of the Group's consolidated turnover (premiums, other revenue) is described under "Accounting principles and methods" in the notes to the consolidated financial statements.

Claims expenses

"Claims expenses" correspond to claims paid under credit insurance contracts, Single Risk policies and surety bonds, less changes in recoveries following recourse (amounts recovered from the debtor after paying the policyholder for the claim) during the financial year, and to the change in claims provisions during the financial year, and the handling expenses for these claims, which cover the costs of processing and managing policyholders' claims declarations, and those generated by monitoring recovery procedures (charges and provisions for internal and external debt collection fees).

Claims paid correspond to compensation paid under the policies during the financial year, net of collections received, plus costs incurred to provide the management, regardless of the financial year during which the claim was declared or during which the event producing the claim took place, less amounts recovered during the financial year for claims previously indemnified, regardless of the year the indemnification was paid.

Claims provisions are established for claims declared but not yet settled at financial year end, as well as for claims that have not yet been declared, but which have been deemed probable by the Group, given the events that have arisen during the financial year (incurred but not reported – IBNR provisions). The amounts thus provisioned also take into consideration a forecast of the amount to be collected for these claims. These provisions are decreased each year by recoveries made following the payment of compensation or the estimate of potential losses for declared or potential claims. The difference between the amount of provisions in a given financial year (established during the first year of underwriting a policy) and the amounts revalued the following years is either a liquidation profit (revaluation downward) or loss (upwards revaluation) (see Note 23 to the consolidated financial statements).

Operating expenses

"Operating expenses" correspond to the sum of the following items:

- "Contract acquisition costs", consisting of:
  - external acquisition costs, namely commissions paid to business contributors (brokers or other intermediaries) and which are based on the turnover contributed by such intermediaries, and
  - internal acquisition costs corresponding essentially to fixed costs related to payroll costs linked to contract acquisition and to the costs of the Group's sales network;
- "Administration costs" (including Group operating costs, payroll costs, IT costs, etc., excluding profit sharing and incentive schemes). Contract acquisition costs as well as administration costs primarily include costs linked to the credit insurance business. However, due to pooling, costs related to the Group's other businesses are also included in these items;
- "Other current operating expenses" (expenses that cannot be allocated to any of the functions defined by the chart of accounts, including in particular general management expenses);
- "Expenses from banking activities" (general operating expenses, such as payroll costs, IT costs, etc.) relating to factoring activities; and
- "Expenses from other activities" (overheads related exclusively to information and debt collection for customers without credit insurance).

As such, "Operating expenses" consist of all overheads, with the exception of internal investment management expenses for insurance – which are recognised in the "Investment income, net of management expenses (excluding finance costs)" aggregate – and claims handling expenses, with the latter included in the "Claims expenses" aggregate.

Total internal overheads (*i.e.* overheads excluding external acquisition costs (commissions), are analysed by function, regardless of the accounting method applied to them, in all of the Group's countries. This presentation enables a better understanding of the Group's savings and differs on certain points from the presentation of the income statement, which meets the presentation requirements of the accounting standards.

Cost of risk

"Cost of risk" corresponds to expenses and provisions linked to covering the ceding company risk (inherent to the factoring business) and the credit risk, net of credit insurance coverage.

Underwriting income

Underwriting income is an intermediate balance of the income statement which reflects the operational performance of the Group's activities, excluding the management of business investments. It is calculated before and after recognition of the income or loss from ceded reinsurance:

- "Underwriting income before reinsurance" (or underwriting income gross of reinsurance) corresponds to the balance between consolidated turnover and the total represented by the sum of claims expenses, operating expenses and cost of risk;
- "Underwriting income after reinsurance" (or underwriting income net of reinsurance) includes, in addition to the underwriting income before reinsurance, the income or loss from ceded reinsurance, as defined below.

Income (loss) from ceded reinsurance (expenses or income net of ceded reinsurance)

"Reinsurance income" (or income and expenses net of ceded reinsurance) corresponds to the sum of income from ceded reinsurance (claims ceded to reinsurers during the financial year under the Group's reinsurance treaties, net of the change in the provision for claims net of recoveries that was also ceded, plus the reinsurance commissions paid by reinsurers to the Group for proportional reinsurance), and charges from ceded reinsurance (premiums ceded to reinsurers during the financial year for reinsurance treaties of the Group, net of the change in provisions for premiums also ceded to reinsurers).

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

"Investment income, net of management expenses (excluding finance costs)" combines the result of the Group's investment portfolio (investment income, net gains on disposals and addition to/reversals of provisions for impairment), exchange rate differences and investment management expenses.

Current operating income/(loss)

"Current operating income (loss)" corresponds to the sum of "Underwriting income after reinsurance", "Net investment income excluding finance costs" and non-current items, namely "Other operating income and expenses".

In the presentation of operating income by region, the amounts are represented before turnover from interregional flows and holding costs not charged back to the regions have been eliminated.

Income tax

Tax expenses include tax payable and deferred tax that results from consolidation restatements and temporary tax differences, insofar as the tax position of the companies concerned so justifies (as more extensively described under "Accounting principles and methods" and in Note 29 to the consolidated financial statements).

Net income (Group share)

Net income (Group share) corresponds to the amount of "Net income from continuing operations" (corresponding to "Operating income", net of "Finance costs", "Share in net income of associates" and "Income tax"), "Net income from discontinued operations" and "Non-controlling interests".

3.7.2 Operating indicators

As part of its business operations, in addition to the financial aggregates published in accordance with the International Financial Reporting Standards (IFRS), the Group uses four operational indicators to track its commercial performance. They are described below:

Production of new contracts

The production of new contracts corresponds to the annual value of credit insurance policies taken out by new customers during the period. The Group generally records a higher production of new contracts during the first quarter of a given financial year.

Retention rate

The rate corresponds to the ratio between the annual value of the policies actually renewed and that of the policies that were supposed to be renewed at the end of the preceding period. The annual value of the policies corresponds to the value of the credit insurance policies over a 12-month period according to an estimate of the volume of related sales and the level of the rate conditions in effect at the time the policy is taken out.

Price effect of credit insurance policies

The price effect of the credit insurance policies corresponds to the difference between the annual value of the contracts, calculated based on the rate conditions in effect at the time the policy is taken out, and the annual value of the policies for the preceding period (calculated based on the rate conditions of the preceding period and excluding any volume effect related to the definitive revenue of the policyholders).

Volume effect

The method for calculating premiums on the Group's turnover produces its effects throughout the life of the policies, and not for a single financial year. When the volume of a policyholder's actual sales is higher than what was taken into consideration to determine the amount of premiums billed during the period covered by the policy, this difference produces a positive effect on the earned premiums recorded by the Group with a one-year lag. Conversely, when the volume of the policyholder's sales is less than what was used as the basis for calculating the flat rate, this difference does not produce any effect on the Group's turnover for the following financial year.

3.7.3 Breakdown of the calculation of ratios as of December 31

EARNED PREMIUMS *(in thousands of euros)*	**2020**	**2019**
Gross earned premiums [A]	1,204,334	1,235,597
Ceded earned premiums	(599,203)	(353,585)
NET EARNED PREMIUMS [D]	**645,131**	**882,012**

CLAIMS EXPENSES *(in thousands of euros)*	**2020**	**2019**
Claims expenses* [B]	(623,653)	(536,247)
Ceded claims	180,639	126,829
Change in claims provisions net of recoveries	135,321	12,622
NET CLAIMS EXPENSES [E]	**(307,692)**	**(396,797)**

* *Of which claims handling expenses.*

OPERATIONAL EXPENSES *(in thousands of euros)*	**2020**	**2019**
Operating expenses	(655,672)	(677,138)
Of which employee profit sharing	2,854	7,038
Other income (services)	246,530	245,491
Operating expenses, net of other income – before reinsurance [C]	(406,288)	(424,609)
Commissions paid by reinsurers	199,126	136,172
OPERATING EXPENSES, NET OF OTHER INCOME – AFTER REINSURANCE [F]	**(207,162)**	**(288,437)**

Gross comined ratio = gross loss ratio $\frac{B}{A}$ **+ gross cost ratio** $\frac{C}{A}$

Net combined ratio = net loss ratio $\frac{E}{D}$ **+ net cost ratio** $\frac{F}{D}$

RATIOS	**2020**	**2019**
Loss ratio before reinsurance	51.8%	43.4%
Loss ratio after reinsurance	47.7%	45.0%
Cost ratio before reinsurance	33.7%	34.4%
Cost ratio after reinsurance	32.1%	32.7%
Combined ratio before reinsurance	85.5%	77.8%
Combined ratio after reinsurance	79.8%	77.7%

3.7.4 Alternative performance measures (APM) as of December 31, 2020

This section takes a look at KPIs not defined by accounting standards but used by the Company for its financial communications.

This section is a follow-up to the AMF's position – IAP DOC 2015-12.

The indicators below represent indicators listed as belonging to the category of Alternative Performance Measures.

a) Alternative Performance Measures related to turnover and its constituent items

DEFINITION	JUSTIFICATION
Turnover with restated items	
(1) Two types of restatements on turnover: **i.** Calculation of turnover growth percentages, like-for-like: • year N recalculated at the exchange rate of year N-1; • year N-1 at the Group structure of year N. **ii.** Removal or addition of turnover in value (€) considered as extraordinary in the current year. The term "extraordinary" refers to impacts on turnover which do not occur every year.	**i.** Historic method used by Coface to calculate *pro forma* %. **ii**. Item considered as extraordinary, i.e. which will only occur in the current financial year (year N).
Fee and commission income/Gross earned premiums (current – like-for-like)	
Weight of fee and commission income over earned premiums on like-for-like basis: • year N at the exchange rate of year N-1; • year N-1 at the Group structure of year N. Fee and commission income corresponds to the turnover invoiced on additional services.	Indicator used to monitor changes in fee and commission income compared with the main turnover item at constant scope.
Internal overheads excluding extraordinary items	
(2) Restatement or Addition of items considered as extraordinary with respect to internal overheads. The term "extraordinary" refers to impacts on expenses which do not occur every year.	Indicator used to compare changes in internal overheads by excluding extraordinary items.

b) Alternative Performance Measures related to operating income

DEFINITION	JUSTIFICATION
Operating income excluding restated extraordinary items (including finance costs and excluding other operating income and expenses)	
Restatement or Addition of items considered as extraordinary to operating income: these include extraordinary income and expenses impacting either turnover (see definition above, **(1)**) or overheads (see definition above **(2)**).	Indicator used to compare changes in operating income by excluding extraordinary items.

c) Alternative Performance Measures related to net income

DEFINITION	JUSTIFICATION
Net income excluding extraordinary items	
Restatement or Addition of items considered as extraordinary with respect to net income. This includes extraordinary income and expenses likely to impact either turnover (see definition above **(1)**) or overheads (see definition above **(2)**). This aggregate is also restated for "current operating income and expenses", which are recorded after operating income in the management income statement.	Indicator used to compare changes in net income by excluding extraordinary items.

RECONCILIATION WITH THE FINANCIAL STATEMENTS	N/N-1 COMPARISON – €M 2020	2019
i. (Current turnover N – FX Impact N-1)/(Current turnover N-1 + Perimeter impact N) -1 ii. Current turnover N +/- Restatements/Additions of extraordinary items N	**i. +0.6%** = (1,450.9 -30.5)/(1,481.1 +8.6 Coface PKZ & Coface GK) -1 ii. 1,450.9 +/- 0.0	**i. N/A** = (1,481.1 -2.9)/(1,384.7 +11.2 Coface PKZ) -1 ii. 1,481.1 +/- 0.0
Fee and commission income/Earned premiums – Like-for-like	**Current: 12.0%** = 144.0/1,204.3 Like-for-like: 11.8% = 145.3/1,233.3	**Current: 11.3%** = 140.2/1,235.6 Like-for-like: 11.3% = 139.8/1,234.0
Current internal overheads +/- Restatements +/- Additions of extraordinary items	**€536.1m** = 536.1 +/- 0.0	**€547.0m** = 547.0 +/- 0.0

RECONCILIATION WITH THE FINANCIAL STATEMENTS	N/N-1 COMPARISON – €M 2020	2019
Operating income +/- Restatements +/- Addition of extraordinary items	**€132.5m** = 140.4 + (-21.8) – (-13.8 Non-recurring items)	**€203.5m** = 218.9 + (-21.4) – (-6.0 Non-recurring items)

RECONCILIATION WITH THE FINANCIAL STATEMENTS	N/N-1 COMPARISON – €M 2020	2019
Current operating income +/- Restatements +/- Additions of extraordinary items net of tax	Not applicable for this reporting date	**€149.3m** = 146.7 – (-6.0 Non-recurring items -4.0 Non-recurring fees +4.7 Badwill PKZ) – (2.8 Tax on non-recurring items and fees)

d) Alternative Performance Measures related to the combined ratio

DEFINITION	JUSTIFICATION
Loss ratio gross of reinsurance (loss ratio before reinsurance) and gross loss ratio with claims handling expenses refer to the same indicator	
The ratio of claims expenses to gross earned premiums (the sum of gross earned premiums and unearned premium provisions), net of premium refunds.	Indicator for monitoring the level of loss borne by the Group with respect to premiums, after ceded reinsurance.
Loss ratio net of reinsurance (loss ratio after reinsurance)	
Ratio between claims expenses net of claims expenses ceded to reinsurers under reinsurance treaties entered into by the Group, and total earned premiums net of premiums ceded to reinsurers.	Indicator for monitoring the level of loss borne by the Group with respect to premiums, after ceded reinsurance.
Cost ratio before reinsurance	
Ratio between operating expenses (net of employee profit sharing) less other income* and earned premiums.	Indicator for monitoring the level of operating expenses (insurance contracts portfolio acquisition and management) borne by the Group with respect to premiums.
Cost ratio after reinsurance	
Ratio between operating expenses (net of employee profit sharing) less other income* net of commissions received from reinsurers under reinsurance treaties entered into by the Group, and the total of earned premiums net of premiums ceded to reinsurers.	Indicator for monitoring the level of operating expenses (insurance contracts portfolio acquisition and management) borne by the Group with respect to premiums after ceded reinsurance.
Combined ratio before/after reinsurance	
The combined ratio is the sum of the loss ratios (before/after reinsurance) and cost ratios (before/after reinsurance) as defined above.	Overall profitability indicator of the Group's activities and of its technical margin before and after ceded reinsurance.
Net combined ratio excluding restated and extraordinary items [A]	
Restatement or Addition of items considered as extraordinary with respect to combined ratio after reinsurance. This includes extraordinary income and expenses impacting either turnover (see definition above, **(1)**) or overheads (see definition above **(2)**).	Indicator used to compare changes in combined ratios after reinsurance by excluding extraordinary items.
Loss ratio excluding extraordinary items [B]	
Restatement or Addition of items considered as extraordinary with respect to loss ratio net of reinsurance.	Indicator used to compare changes in loss ratios after reinsurance by excluding extraordinary items.
Net cost ratio excluding restated and extraordinary items [C]	
Restatement or Addition of items considered as extraordinary to cost ratio after reinsurance: these include extraordinary income and expenses impacting either turnover (see definition above, **(1)**) or overheads (see definition above **(2)**).	Indicator used to compare changes in cost ratios after reinsurance by excluding extraordinary items.
Current year gross loss ratio – before reinsurance excluding claims handling expenses [D]	
Ultimate claims expense (after recoveries) over earned premiums (after premium refunds) for the current year. The insurance period is exclusively the current year N.	Indicator used to calculate the loss ratio before reinsurance excluding claims handling expenses.
Prior year gross loss ratio – before reinsurance excluding claims handling expenses [E]	
Corresponds to gains/losses for insurance periods prior to current year N excluded. A gain or loss corresponds to an excess or deficit of claims provisions compared with the loss ratio actually recorded.	Indicator used to calculate the loss ratio before reinsurance excluding claims handling expenses.
Comprehensive gross loss ratio – before reinsurance excluding claims handling expenses [F]	
Corresponds to the accounting loss ratio for all insurance periods (current year N and its prior years). This concerns the loss ratio before reinsurance excluding claims handling expenses.	Key indicator in loss monitoring.

* *Operating expenses include overheads linked to the execution of additional services (business information and debt collection) inherent to the credit insurance business. These also include overheads for service businesses carried out by the Group, such as factoring. In order for the cost ratio calculated by the Group to be comparable to the cost ratio calculated by other main market players, "Other revenue", namely the revenue generated by the additional businesses (non-insurance), is deducted from overheads.*

RECONCILIATION WITH THE FINANCIAL STATEMENTS	N/N-1 COMPARISON – €M 2020	2019
- Claims expenses/Gross earned premiums	See 3.7.3 – "Breakdown of the calculation of ratios at December 31"	
- (Claims expenses + Ceded claims + Change in provisions on claims net of recourse)/(Gross earned premiums + Expenses from ceded reinsurance)	See 3.7.3 – "Breakdown of the calculation of ratios at December 31"	
- (Operating expenses – Employee profit sharing – Other income)/Gross earned premiums	See 3.7.3 – "Breakdown of the calculation of ratios at December 31"	
- (Operating expenses – Employee profit sharing – Other income – Commissions received from reinsurers)/(Gross earned premiums + Expenses from ceded reinsurance)	See 3.7.3 – "Breakdown of the calculation of ratios at December 31"	
Loss ratio (before/after reinsurance) + Cost ratio (before/after reinsurance)	See 3.7.3 – "Breakdown of the calculation of ratios at December 31"	
Combined ratio after reinsurance +/- Restatements/Additions of extraordinary items	[A] = [B] + [C] **84.5%** = 53.0% +31.6%	[A] = [B] + [C] **77.7%** = 45.0% +32.7%
Loss ratio after reinsurance +/- Restatements/Additions of extraordinary items	**53.0%** = 47.7% +/-5.3 pt	**45.0%** = 45.0% +/-0.0 pt
Cost ratio after reinsurance +/- Restatements/Additions of extraordinary items	**31.6%** = 32.1% -0.5 pt	**32.7%** = 32.7% +/-0.0 pt
Claims reported in the current year/Earned premiums for the current year, see ultimate loss ratios development triangle	**78.4%** = see ultimate loss ratios development triangle	**73.1%** = see ultimate loss ratios development triangle
[E] = [F – D]	**(29.3%)** = 49.1% -78.4%	**(32.2%)** = 40.9% -73.1%
- (Claims paid net of recourse + Change in claims provisions)/Earned premiums	**49.1%** = - (-591.8/1,204.3)	**40.9%** = - (-505.0/1,235.6)

e) Alternative Performance Measures related to equity

DEFINITION	JUSTIFICATION
RoATE – Return on average tangible equity	
Net income (Group share) over average tangible equity (average equity (Group share) for the period restated for intangible assets).	The return on equity ratio is used to measure the return on the Coface Group's invested capital.
RoATE excluding non-recurring items	
The calculation of RoATE (see definition of RoATE above) is based on net income excluding non-recurring items and Average Tangible Equity (see RoATE definition above) excluding non-recurring items. For this calculation, interest or commissions linked to capital management instruments (such as hybrid debt, contingent equity) are not considered as non-recurring items.	The calculation of the return on equity ratio excluding non-recurring items is used to monitor the Group's profitability between two reporting periods.

f) Alternative Performance Measures related to the investment portfolio

DEFINITION	JUSTIFICATION
Accounting rate of return of financial assets	
Investment income before income from equity securities, foreign exchange income and financial expenses compared with the balance sheet total of financial assets excluding equity securities.	Indicator used to monitor the accounting performance of the financial assets portfolio.
Accounting rate of return of financial assets excluding income from disposals	
Investment income before income from equity securities, foreign exchange income and financial expense excluding capital gains or losses on disposals compared with the balance sheet total of financial assets excluding equity securities.	Indicator used to monitor the recurring accounting performance of the financial assets portfolio.
Economic rate of return of financial assets	
Economic performance of the asset portfolio. Thus, the change in revaluation reserves for the year over the balance sheet total of financial assets is added to the accounting rate of return.	Indicator used to monitor the economic performance of the financial assets portfolio.
Investment portfolio income	
Investment portfolio income (shares/fixed-income instruments and real estate).	Used to monitor the income from the investment portfolio only.
Other	
Income from derivatives excluding currency derivatives, income from equity securities and investment fees.	Used to monitor income from equity securities, derivatives excluding currency derivatives and fees relating to investments.

RECONCILIATION WITH THE FINANCIAL STATEMENTS	N/N-1 COMPARISON – €M 2020	2019
Net income (Group share) for year N/[(Equity (Group share) N-1, restated for intangible assets N-1 + Equity (Group share) restated for intangible assets N)/2]	**4.8%** = 82.9/[(1,704 +1,767)/2]	**8.9%** = 146.7/[(1,704 +1,586)/2]
Net income (Group share) for year N excluding non-recurring items/[Equity (Group share) excluding non-recurring items N-1, restated for intangible assets N-1 + Equity (Group share) excluding non-recurring items N restated for intangible assets N)/2]	Not applicable for this reporting date	**9.1%** = 149.3/[(1,706 +1,586)/2]

RECONCILIATION WITH THE FINANCIAL STATEMENTS	N/N-1 COMPARISON – €M 2020	2019
Investment portfolio income/((market value of financial assets (shares excluding equity securities, real estate, fixed-income instruments) year N + market value of financial assets (shares excluding equity securities, real estate, fixed-income instruments) year N-1)/2)	**1.1%** = 31.1/(((2,984 - 150) + (2,991 - 142))/2	**1.7%** = 47.7/(((2,991 - 142) + (2,834 - 129))/2)
Investment portfolio income excluding capital gains or losses/((market value of financial assets (shares excluding equity securities, real estate, fixed-income instruments) year N + market value of financial assets (shares excluding equity securities, real estate, fixed-income instruments) year N-1)/2).	**1.2%** = (31.1 + 1.7)/(((2.984 - 150) + (2,991 - 142))/2)	**1.6%** = (47.7 - 3.1)/(((2,991 - 142) + (2,834 - 129))/2)
Accounting rate of return on financial assets + (revaluation reserves of financial assets (shares excluding equity securities, real estate, fixed-income instruments) year N- revaluation reserves of financial assets (shares excluding equity securities, real estate, fixed-income instruments) year N-1)/((market value of financial assets (shares excluding equity securities, real estate, fixed-income instruments) year N + market value of financial assets (shares excluding equity securities, real estate, fixed-income instruments) year N-1]/2)	**1.5%** = (31.1 + 96.2 - 85.2)/(((2,988 - 150) + (2,991 - 142)	**4.7%** = (47.7 + 85.2 -2.4)/(((2,991 - 142) + (2,834 - 129))/2)
Income from shares excluding equity securities + income from fixed-income instruments + real estate income	**€31.1m** = - 6.8 + 22.2 + 9.7 + 6.0	**€47.7m** = 6.6 + 39.8 + 8.4 -7.0
Income from derivatives excluding exchange rate + income from equity securities + investment fees	**(€4.2m)** = - 3.5 +5.2 - 6.0	**(€10.8m)** = 1.8 - 4.7 - 7.8

g) Alternative Performance Measures linked to reinsurance

DEFINITION	JUSTIFICATION
Ceded premiums/Gross earned premiums (rate of ceded premiums)	
Weight of Ceded premiums compared with earned premiums. Ceded premiums correspond to the share of earned premiums that Coface cedes to its reinsurers under reinsurance treaties signed with them. Earned premiums correspond to the sum of written premiums and provisions on earned premiums not yet written.	Indicator used to monitor changes in reinsurance income.
Ceded claims/total claims (rate of ceded claims)	
Weight of ceded claims compared with total claims. Ceded claims correspond to the share of Coface claims ceded to its reinsurers under reinsurance treaties signed with them.	Indicator used to monitor changes in reinsurance income.
Underwriting income before/after reinsurance (underwriting income gross/net of reinsurance)	
See definition above (financial indicators). Underwriting income before and after reinsurance is now reported directly in the income statement following changes in its presentation.	

3.8 INVESTMENTS OUTSIDE THE INVESTMENT PORTFOLIO

Information can be found in Note 6 “Buildings used in the business and other property, plant and equipment” of the Group’s consolidated financial statements.

RECONCILIATION WITH THE FINANCIAL STATEMENTS	N/N-1 COMPARISON – €M 2020	2019
- (Ceded premiums (of which, change in premiums provisions)/Earned premiums)	46.4% = - (- 559.2/1,204.3)	28.6% = - (-353.6/1,235.6)
- Ceded claims (including change in claims provisions after recourse)/Total claims (including claims handling expenses)	50.7% = - 316.0/[(-91.8) + (-31.8)]	26.0% = -139.5/[(-505.0) + (-31.2)]

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4

FINANCIAL ITEMS

4.1 CONSOLIDATED FINANCIAL STATEMENTS

4.1.1 Consolidated balance sheet

Assets

(in thousands of euros)	Notes	DEC. 31, 2020	DEC. 31, 2019
Intangible assets		**230,852**	**220,844**
Goodwill	1	154,245	155,833
Other intangible assets	2	76,607	65,011
Insurance business investments	**3**	**2,982,945**	**2,990,686**
Investment property	3	288	288
Held-to-maturity securities	3	1,872	1,842
Available-for-sale securities	3	2,896,314	2,911,034
Trading securities	3	67	43
Derivatives	3	7,237	1,809
Loans and receivables	3	77,167	75,670
Receivables arising from banking activities	**4**	**2,326,941**	**2,346,710**
Reinsurers' share of insurance liabilities	**17**	**603,453**	**450,367**
Other assets		**1,007,645**	**1,053,538**
Buildings used for operations purposes and other property, plant and equipment	6	112,765	123,776
Deferred acquisition costs	8	35,494	40,384
Deferred tax assets	19	49,250	64,042
Receivables arising from insurance and reinsurance operations	7	516,561	532,362
Trade receivables arising from service activities	8	62,390	62,112
Current tax receivables	8	49,853	49,675
Other receivables	8	181,332	181,187
Cash and cash equivalents	9	400,969	320,777
TOTAL ASSETS		**7,552,804**	**7,382,922**

Liabilities

(in thousands of euros)	Notes	DEC. 31, 2020	DEC. 31, 2019
Equity attributable to owners of the parent		**1,998,308**	**1,924,472**
Share capital	10	304,064	304,064
Additional paid-in capital		810,420	810,420
Retained earnings		656,118	512,438
Other comprehensive income		144,807	150,821
Consolidated net income of the year		82,900	146,729
Non-controlling interests		**267**	**269**
Total equity		**1,998,575**	**1,924,741**
Provisions for liabilities and charges	**13**	**96,307**	**100,932**
Financing liabilities	**15**	**389,810**	**389,261**
Lease liabilities	**16**	**88,124**	**92,990**
Liabilities relating to insurance contracts	**17**	**1,804,092**	**1,827,219**
Payables arising from banking activities	**18**	**2,318,392**	**2,362,805**
Amounts due to banking sector companies	18	535,447	523,020
Amounts due to customers of banking sector companies	18	357,384	301,058
Debt securities	18	1,425,562	1,538,727
Other liabilities		**857,504**	**684,974**
Deferred tax liabilities	19	110,507	107,357
Payables arising from insurance and reinsurance operations	20	414,133	219,863
Current taxes payables	21	70,621	66,295
Derivatives	21	26	889
Other payables	21	262,219	290,570
TOTAL EQUITY AND LIABILITIES	**21**	**7,552,804**	**7,382,922**

4.1.2 Consolidated income statement

(in thousands of euros)	Notes	DEC. 31, 2020	DEC. 31, 2019
Gross written premiums		*1,273,767*	*1,327,635*
Premium refunds		*(78,111)*	*(95,079)*
Net change in unearned premium provisions		*8,678*	*3,041*
Earned premiums	**22**	**1,204,334**	**1,235,597**
Fee and commission income		*143,985*	*140,115*
Net income from banking activities		*58,450*	*64,106*
Income from services activities		*44,094*	*41,270*
Other revenue	**22**	**246,530**	**245,491**
Revenue		**1,450,864**	**1,481,088**
Claims expenses	**23**	**(623,653)**	**(536,247)**
Policy acquisition costs	24	*(238,453)*	*(242,675)*
Administrative costs	24	*(261,807)*	*(274,784)*
Other insurance activity expenses	24	*(60,971)*	*(70,739)*
Expenses from banking activities, excluding cost of risk	24/25	*(12,833)*	*(13,742)*
Expenses from services activities	24	*(81,608)*	*(75,198)*
Operating expenses	**24**	**(655,672)**	**(677,138)**
Risk cost	**25**	**(100)**	**(1,804)**
UNDERWRITING INCOME BEFORE REINSURANCE		**171,439**	**265,899**
Income and expenses from ceded reinsurance		(44,116)	(77,963)
UNDERWRITING INCOME AFTER REINSURANCE		**127,322**	**187,936**
Investment income, net of management expenses (excluding finance costs)	27	26,903	36,940
CURRENT OPERATING INCOME		**154,225**	**224,876**
Other operating income and expenses	28	(13,787)	(6,000)
OPERATING INCOME		**140,438**	**218,876**
Finance costs		(21,740)	(21,385)
Share in net income of associates			
Badwill		8,910	4,662
Income tax expense	29	(44,704)	(55,434)
CONSOLIDATED NET INCOME BEFORE NON-CONTROLLING INTERESTS		**82,904**	**146,719**
Non-controlling interests		(4)	10
NET INCOME FOR THE YEAR		**82,900**	**146,729**
Earnings per share *(in €)*	31	0.55	0.97
Diluted earnings per share *(in €)*	31	0.55	0.97

4.1.3 Consolidated statement of comprehensive income

(in thousands of euros)	Notes	DEC.. 31, 2020	DEC.. 31, 2019
Net income of the period		82,900	146,729
Non-controlling interests		4	(10)
Other comprehensive income			
Currency translation differences reclassifiable to income		**(25,150)**	**19,163**
Reclassified to income		*0*	*0*
Recognised in equity		*(25,150)*	*19,163*
Fair value adjustments on available-for-sale financial assets	**3; 12; 19**	**17,824**	**78,024**
Recognised in equity – reclassifiable to income – gross		*20,218*	*107,140*
Recognised in equity – reclassifiable to income – tax effect		*(2,956)*	*(21,795)*
Reclassified to income – gross		*959*	*(8,927)*
Reclassified to income – tax effect		*(397)*	*1,606*
Fair value adjustments on employee benefit obligations	**3; 12; 19**	**1,298**	**(3,229)**
Recognised in equity – not reclassifiable to income – gross		*1,700*	*(4,386)*
Recognised in equity – not reclassifiable to income – tax effect		*(402)*	*1,157*
Other comprehensive income of the period, net of tax		**(6,028)**	**93,958**
TOTAL COMPREHENSIVE INCOME OF THE PERIOD		**76,876**	**240,677**
• attributable to owners of the parent		76,886	240,679
• attributable to non-controlling interests		(10)	(2)

4.1.4 Statement of changes in equity

(in thousands of euros)	NOTES	SHARE CAPITAL	PREMIUMS	CONSOLIDATED RESERVES	TREASURY SHARES
Equity at December 31, 2018		**307,799**	**810,420**	**530,377**	**(21,452)**
Effect of the first application of the standard IFRS 16				202	
2018 net income to be appropriated				122,333	
Payment of 2018 dividends in 2019				(119,424)	
Total transactions with owners		0	0	2,909	0
December 31, 2019 net income					
Fair value adjustments on available-for-sale financial assets recognized in equity					
Fair value adjustments on available-for-sale financial assets reclassified to income statement					
Change in actuarial gains and losses (IAS 19R)					
Currency translation differences					
Cancellation of COFACE SA shares		(3,735)		(11,265)	15,000
Treasury shares elimination					(4,738)
Free share plans expenses				1,277	
Transactions with shareholders and others				128	
Equity at December 31, 2019		**304,064**	**810,420**	**523,628**	**(11,190)**
2019 net income to be appropriated				146,729	
Payment of 2019 dividends in 2020					
Total transactions with owners		0	0	146,729	0
December 31, 2020 net income					
Fair value adjustments on available-for-sale financial assets recognized in equity	3; 12; 14; 19				
Fair value adjustments on available-for-sale financial assets reclassified to income statement	3; 12; 14; 19				
Change in actuarial gains and losses (IAS 19R)					
Currency translation differences					
Cancellation of COFACE SA shares					
Treasury shares elimination					(4,632)
Free share plans expenses				1,698	
Transactions with shareholders and others				(126)	
EQUITY AT DECEMBER 31, 2020		**304,064**	**810,420**	**671,939**	**(15,822)**

OTHER COMPREHENSIVE INCOME						
FOREIGN CURRENCY TRANSLATION RESERVE	RECLASSIFIABLE REVALUATION RESERVES	NON-RECLASSIFIABLE REVALUATION RESERVES	NET INCOME FOR THE PERIOD	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	NON-CONTROLLING INTERESTS	TOTAL EQUITY
(27,685)	**106,641**	**(22,184)**	**122,333**	**1,806,249**	**148**	**1,806,397**
				202		**202**
			(122,333)			
				(119,424)	(6)	(119,430)
0	**0**	**0**	**(122,333)**	**(119,424)**	**(6)**	**(119,430)**
			146,729	146,729	(10)	146,719
	85,338			85,338	7	85,345
	(7,320)			(7,320)	(1)	(7,321)
		(3,229)		(3,229)		(3,229)
19,161				19,161	2	19,163
				(4,738)		(4,738)
				1,277		1,277
99				227	129	356
(8,425)	**184,659**	**(25,413)**	**146,729**	**1,924,472**	**269**	**1,924,741**
			(146,729)			
0	**0**	**0**	**(146,729)**	**0**	**0**	**0**
			11,145	11,145	(17)	11,128
	17,261			17,261	1	17,262
	562			562	0	562
		1,298		1,298		1,298
(25,135)				(25,135)	(15)	(25,150)
				(4,632)		(4,632)
				1,698		1,698
				(126)	8	(118)
(33,560)	**202,482**	**(24,115)**	**82,900**	**1,998,308**	**267**	**1,998,575**

4.1.5 Consolidated statement of cash flows

(in thousands of euros)	DEC. 31, 2020	DEC. 31, 2019
Net income for the period	82,900	146,729
Non-controlling interests	4	(10)
Income tax expense	44,704	55,434
Finance costs	21,740	21,385
Operating income (A)	149,348	223,538
+/- Depreciation, amortization and impairment losses	39,216	43,499
+/- Net additions to / reversals from technical provisions	(75,244)	26,210
+/- Unrealized foreign exchange income/loss	12,922	(4,845)
+/- Non-cash items	7,327	26,181
Total non-cash items (B)	***(15,778)***	***91,045***
Gross cash flows from operations (C) = (A) + (B)	***133,570***	***314,583***
Change in operating receivables and payables	118,692	(8,074)
Net taxes paid	(32,419)	(39,389)
Net cash related to operating activities (D)	***86,273***	***(47,463)***
Increase (decrease) in receivables arising from factoring operations	(6,321)	167,125
Increase (decrease) in payables arising from factoring operations	(56,841)	(44,727)
Increase (decrease) in factoring liabilities	37,677	(141,814)
Net cash generated from banking and factoring operations (E)	***(25,485)***	***(19,416)***
Net cash generated from operating activities (F) = (C + D + E)	194,358	247,704
Acquisitions of investments	(655,210)	(773,793)
Disposals of investments	631,206	708,711
Net cash used in movements in investments (G)	***(24,004)***	***(65,082)***
Acquisitions of consolidated subsidiaries, net of cash acquired	(4,887)	(11,186)
Disposals of consolidated companies, net of cash transferred		0
Net cash used in changes in scope of consolidation (H)	***(4,887)***	***(11,186)***
Acquisitions of property, plant and equipment and intangible assets	(33,899)	(14,299)
Disposals of property, plant and equipment and intangible assets	8,456	12,942
Net cash generated from (used in) acquisitions and disposals of property, plant and equipment and intangible assets (I)	***(25,442)***	***(1,357)***
Net cash used in investing activities (J) = (G + H + I)	(54,334)	(77,625)
Proceeds from the issue of equity instruments		0
Treasury share transactions	(4,632)	(4,122)
Dividends paid to owners of the parent	0	(119,424)
Dividends paid to non-controlling interests	(1)	(6)
Cash flows related to transactions with owners	***(4,632)***	***(123,552)***
Proceeds from the issue of debt instruments	0	0
Cash used in the redemption of debt instruments	0	0
Lease liabilities variations	(13,629)	(10,902)
Interests paid	(21,193)	(20,854)
Cash flows related to the financing of Group operations	***(34,822)***	***(31,756)***
Net cash generated from (used in) financing activities (K)	(39,454)	(155,308)
Impact of changes in exchange rates on cash and cash equivalents (L)	(20,378)	3,587
NET INCREASE IN CASH AND CASH EQUIVALENTS (F + J + K + L)	**80,192**	**18,358**
Net cash generated from operating activities (F)	194,358	247,704
Net cash used in investing activities (J)	(54,334)	(77,625)
Net cash generated from (used in) financing activities (K)	(39,454)	(155,308)
Impact of changes in exchange rates on cash and cash equivalents (L)	(20,378)	3,587
Cash and cash equivalents at beginning of period	320,777	302,419
Cash and cash equivalents at end of period	400,969	320,777
NET CHANGE IN CASH AND CASH EQUIVALENTS	**80,192**	**18,358**

NAME OF REPORTING ENTITY OR OTHER MEANS OF IDENTIFICATION	COFACE SA
Explanation of change in name of reporting entity or other means of identification from end of preceding reporting period	N/A
Domicile of entity	1, place Costes et Bellonte, 92270 Bois-Colombes, France
Legal form of entity	Limited corporation (*société anonyme*) under French law with a Board of Directors
Country of incorporation	France
Address of entity's registered office	1, place Costes et Bellonte, 92270 Bois-Colombes, France
Principal place of business	1, place Costes et Bellonte, 92270 Bois-Colombes, France
Description of nature of entity's operations and principal activities	With 75 years of experience and the most extensive international network, Coface is a leader in trade credit insurance and adjacent specialty services, including Factoring, Single Risk insurance, Bonding and Information services. Coface helps companies in their credit decisions. The Group's services and solutions strengthen their ability to sell by protecting them against the risks of non-payment in their domestic and export markets.
Name of parent entity	COFACE SA
Name of ultimate parent of group	COFACE SA

4.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

BASIS OF PREPARATION

These IFRS consolidated financial statements of the Coface Group as at December 31, 2020 have been drawn up in accordance with the International Financial Reporting Standards (IFRS) as published by the IASB and as adopted by the European Union [1]. These standards are detailed in the "Accounting principles" note to these consolidated financial statements as at December 31, 2020.

The balance sheet is presented with comparative financial information at December 31, 2019. The income statement is presented with comparative financial information at December 31, 2019.

These IFRS consolidated financial statements for the year ended December 31, 2020 were reviewed by the Coface Group's Board of Directors on February 10, 2021.

SIGNIFICANT EVENTS

Coface launches its new 2023 strategic plan, Build to Lead

During its investor day organised on February 25 in Paris, Coface presented its new 2023 Build to Lead strategic plan. This plan seeks to continue the business and cultural transformation undertaken under Fit to Win.

In particular the new plan will: a) continue to strengthen risk management and underwriting discipline; b) improve service, commercial and operational efficiency; c) invest in select growth initiatives in trade credit insurance as well as in specialty lines and d) maintain balance sheet strength.

With the implementation of the Build to Lead strategic plan, Coface is raising all its financial targets.

The rapid occurrence of the health and economic crisis after the plan was presented does not call into question the plan's fundamentals. Circumstances have led to a review of the Group's short-term priorities, but the strategic direction remains the same.

Coface demonstrates its agility in crisis management

Faced with the occurrence of the health crisis and the economic freeze in many countries, Coface quickly took measures to mitigate the effects on its economic model. First, Coface's teams were working from home with no disruption in quality of service delivered to clients, thus demonstrating operational agility.

On the financial level, Coface rapidly reduced the level of risk of its investment portfolio and significantly increased its liquidity level to 21% at the peak of the crisis at the end of the first quarter, before gradually reinvesting its liquidities following the implementation of the financial measures taken by governments and central banks.

During this period, the Group was able to refinance its factoring business without any problems thanks to the over-collateralisation of available bank lines and the responsiveness of its teams, who were also able to renew certain bank lines on time or in advance, while maintaining satisfactory financial conditions in line with its expectations.

For reasons of prudence, in line with the recommendations of regulatory and governmental authorities, and to maintain its financial agility, the Board of Directors decided at its meeting on April 1 to propose to the Combined General Meeting of May 14, 2020 to pay no dividend for the financial year ending December 31, 2019. This measure increased the Group's solvency ratio by approximately 13 basis points.

Lastly, in response to the general deterioration in credit risk, Coface took an exceptionally high number of preventive measures in its insurance and factoring portfolios. Despite record volumes, most of the decisions were taken following a detailed analysis of the situation of each debtor, based on its country, sector and specific situation.

Coface cooperates with several countries to guarantee the availability of credit insurance

In 2020, many governments were quick to recognise the crucial role of credit insurance in maintaining business-to-business credit, the primary source of financing for many businesses. In order to guarantee the availability of credit insurance in a period when the risk is not necessarily insurable, many states have set up guarantee mechanisms of varying form and scope. Coface signed 13 government agreements during the year that represent 64% of its exposure as of December 31, 2020.

Depending on the country, these mechanisms take the form of proportional reinsurance treaties or supplementary guarantees. The treaties generally cover domestic policyholders or policyholders domiciled in the country and concern the entire existing portfolio and new business. Depending on the country, the schemes are subject to a cession rate for premiums and claims, which may differ, and generally give rise to the payment of a reinsurance commission. It enables the insurer's customers to purchase a guarantee that is no longer available on the private market because of the difficulty of insuring risks that have become too uncertain.

The impact of all these governmental schemes on the FY 2020 accounts have lowered pre-tax income by €5.9 million in 2020. Given the current low level of claims activity, under these schemes, Coface will end up ceding more premiums than claims.

During the last quarter, Coface signed 12 extensions of agreements with France, Germany, Italy, the United Kingdom, the Netherlands, Denmark, Belgium, Slovenia, Canada, Portugal, Israel and Norway. These agreements aim to extend the arrangements put in place in 2020 until June 30, 2021.

(1) The standards adopted by the European Union can be consulted on the website of the European Commission at: https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en#ifrs-financial-statements

Rating agencies recognise Coface's good performances

Before the beginning of the crisis, on February 24, Rating agency AM Best assigned a Financial Strength Rating (FSR) of A (Excellent) to Compagnie française d'assurance pour le commerce extérieur (la Compagnie) and to Coface Re. Both ratings have a stable outlook.

The agency has also affirmed the FSR of Coface North America Insurance Company (CNAIC) at A (Excellent). The outlook remains stable.

After the crisis started, the rating agencies quickly analysed the potential consequences of the crisis on the various sectors of economic activity. In the insurance sector, and particularly in credit insurance, the first reaction was to price in a deterioration in the rating profile.

Thus, the rating agency Moody's confirmed Coface's Insurance Financial Strength (IFS) A2 rating on March 27, 2020 but moved its outlook to negative.

On March 31, 2020, ratings agency Fitch placed Coface on Rating Watch Negative. This includes Coface's Insurer Financial Strength (IFS) rating. On November 5, the agency maintained the rating watch at negative.

Changes to shareholder structure

On February 25, 2020, Natixis announced the sale of 29.5% of the share capital of Coface to Arch Capital Group Ltd and stated its intention to resign from Coface's Board of Directors after the closing of the transaction. Natixis also specified that its agreement with Arch states that, on this date, Coface's Board of Directors will have ten members comprised of four members proposed by Arch and six independent directors (including the current five independent directors).

Coface's Board of Directors, liaising with the Nominations and Compensation Committee, decided to immediately launch a search for the future Chairman of the Board whose term of office will take effect on the closing date of the transaction. The Chairman of the Board will be an independent director.

Completion of the transaction is subject to obtaining all the required regulatory authorisations.

Arch affirmed support of Coface's current management and of its new 2023 Build to Lead strategic plan.

Coface finalised the acquisition of GIEK Kredittforsikring AS

On July 1, Coface announced the closing of the acquisition of GIEK Kredittforsikring AS, a company created in 2001 that manages the short-term export credit insurance portfolio previously underwritten by the Norwegian ECA, GIEK. Coface has acquired all GIEK Kredittforsikring AS shares, and the business will thus operate under the brand name Coface GK.

Coface GK has been consolidated in the Group's financial statements since July 1, 2020. Its consolidation led to the recognition of €8.9 million in badwill in the Group's 2020 net income.

Merger of the Brazilian subsidiary SBCE (Seguradora Brasileira C.E.) with Coface Do Brasil

Following the buyout in 2019 by Compagnie Française d'Assurance pour le Commerce Extérieur of minority interests in its subsidiary SBCE (Seguradora Brasileira C.E.), it was decided to merge it into its other subsidiary Coface Do Brasil. This operation is in line with the Group's desire to streamline its presence in Brazil and meet regulatory requirements. The impact of this transaction on the consolidated financial statements for the year is nil.

Nicolas Namias is appointed as Chairman of the Board of Directors of COFACE SA

The Board of Directors of COFACE SA met on September 9, 2020 and appointed Nicolas Namias, Chief Executive Officer of Natixis, as Chairman of the Board of Directors. He succeeds François Riahi, who is leaving the COFACE SA Board following his departure from Natixis.

Implementation of a share buyback programme

Through its Build to Lead strategic plan, Coface continues to improve the capital efficiency of its business model. Confident in the strength of its balance sheet, on October 26, 2020 Coface launched a share buybacks programme for a total amount of €15 million. The description of this programme is as follows:

- a programme for a target amount of €15 million was launched at October 27, 2020 and ran until January 29, 2021. Under the programme, 1,852,157 additional shares were bought back. As of December 31, 2020, Coface had bought back 1,110,677 shares valued at €8,613,694.42.

SCOPE OF CONSOLIDATION

Change in the scope of consolidation in 2020

First-time consolidation

Coface acquired 100% of Coface GIEK Kredittforsikring AS (Norwegian entity) on July 1, 2020.

Exit from consolidation scope

No entities exited the consolidation scope in 2020.

Merger

SBCE (Seguradora Brasileira C.E.) was absorbed by Coface Do brasil Seguros de Credito SA.

Special purpose entities (SPE)

SPEs used for the credit insurance business

Coface's credit enhancement operations consist of insuring, via a special purpose entity (SPE), receivables securitised by a third party through investors, for losses in excess of a predefined amount. In this type of operation, Coface has no role whatsoever in determining the SPE's activity or its operational management. The premium received on the insurance policy represents a small sum compared to all the benefits generated by the SPE, the bulk of which flow to the investors.

Coface does not sponsor securitisation arrangements. It plays the role of mere service provider to the special purpose entity by signing a contract with the SPE. In fact, Coface holds no power over the relevant activities of the SPEs involved in these arrangements (selection of receivables in the portfolio, receivables management, etc.). No credit insurance SPEs were consolidated within the financial statements.

SPEs used for financing operations

Since 2012, Coface has put in place an alternative refinancing solution to the liquidity line granted by Natixis for the Group's factoring business in Germany and Poland (SPEs used for financing operations).

Under this solution, every month, Coface Finanz – a Group factoring company – sells its factored receivables to a French SPV (special purpose vehicle), the FCT Vega securitisation fund. The sold receivables are covered by credit insurance.

The securitisation fund acquires the receivables at their nominal value less a discount (determined based on the portfolio's past losses and refinancing costs). To obtain refinancing, the fund issues (i) senior units to the conduits (one conduit per bank) which in turn issue ABCP (asset-backed commercial paper) on the market, and (ii) subordinated units to Coface Factoring Poland. The Coface Group holds control over the relevant activities of the securitisation fund.

The FCT Vega securitisation fund is consolidated in the Group financial statements.

SPEs used for investing operations

The "Colombes" mutual funds were set up in 2013 to centralise the management of the Coface Group's investments. The administrative management of these funds has been entrusted to Amundi, and Caceis has been selected as custodian and asset servicing provider.

The European branches of Compagnie française d'assurance pour le commerce extérieur, which do not have any specific local regulatory requirements, participate in the centralised management of their assets, set up by the Compagnie française d'assurance pour le commerce extérieur. They receive a share of the total income resulting from the application of an allocation key representing the risks subscribed by each branch and determined by the technical accruals.

Fonds Lausanne was created in 2015 to allow Coface Re to subscribe for units in investment funds. The management is delegated to Amundi, the custodian is Caceis Switzerland and the asset servicing provider is Caceis.

The three criteria established by IFRS 10 for consolidation of the FCP Colombes and FCP Lausanne funds are met. Units in dedicated mutual funds (UCITS) have been included in the scope of consolidation and are fully consolidated. They are fully controlled by the Group.

All Coface entities are consolidated by full integration method.

Country	ENTITY	CONSOLIDATION METHOD	PERCENTAGE CONTROL DEC. 31, 2020	PERCENTAGE INTEREST DEC. 31, 2020	PERCENTAGE CONTROL DEC. 31, 2019	PERCENTAGE INTEREST DEC. 31, 2019
Northern Europe						
Germany	Coface, Niederlassung in Deutschland (ex Coface Kreditversicherung)	-	Branch*		Branch*	
Germany	Coface Finanz GMBH	Full	100.00%	100.00%	100.00%	100.00%
Germany	Coface Debitorenmanagement GMBH	Full	100.00%	100.00%	100.00%	100.00%
Germany	Coface Rating Holding GMBH	Full	100.00%	100.00%	100.00%	100.00%
Germany	Coface Rating GMBH	Full	100.00%	100.00%	100.00%	100.00%
Germany	Kisselberg KG	Full	100.00%	100.00%	100.00%	100.00%
Germany	Fct Vega (Fonds de titrisation)	Full	100.00%	100.00%	100.00%	100.00%
Netherlands	Coface Nederland Services	Full	100.00%	100.00%	100.00%	100.00%
Netherlands	Coface Nederland	-	Branch*		Branch*	
Denmark	Coface Danmark	-	Branch*		Branch*	
Sweden	Coface Sverige	-	Branch*		Branch*	
Norway	GIEK Kredittforsikring AS	Full	100.00%	100.00%	-	-
Western Europe						
France	COFACE SA	Parent company	100.00%	100.00%	100.00%	100.00%
France	Compagnie française d'assurance pour le commerce extérieur	Full	100.00%	100.00%	100.00%	100.00%
France	Cofinpar	Full	100.00%	100.00%	100.00%	100.00%
France	Cogeri	Full	100.00%	100.00%	100.00%	100.00%
France	Fimipar	Full	100.00%	100.00%	100.00%	100.00%
France	Fonds Colombes 2	Full	100.00%	100.00%	100.00%	100.00%
France	Fonds Colombes 2 *bis*	Full	100.00%	100.00%	100.00%	100.00%
France	Fonds Colombes 3	Full	100.00%	100.00%	100.00%	100.00%
France	Fonds Colombes 3 *bis*	Full	100.00%	100.00%	100.00%	100.00%
France	Fonds Colombes 3 *ter*	Full	100.00%	100.00%	100.00%	100.00%
France	Fonds Colombes 3 *quater*	Full	100.00%	100.00%	100.00%	100.00%
France	Fonds Colombes 4	Full	100.00%	100.00%	100.00%	100.00%
France	Fonds Colombes 5 *bis*	Full	100.00%	100.00%	100.00%	100.00%
France	Fonds Colombes 6	Full	100.00%	100.00%	100.00%	100.00%
Belgium	Coface Belgium Services	Full	100.00%	100.00%	100.00%	100.00%
Belgium	Coface Belgique	-	Branch*		Branch*	
Switzerland	Coface Suisse	-	Branch*		Branch*	
Switzerland	Coface Ré	Full	100.00%	100.00%	100.00%	100.00%
Switzerland	Fonds Lausanne 2	Full	100.00%	100.00%	100.00%	100.00%
Switzerland	Fonds Lausanne 2 *bis*	Full	100.00%	100.00%	100.00%	100.00%
Switzerland	Fonds Lausanne 3	Full	100.00%	100.00%	100.00%	100.00%
Switzerland	Fonds Lausanne 3 *bis*	Full	100.00%	100.00%	100.00%	100.00%
Switzerland	Fonds Lausanne 5	Full	100.00%	100.00%	100.00%	100.00%
Switzerland	Fonds Lausanne 6	Full	100.00%	100.00%	100.00%	100.00%
UK	Coface UK Holdings	Full	100.00%	100.00%	100.00%	100.00%
UK	Coface UK Services	Full	100.00%	100.00%	100.00%	100.00%
UK	Coface UK	-	Branch*		Branch*	
Ireland	Coface Ireland	-	Branch*		Branch*	

			PERCENTAGE			
			CONTROL	INTEREST	CONTROL	INTEREST
Country	ENTITY	CONSOLIDATION METHOD	DEC. 31, 2020	DEC. 31, 2020	DEC. 31, 2019	DEC. 31, 2019
Central Europe						
Austria	Coface Austria Kreditversicherung Service GmbH	Full	100.00%	100.00%	100.00%	100.00%
Austria	Coface Central Europe Holding AG	Full	100.00%	100.00%	100.00%	100.00%
Austria	Compagnie francaise d´assurance pour le commerce extérieur SA Niederlassung Austria	-	Branch*		Branch*	
Hungary	Compagnie francaise d´assurance pour le commerce extérieur Hungarian Branch Office	-	Branch*		Branch*	
Poland	Coface Poland Credit Management Services Sp. z o.o.	Full	100.00%	100.00%	100.00%	100.00%
Poland	Coface Poland Factoring Sp. z o.o.	Full	100.00%	100.00%	100.00%	100.00%
Poland	Compagnie francaise d'assurance pour le commerce extérieur Spółka Akcyjna Oddział w Polsce	-	Branch*		Branch*	
Czech Republic	Compagnie francaise d'assurance pour le commerce extérieur organizační složka Česko	-	Branch*		Branch*	
Romania	Coface Romania CMS	Full	100.00%	100.00%	100.00%	100.00%
Romania	Compagnie francaise d'assurance pour le commerce extérieur S.A. Bois - Colombes – Sucursala Bucuresti	-	Branch*		Branch*	
Romania	Coface Technologie - Roumanie	-	Branch*		Branch*	
Slovakia	Compagnie francaise d´assurance pour le commerce extérieur, pobočka poisťovne z iného členského štátu	-	Branch*		Branch*	
Slovenia	Coface PKZ	Full	100.00%	100.00%	100.00%	100.00%
Lithuania	Compagnie francaise d'assurance pour le commerce extérieur Lietuvos filialas	-	Branch*		Branch*	
Bulgaria	Compagnie francaise d'assurance pour le commerce extérieur SA – Branch Bulgaria	-	Branch*		Branch*	
Russia	CJSC Coface Rus Insurance Company	Full	100.00%	100.00%	100.00%	100.00%
Mediterranean & Africa						
Italy	Coface Italy (Succursale)	-	Branch*		Branch*	
Italy	Coface Italia	Full	100.00%	100.00%	100.00%	100.00%
Israel	Coface Israel	-	Branch*		Branch*	
Israel	Coface Holding Israel	Full	100.00%	100.00%	100.00%	100.00%
Israel	BDI – Coface (business data Israel)	Full	100.00%	100.00%	100.00%	100.00%
South Africa	Coface South Africa	Full	97.50%	97.50%	97.50%	97.50%
South Africa	Coface South Africa Services	Full	100.00%	100.00%	100.00%	100.00%
Spain	Coface Servicios España,	Full	100.00%	100.00%	100.00%	100.00%
Spain	Coface Iberica	-	Branch*		Branch*	
Portugal	Coface Portugal	-	Branch*		Branch*	
Greece	Coface Grèce	-	Branch*		Branch*	
Turquey	Coface Sigorta	Full	100.00%	100.00%	100.00%	100.00%

			PERCENTAGE			
			CONTROL	INTEREST	CONTROL	INTEREST
Country	ENTITY	CONSOLIDATION METHOD	DEC. 31, 2020	DEC. 31, 2020	DEC. 31, 2019	DEC. 31, 2019
North America						
United States	Coface North America Holding Company	Full	100.00%	100.00%	100.00%	100.00%
United States	Coface North America	Full	100.00%	100.00%	100.00%	100.00%
United States	Coface Services North America	Full	100.00%	100.00%	100.00%	100.00%
United States	Coface North America Insurance company	Full	100.00%	100.00%	100.00%	100.00%
Canada	Coface Canada	-	Branch*		Branch*	
Latin America						
Mexico	Coface Seguro De Credito Mexico SA de CV	Full	100.00%	100.00%	100.00%	100.00%
Mexico	Coface Holding America Latina SA de CV	Full	100.00%	100.00%	100.00%	100.00%
Brazil	Coface Do brasil Seguros de Credito SA	Full	100.00%	100.00%	100.00%	100.00%
Brazil	Seguradora Brasileira De Credito Interno SA (SBCE)	Full	0.00%	0.00%	100.00%	100.00%
Chile	Coface Chile SA	Full	100.00%	100.00%	100.00%	100.00%
Chile	Coface Chile	-	Branch*		Branch*	
Argentina	Coface Argentina	-	Branch*		Branch*	
Ecuador	Coface Ecuador	-	Branch*		Branch*	
Asia-Pacific						
Australia	Coface Australia	-	Branch*		Branch*	
Hong-Kong	Coface Hong Kong	-	Branch*		Branch*	
Japan	Coface Japon	-	Branch*		Branch*	
Singapore	Coface Singapour	-	Branch*		Branch*	
Taiwan	Coface Taiwan	-	Branch*		Branch*	

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

ACCOUNTING PRINCIPLES

Applicable accounting standards

Pursuant to European regulation 1606/2002 of July 19, 2002, the consolidated financial statements of Coface as of December 31, 2020 are prepared in accordance with IAS/IFRS and IFRIC interpretations as adopted in the European Union and applicable at that date.

Standards applied since January 1, 2020

IFRS 16

The amendment to IFRS 16 "Leases" covering Covid-19-Related Rent Concessions, adopted by the European Commission on October 9, 2020 is applicable to annual reporting periods beginning on or after June 1, 2020 with possible early application. This amendment had no impact on Coface's accounts.

Amendments to IAS 1 and IAS 8

The amendment to IAS 1 and IAS 8 "Definition of Material" adopted by the European Commission on November 29, 2019 is mandatory from January 1, 2020. These amendments clarify the definition of the term "material" in order to facilitate the exercise of the judgment of whether or not the information is material and improve the relevance of the information presented in the notes to the financial statements. This amendment had no impact on Coface's accounts.

IFRS 17

IFRS 17 "Insurance contracts" published by the IASB on May 18, 2017 will replace IFRS 4 "Insurance contracts". IFRS 17 has not yet been adopted in the European Union. IFRS 17 has an effective date of January 1, 2023 but early application of IFRS 17 is permitted if an entity also applies IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" on or before the date of initial application of IFRS 17. The amendments to IFRS 17 were published by the IASB on June 25, 2020.

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and investment contracts with discretionary participation.

Insurance contracts are currently recorded at historical costs but will be recorded at current value after the application of IFRS 17. Therefore, insurance contract values will be based on future cash flows generated, including a risk margin in order to consider the uncertainty regarding these flows. IFRS 17 introduces the concept of contractual service margin. This margin represents the benefit not earned by the insurer and will be released over time, depending on the service provided by the insurer to the policyholder.

The standard requires a higher level of granularity regarding details of calculations than before as it requires estimation by group of contracts.

These accounting changes will change the profile of the insurance income statement.

Given the importance of the changes made and despite the uncertainties related to the standard, Coface has set up a project structure, which enables it, within different themes, to analyse all aspects of the standard: modelling, adaptation of systems and organisations, production of accounts and transition strategy, financial communication and change management.

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 has been 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) provided that they:

- do not 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);
- indicate the insurance entities that apply the IAS 39 standard;
- provide additional specific information in the notes to the financial statements.

Coface meets the eligibility criteria of a financial conglomerate and applies this provision for its insurance entities, which will therefore remain under IAS 39 until December 31, 2021. The entities impacted 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 impacted by the application of IFRS 9 are exclusively entities in the factoring business, an activity operated by Coface in Germany and in Poland.

Pursuant to the option provided under IFRS 9, Coface has chosen not to restate prior years published as comparative information for its financial statements.

Consolidation methods used

In accordance with IAS 1 "Presentation of Financial Statements", IFRS 10 and IFRS 3 on Business Combinations, certain interests that are not material in relation to the Coface Group's consolidated financial statements were excluded from the scope of consolidation.

Materiality is determined based on specific threshold and on a qualitative assessment of the relevance of each entity's contribution to the consolidated financial statement of Coface. The main thresholds applicable are as follows:

- Total balance sheet: €40 millions;
- Technical result: €5 millions;
- Net income: +/- €2 millions.

Moreover, under the Coface Group rules, the non-consolidated companies should fully distribute all their distributable profits except in the case of regulatory requirements or exceptional items.

The consolidation methods applied are as follows:

- companies over which the Coface Group exercises exclusive control are fully consolidated;
- companies over which the Coface Group exercises significant influence are accounted for by the equity method.

All the entities of the Coface Group scope are fully consolidated.

IFRS 10 supersedes IAS 27 "Consolidated and Separate Financial Statements" in relation to consolidated financial statements as well as SIC-12 on special purpose entities. The control of an entity must now be analysed based on three aggregate criteria: the power over the relevant activities of the entity, exposure to the variable returns of the entity and the investor's ability to affect the variable returns through its power over the entity. The analysis of Coface Group's Special Purpose Entities (SPEs) is presented under Scope of consolidation.

Intercompany transactions

Material intercompany transactions are eliminated on the balance sheet and on the income statement.

Non-current assets held for sale and discontinued operations

In accordance with IFRS 5, a non-current asset (or disposal group) is classified as held for sale if its carrying amount will be recovered principally through a sale transaction. For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition and it must be highly probable that the sale will take place within 12 months.

A sale is deemed to be highly probable if:

- management is committed to a plan to sell the asset (or disposal group);
- a non-binding offer has been submitted by at least one potential buyer;
- it is unlikely that significant changes will be made to the plan or that it will be withdrawn.

Once assets meet these criteria, they are classified under "Non-current assets held for sale" in the balance sheet at the subsequent reporting date and cease to be depreciated/amortised as from the date of this classification. An impairment loss is recognised if their carrying amount exceeds their fair value less costs to sell. Liabilities related to assets held for sale are presented in a separate line on the liabilities side of the balance sheet.

If the disposal does not take place within 12 months of an asset being classified as "Non-current assets held for sale", the asset ceases to be classified as held for sale, except in specific circumstances that are beyond Coface's control.

A discontinued operation is a clearly identifiable component of an entity that either has been disposed of, or is classified as held for sale, and:

- the component represents a separate major line of business or geographical area of operations;
- without representing a separate major line of business or geographical area of business, the component is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- the component is a subsidiary acquired exclusively with a view to resale.

The income from these operations is presented on a separate line of the income statement for the period during which the criteria are met and for all comparative periods presented. The amount recorded in this income statement line includes the net income from discontinued operations until they are sold, and the post-tax net income recognised on the measurement at fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operation.

Year-end and accounting period

All consolidated companies have a December 31 year-end and an accounting period of 12 months.

Foreign currency translation

Translation of foreign currency transactions

In accordance with IAS 21, transactions carried out in foreign currencies (*i.e.*, currencies other than the functional currency) are translated into the functional currency of the entity concerned using the exchange rates prevailing on the dates of the transactions. The Group's entities generally use the closing rate for the month preceding the transaction date, which is considered as approximating the transaction-date exchange rate provided there are no significant fluctuations in rates.

Translation of the financial statements of subsidiaries and foreign branches

Coface's consolidated financial statements are presented in euros.

The balance sheets of foreign subsidiaries whose functional currency is not the euro are translated into euros at the year-end exchange rate, except for capital and reserves, which are translated at the historical exchange rate. All resulting foreign currency translation differences are recognised in the consolidated statement of comprehensive income.

Income statement items are translated using the average exchange rate for the year, which is considered as approximating the transaction-date exchange rate provided there are no significant fluctuations in rates (see IAS 21.40). All exchange differences arising on translation of these items are also recognised in other comprehensive income.

Hyperinflationary Economies

The application of IAS 29 "Financial Reporting in Hyperinflationary Economies" is required, as of July 1, 2018, for entities whose functional currency is Argentine Peso.

The Group has activities in Argentina whose contribution to the total consolidated balance sheet and net income is not material as of December 31, 2020 and as of December 31, 2019.

Thus, the impact of the application of this standard is also not material at Group level and was not taken into account in the financial statements as of December 31, 2020 and as of December 31, 2019.

General principles

The insurance business

An analysis of all Coface's credit insurance policies shows that they fall within the scope of IFRS 4, which permits insurers to continue to use the recognition and measurement rules applicable under local GAAP when accounting for insurance contracts.

Coface has therefore used French GAAP for the recognition of its insurance contracts.

However, IFRS 4:

- prohibits the use of equalisation and natural disaster provisions; and
- requires insurers to carry out liability adequacy tests.

The services business

Companies engaged in the sale of business information and debt collection services fall within the scope of IFRS 15 "Revenue from Contracts with Customers".

Revenue is recognised when: (i) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods; (ii) it is probable that the economic benefits associated with the transaction will flow to the entity; and (iii) the amount of revenue and costs incurred or to be incurred in respect of the transaction can be measured reliably.

The factoring business

Companies engaged in the factoring business apply IFRS 9 "Financial Instruments". A financial instrument is a contract that gives rise to a financial asset of one entity (contractual right to receive cash or another financial asset from another entity) and a financial liability or equity instrument of another entity (contractual obligation to deliver cash or another financial asset to another entity).

Trade receivables are classified within the "Loans and receivables" category. After initial recognition at fair value, these receivables are measured at amortised cost using the effective interest method (EIM). The financing fee is recorded over the term of the factoring transactions, which is equivalent to it being included in the EIM in view of the short-term nature of the transactions concerned.

IFRS 15 "Revenue from Contracts with Customers" is also applied for factoring business according to the same rules as the service business.

Classification of income and expenses for the Group's different businesses

Breakdown by function of insurance company expenses

The expenses of French and international insurance subsidiaries are initially accounted for by nature and are then analysed by function in income statement items using appropriate cost allocation keys. Investment management expenses are included under investment expenses. Claims handling expenses are included under claims expenses. Policy acquisition costs, administrative costs and other current operating expenses are shown separately in the income statement.

Factoring companies

Operating income and expenses of companies involved in the factoring business are reported as "Income from banking activities" and "Expenses from banking activities", respectively.

Other companies outside the insurance business and factoring business

Operating income and expenses of companies not involved in the insurance or factoring businesses are reported under "Income from other activities" and "Expenses from other activities", respectively.

Revenue

Consolidated revenue includes:

- premiums, corresponding to the compensation of the Group's commitment to cover the risks planned in their insurance policy: credit insurance (short term), Single Risk (medium term) and surety (medium term). The bond is not a credit insurance product because it represents a different type of risk (in terms of the underlying and the duration of the risk), but its remuneration takes the form of a premium; It responds to the definitions of insurance contracts given in IFRS 4;
- other revenues which include:
  - revenue from services related to credit insurance contracts ("fee and commission income"), corresponding to debtors' information services, credit limit monitoring, management and debt recovery. They are included in the calculation of the turnover of the credit insurance activity;
  - revenue from services which consist of providing customer access to credit and marketing information and debt collection services to clients without credit insurance contracts;
  - net income from banking activities are revenues from factoring entities. They consist mainly of factoring fees (collected for the management of factored receivables) and net financing fees (financing margin, corresponding to the amount of financial interest received from factoring customers, less interest paid on refinancing of the factoring debt). Premiums paid by factoring companies to insurance companies (in respect of debtor and ceding risk) are deducted from net banking income.

Consolidated revenue is analysed 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) and by business line (credit insurance, bonding, factoring, and information & other services).

Insurance operations

Earned premiums

Gross written premiums

Gross premiums correspond to written premiums, excluding tax and net of premium cancellations. They include an estimate of pipeline premiums and premiums to be cancelled after the reporting date.

The estimate of pipeline premiums includes premiums negotiated but not yet invoiced as well as premium adjustments corresponding to the difference between minimum and final premiums. It also includes a provision for future economic risks that may impact end-of-year premiums.

Premiums invoiced are primarily based on policyholders' revenue or trade receivables balances, which vary according to changes in revenue. Premium income therefore depends directly on the volume of sales made in the countries where the Group is present, especially French exports and German domestic and export sales.

Premium refunds

Premium refunds include policyholders' bonuses and rebates, gains and no claims bonus, mechanisms designed to return a part of the premium to a policyholder according to contract profitability. They also include the penalties, taking the form of an additional premium invoiced to policyholders with the loss attributed to the policy.

The "premium refunds" item includes provisions established through an estimation of rebates to be paid.

Reserves for unearned premiums

Reserves for unearned premiums are calculated separately for each policy, on an accruals basis. The amount charged to the provision corresponds to the fraction of written premiums relating to the period between the year-end and the end of the coverage period of the premium.

Gross earned premiums

Gross earned premiums consist of gross premiums issued, net of premium refunds, and variation in reserves for unearned premiums.

Deferred acquisition costs

Policy acquisition costs, including commissions are deferred over the life of the contracts concerned according to the same rules as unearned premium provisions.

The amount deferred corresponds to policy acquisition costs related to the period between the year-end and the next premium payment date. Deferred acquisition costs are included in the balance sheet under "Other assets".

Changes in deferred acquisition costs are included under "Policy acquisition costs" in the income statement.

Contract service expenses

Paid claims

Paid claims correspond to insurance settlements net of recoveries, plus claims handling expenses.

Claims provisions

Claims provisions include provisions to cover the estimated total cost of reported claims not settled at the year-end. Claims provisions also include provisions for claims incurred but not yet reported, determined by reference to the final amount of paid claims.

The provisions also include a provision for collection costs and claims handling expenses.

Specific provisions are also recorded for major claims based on the probability of default and level of risk exposure, estimated on a case-by-case basis and validated by a committee (special reserves committee).

In the guarantee business, local methods are applied. Provisions are only recorded for claims of which the Company involved has been notified by year-end. However, an additional provision is recorded when the risk that the guarantee will be called is higher due to the principal (guaranteed) becoming insolvent, even if no related bonds have been called. This additional provision is calculated based on the probability of default and the level of risk exposure.

Subrogation and salvage

Subrogation and salvage represent estimated recoveries determined based on the total amount expected to be recovered in respect of all open underwriting periods.

The subrogation and salvage includes a provision for debt collection costs.

In accordance with the applicable French regulations, separate provisions are set aside for claims and recoveries.

Reinsurance operations

All the Group's inward and ceded reinsurance operations involve transfers of risks.

Inward reinsurance

Inward reinsurance is accounted for on a contract-by-contract basis using data provided by the ceding insurers.

Technical provisions are determined based on amounts reported by ceding insurers, adjusted upwards by Coface where appropriate.

Commissions paid to ceding insurers are deferred and recognised in the income statement on the same basis as reserves for unearned premiums. Where these commissions vary depending on the level of losses accepted, they are estimated at each period-end.

Ceded reinsurance

Ceded reinsurance is accounted for in accordance with the terms and conditions of the related treaties.

Reinsurers' share of technical provisions is determined based on technical provisions recorded under liabilities.

Funds received from reinsurers are reported under liabilities.

Commissions received from reinsurers are calculated by reference to written premiums. They are deferred and recognised in the income statement on the same basis as ceded reserves for unearned premiums (which are unearned premiums multiplied by the reinsurance rate).

Other operating income and expenses

In accordance with Recommendation no. 2013-03 issued by the ANC (the French accounting standards setter), "Other operating income" and "Other operating expenses" should only be used to reflect a major event arising during the reporting period that could distort the understanding of the Company's performance. Accordingly, limited use is made of this caption for unusual, abnormal, and infrequent income and expenses of a material amount which Coface has decided to present separately in the income statement so that readers can better understand its recurring operating performance and to make a meaningful comparison between accounting periods, in accordance with the relevance principle set out in the IFRS Conceptual Framework.

Other operating income and expenses are therefore limited, clearly identified, non-recurring items which are material to the performance of the Group as a whole.

Goodwill

In accordance with the revised version of IFRS 3, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred;
- to which we add the amount of any non-controlling interest in the acquiree;
- and, in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree;
- less the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed (generally measured at fair value).

In the case of a bargain purchase, the resulting gain is recognised in net income on the acquisition date.

If new information comes to light within the 12 months following the initial consolidation of a newly acquired company and that new information affects the initial fair values attributed to the assets acquired and liabilities assumed at the acquisition date, the fair values are adjusted with a corresponding increase or decrease in the gross value of goodwill.

Goodwill is allocated, at the acquisition date, to the cash-generating unit (CGU) or group of CGUs that is expected to derive benefits from the acquisition. In accordance with paragraph 10 of IAS 36, goodwill is not amortised but is tested for impairment at least once a year or whenever events or circumstances indicate that impairment losses may occur. Impairment testing consists of comparing the carrying amount of the CGU or group of CGUs (including allocated goodwill) with its recoverable amount, which corresponds to the higher of value in use and fair value less costs to sell. Value in use is determined using the discounted cash flow method.

Impairment tests on goodwill and intangible assets

In accordance with IAS 36, for the purpose of impairment testing the strategic entities included in the Group's scope of consolidation are allocated to groups of CGUs.

A group of CGUs is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other groups of assets (other CGUs). Paragraph 80 of IAS 36 stipulates that goodwill acquired in a business combination must, from the acquisition date, be allocated to each of the acquirer's groups of CGUs that is expected to benefit from the synergies of the combination.

Coface has identified groups of CGUs, based on its internal organisation as used by management for making operating decisions.

The seven groups of CGUs are as follows:

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

Measuring groups of CGUs and performing goodwill impairment tests

Existing goodwill is allocated to a group of CGUs for the purpose of impairment testing. Goodwill is tested for impairment at least once a year or whenever there is an objective indication that it may be impaired.

Goodwill impairment tests are performed by testing the group of CGUs to which the goodwill has been allocated.

If the recoverable amount of the group of CGUs is less than its carrying amount, an impairment loss is recognised and allocated to reduce the carrying amount of the assets of the group of CGUs, in the following order:

- first, by reducing the carrying amount of any goodwill allocated to the group of CGUs (which may not be subsequently reversed); and
- then, the other assets of the group of CGUs pro rata to the carrying amount of each asset in the Group.

The recoverable amount is determined using the discounted cash flow method.

Method used for measuring the value of Coface entities

Value in use: Discounted cash flow method

Cash flow projections were derived from the three-year business plans drawn up by the Group's operating entities as part of the budget process and approved by Coface Group management.

These projections are based on the past performance of each entity and take into account assumptions relating to Coface's business line development. Coface draws up cash flow projections beyond the period covered in its business plans by extrapolating the cash flows over two additional years.

The assumptions used for growth rates, margins, cost ratios and claims ratios are based on the entity's maturity, business history, market prospects, and geographic region.

Under the discounted cash flow method, Coface applies a discount rate to insurance companies and a perpetuity growth rate to measure the value of its companies.

Fair value

Under this approach, Coface values its companies by applying multiples of (i) revenue (for services companies), revalued net assets (for insurance companies) or net banking income (for factoring companies), and (ii) net income. The benchmark multiples are based on stock market comparables or recent transactions in order to correctly reflect the market values of the assets in question.

The multiples-based valuation of an entity is determined by calculating the average valuation obtained using net income multiples and that obtained using multiples of revenue (in the case of services companies), revalued net assets (insurance companies) or net banking income (factoring companies).

Intangible assets: IT development costs

Coface capitalises IT development costs and amortises them over their estimated useful lives when it can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the current and future availability of adequate resources to complete the development; and
- its ability to reliably measure the expenditure attributable to the intangible asset during its development.

Internally generated software is amortised over its useful life, which is capped at 15 years.

Property, plant and equipment: property assets

Property, plant and equipment are measured using the amortised cost model. Coface applies this model to measure its property, plant and equipment, including buildings used in the business. IFRS requires the breakdown of these buildings into components where the economic benefits provided by one or more components of a building reflect a pattern that differs from that of the building as a whole. These components are depreciated over their own useful life.

Coface has identified the following components of property assets:

LAND	NOT DEPRECIATED
Enclosed/covered structure	Depreciated over 30 years
Technical equipment	Depreciated over 15 years
Interior fixtures and fittings	Depreciated over 10 years

Properties acquired under finance leases are included in assets and an obligation in the same amount is recorded under liabilities.

A lease is classified as a finance lease if it transfers to the lessee substantially all the risks and rewards incidental to ownership.

An impairment loss is recognised if the carrying amount of a building exceeds its market value.

Financial assets

The Group classifies its financial assets into the following five categories: available-for-sale financial assets, financial assets held for trading, held-to-maturity investments, financial assets at fair value through profit or loss, and loans and receivables.

The date used by Coface for initially recognising a financial asset in its balance sheet corresponds to the asset's trade date.

Available-for-sale financial assets (AFS)

Available-for-sale financial assets are carried at fair value plus transaction costs that are directly attributable to the acquisition (hereafter referred to as the purchase price). The difference between the fair value of the securities at year-end and their purchase price (less actuarial amortisation for debt instruments) is recorded under "Available-for-sale financial assets" with a corresponding adjustment to revaluation reserves (no impact on net income). Investments in non-consolidated companies are included in this category.

Financial assets held for trading

Financial assets held for trading are recorded at the fair value of the securities at year-end. Changes in fair value of securities held for trading during the accounting period are taken to the income statement.

Held-to-maturity investments (HTM)

Held-to-maturity investments are carried at amortised cost. Premiums and discounts are included in the calculation of amortised cost and are recognised over the useful life of the financial asset using the yield-to-maturity method.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are accounted for in the same way as securities held for trading.

Loans and receivables

The "Loans and receivables" category includes cash deposits held by ceding insurers lodged as collateral for underwriting commitments. The amounts recognised in relation to these deposits corresponds to the cash amount actually deposited.

Non-derivative financial assets with fixed or determinable payments that are not quoted on an active market are also included in this caption. These assets are recognised at amortised cost using the effective interest method.

Loans and receivables also include short-term deposits whose maturity at the date of purchase or deposit is more than three months but less than 12 months.

Fair value

The fair value of listed securities is their market price at the measurement date. For unlisted securities fair value is determined using the discounted cash flow method.

Impairment test

Available-for-sale financial assets are tested for impairment at each period-end. When there is objective evidence that such an asset is impaired and a decline in the fair value of that asset has previously been recognised directly in equity, the cumulative loss is reclassified from equity to income through "Investment income, net of management expenses".

A multi-criteria analysis is used to assess whether there is any objective indication of impairment. An independent expert is used for these analyses, particularly in the case of debt instruments.

Impairment indicators include the following:

- for debt instruments: default on the payment of interest or principal, the existence of a mediation, alert or insolvency procedure, bankruptcy of a counterparty or any other indicator that reveals a significant decline in the counterparty's financial position (such as evidence of losses to completion based on stress tests or projections of recoverable amounts using the discounted cash flow method);
- for equity instruments (excluding investments in unlisted companies): indicators showing that the entity will be unable to recover all or part of its initial investment. In addition, an impairment test is systematically performed on securities that represent unrealised losses of over 30% or which have represented unrealised losses for a period of more than six consecutive months. This test consists in carrying out a qualitative analysis based on various factors such as an analysis of the equity instrument's market price over a given period, or information relating to the issuer's financial position. Where appropriate, an impairment loss is recognised based on the instrument's market price at the period-end. Independently of this analysis, an impairment loss is systematically recognised when an instrument represents an unrealised loss of over 50% at the period-end, or has represented an unrealised loss for more than 24 months;
- for investments in unlisted companies: an unrealised loss of over 20% over a period of more than 18 months, or the occurrence of significant changes in the technological, market, economic or legal environment that have an adverse effect on the issuer and indicate that the amount of the investment in the equity instrument will not be recovered.

If the fair value of an instrument classified as available-for-sale increases in a subsequent period, and the increase can be objectively related to an event occurring after the impairment loss was recognised in income, the impairment loss is reversed, with the amount of the reversal recognised in:

- equity, for equity instruments;
- income, for debt instruments, in an amount corresponding to the previously-recognised impairment loss.

In accordance with IFRIC 10, impairment losses recognised on equity instruments in an interim reporting period are not reversed from income until the securities concerned are divested.

Derivatives and hedging transactions

A derivative is a financial instrument (IAS 39):

- whose value changes in response to the change in the interest rate or price of a product (known as the "underlying");
- that requires no or a very low initial net investment; and
- that is settled at a future date.

A derivative is a contract between two parties – a buyer and a seller – under which future cash flows between the parties are based on the changes in the value of the underlying asset.

In accordance with IAS 39, derivatives are measured at fair value through profit or loss, except in the case of effective hedges, for which gains and losses are recognised depending on the underlying hedging relationship.

Derivatives that qualify for hedge accounting are derivatives which, from their inception and throughout the hedging relationship, meet the criteria set out in IAS 39. These notably include a requirement for entities to formally document and designate the hedging relationship, including information demonstrating that the hedging relationship is effective, based on prospective and retrospective tests. A hedge is deemed to be effective when changes in the actual value of the hedge fall within a range of 80% and 125% of the change in value of the hedged item.

- For fair value hedges, gains or losses from remeasuring the hedging instrument at fair value are systematically recognised in income. These amounts are partially offset by symmetrical gains or losses on changes in the fair value of the hedged items, which are also recognised in income. The net impact on the income statement therefore solely corresponds to the ineffective portion of the hedge.
- For cash flow hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion of the gain or loss on the hedging instrument is recognised in income.

Coface's derivatives were used for hedging purposes, notably to hedge currency risks, interest rate risks and changes in fair value of equities in the portfolios of the "Colombes" funds. Coface does not carry out any hedging transactions within the meaning of IAS 39. The financial instruments that it does use are recognised at fair value through income.

Financing liabilities

This item mainly includes the subordinated debt.

Borrowings are initially recognised at fair value after taking account of directly-attributable transaction costs.

They are subsequently measured at amortised cost using the effective interest method. Amortised cost corresponds to:

- the measurement of the financial liability on initial recognition; minus
- repayments of principal; plus or minus
- cumulative amortisation (calculated using the effective interest rate) and any discounts or premiums between the initial amount and the maturity amount.

Premiums and discounts are not included in the initial cost of the financial liability. However, they are included in the calculation of amortised cost and are recognised over the life of the financial liability using the yield-to-maturity method. As and when they are amortised, premiums and discounts impact the amortised cost of the financial liability.

Accounting treatment of debt issuance costs

Transaction costs directly attributable to the issuance of financial liabilities are included in the initial fair value of the liability. Transaction costs are defined as incremental costs directly attributable to the issuance of the financial liability, *i.e.*, that would not have been incurred if the Group had not acquired, issued or disposed of the financial instrument.

Transaction costs include:

- fees and commissions paid to agents, advisers, brokers and other intermediaries;
- levies by regulatory agencies and securities exchanges;
- and transfer taxes and duties.

Transaction costs do not include:

- debt premiums or discounts;
- financing costs;
- internal administrative or holding costs.

Payables arising from banking sector activities

This item includes:

- amounts due to banking sector companies: corresponds to bank credit lines. They represent the refinancing of the credit extended to factoring clients;
- amounts due to customers of banking sector companies, corresponding to payables arising from factoring operations. They include:
  - amounts credited to factoring clients' current accounts that have not been paid out in advance by the factor, and
  - factoring contract guarantee deposits;
- debt securities. This item includes subordinated borrowings and non-subordinated bond issues. These borrowings are classified as "Payables arising from banking sector activities" as they are used for financing the factoring business line.

All borrowings are initially recognised at fair value less any directly attributable transaction costs. After initial recognition, they are measured at amortised cost using the effective interest method.

Receivables arising from factoring operations

Receivables arising from factoring operations represent total receivables not recovered at the reporting date. They are stated at nominal value, corresponding to the amount of factored invoices, including tax.

Two categories of provisions are recorded and are shown in deduction of the receivables:

- provisions booked by way of a charge to the income statement (under "Cost of risk") when it appears probable that all or part of the amount receivable will not be collected.
- provisions evaluated through expected loss or "ECL" calculation also recorded as an expense in the income statement (under "cost of risk")

The ECL calculation, introduced by IFRS 9, relies on calculation models using the internal ratings of debtors ("DRA" debtor risk assessment). The methodology for calculating depreciation ("ECL" Expected Credit Loss) is based on the three main parameters: the Probability of Default "PD", the Loss Given Default "LGD" and the Exposure at Default "EAD". The depreciation will be the product of the PD, the LGD and the EAD, over the lifetime of the receivables. Specific adjustments are made to take into account the current conditions and the prospective macroeconomic projections (forward looking).

The net carrying amount of receivables arising from factoring operations is included in the consolidated balance sheet under "Receivables arising from banking and other activities".

Cash and cash equivalents

Cash includes all bank accounts and demand deposits. Cash equivalents include units in money-market funds (SICAV) with maturities of less than three months.

Provisions for liabilities and charges

In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", a provision is recorded at the reporting date if a present obligation towards a third party resulting from a past event exists at that date and it is probable or certain, as of the date when the financial statements are drawn up, that an outflow of resources embodying economic benefits to that third party will be required to settle the obligation and that a reliable estimate can be made of the amount of the obligation.

Provisions are discounted when the effect of the time value of money is material.

The provisions for liabilities and charges include the provisions for tax risks (except income tax risk), for litigations with third parties and on the vacant premises. These provisions are reviewed at each closing.

The provision for vacant premises is calculated taking into account the future rents that the Company committed to pay until the end of the lease, from which are deducted the future income expected from potential subleases.

Employee benefits

In some countries in which Coface operates, employees are awarded short-term benefits (such as paid leave), long-term benefits (including "long-service awards") and post-employment benefits, such as statutory retirement benefits.

Short-term benefits are recognised as a liability in the accounts of the Coface companies that grant such benefits.

Other benefits, including long-term and post-employment benefits are subject to different coverage and are classified as follows:

- defined contribution plans: consequently, the Company's legal or constructive obligation is limited to the amount that it agrees to pay to the fund, which will pay due amounts to the employees. These plans are generally state pension plans, which is the case in France;
- defined benefit plans, under which the employer has a legal or constructive obligation to provide agreed benefits to employees.

In accordance with IAS 19, Coface records a provision to cover its liability, regarding primarily:

- statutory retirement benefits and termination benefits;
- early retirement and supplementary pension payments;
- employer contributions to post-employment health insurance schemes;
- long-service awards.

Based on the regulations specific to the plan and country concerned, independent actuaries calculate:

- the actuarial value of future benefits, corresponding to the present value of all benefits to be paid. The measurement of this present value is essentially based on:
  - demographic assumptions,
  - future benefit levels (statutory retirement benefits, long service awards, etc.),
  - the probability that the specified event will occur,
  - an evaluation of each of the factors included in the calculation of the benefits, such as future salary increases,
  - the interest rate used to discount future benefits at the measurement date;
- the actuarial value of benefits related to service cost (including the impact of future salary increases), determined using the projected unit credit method which spreads the actuarial value of benefits evenly over the expected average remaining working lives of the employees participating in the plan.

Stock options

In accordance with IFRS 2 "Share-based Payment", which defines the recognition and measurement rules concerning stock options, the options are measured at the grant date. The Group uses the Black and Scholes option pricing model for measuring stock options. Changes in fair value subsequent to the grant date do not impact their initial measurement.

The fair value of options takes into account their expected life, which the Group considers as corresponding to their compulsory holding period for tax purposes. This value is recorded in personnel costs on a straight-line basis from the grant date and over the vesting period of the options, with a corresponding adjustment directly in equity.

In connection with its stock market listing, the Coface Group awarded to certain beneficiaries (employees of COFACE SA subsidiaries) bonus shares (cf. Note 11).

In accordance with the IFRS 2 rules, only stock options granted under plans set up after November 7, 2002 and which had not vested at January 1, 2005 have been measured at fair value and recognised in personnel costs.

Leases

According to IFRS 16 "Leases", applied since January 1, 2019, the definition of leasing contracts implies, on one hand, the identification of an asset and, on the other hand, the control by lessee of the right to use this asset. The control is established when the lessee has the two following rights throughout the time of use:

- the right to direct the identified asset's use;
- the right to obtain substantially all the economic benefits from that use.

Coface practices only a lessee activity. For this one, the standard requires all leases to be recognised on the balance sheet as a right of use, registered in tangible and intangible assets, and that financial debt for rents and other payments to be made during the rental period are booked under liabilities. Coface uses the exemptions provided by the standard by not modifying the accounting treatment of short-term leases (less than 12 months) or relating to low-value underlying assets (less than US $5,000).

The right of use is amortised on a straight-line basis and the financial debt is amortised actuarially over the duration of the lease. The interest expenses on the financial debt and the amortisation expenses of the right to use will be recognised separately on the income statement.

Income tax

Income tax expense includes both current taxes and deferred taxes.

The tax expense is calculated based on the latest known tax rules in force in each country where the results are taxable.

On January 1, 2015, COFACE SA opted for the tax consolidation regime by consolidating French subsidiaries that are more than 95% owned, either directly or indirectly (Compagnie française d'assurance pour le commerce extérieure, Cofinpar, Cogeri and Fimipar).

Temporal differences between the values of assets and liabilities in the consolidated accounts, and those used to determine the taxable income, give rise to the recording of deferred taxes.

Deferred tax assets and liabilities are calculated for all temporary differences, based on the tax rate that will be in force when the differences are expected to reverse, if this is known, or, failing that, at the tax rate in force at the period-end.

Deferred tax assets are recorded only when it is probable that sufficient taxable profits against which the asset can be utilised will be available within a reasonable time frame.

Receivables and payables denominated in foreign currencies

Receivables and payables denominated in foreign currencies are translated into euros at the year-end exchange rate.

Unrealised exchange gains and losses on receivables and payables denominated in foreign currencies are recorded in the consolidated income statement, except for those related to the technical provisions carried in the accounts of the subsidiaries of Compagnie française d'assurance pour le commerce extérieur Coface and those concerning consolidated companies' long-term receivables and payables whose settlement is neither planned nor likely to occur in the foreseeable future.

Exchange differences concerning receivables and payables denominated in a foreign currency and relating to a consolidated company are treated as part of Coface's net investment in that company. In accordance with IAS 21, these exchange differences are recorded in other comprehensive income until the disposal of the net investment.

Segment information

Coface applies IFRS 8 for segment information reporting, which requires an entity's operating segments to be based on its internal organisation as used by management for the allocation of resources and the measurement of performance.

The segment information used by management corresponds to the following geographic regions:

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

No operating segments have been aggregated for the purposes of published segment information.

The Group's geographic industry sector segmentation is based on the country of invoicing.

Related parties

A related party is a person or entity that is related to the entity preparing its financial statements (referred to in IAS 24 as "the reporting entity").

Estimates

The main balance sheet items for which management is required to make estimates are presented in the table below:

ESTIMATES	NOTES	TYPE OF INFORMATION REQUIRED
Goodwill impairment	1	Impairment is recognised when the recoverable amount of goodwill, defined as the higher of value in use and fair value, is below its carrying amount. The value in use of cash-generating units is calculated based on cost of capital, long-term growth rate and loss ratio assumptions.
Provision on receivables on factoring activity	4	Depreciation of receivables on factoring activity includes provision evaluated through expected credit loss (ECL) (introduced by IFRS 9)
Provision for earned premiums not yet written	17	This provision is calculated based on the estimated amount of premiums expected in the period less premiums recognised.
Provision for premium refunds	17; 22	This provision is calculated based on the estimated amount of rebates and bonuses payable to policyholders in accordance with the terms and conditions of the policies written.
Provision for subrogation and salvage	17; 23	This provision is calculated based on the estimated amount potentially recovered on settled claims.
Claims reserves	17; 23; 42	It includes an estimate of the total cost of claims reported but not settled at year end.
IBNR provision	17; 23; 42	The IBNR provision is calculated on a statistical basis using an estimate of the final amount of claims that will be settled after the risk has been extinguished and after any action taken to recover amounts paid out.
Pension benefit obligations	14	Pension benefit obligations are measured in accordance with IAS 19 and annually reviewed by actuaries according to the Group's actuarial assumptions.

The policies managed by the Coface Group's insurance subsidiaries meet the definition of insurance contracts set out in IFRS 4. In accordance with this standard, these contracts give rise to the recognition of technical provisions on the liabilities side of the balance sheet, which are measured based on Group principles pending the publication of an IFRS that deals with insurance liabilities.

The recognition of technical provisions requires the Group to carry out estimates, which are primarily based on assumptions concerning changes in events and circumstances related to the insured and their debtors as well as to their economic, financial, social, regulatory and political environment. These assumptions may differ from actual events and circumstances, particularly if they simultaneously affect the Group's main portfolios. The use of assumptions requires a high degree of judgement on the part of the Group, which may affect the level of provisions recognised and therefore have a material adverse effect on the Group's financial position, results, and solvency margin.

For certain financial assets held by the Group for which there is no active market or observable inputs, or the observable inputs available are not representative. In such cases the assets' fair value is measured using valuation techniques which include methods or models that are based on assumptions or assessments requiring a high degree of judgement. The Group cannot guarantee that the fair value estimates obtained using these valuation techniques represent the price at which a security will ultimately be sold, or at which it could be sold at a given moment. The valuations and estimates are revised when circumstances change or when new information becomes available. Using this information, and respecting the objective principles and methods described in the consolidated and combined financial statements, the Group's management bodies regularly analyse, assess and discuss the reasons for any decline in the estimated fair value of securities, the likelihood of their value recovering in the short term, and the amount of any ensuing impairment losses that should be recognised. It cannot be guaranteed that any impairment losses or additional provisions recognised will not have a material adverse effect on the Group's results, financial position, and solvency margin.

NOTES TO THE CONSOLIDATED BALANCE SHEET

NOTE 1. GOODWILL

In accordance with IAS 36, goodwill is not amortised but is systematically tested for impairment at year-end or whenever there is an indication of impairment.

Breakdown of goodwill by region:

(in thousands of euros)	DEC. 31, 2020	DEC. 31, 2019
Northern Europe	112,603	112,603
Western Europe	5,068	5,068
Central Europe	8,345	8,394
Mediterranean & Africa	22,541	22,672
North America	5,687	6,201
Latin America	0	895
TOTAL	**154,245**	**155,833**

Goodwill decreased by €1,558,000 in 2020. This decrease is due to the recognition of a goodwill impairment loss recognised on the Latin America CGU in the amount of €845,000 and exchange rate fluctuations that had an impact of€743,000.

Impairment testing methods

Goodwill and other non-financial assets were tested for impairment losses at December 31, 2020. Coface performed the tests by comparing the value in use of the groups of CGUs to which goodwill was allocated with their carrying amounts.

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

The main assumptions used to determine the value in use of the groups of CGUs were a long-term growth rate of 1.5% for all entities and the weighted average cost of capital.

The impact of the Covid crisis is reflected in the business plans used and the weighted average cost of capital in the impairment tests.

The assumptions used for goodwill impairment testing were as follows by group of CGUs at December 31, 2020:

(in millions of euros)	NORTHERN EUROPE	WESTERN EUROPE	CENTRAL EUROPE	MEDITERRANEAN AND AFRICA	NORTH AMERICA
Cost of capital	11.5%	11.5%	11.5%	11.5%	11.5%
Perpetual growth rate	1.5%	1.5%	1.5%	1.5%	1.5%
Contribution to consolidated net assets	587.5	474.0	214.5	304.9	54.8

It should be noted that the impairment tests in the first half of 2020 showed that the carrying amount of the Latin America CGU was lower than the value in use. Thus, there is no longer any goodwill on the Latin America CGU following the recognition of a goodwill impairment loss on this CGU.

The assumptions used in 2019 were as follows:

(in millions of euros)	NORTHERN EUROPE	WESTERN EUROPE	CENTRAL EUROPE	MEDITERRANEAN AND AFRICA	NORTH AMERICA	LATIN AMERICA
Cost of capital	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%
Perpetual growth rate	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Contribution to consolidated net assets	528.8	472.1	199.5	262.6	59.6	57.2

Sensitivity of impairment tests

Sensitivity analyses were performed for the impairment tests, based on the following sensitivity factors:

- long-term growth rate sensitivity: the impairment tests were tested for sensitivity based on a 0.5-point decrease in the perpetual growth rate applied. The analysis showed that such a 0.5-point decrease would not have an impact on the outcome of the impairment tests or therefore on the Group's consolidated financial statements for the year ended December 31, 2020;
- cost of capital sensitivity: the impairment tests were tested for sensitivity based on a 0.5-point increase in the cost of capital applied. The analysis showed that such a 0.5-point increase would not have an impact on the outcome of the impairment tests or therefore on the Group's consolidated financial statements for the year ended December 31, 2020;
- loss ratio and the cost ratio sensitivity for the last two years of the business plan (2024 and 2025): additional impairment tests were performed based on a 2-point increase in the loss ratio and a 1-point increase in the cost ratio. It appears that an increase of 1 point and 2 points in the assumptions used would not have an impact on the outcome of the original impairment tests or therefore on the Group's consolidated financial statements for the year ended December 31, 2020.

For the Group's main goodwill items, the sensitivity of enterprise values to the assumptions used 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]	587.5	474.0	214.5	304.9	54.8
Value in use of CGU	880.6	585.4	399.5	668.6	87.2
Sensitivity: Long-term growth rate -0.5 point [2]	859.0	490.7	390.3	649.4	84.0
Sensitivity: WACC +0.5 point	850.0	486.8	386.3	641.1	82.7
Sensitivity: Loss/Cost Ratio 2025 +1 point [2]	869.1	376.3	392.3	650.6	79.7
Sensitivity: Loss/Cost Ratio 2025 +2 points [2]	857.5	321.1	385.0	632.6	72.2

(1) The contribution to the consolidated Group's net assets corresponds to the difference between the value-in-use of the cash generating units (CGU) and their book value.
(2) The sensitivity analyses were carried out on the Contribution to the consolidated Group's net assets.

NOTE 2. OTHER INTANGIBLE ASSETS

	DEC. 31, 2020	DEC. 31, 2019
(in thousands of euros)	NET VALUE	NET VALUE
Development costs and software	74,141	62,359
Purchased goodwill	2,062	2,212
Other intangible assets	404	440
TOTAL	**76,607**	**65,011**

	DEC. 31, 2020		
(in thousands of euros)	GROSS AMOUNT	AMORTISATION AND IMPAIRMENT	NET VALUE
Development costs and software	226,421	(152,280)	74,141
Purchased goodwill	3,680	(1,618)	2,062
Other intangible assets	2,944	(2,539)	404
TOTAL	**233,045**	**(156,437)**	**76,607**

(in thousands of euros)	DEC. 31, 2019 GROSS AMOUNT	DEC. 31, 2019 AMORTISATION AND IMPAIRMENT	DEC. 31, 2019 NET VALUE
Development costs and software	210,814	(148,455)	62,359
Purchased goodwill	3,873	(1,661)	2,212
Other	2,928	(2,488)	440
TOTAL	**217,615**	**(152,604)**	**65,011**

The Group's intangible assets consist mainly of development costs (CARS project, IFRS 17, Others).

These investments amounted to €24.5 million in the 2020 financial year compared to €12.1 million in the 2019 financial year.

Change in the gross amount of intangible assets

(in thousands of euros)	DEC. 31, 2019	SCOPE ENTRY	INCREASES	DECREASES	CURENCY TRANSLATION VARIATION	DEC. 31, 2020
Development costs and software	210,814	557	24,725	(8,949)	(726)	226,421
Purchased goodwill	3,873	0	0	0	(193)	3,680
Other intangible assets	2,928	0	92	(6)	(71)	2,944
TOTAL	**217,615**	**557**	**24,817**	**(8,955)**	**(990)**	**233,045**

In 2020, Coface GIEK Kreditforsikring AS entered the scope of consolidation.

(in thousands of euros)	DEC. 31, 2018	INCREASES	DECREASES	CURENCY TRANSLATION VARIATION	DEC. 31, 2019
Development costs and software	197,670	12,027	(2,159)	2,177	210,814
Purchased goodwill	6,747	0	(3,089)	215	3,873
Other intangible assets	2,821	70	(14)	51	2,928
TOTAL	**207,238**	**12,097**	**(5,262)**	**2,443**	**217,615**

Change in accumulated amortisation and impairment of intangible assets

(in thousands of euros)	DEC. 31, 2019	SCOPE ENTRY	ADDITIONS	REVERSALS	CURENCY TRANSLATION VARIATION AND OTHER	DEC. 31, 2020
Accumulated amortisation - development costs and software	(146,618)	0	(11,817)	5,824	522	(152,089)
Accumulated impairment – development costs and software	(1,837)	0	(186)	1,838	(5)	(190)
Total amortisation and impairment - development costs and software	**(148,455)**	**0**	**(12,003)**	**7,662**	**517**	**(152,279)**
Accumulated amortisation – purchased goodwill	(1,661)	-	(102)	0	146	(1,618)
Accumulated impairment – purchased goodwill	0	-	0	0	0	0
Total amortisation and impairment – purchased goodwill	**(1,661)**	**0**	**(102)**	**0**	**146**	**(1,618)**
Accumulated amortisation – other intangible assets	(2,488)	-	(105)	6	48	(2,539)
Accumulated impairment – other intangible assets	0	-	0	0	0	0
Total amortisation and impairment – other intangible assets	**(2,488)**	**0**	**(105)**	**6**	**48**	**(2,539)**
TOTAL	**(152,604)**	**0**	**(12,210)**	**7,668**	**711**	**(156,436)**

NOTE 3. INSURANCE BUSINESS INVESTMENTS

3.1 Analysis by category

At December 31, 2020, the carrying amount of available-for-sale (AFS) securities amounted to €2,896,314,000, securities held for trading ("trading securities") came to €67,000 and held-to-maturity (HTM) securities was €2,857,000.

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

The distribution of the bond portfolio by rating at December 31, 2020 was as follows:

- bonds rated "AAA": 11.2%;
- bonds rated "AA" and "A": 52.1%;
- bonds rated "BBB": 32.1%;
- bonds rated "BB" and lower: 4.6%.

	DEC. 31, 2020					DEC 31, 2019				
(in thousands of euros)	AMORTIZED COST	REVA-LUATION	NET VALUE	FAIR VALUE	UNREALIZED GAINS AND LOSSES	AMORTIZED COST	REVA-LUATION	NET VALUE	FAIR VALUE	UNREALIZED GAINS AND LOSSES
AFS securities	**2,672,996**	**223,318**	**2,896,314**	**2,896,314**		**2,706,300**	**204,734**	**2,911,034**	**2,911,034**	
Equities and other variable-income securities	153,192	145,980	299,172	299,172		171,089	145,867	316,956	316,956	
Bonds and government securities	2,300,679	66,185	2,366,864	2,366,864		2,314,927	43,680	2,358,607	2,358,607	
o/w direct investments in securities	*1,853,153*	*58,531*	*1,911,685*	*1,911,685*		*2,075,248*	*42,097*	*2,117,346*	*2,117,346*	
o/w investments in UCITS	*447,525*	*7,654*	*455,179*	*455,179*		*239,679*	*1,582*	*241,261*	*241,261*	
Shares in non-trading property companies	219,125	11,155	230,280	230,280		220,284	15,190	235,473	235,473	
HTM securities										
Bonds	1,872		1,872	2,587	715	1,842		1,842	2,574	733
Fair value through income – trading securities										
Money market funds (UCITS)	67		67	67		43		43	43	
Derivatives (positive fair value)		**7,237**	**7,237**	**7,237**			**1,809**	**1,809**	**1,809**	
(derivatives negative fair value for information)		*(26)*	*(26)*	*(26)*			*(889)*	*(889)*	*(889)*	
Loans and receivables	**77,167**		**77,167**	**77,167**		**75,670**		**75,670**	**75,670**	
Investment property	**695**	**(407)**	**288**	**288**		**695**	**(407)**	**288**	**288**	
TOTAL	**2,752,797**	**230,148**	**2,982,945**	**2,983,660**	**715**	**2,784,550**	**206,137**	**2,990,687**	**2,991,418**	**733**

(in thousands of euros)	GROSS DEC. 31, 2020	IMPAIRMENT	NET DEC. 31, 2020	NET DEC. 31, 2019
AFS securities	**2,939,773**	**(43,457)**	**2,896,314**	**2,911,034**
Equities and other variable-income securities	338,020	(38,849)	299,172	316,956
Bonds and government securities	2,366,864		2,366,864	2,358,607
o/w direct investments in securities	*1,911,685*		*1,911,685*	*2,117,346*
o/w investments in UCITS	*455,179*		*455,179*	*241,261*
Shares in non-trading property companies	234,889	(4,608)	230,280	235,473
HTM securities				
Bond	1,872		1,872	1,842
Fair value through income – trading securities				
Money market funds (UCITS)	67		67	43
Derivatives (positive fair value)	**7,237**		**7,237**	**1,809**
(for information, derivatives with a negative fair value)	*(26)*		*(26)*	*(889)*
Loans and receivables	**77,262**	**(95)**	**77,167**	**75,670**
Investment property	**288**		**288**	**288**
TOTAL	**3,026,499**	**(43,552)**	**2,982,945**	**2,990,687**

Impairments

(in thousands of euros)	DEC. 31, 2019	ADDITIONS	REVERSALS	EXCHANGE RATE EFFECTS AND OTHER	DEC. 31, 2020
AFS securities	**37,609**	**7,941**	**(2,054)**	**(40)**	**43,457**
Equities and other variable-income securities	37,601	3,341	(2,054)	(40)	38,848
Bonds and government securities	*0*	*0*	*0*		*0*
Shares in non-trading property companies	8	4,600			4,608
Loans and receivables	**95**	**0**			**95**
TOTAL	**37,704**	**7,941**	**(2,054)**	**(40)**	**43,552**

A 100% accrual of the unrealized capital loss recognised as of December 31, 2020 concerning the BNPP SPF2 RE fund was recorded, *i.e.* €4.6 million. It is in connection with the Covid crisis and the fall in the value of certain underlying assets mainly in the commercial sector.

No other accrual has been recorded on the portfolio for the Covid crisis.

Impairment of AFS securities is reversed when the securities are sold.

Change in investments by category

(in thousands of euros)	DEC. 31, 2019 CARRYING AMOUNT	DEC. 31, 2020 INCREASES	DECREASES	REVALUATION	IMPAIRMENT	OTHER MOVEMENTS	CARRYING AMOUNT
AFS securities	**2,911,034**	**624,405**	**(633,562)**	**22,673**	**(5,886)**	**(22,348)**	**2,896,314**
Equities and other variable-income securities	316,956	33,378	(46,720)	1,619	(1,286)	(4,775)	299,172
Bonds and government securities	2,358,607	584,256	(583,514)	25,088	0	(17,574)	2,366,864
Shares in non-trading property companies	235,473	6,771	(3,329)	(4,034)	(4,600)	0	230,280
HTM securities							
Bonds	1,842	40	(9)			0	1,872
Fair value through income – trading securities	**43**	**0**	**25**	**0**		**0**	**67**
Loans, receivables and other financial investments	**77,767**	**23,077**	**(5,483)**	**(1,339)**	**1**	**(9,330)**	**84,692**
TOTAL	**2,990,687**	**647,522**	**(639,030)**	**21,334**	**(5,885)**	**(31,679)**	**2,982,945**

Derivatives

The structural use of derivatives is strictly limited to hedging. The nominal value of the hedge is thus limited to the amount of underlying assets held in the portfolio.

During 2020, most of the transactions carried out concerned systematic currency hedging via swaps or forward currency transactions for bonds issued mainly in USD and present 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, no rate hedging was put in place during 2020, however, Coface is allowing itself the possibility of putting it back in place. A few *ad hoc* interest rate risk hedging operations have been implemented on negotiable debt securities in the monetary portfolio.

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 into three levels the inputs used to measure fair value. These levels are as follows:

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

Securities classified as level 1 represent 82% of Coface Group's portfolio. They correspond to:

- equities, bonds and government securities listed on organized 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.).

Securities classified as level 2 represent 5% of Coface 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.

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

Breakdown of financial instrument fair value measurements as at December 31, 2020 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	**2,896,314**	**2,896,314**	**2,442,488**	**67,771**	**386,055**
Equities and other variable-income securities	299,172	299,172	143,373	23	155,775
Bonds and government securities	2,366,864	2,366,864	2,299,116	67,747	0
Shares in non-trading property companies	230,280	230,280			230,280
HTM securities					
Bonds	1,872	2,587	2,587		
Fair value through income – trading securities					
Money market funds (UCITS)	67	67	67		
Derivatives	**7,237**	**7,237**	**715**	**6,413**	**109**
Loans and receivables	**77,167**	**77,167**		**77,167**	
Investment property	**288**	**288**			**288**
TOTAL	**2,982,945**	**2,983,660**	**2,445,858**	**151,350**	**386,452**

Movements in Level 3 securities as at December 31, 2020

		GAINS AND LOSSES RECOGNIZED IN THE PERIOD		TRANSACTIONS FOR THE PERIOD			
(in thousands of euros)	AT DEC. 31, 2019	IN INCOME	DIRECTLY IN EQUITY	PURCHASES/ ISSUES	SALES/ REDEMPTIONS	EXCHANGE RATE EFFECTS	AT DEC. 31, 2020
AFS securities	**390,308**	**(10,159)**	**5,355**	**8,424**	**(1,488)**	**(1,825)**	**386,055**
Equities and other variable-income securities	154,835	(5,559)	9,389	1,653	1,841	(1,825)	155,775
Shares in non-trading property companies	235,473	(4,600)	(4,034)	6,771	(3,329)		230,280
Derivatives	**109**					**0**	**109**
Investment property	**288**						**288**
TOTAL	**390,705**	**(10,159)**	**5,355**	**8,424**	**(1,488)**	**(1,825)**	**386,452**

Breakdown of financial instrument fair value measurements as at December 31, 2019 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	**2,911,034**	**2,911,034**	**2,520,706**	**23**	**390,308**
Equities and other variable-income securities	316,956	316,956	162,097	23	154,835
Bonds and government securities	2,358,607	2,358,607	2,358,607		
Shares in non-trading property companies	235,473	235,473			235,473
HTM securities					
Bonds	1,842	1,842	1,842		
Fair value through income – trading securities					
Money market funds (UCITS)	43	43	43		
Derivatives	**1,809**	**1,809**	**682**	**1,018**	**109**
Loans and receivables	**75,670**	**75,670**		**75,670**	
Investment property	**288**	**288**			**288**
TOTAL	**2,990,687**	**2,990,687**	**2,523,272**	**76,711**	**390,705**

Movements in Level 3 securities as at December 31, 2019

		GAINS AND LOSSES RECOGNIZED IN THE PERIOD		TRANSACTIONS FOR THE PERIOD			
(in thousands of euros)	AT DEC. 31, 2018	IN INCOME	DIRECTLY IN EQUITY	PURCHASES/ ISSUES	SALES/ REDEMPTIONS	EXCHANGE RATE EFFECTS	AT DEC. 31, 2019
AFS securities	**367,453**	**(8,701)**	**20,393**	**13,000**	**(2,192)**	**354**	**390,308**
Equities and other variable-income securities	141,234	(8,701)	14,620	6,760		921	154,835
Shares in non-trading property companies	226,219		5,772	6,241	(2,192)	(568)	235,473
Derivatives	**109**					**0**	**109**
Investment property	**288**						**288**
TOTAL	**367,850**	**(8,701)**	**20,393**	**13,000**	**(2,192)**	**354**	**390,705**

SPPI Financial assets at December 31, 2020 (IFRS 9)

(in thousands of euros)	FAIR VALUE	FAIR VALUE VARIATION
Direct investments in securities - SPPI financial assets	1,890,379	18,531
Direct investments in securities - No SPPI financial assets	21,306	202
Direct investments in securities	**1,911,685**	**18,733**
Loans and receivables - SPPI financial assets	77,167	0
Loans and receivables	**77,167**	**0**
Cash and cash equivalents - SPPI financial assets	369,651	0
Cash and cash equivalents	**369,651**	**0**
SPPI FINANCIAL ASSETS	**2,337,196**	**18,531**
NO SPPI FINANCIAL ASSETS	**21,306**	**202**
TOTAL	**2,358,502**	**18,733**

(in thousands of euros)	GROSS VALUE	FAIR VALUE
SPPI financial assets without a low credit risk	**57,251**	**59,134**

NOTE 4. RECEIVABLES ARISING FROM BANKING ACTIVITIES

Breakdown by type

(in thousands of euros)	DEC. 31, 2020	DEC. 31, 2019
Receivables arising from banking sector	2,326,941	2,346,710
Non-performing receivables arising from banking sector	37,490	55,777
Allowances for receivables arising from banking sector	(37,490)	(55,777)
TOTAL	**2,326,941**	**2,346,710**

Breakdown by maturity

Receivables arising from banking and other activities 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.

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

	DEC. 31, 2020					
		DUE				
(in thousands of euros)	NOT DUE	-3 MONTHS	3 MONTHS TO 1 YEAR	1 TO 5 YEARS	+5 YEARS	TOTAL
Receivables arising from banking and other activities	1,583,412	743,529				2,326,941
Non-performing receivables arising from banking and other activities			3,690	27,854	5,946	37,490
Allowances for receivables arising from banking and other activities	0	0	(3,690)	(27,854)	(5,946)	(37,490)
Total receivables arising from banking and other activities	**1,583,412**	**743,529**	**0**	**0**	**0**	**2,326,941**
Claims reserve as hedge for factoring receivables						
TOTAL RECEIVABLES ARISING FROM BANKING AND OTHER ACTIVITIES AFTER CLAIMS RESERVES	**1,583,412**	**743,529**	**0**	**0**	**0**	**2,326,941**

	DEC. 31, 2019					
		DUE				
(in thousands of euros)	NOT DUE	-3 MONTHS	3 MONTHS TO 1 YEAR	1 TO 5 YEARS	+5 YEARS	TOTAL
Receivables arising from banking and other activities	1,655,909	690,801				2,346,710
Non-performing receivables arising from banking and other activities			1,402	30,459	23,915	55,777
Allowances for receivables arising from banking and other activities			(1,402)	(30,459)	(23,915)	(55,777)
Total receivables arising from banking and other activities	**1,655,909**	**690,801**	**0**	**0**	**0**	**2,346,710**
Claims reserve as hedge for factoring receivables						
TOTAL RECEIVABLES ARISING FROM BANKING AND OTHER ACTIVITIES AFTER CLAIMS RESERVES	**1,655,909**	**690,801**	**0**	**0**	**0**	**2,346,710**

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NOTE 5. INVESTMENTS IN ASSOCIATES

At December 31, 2020, there were no investments in associated companies.

NOTE 6. TANGIBLE ASSETS

	DEC. 31, 2020	DEC. 31, 2019
(in thousands of euros)	NET VALUE	NET VALUE
Buildings used for operational purposes	21,196	22,363
Other property, plant and equipment	14,041	15,800
Right-of-use assets for lessees	77,528	85,613
TOTAL	**112,765**	**123,776**

	DEC. 31, 2020		
(in thousands of euros)	GROSS AMOUNT	AMORTISATION AND IMPAIRMENT	NET VALUE
Buildings used for operational purposes	85,281	(64,085)	21,196
Other property, plant and equipment	49,332	(35,291)	14,041
Right-of-use assets for lessees	113,330	(35,802)	77,528
TOTAL	**247,943**	**(135,178)**	**112,765**

	DEC. 31, 2019		
(in thousands of euros)	GROSS AMOUNT	AMORTISATION AND IMPAIRMENT	NET VALUE
Buildings used for operational purposes	85,281	(62,919)	22,363
Other property, plant and equipment	56,195	(40,395)	15,800
TOTAL	**245,395**	**(121,619)**	**123,776**

Change in the gross amount of property, plant and equipment

(in thousands of euros)	DEC. 31, 2019	SCOPE ENTRY	INCREASES	DECREASES	REVERSALS	CURRENCY TRANSLATION VARIATION	DEC. 31, 2020
Land used for operational purposes	7,140	0	0	0	0	0	7,140
Buildings used for operational purposes	78,141	0	0	0	0	0	78,141
Right-of-use assets for lessees - Buildings leasing	88,009	0	6,295	(100)	0	(1,616)	92,588
Total buildings used for operational purposes	**173,290**	**0**	**6,295**	**(100)**	**0**	**(1,616)**	**177,869**
Operating guarantees and deposits	3,540	0	167	(3)	0	(36)	3,668
Other property, plant and equipment	52,656	82	1,947	(8,192)	0	(828)	45,665
Right-of-use assets for lessees - Equipment leasing	15,909	0	4,889	0	0	(56)	20,742
Total other property, plant and equipment	**72,105**	**82**	**7,003**	**(8,195)**	**0**	**(920)**	**70,075**
TOTAL	**245,395**	**82**	**13,298**	**(8,295)**	**0**	**(2,536)**	**247,943**

(in thousands of euros)	DEC. 31, 2018	INCREASES	DECREASES	CURRENCY TRANSLATION VARIATION	DEC. 31, 2019
Land used for operational purposes	14,010	0	(6,870)	0	7,140
Buildings used for operational purposes	93,785	2,296	(17,939)	0	78,141
Right-of-use assets for lessees –Buildings leasing	73 632	14 270	0	107	88 009
Total buildings used for operational purposes	**181,427**	**16,566**	**(24,809)**	**107**	**173,290**
Operating guarantees and deposits	3,412	305	(25)	(152)	3,540
Other property, plant and equipment	51,187	3,261	(1,493)	(299)	52,656
Right-of-use assets for lessees –Equipment leasing	11,763	4,122	0	24	15,909
Total other property, plant and equipment	**66,362**	**7,688**	**(1,518)**	**(427)**	**72 105**
TOTAL	**247,789**	**24,254**	**(26,327)**	**(320)**	**245 395**

Change in accumulated depreciation and impairment of property, plant and equipment

(in thousands of euros)	DEC. 31, 2019	SCOPE ENTRY	ADDITIONS	REVERSALS	CURRENCY TRANSLATION VARIATION AND OTHER	DEC. 31, 2020
Accumulated depreciation – Building used for operational purposes	(62,919)	0	(1,607)	0	0	(64,085)
Accumulated impairment – Buildings used for operational purposes	0	0	0	441	0	0
Accumulated depreciation - Right-of-use assets for lessees - Buildings leasing	(12,652)	0	(12,615)	27	608	(24,632)
Accumulated impairment - Right-of-use assets for lessees - Buildings leasing	0	0	0	0	0	0
Buildings used for operational purposes	**(75,571)**	**0**	**(14,222)**	**468**	**608**	**(88,717)**
Accumulated depreciation other property, plant & equipment	(38,380)	0	(3,589)	6,362	472	(35,135)
Accumulated impairment other property, plant & equipment	(2,015)	0	(8)	1,796	70	(157)
Accumulated depreciation - Right-of-use assets for lessees - Equipment leasing	(5,653)	0	(5,545)	0	28	(11,170)
Accumulated impairment - Right-of-use assets for lessees - Equipment leasing	0	0	0	0	0	0
Other property, plant and equipment	**(46,048)**	**0**	**(9,142)**	**8,158**	**570**	**(46,462)**
TOTAL	**(121,619)**	**0**	**(23,364)**	**8,626**	**1,178**	**(135,179)**

(in thousands of euros)	DEC. 31, 2018	ADDITIONS	REVERSALS	CURRENCY TRANSLATION VARIATION AND OTHER	DEC. 31, 2019
Accumulated depreciation – Building used for operational purposes	(74,680)	(1,643)	13,404	0	(62,919)
Accumulated impairment – Buildings used for operational purposes	0	0	0	0	0
Accumulated depreciation – Right-of use assets for lessees – Buildings leasing		(12,653)	(213)	214	(12,652)
Buildings used for operational purposes	**(74,680)**	**(14,296)**	**13,191**	**214**	**(75,571)**
Accumulated depreciation other property, plant & equipment	(36,194)	(4,557)	2,610	(239)	(38,380)
Accumulated impairment other property, plant & equipment	(2,547)	(14)	0	546	(2,015)
Accumulated depreciation – Right-of-use assets forlessees – Equipment leasing	0	(5,643)		(10)	- 5 653
Accumulated impairment – Right-of-use assets forlessees – Equipment leasing	0	0	0	0	0
Other property, plant and equipment	**(38,741)**	**(10,214)**	**2,610**	**297**	**(46,048)**
TOTAL	**(113,421)**	**(24,510)**	**15,801**	**511**	**(121,619)**

Market value of buildings used in the business

(in thousands of euros)	DEC. 31, 2020	DEC. 31, 2019
Carrying amount	21,196	22,363
Market value	72,699	43,995
UNREALISED GAINS	**51,503**	**21,632**

Buildings held by Coface Group do not represent any unrealised losses; no impairment is therefore recorded at December 31, 2020.

NOTE 7. RECEIVABLES ARISING FROM INSURANCE AND REINSURANCE OPERATIONS

Breakdown by nature

	DEC. 31, 2020			DEC. 31, 2019		
(in thousands of euros)	GROSS	PROVISION	NET	GROSS	PROVISION	NET
Receivables from policyholders and agents	289,824	(37,915)	251,909	302,755	(36,864)	265,891
Earned premiums not written	90,499	0	90,499	123,755	0	123,755
Receivables arising from reinsurance operations, net	174,374	(221)	174,153	142,937	(221)	142,716
TOTAL	**554,697**	**(38,136)**	**516,561**	**569,447**	**(37,085)**	**532,362**

Breakdown by age

(in thousands of euros)	DEC. 31, 2020					
		DUE				
	NOT DUE	-3 MONTHS	3 MONTHS TO 1 YEAR	1 TO 5 YEARS	+5 YEARS	TOTAL
TOTAL RECEIVABLES ARISING FROM INSURANCE AND REINSURANCE OPERATIONS	**363,147**	**106,217**	**29,453**	**16,980**	**766**	**516,561**

(in thousands of euros)	DEC. 31, 2019					
		DUE				
	NOT DUE	-3 MONTHS	3 MONTHS TO 1 YEAR	1 TO 5 YEARS	+5 YEARS	TOTAL
TOTAL RECEIVABLES ARISING FROM INSURANCE AND REINSURANCE OPERATIONS	**393,216**	**83,053**	**42,816**	**12,257**	**1,020**	**532,362**

The risk of liquidity linked to insurance receivables is considered to be marginal as:

- the insurance business operates on a reverse production cycle: premiums are earned before claims are paid out;
- furthermore, Coface primarily bills its clients on a monthly or quarterly basis, which allows it to recognise its receivables with a short-term maturity of less than or equal to three months.

NOTE 8. OTHER ASSETS

(in thousands of euros)	DEC. 31, 2020	DEC. 31, 2019
Deferred acquisition costs	35,494	40,384
Trade receivables arising from other activities	62,390	62,112
Current tax receivables	49,853	49,675
Other receivables	181,332	181,187
TOTAL	**329,069**	**333,358**

The line "Other receivables" mainly includes:

- receivables in factoring entities towards credit-insurance entities for €34 million;
- loans granted to non-consolidated Coface entities for €43 million.

NOTE 9. CASH AND CASH EQUIVALENTS

(in thousands of euros)	DEC. 31, 2020	DEC. 31, 2019
Cash at bank and available	378,134	296,121
Cash equivalents	22,835	24,656
TOTAL	**400,969**	**320,777**

As of December 31, 2020, operating cash was up by more than €80 million compared to December 31, 2019. Following the health crisis, it was decided to increase the amount of liquidity to anticipate the payment of claims. Despite support from several governments, the Group decided to be cautious about investing excess liquidity in order to retain enough cash to meet its needs.

Cash and cash equivalents are all available; no amount is placed in escrow type accounts.

NOTE 10. SHARE CAPITAL

ORDINARY SHARES	NUMBER OF SHARES	PER VALUE	SHARE CAPITAL *(in €)*
At December 31, 2019	152,031,949	2	304,063,898
Cancellation of shares	-	-	-
At December 31, 2020	152,031,949	2	304,063,898
Treasury shares deducted	(2,341,985)	2	(4,683,970)
AT DECEMBER 31, 2020 (EXCLUDING TREASURY SHARES)	**149,689,964**	**2**	**299,379,928**

	DEC. 31, 2020		DEC. 31, 2019	
Shareholders	NUMBER OF SHARES	%	NUMBER OF SHARES	%
Natixis	64,153,881	42.86%	64,153,881	42.48%
Public	85,536,083	57.14%	86,877,316	57.52%
TOTAL EXCLUDING TREASURY SHARES	**149,689,964**	**100%**	**151,031,197**	**100%**

The parent company of Coface Group is Natixis, which in turn is owned by BPCE, the central institution of the Banques Populaires and Caisses d'Épargne.

Natixis holds, at the end of December 2020, 42.86% of the Coface Group's shares excluding treasury shares, and 42.20% including treasury shares. The 29.5% sale of Coface's capital from Natixis to Arch Capital Group Ltd, announced on February 25, 2020, will be effective upon completion of the transaction.

Completion of the transaction is subject to obtaining all the required regulatory authorisations.

NOTE 11. SHARE-BASED PAYMENTS

Ongoing free share plans

Since its stock market listing in 2014, Coface Group has awarded free shares to certain beneficiaries (corporate officers and employees of COFACE SA subsidiaries).

PLAN	ALLOCATION DATE	NUMBER OF SHARES GRANTED	ACQUISITION PERIOD	ACQUISITION DATE	AVAILABILITY DATE	FAIR VALUE OF THE SHARE AT THE ALLOCATION DATE	NET EXPENSE FOR THE YEAR *(in thousands of euros)*
Long-term Incentive Plan 2017	Feb. 08, 2017	333,197	3 years	Feb. 09, 2020	Feb. 09, 2020	6.2	86
Long-term Incentive Plan 2018	Feb. 12, 2018	289,132	3 years	Feb. 15, 2021	Feb. 15, 2021	8.5	646
Long-term Incentive Plan 2019	Feb. 11, 2019	368,548	3 years	Feb. 14, 2022	Feb. 14, 2022	7.9	762
Long-term Incentive Plan 2020	Feb. 05, 2020	312,200	3 years	Feb. 06, 2023	Feb. 06, 2023	11.4	879

Change in the number of free shares

PLAN	NUMBER OF FREE SHARES AT DEC. 31, 2019	NUMBER OF NEW FREE SHARE GRANTS IN 2020	NUMBER OF FREE SHARES CANCELLED IN 2020	NUMBER OF FREE SHARES ACQUIRED IN 2020	NUMBER OF SHARES TO BE ACQUIRED AT DEC. 31, 2020
Long-term Incentive Plan 2017	333,197			(333,197)	0
Long-term Incentive Plan 2018	298,132		(10,000)		288,132
Long-term Incentive Plan 2019	368,548		(1,240)		367,308
Long-term Incentive Plan 2020		312,200			312,200

The total number of shares allocated to the Long-term Incentive Plan 2020 amounts to 347,841 shares; 340,309 registered shares were granted to beneficiaries including 312,200 shares and 28,109 performance units.

Performance units are awarded instead of free shares as soon as the implementation of free share awards appears complex or irrelevant due to the number of beneficiaries. These units are indexed to the share price and subject to the same presence and performance conditions as free shares but are valued and paid in cash at the end of the vesting period.

Free shares under the Long-term Incentive Plan vest definitively based upon presence in the group and performance achievement.

Valuation of free shares

In accordance with IFRS 2 “Share-based Payment”, the award of free shares to employees results in the recognition of an expense corresponding to the fair value of shares granted on the award date adjusted for unpaid dividends during the rights vesting period and transfer restrictions during the holding period, as well as the probability that the performance conditions will be met.

The plans were valued using the assumptions below:

- discount rate corresponding to a risk-free rate over the plans’ duration;
- income distribution rate set at 60%;
- the lock-in value, which is calculated in consideration of a risk-free interest rate and a two-year borrowing rate.

Based on these assumptions, a total of €2,373,000 was expensed under the implemented plans at December 31, 2020.

NOTE 12. REVALUATION RESERVES

(in thousands of euros)	INVESTMENT INSTRUMENTS	RESERVES - GAINS AND LOSSES NOT RECLASSIFIABLE TO INCOME STATEMENT	INCOME TAX	REVALUATION RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT	NON--CONTROLLING INTERESTS	REVALUATION RESERVES
At January 1, 2020	214,812	(34,700)	(20,866)	159,246	(117)	159,129
Fair value adjustments on available-for-sale financial assets reclassified to income	958		(396)	562	0	562
Fair value adjustments on available-for-sale financial assets recognised in equity	20,218		(2,957)	17,261	1	17,262
Change in reserves - gains and losses not reclassificable to income statement (IAS 19R)		1,700	(402)	1,298	0	1,298
Transactions with shareholders	0	0	0	0	0	0
AT DECEMBER 31, 2020	**235,988**	**(33,000)**	**(24,621)**	**178,367**	**(116)**	**178,251**

(in thousands of euros)	INVESTMENT INSTRUMENTS	RESERVES - GAINS AND LOSSES NOT RECLASSIFIABLE TO INCOME STATEMENT	INCOME TAX	REVALUATION RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT	NON--CONTROLLING INTERESTS	REVALUATION RESERVES
At January 1, 2019	116,607	(30,314)	(1,836)	84,457	(122)	84,335
Fair value adjustments on available-for-sale financial assets reclassified to income	(8,926)		1,606	(7,320)	(1)	(7,321)
Fair value adjustments on available-for-sale financial assets recognised in equity	107,131		(21,793)	85,338	6	85,344
Change in reserves - gains and losses not reclassificable to income statement (IAS 19R)		(4,386)	1,157	(3,229)	0	(3,229)
Transactions with shareholders	0	0	0	0	0	0
AT DECEMBER 31, 2019	**214,812**	**(34,700)**	**(20,866)**	**159,246**	**(117)**	**159,129**

NOTE 13. PROVISIONS FOR LIABILITIES AND CHARGES

(in thousands of euros)	DEC. 31, 2020	DEC. 31, 2019
Provisions for disputes	2,143	2,769
Provisions for pension and other post-employment benefit obligations	63,619	66,447
Other provisions for liabilities and charges	30,546	31,716
TOTAL	**96,307**	**100,932**

(in thousands of euros)	DEC. 31, 2019	SCOPE ENTRY	ADDITIONS	REVERSALS (UTILISED)	REVERSALS (SURPLUS)	RECLASSI-FICATIONS	CHANGES IN OCI	CURRENCY TRANSLATION VARIATION	DEC. 31, 2020
Provisions for employee	2,554	0	207	0	(911)	0	0	(35)	1,815
Provisions for other disputes	215	0	283	0	0	(92)	0	(78)	328
Provisions for disputes	**2,769**	**0**	**490**	**0**	**(911)**	**(92)**	**0**	**(113)**	**2,143**
Provisions for pension	**66,447**	**560**	**3,565**	**(4,514)**	**(533)**	**0**	**(1,700)**	**(206)**	**63,619**
Provisions for liabilities	17,942	0	0	0		0	0	(98)	16,642
Provisions for restructuring	10,532	0	6,070	(3,484)	(2,094)	0	0	15	11,039
Provisions for taxes (excl. income taxes)	0	0	(3,355)	1,778	1,577	0	0	0	0
Provisions for taxes (excl. income taxes)	576	0	0	0	0	92	0	(38)	630
Other provisions for liabilities	2,666	0	0	0	(431)	0	0	0	2,235
Other provisions for liabilities and charges	**31,716**	**0**	**2,715**	**(1,706)**	**(2,150)**	**92**	**0**	**(121)**	**30,546**
TOTAL	**100,932**	**560**	**6,770**	**(6,220)**	**(3,594)**	**0**	**(1,700)**	**(440)**	**96,307**

(in thousands of euros)	DEC. 31, 2017	SCOPE ENTRY	ADDITIONS	REVERSALS (UTILISED)	REVERSALS (SURPLUS)	RECLASSI-FICATIONS	CHANGES IN OCI	CURRENCY TRANSLATION VARIATION	DEC 31, 2018
Provisions for employee	2,893	0	872	(850)	(360)	0	0	(2)	2,553
Provisions for other disputes	548	0	185	0	(492)	(19)	0	(6)	216
Provisions for disputes	**3,441**	**0**	**1,057**	**(850)**	**(852)**	**(19)**	**0**	**(8)**	**2,769**
Provisions for pension	**62,564**	**127**	**5,201**	**(4,995)**	**(973)**	**0**	**4,386**	**137**	**66,447**
Provisions for liabilities	15,138	0	3,166	(1,038)	2	0	0	678	17,946
Provisions for restructuring	11,426	0	7,014	(7,652)	(259)	0	0	0	10,529
Provisions for taxes (excl. income taxes)	695	0	0	0	(128)	19	0	(9)	577
Other provisions for liabilities	1,080	0	919	(48)	0	713	0	0	2,664
Other provisions for liabilities and charges	**28,339**	**0**	**11,099**	**(8,738)**	**(385)**	**732**	**0**	**669**	**31,716**
TOTAL	**94,344**	**127**	**17,357**	**(14,583)**	**(2,210)**	**713**	**4,386**	**798**	**100,932**

Provisions for liabilities and charges mainly include provisions for pensions and other post-employment benefit obligations and provisions for restructuring. The other provisions for liabilities and charges are essentially made up of provisions for liabilities on subsidiaries (€17.9 million) and provisions for restructuring (€10.5 million).

The main net change for the year is linked to provisions for risk on subsidiaries: Coface Services West Africa (€1 million).

Provisions related to the strategic plan amounted to €10.4 million as of December 31, 2020. The net impact over the period corresponds to a €0.5 million reversal.

NOTE 14. EMPLOYEE BENEFITS

(in thousands of euros)	DEC. 31, 2020	DEC. 31, 2019
Present value of benefit obligation at January 1st	***68,684***	***64,585***
Current service cost	3,187	1,455
Interest cost	437	2,803
Actuarial (gains) / losses	(2,228)	4,506
Benefits paid	(4,659)	(4,934)
Acquisitions/mergers/deconsolidations	560	127
Other	(207)	142
Present value of benefit obligation at December 31st	**65,774**	**68,684**
Change in plan assets		
Fair value of plan assets at January 1st	***2,237***	***2,021***
Revaluation adjustments – Return on plan assets	65	156
Employee contributions	0	0
Employer contributions	72	83
Benefits paid	(218)	(23)
Other	0	0
Fair value of plan assets at December 31st	**2,156**	**2,237**
Reconciliation		
Present value of benefit obligation at December 31st	***65,774***	***68,684***
Fair value of plan assets	2,156	2,237
(Liability)/Asset recognised in the balance sheet at December	**(63,619)**	**(66,447)**
Income statement		
Current service cost	3,187	1,474
Benefits paid including amounts paid in respect of settlements	0	0
Interest cost	437	965
Interest income	(17)	0
Revaluation adjustments on other long-term benefits	(575)	1,804
Other	(207)	141
(Income)/Expenses recorded in the income statement	**2,824**	**4,365**
Changes recognised directly in equity not reclassifiable to income		
Revaluation adjustments arising in the year	(1,700)	4,386
Revaluation adjustments recognised in equity not reclassifiable to income	**(1,700)**	**4,386**

	DEC. 31, 2020					
(in thousands of euros)	FRANCE	GERMANY	AUSTRIA	ITALY	OTHER	TOTAL
Present value of benefit obligation at January 1st	***14,424***	***27,227***	***19,235***	***3,890***	***3,908***	***68,684***
Acquisitions/mergers/deconsolidations	0	0	0	0	560	560
Current service cost	783	1,484	200	322	399	3,187
Interest cost	59	207	150	21	0	437
Actuarial (gains)/losses	(911)	(410)	(758)	(131)	(17)	(2,228)
Benefits paid	(956)	(2,563)	(732)	(78)	(330)	(4,659)
Other	0	0	0	0	(207)	(207)
Present value of benefit obligation at December 31st	**13,399**	**25,944**	**18,095**	**4,024**	**4,313**	**65,774**
Change in plan assets						
Fair value of plan assets at January 1st	***0***	***1,313***	***925***	***0***	***0***	***2,238***
Revaluation adjustments – Return on plan assets	0	66	(1)	0	0	65
Employer contributions	0	16	56	0	0	72
Benefits paid	0	(193)	(25)	0	0	(218)
Other	0	0	0	0	0	0
Fair value of plan assets at December 31st	**0**	**1,202**	**955**	**0**	**0**	**2,157**
Reconciliation						
Present value of benefit obligation at December 31st	***13,399***	***25,944***	***18,095***	***4,024***	***4,313***	***65,774***
Fair value of plan assets	0	1,202	955	0	0	2,157
(Liability)/Asset recognised in the balance sheet at December	**(13,399)**	**(24,742)**	**(17,140)**	**(4,024)**	**(4,313)**	**(63,618)**
Income statement						
Current service cost	783	1,484	200	322	399	3,187
Past service cost	0	0	0	0	0	0
Benefits paid including amounts paid in respect of settlements	0	0	0	0	0	0
Interest cost	59	207	150	21	0	437
Interest income	0	(9)	(8)	0	0	(17)
Revaluation adjustments on other long-term benefits	(86)	(442)	(23)	(23)	0	(575)
Other	0	0	0	0	(207)	(207)
(Income)/Expenses recorded in the income statement	**755**	**1,239**	**320**	**319**	**192**	**2,824**
Changes recognised directly in equity not reclassifiable to income						
Revaluation adjustments arising in the year	(825)	(25)	(726)	(108)	(17)	(1,700)
Revaluation adjustments recognised in equity not reclassifiable to income	**(825)**	**(25)**	**(726)**	**(108)**	**(17)**	**(1,700)**

	DEC. 31, 2019					
(in thousands of euros)	FRANCE	GERMANY	AUSTRIA	ITALY	OTHER	TOTAL
Present value of benefit obligation at January 1st	**16,267**	**24,666**	**16,578**	**3,312**	**3,762**	**64,585**
Current service cost	678	403	201	296	(123)	1,455
Interest cost	103	2,255	317	128	0	2,803
Actuarial (gains)/losses	(1,383)	2,470	3,206	213	0	4,506
Benefits paid	(1,241)	(2,567)	(1,067)	(59)	0	(4,934)
Other	0	0	0	0	142	142
Present value of benefit obligation at December 31st	**14,424**	**27,227**	**19,235**	**3,890**	**3,908**	**68,684**
Change in plan assets						
Fair value of plan assets at January 1	***0***	***1,248***	***773***	***0***	***0***	***2,021***
Revaluation adjustments – Return on plan assets	0	63	93	0	0	156
Employer contributions	0	8	75	0	0	83
Benefits paid	0	(6)	(17)	0	0	(23)
Other	0	0	0	0	0	0
Fair value of plan assets at December 31st	**0**	**1,313**	**924**	**0**	**0**	**2,237**
Reconciliation						
Present value of benefit obligation at December 31st	***14,424***	***27,227***	***19,235***	***3,890***	***3,908***	***68,684***
Fair value of plan assets	0	1,313	924	0	0	2,237
(Liability)/Asset recognised in the balance sheet at December	**(14,424)**	**(25,914)**	**(18,311)**	**(3,890)**	**(3,908)**	**(66,447)**
Income statement						
Current service cost	678	403	201	315	(123)	1,474
Past service cost	0	0	0	(19)	0	(19)
Benefits paid including amounts paid in respect of settlements	0	0	0	0	0	0
Interest cost	234	407	283	41	0	965
Interest income	0	0	0	0	0	0
Revaluation adjustments on other long-term benefits	(131)	1,827	20	88	0	1,804
Other	0	0	0	0	141	141
(Income)/Expenses recorded in the income statement	**781**	**2,637**	**504**	**425**	**18**	**4,365**
Changes recognised directly in equity not reclassifiable to income						
Revaluation adjustments arising in the year	(1,383)	2,429	3,127	213	0	4,386
Revaluation adjustments recognised in equity not reclassifiable to income	**(1,383)**	**2,429**	**3,127**	**213**	**0**	**4,386**

Actuarial assumptions

The discount rate applied to the Group's employee benefit obligations is based on the Bloomberg Corporate AA curve for French entities and on a basket of international AA-rated corporate bonds for foreign entities.

	DEC. 31, 2020			
	FRANCE	GERMANY	AUSTRIA	ITALY
Inflation rate	1.60%	1.60%	1.60%	1.60%
Discount rate				
Supplementary retirement and other plans	0.00%	1.10%	1.10%	N/A
Statutory retirement benefits	0.50%	N/A	1.10%	1.10%
Long-service awards	0.00%	1.10%	1.10%	1.10%
Other benefits	0.00%	1.10%	N/A	1.10%
Rate of salary increases (including inflation)	1.90%	2.10%	3.00%	1.60%
Rate of increase in medical costs (including inflation)	2.50%	N/A	N/A	4.20%
Average remaining working life until retirement				
Supplementary retirement and other plans	0.00	1.16	4.20	7.40
Statutory retirement benefits	14.89	N/A	9.57	11.10
Long-service awards	14.89	14.56	18.26	7.50
Other benefits	0.00	3.34	N/A	0.00
Term (years)				
Supplementary retirement and other plans	3.72	13.17	17.28	20.20
Statutory retirement benefits	14.57	0.00	9.38	9.49
Long-service awards	8.04	10.26	10.24	10.67
Other benefits	13.88	1.68	N/A	N/A

	DEC. 31, 2019			
	FRANCE	GERMANY	AUSTRIA	ITALY
Inflation rate	1.70%	1.70%	1.70%	1.70%
Discount rate				
Supplementary retirement and other plans	0.00%	0.80%	0.80%	N/A
Statutory retirement benefits	0.40%	N/A	0.80%	0.80%
Long-service awards	0.00%	0.80%	0.80%	0.80%
Other benefits	0.50%	0.80%	N/A	0.80%
Rate of salary increases (including inflation)	2.00%	2.20%	3.00%	1.70%
Rate of increase in medical costs (including inflation)	2.50%	N/A	N/A	4.20%
Average remaining working life until retirement				
Supplementary retirement and other plans	0.00	1.26	4.39	8.40
Statutory retirement benefits	16.83	N/A	10.04	12.10
Long-service awards	16.83	14.88	19.38	8.50
Other benefits	0.00	3.78	N/A	0.00
Term (years)				
Supplementary retirement and other plans	3.76	13.55	18.24	22.10
Statutory retirement benefits	14.57	0.00	10.04	9.63
Long-service awards	8.93	10.57	9.31	10.80
Other benefits	14.18	1.66	N/A	N/A

Sensitivity tests on the defined benefit obligation

	DEC. 31, 2020			
	POST-EMPLOYMENT DEFINED BENEFIT OBLIGATIONS		OTHER LONG-TERM BENEFITS	
	SUPPLEMENTARY RETIREMENT AND OTHER PLANS	STATUTORY RETIREMENT BENEFITS	LONG-SERVICE AWARDS	OTHER BENEFITS
+1% increase in the discount rate	(12.41)%	(11.11)%	(9.00)%	(1.68)%
-1% decrease in the discount rate	15.62%	13.26%	10.47%	1.73%
+1% increase in the inflation rate	8.11%	9.57%	1.35%	1.34%
-1% decrease in the inflation rate	(6.74)%	(8.16)%	(1.73)%	(1.33)%
+1% increase in rate of increase in medical costs	15.05%	0.00%	0.00%	0.00%
-1% decrease in rate of increase in medical costs	(12.65)%	0.00%	0.00%	0.00%
+1% increase in rate of salary increase (including inflation)	11.55%	11.63%	2.48%	1.34%
-1% decrease in rate of salary increase (including inflation)	(9.57)%	(9.97)%	(2.72)%	(1.33)%

	DEC. 31, 2019			
	POST-EMPLOYMENT DEFINED BENEFIT OBLIGATIONS		OTHER LONG-TERM BENEFITS	
	SUPPLEMENTARY RETIREMENT AND OTHER PLANS	STATUTORY RETIREMENT BENEFITS	LONG-SERVICE AWARDS	OTHER BENEFITS
+1% increase in the discount rate	(12.83)%	(11.26)%	(8.11)%	(1.64)%
-1% decrease in the discount rate	16.27%	13.54%	9.70%	1.70%
+1% increase in the inflation rate	8.12%	9.70%	0.96%	1.66%
-1% decrease in the inflation rate	(6.73)%	(8.26)%	(1.20)%	(1.64)%
+1% increase in rate of increase in medical costs	15.90%	0.00%	0.00%	0.00%
-1% decrease in rate of increase in medical costs	(12.97)%	0.00%	0.00%	0.00%
+1% increase in rate of salary increase (including inflation)	11.85%	11.85%	2.04%	1.66%
-1% decrease in rate of salary increase (including inflation)	(9.83)%	(10.15)%	(2.15)%	(1.64)%

NOTE 15. FINANCING LIABILITIES

(in thousands of euros)	DEC. 31, 2020	DEC. 31, 2019
Due within one year		
• Interest	11,756	11,756
• Amortization of expenses	(571)	(547)
Total	**11,185**	**11,209**
Due between one and five years		
• Amortization of expenses	(1,376)	(1,948)
• Nominal	380,000	380,000
Total	**378,624**	**378,052**
Due beyond five years		
• Amortization of expenses	0	0
• Nominal	0	0
Total	**0**	**0**
TOTAL	**389,810**	**389,261**

On March 27, 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 27, 2024 (10 years), 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 25, 2014, a joint guarantee was issued by Compagnie française d’assurance pour le commerce extérieur for €380 million, in favour of the investors in COFACE SA’s subordinated bonds, applicable until the extinction of all liabilities in respect of said investors.

As at December 31, 2020, subordinated debt amounted to €389,810,000 and was composed of:

- the nominal amount of bonds: €380,000,000;
- minus the debt issuance costs and the issue premium in the amount of €1,947,000;
- plus accrued interest of €11,756,000.

The impact on consolidated income statement income as at December 31, 2020 mainly includes the interest related to the period in the amount of €16,222,000.

NOTE 16. LEASE LIABILITIES

(in thousand of euros)	DEC.31, 2020	DEC. 31, 2019
Lease liabilities - Real estate leasing	78,354	82,425
Lease liabilities - Equipment leasing	9,771	10,565
LEASE LIABILITIES - LEASING	**88,124**	**92,990**

NOTE 17. TECHNICAL LIABILITIES RELATING TO INSURANCE CONTRACTS

(in thousands of euros)	DEC. 31, 2020	DEC. 31, 2019
Provisions for unearned premiums	255,380	281,465
Claims reserves	1,372,822	1,361,352
Provisions for premium refunds	175,890	184,402
Liabilities relating to insurance contracts	**1,804,092**	**1,827,219**
Provisions for unearned premiums	(44,891)	(59,130)
Claims reserves	(485,476)	(341,936)
Provisions for premium refunds	(73,086)	(49,301)
Reinsurers' share of insurance liabilities	**(603,453)**	**(450,367)**
NET TECHNICAL PROVISIONS	**1,200,639**	**1,376,852**

Provisions for claims include provisions to cover claims incurred but not reported and shortfalls in estimated provisions for claims reported. These amounted to €780 million at December 31, 2020.

NOTE 18. PAYABLES ARISING FROM BANKING ACTIVITIES

(in thousands of euros)	DEC. 31, 2020	DEC. 31, 2019
Amounts due to banking sector companies	535,447	523,020
Amounts due to customers of banking sector companies	357,384	301,058
Debt securities	1,425,562	1,538,727
TOTAL	**2,318,392**	**2,362,805**

The lines "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 19. DEFERRED TAX

(in thousands of euros)	DEC. 31, 2020	DEC. 31, 2019
Deferred tax assets	(49,250)	(64,042)
Deferred tax liabilities	110,507	107,357
NET DEFERRED TAX - LIABILITIES	**61,256**	**43,315**
Timing differences	(11,753)	(16,705)
Provisions for pensions and other employment benefit obligations	(9,135)	(9,951)
Tax loss carry forwards	(6,391)	(7,290)
Cancellation of the claims equalization provision	88,535	77,261
NET DEFERRED TAX - LIABILITIES	**61,256**	**43,315**

Deferred tax assets and liabilities are assessed at the rate applicable on the date on which the asset will be realised or the liabilities will be settled.

The French tax law for 2020 cuts the corporate income tax rate from 33.33% to 25% gradually until 2022 for companies with more than €250 million of turnover. This future rate change has been taken into account in the valuation of deferred taxes of Coface Group's French entities.

Each entity nets deferred tax assets and liabilities whenever netting of due tax assets and liabilities is legally authorised.

Changes in deferred tax balances by region

Deferred tax with positive signs are deferred tax liabilities. Those with negative signs are deferred tax assets.

(in thousands of euros)	DEC. 31, 2018	CHANGE THROUGH INCOME STATEMENT	REVALUATION ADJUSTMENT ON AFS INVESTMENTS	CURRENCY TRANSLATION VARIATION	SCOPE ENTRY	OTHER MOVEMENTS	DEC. 31, 2019
Northern Europe	49,127	4,302	83	(247)	4,206	5	57,476
Western Europe	29,088	(5,665)	(238)	31	0	506	23,722
Central Europe	(2,127)	1,966	(67)	(258)	0	561	75
Mediterranean & Africa	(24,380)	5,531	0	354	0	0	(18,495)
North America	2,402	(278)	489	(221)	0	0	2,392
Latin America	(6,025)	(990)	2,851	1,637	0	0	(2,527)
Asia-Pacific	(4,770)	3,033	234	116	0	0	(1,387)
TOTAL	**43,315**	**7,899**	**3,352**	**1,412**	**4,206**	**1,072**	**61,256**

(in thousands of euros)	DEC. 31, 2018	JAN. 1, 2019*	CHANGE THROUGH INCOME STATEMENT	REVALUATION ADJUSTMENT ON AFS INVESTMENTS	CURRENCY TRANSLATION VARIATION	OTHER MOVEMENTS	DEC. 31, 2019
Northern Europe	58,943	58,943	(9,113)	58	0	(761)	49,127
Western Europe	15,618	15,714	(7,353)	19,834	(15)	909	29,089
Central Europe	(1,069)	(1,069)	(796)	38	109	(409)	(2,127)
Mediterranean & Africa	(17,233)	(17,233)	(7,244)	0	97	0	(24,380)
North America	1,404	1,404	427	537	34	0	2,402
Latin America	(2,902)	(2,902)	(3,449)	(487)	812	0	(6,026)
Asia Pacific	(11,608)	(11,608)	6,786	209	(157)	0	(4,770)
TOTAL	**43,153**	**43,249**	**(20,742)**	**20,189**	**880**	**(261)**	**43,315**

* *Effects related to the first application of IFRS 16.*

The "Other movements" column mainly includes deferred taxes on changes in retirement benefits recognised as equity not reclassifiable to income.

Deferred taxes related to tax losses

The breakdown by region of deferred taxes assets linked to tax losses is as follows:

(in thousands of euros)	DEC. 31, 2020	DEC. 31, 2019
Northern Europe	2,420	986
Western Europe	0	1,422
Central Europe	86	609
Mediterranean & Africa	944	717
North America	(71)	0
Latin America	888	1,083
Asia-Pacific	1,981	2,472
NET DEFERRED TAX - LIABILITIES	**6,391**	**7,290**

The recognition of deferred tax assets on tax losses is subject to a case-by-case recoverability analysis, taking into account the forecasts of the results of each entity. Deferred tax assets on losses are recognised at the level of the entity's income tax results estimated for the period from 2021 to 2025, *i.e.* a recoverability horizon of five years. This recognition results from a Business Tax Plan prepared by each entity based on the Business Plan approved by the Management.

NOTE 20. PAYABLES ARISING FROM INSURANCE AND REINSURANCE OPERATIONS

(in thousands of euros)	DEC. 31, 2020	DEC. 31, 2019
Guarantee deposits received from policyholders and other	1,676	2,630
Amounts due to policyholders and agents	83,159	78,446
Payables arising from insurance and inward reinsurance operations	**84,835**	**81,076**
Amounts due to reinsurers	326,103	135,454
Deposits received from reinsurers	3,194	3,333
Payable arising from ceded reinsurance operations	**329,297**	**138,787**
TOTAL	**414,133**	**219,863**

NOTE 21. OTHER LIABILITIES

(in thousands of euros)	DEC. 31, 2020	DEC. 31, 2019
Current tax payables	**70,621**	**66,295**
Derivatives and related liabilities	**26**	**889**
Accrued personnel costs	51,227	56,621
Sundry payables	197,402	206,781
Deferred income	7,711	9,340
Other accruals	5,879	17,828
Other payables	**262,219**	**290,570**
TOTAL	**332,865**	**357,754**

NOTES TO THE INCOME STATEMENT

NOTE 22. REVENUE

Breakdown of consolidated revenue

(in thousands of euros)	DEC. 31, 2020	DEC. 31, 2019
Premiums – direct business	*1,176,378*	*1,224,651*
Premiums – inward reinsurance	*97,389*	*102,984*
Gross written premiums	**1,273,767**	**1,327,635**
Premium refunds	**(78,111)**	**(95,079)**
Change of provisions for unearned premiums	**8,678**	**3,041**
Earned premiums	1,204,334	1,235,597
Fees and commission income	**143,985**	**140,114**
Net income from banking activities	**58,450**	**64,106**
Other insurance-related services	102	94
Business information and other services	34,523	31,108
Receivables management	9,469	10,069
Income from other activities	**44,094**	**41,271**
Revenue or income from other activities	246,530	245,491
CONSOLIDATED REVENUE	**1,450,864**	**1,481,088**

Consolidated revenue by country of invoicing

(in thousands of euros)	DEC. 31, 2020	DEC. 31, 2019
Northern Europe	297,721	307,464
Western Europe	291,848	294,650
Central Europe	143,081	148,078
Mediterranean & Africa	394,890	394,175
North America	136,518	138,475
Latin America	67,328	80,653
Asia-Pacific	119,478	117,593
CONSOLIDATED REVENUE	**1,450,864**	**1,481,088**

Consolidated revenue by activity

(in thousands of euros)	DEC. 31, 2020	DEC. 31, 2019
Earned premiums - Credit	*1,132,876*	*1,164,752*
Earned premiums - Single risk	*21,141*	*21,193*
Earned premiums - Credit insurance	**1,154,017**	**1,185,945**
Fees and commission income	**143,985**	**140,114**
Other insurance-related services	**102**	**94**
Revenue of credit insurance activity	**1,298,104**	**1,326,153**
Earned premiums - Guarantees	**50,317**	**49,652**
Financing fees	26,995	35,226
Factoring fees	32,758	30,304
Other	(1,302)	(1,424)
Net income from banking activities (factoring)	**58,450**	**64,106**
Business information and other services	34,523	31,108
Receivables management	9,469	10,069
Revenue of business information and other services activity	**43,992**	**41,177**
CONSOLIDATED REVENUE	**1,450,864**	**1,481,088**

NOTE 23. CLAIM EXPENSES

(in thousands of euros)	DEC. 31, 2020	DEC. 31, 2019
Paid claims, net of recoveries	(541,323)	(456,416)
Claims handling expenses	(31,839)	(31,212)
Change in claims reserves	(50,490)	(48,619)
TOTAL	**(623,653)**	**(536,247)**

Claims expenses by period of occurrence

(in thousands of euros)	DEC. 31, 2020 GROSS	DEC. 31, 2020 OUTWARD REINSURANCE AND RETROCESSIONS	DEC. 31, 2020 NET	DEC. 31, 2019 GROSS	DEC. 31, 2019 OUTWARD REINSURANCE AND RETROCESSIONS	DEC. 31, 2019 NET
Claims expenses – current year	(905,412)	391,217	(514,195)	(866,463)	219,596	(646,867)
Claims expenses – prior years	281,759	(94,493)	187,266	330,216	(80,145)	250,071
TOTAL	**(623,653)**	**296,724**	**(326,929)**	**(536,247)**	**139,451**	**(396,796)**

NOTE 24. OVERHEADS BY FUNCTION

(in thousands of euros)	DEC. 31, 2020	DEC. 31, 2019
Policy acquisition costs	(238,453)	(242,675)
Administrative costs	(261,807)	(274,784)
Other insurance activity expenses	(60,971)	(70,739)
Expenses from banking activities, excluding cost of risk	(12,833)	(13,742)
Expenses from services activities	(81,608)	(75,198)
Operating expenses	**(655,672)**	**(677,138)**
Investment management expenses	**(3,420)**	**(4,037)**
Claims handling expenses	**(31,839)**	**(31,212)**
TOTAL	**(690,931)**	**(712,387)**
of which employee profit-sharing	*(2,854)*	*(7,038)*

Total overheads include general insurance expenses (by function), expenses from services activities and expenses from banking activities. Overheads totalled €690,931,000 as at December 31, 2020 *versus* €712,387,000 as at December 31, 2019.

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 25. EXPENSES FROM BANKING ACTIVITIES

(in thousands of euros)	DEC. 31, 2020	DEC. 31, 2020
Charges to allowances for receivables	(97)	(138)
Reversal of allowances for receivables	0	6,559
Losses on receivables	(3)	(8,225)
Cost of risk	**(100)**	**(1,804)**
Operating expenses	**(12,833)**	**(13,742)**
TOTAL	**(12,933)**	**(15,546)**

"Cost of risk" corresponds to the risk-related expense on credit insurance operations conducted by factoring companies, which includes net additions to provisions, receivables written off during the year, and recoveries of amortised receivables.

NOTE 26. INCOME AND EXPENSES FROM CEDED REINSURANCE

(in thousands of euros)	DEC. 31, 2020	DEC. 31, 2019
Ceded claims	180,639	126,829
Change in claims provisions net of recoveries	135,321	12,622
Commissions paid by reinsurers	199,126	136,171
Income from ceded reinsurance	**515,087**	**275,622**
Ceded premiums	(544,788)	(350,573)
Change in unearned premiums provisions	(14,415)	(3,012)
Expenses from ceded reinsurance	**(559,203)**	**(353,585)**
TOTAL	**(44,116)**	**(77,963)**

NOTE 27. INVESTMENT INCOME, NET OF MANAGEMENT EXPENSES (EXCLUDING FINANCE COSTS)

(in thousands of euros)	DEC. 31, 2020	DEC. 31, 2019
Investment income	38,396	50,635
Change in financial instruments at fair value through income	2,883	1,287
o/w hedged by currency derivatives on "Colombes" and "Lausanne" mutual funds	*(317)*	*0*
Net gains on disposals	1,784	(299)
o/w hedged by currency derivatives on "Colombes" and "Lausanne" mutual funds	*(334)*	*(15)*
Additions to/(reversals from) impairment	(4,685)	(6,148)
Net foreign exchange gains/losses	(5,460)	(695)
o/w hedged by currency derivatives on "Colombes" and "Lausanne" mutual funds (1)	*(854)*	*(4,291)*
Investment management expenses	(6,015)	(7,840)
TOTAL	**26,903**	**36,940**

(1) The Colombes and Lausanne funds foreign exchange gains and losses covered by derivatives amount to -€854,000. This amount is broken down into €5,496,000 in realised profit and -€6,350,000 in unrealised losses.

Investment income by class

(in thousands of euros)	DEC. 31, 2020	DEC. 31, 2019
Equities	(6,771)	6,591
Fixed income	22,243	39,771
Investment properties	9,702	8,411
Sub-total	**25,174**	**54,773**
Associated and non consolidated companies	5,234	(4,734)
Exchange rate - change profit/loss*	2,510	(5,259)
Financial and investment charges	(6,015)	(7,840)
TOTAL	**26,903**	**36,940**

** Although derivative instruments are used to hedge the overall currency risk, Coface Group does not apply hedge accounting for accounting purposes.*

NOTE 28. OTHER OPERATING INCOME AND EXPENSES

(in thousands of euros)	DEC. 31, 2020	DEC. 31, 2019
Fit to Win restructuring charges	(323)	(1,308)
Build to Leaed restructuring charges	(4,885)	
Restructuring provisions	(615)	(5,300)
Impairment charge of goodwill in Latin America CGU	(845)	
Other operating expenses	(8,663)	(2,829)
Total other operating expenses	**(15,331)**	**(9,437)**
Gain on sale of italian operational building		2,312
Other operating income	1,544	1,125
Total other operating income	**1,544**	**3,437**
TOTAL	**(13,787)**	**(6,000)**

Other operating income and expenses amounted to -€13.8 million as of December 31, 2020.

Other operating expenses mainly include:

- costs related to Natixis' sale of 29.5% of Coface Group's capital Natixis to Arch Capital Group for €5.6 million;
- internalisation costs of €1.3 million for sales representatives in the United States.

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NOTE 29. INCOME TAX EXPENSE

(in thousands of euros)	DEC. 31, 2020	DEC. 31, 2019
Income tax	(36,805)	(76,177)
Deferred tax	(7,899)	20,743
TOTAL	**(44,704)**	**(55,434)**

Tax proof

(in thousands of euros)	DEC. 31, 2020		DEC. 31, 2019	
Net income	**82,900**		**146,729**	
Non-controlling interests	(4)		10	
Income tax expense	(44,704)		(55,434)	
Badwill	8,910		4,662	
Share in net income of associates	0		0	
Pre-tax income before share in net income of associates and badwill	**118,698**		**197,490**	
Tax rate		32.02%		34.43%
Theoretical tax	(38,007)		(67,996)	
Tax expense presented in the consolidation income statement	(44,704)	37.66%	(55,434)	28.07%
Difference	**6,697**	**(5.64)%**	**(12,562)**	**(6.36)%**
Impact of differences between Group tax rates and local tax rates	10,084	8.50%	24,547	12.43%
Specific local taxes	(2,909)	(2.45)%	(3,118)	(1.58)%
o/w French Corporate value added tax (CVAE)	*(740)*	*(0.62)%*	*(1,375)*	*(0.70)%*
Tax losses for which no deferred tax assets have been recognised	(8,258)	(6.96)%	(4,934)	(2.50)%
Utilisation of previously unrecognised tax loss carryforwards	2,731	2.30%	1,266	0.64%
Dividends paid in France non deductible for tax purposes (1%)		0.00%		0.00%
Liability method impact	(6,221)	(5.24)%	(6,175)	(3.13)%
Other differences	(2,124)	(1.79)%	976	0.49%

The Group's effective income tax rate increased by 9 points from 28.07% at December 31, 2019 to 37.66% at December 31, 2020.

The difference between theoretical tax and tax expense presented in the consolidated income statement comes from a positive impact of differences between Group tax rates and local tax rates. It is offset by the negative impact of tax losses for which no deferred tax assets have been recognised and the liability method impact (mainly in France).

OTHER INFORMATION

NOTE 30. 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 the one in which the issuer of the invoice is located and for inward reinsurance, the country of invoicing is the one in which the ceding insurer is located. Geographic segmentation by invoicing location does not necessarily correspond to 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 December 31, 2020 net income by segment

(in thousands of euros)	NORTHERN EUROPE	WESTERN EUROPE	CENTRAL EUROPE	MEDITERRANEAN & AFRICA
Revenue	**299,691**	**286,216**	**144,556**	**397,272**
o/w Earned Premium	*202,081*	*251,674*	*117,343*	*329,304*
o/w Factoring	*49,879*	*(939)*	*9,510*	*0*
o/w Other insurance-related services	*47,731*	*35,481*	*17,703*	*67,968*
Claims-related expenses (including claims handling costs)	(74,768)	(120,303)	(54,100)	(182,806)
Cost of risk	(32)		(68)	
Commissions	(20,319)	(35,200)	(10,382)	(42,887)
Other internal general expenses	(110,024)	(94,376)	(50,431)	(118,882)
Underwriting income before reinsurance*	**94,548**	**36,337**	**29,575**	**52,697**
Income/(loss) on ceded reinsurance	(22,158)	(27,823)	(9,748)	2,990
Other operating income and expenses	(5,507)	(6,486)	(21)	393
Net financial income excluding finance costs	7,020	(12,115)	8,412	15,405
Finance costs	(197)	(3,336)	(275)	(647)
Operating income including finance costs	**73,706**	**(13,423)**	**27,943**	**70,838**
Badwill			0	
Net income before tax	**73,706**	**(4,513)**	**27,943**	**70,838**
Income tax expense	(25,821)	1,581	(9,789)	(24,816)
Consolidated net income before non-controlling interests	**47,885**	**(2,932)**	**18,154**	**46,022**
Non-controlling interests	(2)		(1)	(1)
NET INCOME FOR THE PERIOD	**47,883**	**(2,932)**	**18,153**	**46,021**

* *Underwriting income before reinsurance is a key financial indicator used by 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, other current operating expenses, and expenses from other activities.*

NORTH AMERICA	LATIN AMERICA	ASIA - PACIFIC	GROUP REINSURANCE	COGERI	HOLDING COMPANY COSTS	INTER- ZONE	GROUP TOTAL
136,519	**67,328**	**119,478**	**720,282**	**29,152**		**(749,631)**	**1,450,864**
123,689	*64,749*	*115,493*	*720,282*			*(720,282)*	*1,204,334*
0	*0*	*0*	*0*			*0*	*58,450*
12,830	*2,579*	*3,985*	*0*	*29,152*		*(29,349)*	*188,080*
(78,764)	(46,837)	(56,383)	(297,175)		(3,927)	291,411	(623,652)
							(100)
(15,055)	(8,453)	(22,493)	(273,334)			273,278	(154,845)
(45,614)	(25,192)	(38,628)	0	(29,191)	(25,091)	36,601	(500,828)
(2,914)	**(13,154)**	**1,974**	**149,773**	**(39)**	**(29,018)**	**(148,341)**	**171,439**
(11,052)	14,965	(13,895)	(127,169)			149,774	(44,116)
(1,300)	(866)						(13,787)
3,221	5,275	3,690		(467)	(962)	(2,575)	26,904
(1,077)	(276)	(634)		(203)	(16,222)	1,127	(21,740)
(13,122)	**5,944**	**(8,865)**	**22,604**	**(709)**	**(46,202)**	**(15)**	**118,699**
							8,910
(13,122)	**5,944**	**(8,865)**	**22,604**	**(709)**	**(46,202)**	**(15)**	**127,609**
4,597	(2,082)	3,106	(7,919)	248	16,185	5	(44,704)
(8,525)	**3,862**	**(5,759)**	**14,685**	**(461)**	**(30,017)**	**(10)**	**82,904**
							(4)
(8,525)	**3,862**	**(5,759)**	**14,685**	**(461)**	**(30,017)**	**(10)**	**82,900**

Analysis of December 31, 2019 net income by segment

(in thousands of euros)	NORTHERN EUROPE	WESTERN EUROPE	CENTRAL EUROPE	MEDITERRANEAN & AFRICA
Revenue	**309,295**	**290,567**	**149,538**	**396,060**
o/w Earned Premium	*208,165*	*255,701*	*120,842*	*334,348*
o/w Factoring	*53,931*	*(705)*	*10,880*	*0*
o/w Other insurance-related services	*47,199*	*35,571*	*17,816*	*61,712*
Claims-related expenses (including claims handling costs)	(85,109)	(88,467)	(51,340)	(154,749)
of which claims handling costs	*(2,500)*	*(7,068)*	*(1,633)*	*(4,634)*
Cost of risk	(2,353)		549	
Commissions	(20,997)	(39,093)	(9,549)	(42,259)
Other internal general expenses	(114,141)	(98,847)	(54,412)	(113,335)
Underwriting income before reinsurance*	**86,695**	**64,160**	**34,786**	**85,717**
Income/(loss) on ceded reinsurance	(9,115)	(37,432)	(9,596)	(15,235)
Other operating income and expenses	(5,231)	(1,618)	-(27)	1,626
Net financial income excluding finance costs	2,239	8,998	5,855	7,737
of which internal investment management		*(1,231)*		
Finance costs	(258)	(2,851)	(612)	(862)
Operating income including finance costs	**74,330**	**31,257**	**30,406**	**78,983**
Badwill			4,662	
Net income before tax	**74,330**	**31,257**	**35,068**	**78,983**
Income tax expense	(20,383)	(8,571)	(9,616)	(21,659)
Consolidated net income before non-controlling interests	**53,947**	**22,686**	**25,452**	**57,324**
Non-controlling interests	(2)	(1)	(2)	15
NET INCOME FOR THE PERIOD	**53,945**	**22,685**	**25,450**	**57,339**

* *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, other current operating expenses, and expenses from other activities.*

NORTH AMERICA	LATIN AMERICA	ASIA-PACIFIC	GROUP REINSURANCE	COGERI	HOLDING COMPANY COSTS	INTER-ZONE	GROUP TOTAL
138,474	**80,653**	**117,593**	**978,189**	**26,567**		**(1,005,848)**	**1,481,088**
124,784	*77,881*	*113,875*	*978,189*			*(978,188)*	*1,235,597*
							64,106
13,690	*2,772*	*3,718*		*26,567*		*(27,660)*	*181,385*
(57,103)	(46,796)	(40,893)	(408,105)		(5,698)	402,013	(536,247)
(1,397)	*(615)*	*(350)*			*(5,698)*	*(7,316)*	*(31,212)*
							(1,804)
(20,412)	(10,412)	(22,629)	(373,998)			374,001	(165,348)
(42,940)	(28,618)	(38,555)		(26,535)	(29,174)	34,767	(511,790)
18,019	**(5,173)**	**15,516**	**196,086**	**32**	**(34,872)**	**(195,067)**	**265,899**
(2,869)	(2,873)	4,037	(200,966)			196,086	(77,963)
(994)	244						(6,000)
3,669	10,394	2,850		237	(1,057)	(3,982)	36,940
(71)					*(1,057)*	*(1,677)*	*(4,037)*
(1,498)	(312)	(996)		(94)	(16,207)	2,305	(21,385)
16,327	**2,280**	**21,407**	**(4,880)**	**175**	**(52,136)**	**(658)**	**197,491**
							4,662
16,327	**2,280**	**21,407**	**(4,880)**	**175**	**(52,136)**	**(658)**	**202,153**
(4,477)	(625)	(5,870)	1,338	(48)	14,297	180	(55,434)
11,850	**1,655**	**15,537**	**(3,542)**	**127**	**(37,839)**	**(478)**	**146,719**
							10
11,850	**1,655**	**15,537**	**(3,542)**	**127**	**(37,839)**	**(478)**	**146,729**

NOTE 31. EARNINGS PER SHARE

	DEC. 31, 2020		
	AVERAGE NUMBER OF SHARES	NET INCOME FOR THE PERIOD *(in €k)*	EARNINGS PER SHARE *(in €)*
Basic earnings per share	150,360,581	82,900	0.55
Dilutive instruments	0		
DILUTED EARNINGS PER SHARE	**150,360,581**	**82,900**	**0.55**

	DEC. 31, 2019		
	AVERAGE NUMBER OF SHARES	NET INCOME FOR THE PERIOD *(in €k)*	EARNINGS PER SHARE *(in €)*
Basic earnings per share	151,165,109	146,729	0.97
Dilutive instruments	0		
DILUTED EARNINGS PER SHARE	**151,165,109**	**146,729**	**0.97**

NOTE 32. GROUP'S HEADCOUNT

(in full time equivalent)	DEC. 31, 2020	DEC. 31, 2019
Northern Europe	631	598
Western Europe	937	906
Central Europe	655	622
Mediterranean & Africa	634	596
North America	200	192
Latin America	205	201
Asia-Pacific	134	132
TOTAL	**3,396**	**3,247**

At December 31, 2020, the number of employees of fully consolidated companies was 3,395 full-time equivalents (FTEs) compared to 3,248 at December 31, 2019, an increase of 147 FTEs. The new entity GK Forsikring AS include 24 FTEs.

NOTE 33. RELATED PARTIES

At the end of December 2020, Natixis held 42.86% of Coface Group's shares excluding treasury shares, and 42.20% including treasury shares.

	NUMBER OF SHARES	%
Natixis	64,153,881	42.86%
Public	85,536,083	57.14%
TOTAL	**149,689,964**	**100.00%**

Relations between the Group's consolidated entities and related parties

The Coface Group's main transactions with related parties involve Natixis and its subsidiaries.

The main related-party transactions are as follows:

- financing of a portion of the factoring activity by Natixis SA;
- financial investments with the BPCE and Natixis groups;
- 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:

	DEC. 31, 2020		
Current operating income *(in thousands of euros)*	NATIXIS SA	NATIXIS FACTOR	ELLISPHERE
Revenue (net banking income, after cost of risk)	(908)	0	0
Claims expenses	0	0	0
Expenses from other activities	0	0	0
Policy acquisition costs	0	0	0
Administrative costs	0	0	0
Other current operating income and expenses	0	0	0
OPERATING INCOME/(LOSS)	**(908)**	**0**	**0**

	DEC. 31, 2020			
Related-party receivables and payables *(in thousands of euros)*	BPCE GROUP	NATIXIS SA	NATIXIS FACTOR	ELLISPHERE
Financial investments	**49,077**	**0**	**0**	**0**
Other assets	**0**	**0**	**0**	**0**
Cash and cash equivalents	**0**	**831**	**0**	**0**
Liabilities relating to insurance contracts	**0**	**0**	**0**	**0**
Amounts due to banking sector companies	0	32,935	0	0
Other liabilities	**0**	**0**	**0**	**0**

The €32,935,000 in financing liabilities due to banking sector companies, at the end of December 2020, correspond to borrowings taken out with Natixis to finance the factoring activity.

Current operating income *(in thousands of euros)*	DEC 31, 2019		
	NATIXIS SA	**NATIXIS FACTOR**	**ELLISPHERE**
Revenue (net banking income, after cost of risk)	(2,297)	0	0
Claims expenses	0	4	0
Expenses from other activities	0	0	0
Policy acquisition costs	0	7	0
Administrative costs	0	15	0
Other current operating income and expenses	0	9	0
OPERATING INCOME/(LOSS)	**(2,297)**	**35**	**0**

Related-party receivables and payables *(in thousands of euros)*	DEC. 31, 2019			
	BPCE GROUP	**NATIXIS SA**	**NATIXIS FACTOR**	**ELLISPHERE**
Financial investments	**53,109**	**0**		**0**
Other assets		**0**	**0**	**0**
Cash and cash equivalents		**6,613**	**0**	**0**
Liabilities relating to insurance contracts				**0**
Amounts due to banking sector companies		97,226		0
Other liabilities		**0**		**15**

NOTE 34. KEY MANAGEMENT COMPENSATION

(in thousands of euros)	DEC. 31, 2020	DEC. 31, 2019
Short-term benefits (gross salaries and wages, incentives, benefits in kind and annual bonus)	4,844	4,185
Other long-term benefits	1,425	1,017
Statutory termination benefits	0	0
Share-based payment	804	642
TOTAL	**7,073**	**5,844**

The Group Management Committee was made up of eight members plus the Coface CEO on December 31, 2020.

The line "Other long-term benefits" corresponds to the allocation of free performance shares (fair value under IFRS).

The line "Share-based payment" corresponds to the free performance shares delivered in 2020 and allocated under the LTIP 2017 (fair value under IFRS).

Total attendance fees of €369,000 were paid out to the members of the Board of Directors, and the Audit, Risk, and Compensation Committees in 2020.

NOTE 35. BREAKDOWN OF AUDIT FEES

(in thousands of euros)	MAZARS				KPMG				DELOITTE				OTHER			
	2020	%	2019	%	2020	%	2019	%	2020	%	2019	%	2020	%	2019	%
Statutory and IFRS Audit																
COFACE SA	(320)	29%	0	0%	(22)	13%	(337)	24%	(323)	17%	(310)	15%	0	0%	0	0%
Subsidiaries	(779)	69%	0	0%	(135)	83%	(973)	69%	(1,531)	82%	(1,792)	85%	(19)	34%	0	0%
Sub-total	**(1,099)**	**98%**	**0**	**0%**	**(157)**	**96%**	**(1,310)**	**93%**	**(1,854)**	**99%**	**(2,102)**	**100%**	**(19)**	**34%**	**0**	**0%**
Other fees than Statutory and IFRS Audit																
COFACE SA	0	0%	0	0%	0	0%	(56)	4%	0	0%	30	(1)%	0	0%	0	0%
Subsidiaries	(23)	2%	0	0%	(6)	4%	(37)	3%	(10)	1%	(28)	1%	(37)	66%	0	0%
Sub-total	**(23)**	**2%**	**0**	**0%**	**(6)**	**4%**	**(93)**	**7%**	**(10)**	**1%**	**2**	**0%**	**(37)**	**66%**	**0**	**0%**
TOTAL	**(1,122)**	**100%**	**0**	**0%**	**(163)**	**100%**	**(1,403)**	**100%**	**(1,864)**	**100%**	**(2,100)**	**100%**	**(57)**	**100%**	**0**	**0%**

(in thousands of euros)	TOTAL			
	2020.12	%	2019.12	%
Statutory and IFRS Audit				
COFACE SA	(665)	21%	(647)	18%
Subsidiaries	(2,464)	77%	(2,765)	79%
Sub-total	**(3,129)**	**98%**	**(3,412)**	**97%**
Other fees than Statutory and IFRS Audit				
COFACE SA	0	0%	(26)	1%
Subsidiaries	(76)	1%	(65)	2%
Sub-total	**(76)**	**1%**	**(91)**	**3%**
TOTAL	**(3,206)**	**100%**	**(3,503)**	**100%**

In the 2020 financial year, Mazars replaced KPMG as co-auditor. The remaining KPMG fees correspond to services performed for the audit of the 2019 accounts.

Fees for services other than the certification of accounts correspond mainly to (i) engagements to issue assurance reports on financial or regulatory information, (ii) tax services outside France, such as tax reporting support services, and (iii) other authorised advisory services.

NOTE 36. OFF-BALANCE SHEET COMMITMENTS

(in thousands of euros)	DEC. 31, 2020 TOTAL	RELATED TO FINANCING	RELATED TO ACTIVITY
Commitments given	**1,029,839**	**1,018,188**	**11,651**
Endorsements and letters of credit	1,018,188	1,018,188	0
Property guarantees	7,500		7,500
Financial commitments in respect of equity interests	4,151		4,151
Commitments received	**1,537,881**	**1,018,976**	**518,905**
Endorsements and letters of credit	117,702		117,702
Guarantees	398,704		398,704
Credit lines linked to commercial paper	700,000	700,000	0
Credit lines linked to factoring	318,976	318,976	0
Financial commitments in respect of equity interests	2,500		2,500
Guarantees received	**401,315**		**401,315**
Securities lodged as collateral by reinsurers	401,315		401,315
Financial market transactions	**163,766**		**163,766**

The endorsements and letters of credit correspond mainly to:

- a joint guarantee of €380,000,000 in favour of investors in COFACE SA subordinated notes (10-year maturity);
- a €7,000,000 guarantee from Cofinpar
- a joint guarantee of €631,188,000 given to banks financing the factoring business.

The securities lodged as collateral by reinsurers involve Coface Re in the amount of €365,715,000 and Compagnie française d'assurance pour le commerce extérieur in the amount of €35,600,000.

(in thousands of euros)	DEC. 31, 2019 TOTAL	RELATED TO FINANCING	RELATED TO ACTIVITY
Commitments given	**1,055,216**	**1,037,195**	**18,021**
Endorsements and letters of credit	1,037,195	1,037,195	
Property guarantees	7,500		7,500
Financial commitments in respect of equity interests	10,521		10,521
Commitments received	**1,503,863**	**1,018,308**	**485,555**
Endorsements and letters of credit	140,576		140,576
Guarantees	342,479		342,479
Credit lines linked to commercial paper	700,000	700,000	
Credit lines linked to factoring	318,308	318,308	
Financial commitments in respect of equity interests	2,500		2,500
Guarantees received	**382,200**		**382,200**
Securities lodged as collateral by reinsurers	382,200		382,200
Financial market transactions	**281,097**		**281,097**

NOTE 37. OPERATING LEASES

Leases for future years are mainly recorded in the balance sheet since the implementation of IFRS 16 on January 1, 2019.

NOTE 38. RELATIONSHIP BETWEEN PARENT COMPANY AND SUBSIDIARIES

Coface Group's main operational subsidiary is the Compagnie française d'assurance pour le commerce extérieur (la Compagnie). This subsidiary, which is wholly owned by the Company, is a public limited company (société anonyme) under French law, with share capital of €137,052,417.05, registered in the Nanterre Trade and Companies Registry under number 552 069 791.

The main flows between COFACE SA, the listed parent company, and la Compagnie are as follows:

- financing:
  - COFACE SA and la Compagnie have granted each other one ten-year loan,
  - in net terms, COFACE SA finances la Compagnie,
  - La Compagnie stands as surety for the bond issue floated by COFACE SA,
  - a two-way cash flow agreement exists between COFACE SA and la Compagnie,
  - COFACE SA delegates to la Compagnie management of its commercial paper programme and of its cash management;
- dividends:
  - La Compagnie pays dividends to COFACE SA;
- tax consolidation:
  - La Compagnie forms part of the tax consolidation group headed by COFACE SA.

The table below summarises the interim balance of la Compagnie française d'assurance pour le commerce extérieur and its principal financial flows at December 31, 2020:

(in thousands of euros)	LISTED COMPANY	COMPAGNIE FRANÇAISE POUR LE COMMERCE EXTÉRIEUR (INCLUDING BRANCHES)	OTHER ENTITIES	ELIMINATIONS	TOTAL
Revenue	1,993	1,322,475	888,543	(762,147)	1,450,864
Current operating income	10,346	80,458	104,390	(40,970)	154,224
Net income	(13,689)	4,956	91,634		82,901
Fixed assets	1,837,325	5,186,339	1,301,320	(4,998,422)	3,326,562
Indebtedness outside the Group	389,808		1		389,809
Cash and cash equivalent	545	252,426	147,999		400,969
Net cash generated from operating activities	26,380	81,726	86,251		194,358
Dividends paid to the quoted company		0	0		0

NOTE 39. FIRST TIME CONSOLIDATION OF COFACE GK

Coface GK has been part of Coface Group's consolidation scope since July 1, 2020.

In accordance with IFRS 3 Business Combinaisons, initial recognition of assets, liabilities and minority interests shall be adjusted, up to 12 months after the acquisition date, to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The review has ended and the initial recognition of assets and liabilities was finalised in the consolidation financial statement as of December 31, 2020.

The main balance sheet aggregates at July 1, 2020 are summarised in the chart below:

(in thousands of euros)	BILAN D'OUVERTURE
Asset aggregates	
Insurance business investment	26,693
Reinsurers' share of insurance liabilities	9,626
Building used in the business and other property, plant and equipment	82
Receivables arising from insurance and reinsurance operations	2,201
Trade receivables	465
Cash	4,795
Liability aggregates	
Liabilities relating to insurance contracts	14,557
Payables arising from insurance and reinsurance operations	4,097
Other payables	621

Coface GK's contribution to Coface Group's 2020 net income is summarised in the chart below:

(in thousands of euros)	INCOME STATEMENT
Revenue	5,992
Net income before badwill	(765)
Badwill	8,910

NOTE 40. BREXIT

The UK's exit from European Union under Brexit leads to a loss of the European passport for financial services.

The Coface Group has held discussions with its customers in order to adapt the insurance policies affected by this matter.

NOTE 41. EVENTS AFTER THE REPORTING PERIOD

On February 10, 2021, Natixis and Arch Capital announced that the sale of a 29.5% stake in Coface capital had received all the necessary approvals for its closing. In line with the announcements made in February 2020, all the directors representing Natixis have resigned. The Board then co-opted four directors presented by Arch as well as Bernardo Sanchez Incera, who was then appointed Chairman of the Board. As of today, Coface's Board of Directors has therefore 10 members, 4 women and 6 men, the majority (6) of whom are independent directors.

NOTE 42. RISK MANAGEMENT

The sections which are an integral part of the Group's financial statements relating to risk management are presented in Chapter 5, paragraph 5.1 “Risk management and internal control” and 5.2 “Risk factors”.

4.3 PARENT COMPANY FINANCIAL STATEMENTS

4.3.1 Balance sheet

Assets

(in thousands of euros)	Notes	DEC. 31, 2020	DEC. 31, 2019
Fixed assets			
Intangible assets	4.1.1	-	-
Financial assets		-	-
Interests in related companies	4.1.2	1,502,744	1,502,744
Loans to affiliates and subsidiaries	4.1.3	324,074	324,074
			1,826,819
Current assets			
French government and other authorities		4,852	4,157
Compagnie française current account			14,962
Coface Finanz current account		537,244	433,610
Miscellaneous receivables		17,025	7,401
	4.1.4	**559,121**	**460,130**
Investment securities			
Treasury shares	4.1.5	10,551	8,700
Cash at bank and in hand	4.1.6	545	6,330
Prepaid expenses	4.1.7	402	2,155
		570,619	**477,315**
Deferred charges	4.1.8	990	1,321
Loan repayment premiums	4.1.9	577	769
Foreign exchange assets		**4,733**	**503**
TOTAL ASSETS		**2,403,738**	**2,306,727**

Equity and liabilities

(in thousands of euros)	Notes	DEC. 31, 2020	DEC. 31, 2019
Equity			
Capital		304,064	304,064
Share capital premiums		810,436	810,436
Other reserves		198,549	65,872
Income for the year		(18,938)	132,677
	4.2.1 - 4.2.2	**1,294,110**	**1,313,049**
Provisions for liabilities and charges	**4.2.3**		
Provision for liabilities		4,732	503
Provision for charges		5,300	5,263
		10,032	**5,766**
Debts			
Bank borrowings and debts		537,692	438,728
Other bond issues		391,756	391,756
Sundry borrowings and debts		150,929	151,123
Trade notes and accounts payable		7,928	1,718
Tax and social security liabilities		4,212	4,081
Other payables			
Group and Subsidiaries Tax		2,315	
	4.2.4	**1,094,832**	**987,408**
Foreign currency translation reserve – liabilities		**4,763**	**504**
TOTAL EQUITY AND LIABILITIES		**2,403,738**	**2,306,727**

4.3.2 Income statement

(in thousands of euros)	Notes	DEC. 31, 2020	DEC. 31, 2019
Operating income (I)		**3,734**	**2,478**
Rebilled expenses and other income		3,734	2,478
Reversals of provisions and expense transfers			-
Operating expenses (II)		**13,550**	**6,480**
Other purchases and external expenses		9,938	3,391
Income tax, taxes, and similar payments		13	25
Employee-related expenses		102	143
Other expenses		3,166	2,022
Depreciation and amortisation		330	899
Operating income (I-II)	**5.1**	**(9,816)**	**(4,002)**
Financial income (III)		**14,894**	**156,676**
Investment income			140,857
Other financial income		14,894	15,819
Income from SICAV sales			-
Financial expenses (IV)		**25,197**	**20,976**
Interest and similar expenses		20,775	20,605
Depreciation and amortisation		4,422	371
Financial income (III-IV)	**5.2**	**(10,303)**	**135,701**
Non-recurring income (V)		**-**	**-**
On capital transactions		-	-
On management transactions		-	-
Non-recurring expenses (VI)	**5.3**	**-**	**-**
On capital transactions		-	-
On management transactions		-	-
Non-recurring income (V-VI)		**0**	**0**
Income tax (income)	**5.4**	**(1,180)**	**(979)**
NET INCOME FOR THE YEAR		**(18,938)**	**132,677**

4.4 NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT EVENTS

Changes to shareholder structure

Natixis announced on February 25 the sale of 29.5% of Coface's capital to Arch Capital Group Ltd and declared its intention to no longer sit on the Board of Directors of Coface once the transaction is completed. Natixis also specified that its agreement with Arch provides that, on that date, the Board will be comprised of ten members, four of whom are appointed by Arch and six independent directors (including the five current independent directors).

The Board of Directors of Coface, in conjunction with the Appointments and Remuneration Committee, has decided to search for the future Chairman of the Board of Directors whose term of office will begin on the date the transaction is completed. The Chairman of the Board of Directors will be an independent director.

Completion of the transaction is subject to obtaining all the required regulatory authorisations. Arch Capital has confirmed its support for Coface's management team and its new 2023 Build to Lead strategic plan.

Changes in governance

Appointments to the Board of Directors of Coface

At its meeting on September 9, 2020, the Board of Directors of COFACE SA appointed Nicolas Namias, Chief Executive Officer of Natixis, as a director and then elected him Chairman of the Board of Directors. He succeeds François Riahi who is leaving the Board of Directors of COFACE SA following his departure from Natixis.

Implementation of two share buyback programmes

Through its Build to Lead strategic plan, Coface continues to improve the capital efficiency of its business model. Confident in the strength of its balance sheet, in 2020 Coface launched a share buyback programme for a total amount of €15 million.

The description of this programme is as follows:

- A programme of €15 million maximum was launched on October 27, 2020 and runs until February 9, 2021. On December 31, 2020, Coface had bought 1,110,677 shares with a value of €8,613,694.42.

NOTE 2. ACCOUNTING PRINCIPLES

Accounting principles and policies

The financial statements for the year ended have been prepared in accordance with generally accepted accounting principles and the French General Chart of Accounts (Regulation ANC No. 2014-03 of the Accounting Regulation Committee in accordance with the principles of prudence and business continuity).

Financial assets

Equity securities are reported in the balance sheet at cost. A depreciation is recorded when the realisable value (determined according to the restated equity, income, future outlook and value in use for the Company) is less than the acquisition value.

The value in use is determined using the discounted cash flow method. Cash flow projections were derived from the three-year business plans drawn up by the Group's operating entities as part of the budget process and approved by Coface Group management.

These projections are based on the past performance of each entity and take into account assumptions relating to Coface's business line development. Coface draws up cash flow projections beyond the period covered in its business plans by extrapolating the cash flows over two additional years.

The assumptions used for growth rates, margins, cost ratios and claims ratios are based on the entity's maturity, business history, market prospects, and geographic region.

Under the discounted cash flow method, Coface applies a discount rate to insurance companies and a perpetuity growth rate to measure the value of its companies.

Receivables and payables

Receivables and payables are valued at their face value. They are depreciated through a provision to account for potential collection difficulties.

Investment securities

Units in money-market funds (SICAV) are recorded according to the FIFO (first in, first out) method. Unrealised losses or gains resulting from an evaluation of the portfolio at the close of the financial year are reintegrated (or deducted) for calculating the tax income.

Start-up costs

According to Article 432-1 of the French General Chart of Accounts, the stock market listing costs incurred by the Company may be recorded as start-up costs.

These costs are amortised over five years, with the first and last year amortised pro rata temporis in accordance with the French General Chart of Accounts instructions (Article 361-3).

Issuing charges

According to the French General Chart of Accounts (Article 361-2), the costs linked to the hybrid debt issued must be in principle distributed according to the characteristics of the loan. These costs were recorded in deferred charges and amortised on a straight-line basis for the term of the loan, *i.e.* 10 years.

Consistency of methods

The financial statements for the year are comparable to those of the previous year (consistency of accounting methods and time period principle).

The balance sheet, income statement and notes are expressed in euros.

NOTE 3. OTHER DISCLOSURES

a) Consolidating entity

COFACE SA has been fully consolidated since 2007 by Natixis whose head office is located at 30, avenue Pierre-Mendès-France 75013 Paris, France.

b) Tax consolidation group

On January 1, 2015, COFACE SA opted for the tax consolidation regime by consolidating French subsidiaries that are more than 95% owned, whether directly or indirectly (Compagnie française d'assurance pour le commerce extérieur, Cofinpar, Cogeri and Fimipar).

The tax consolidation agreements binding the parent company to its subsidiaries are all strictly identical and stipulate that:

- each company shall calculate its tax as if there were no tax consolidation, and the parent company alone shall be liable for the payment of corporate income tax;
- the parent company shall recognise tax savings in income and shall not reallocate them to subsidiaries unless the subsidiary leaves the Group.

The option is valid for five years starting from January 1, 2015 with tacit renewal of the option every 5 years.

c) Staff and managers

COFACE SA has no staff on its payroll and has no pension commitment.

d) Off-balance sheet commitments

- Commitments received: €700 million.

This is a syndicated loan with six banks (Société Générale, Natixis, CACIB, BNP Paribas, HSBC and BRED), unused as of December 31, 2020, in the amount of €700 million.

- Commitments given: €1,131 million.

COFACE SA has issued a joint and several surety bond in favour of Coface Finanz, a company indirectly owned by COFACE SA, for the sums which will be due by Coface Poland Factoring in repayment of the loan granted to the latter, for a maximum amount of €500 million (renewed in January 2021 for the same amount). This joint and several guarantee has never been exercised since 2012.

COFACE SA has issued a joint surety bond to hedge the commitments of Coface Finanz and Coface Poland Factoring under bilateral lines of credit taken out with eight banks. This guarantee in 2020 amounts to €631 million (€650 million in 2019 and €684 million in 2018). This joint and several guarantee has never been exercised.

NOTE 4. ANALYSIS OF THE MAIN BALANCE SHEET ITEMS (IN EUROS)

4.1. Assets

4.1.1 Intangible assets

(in thousands of euros)	GROSS 2020	AMORTISATION	NET 2020
Set-up costs	0	0	0

Set-up costs include initial public offering (IPO) costs amortised over five years.

4.1.2 Interests in related companies and companies with capital ties

RELATED COMPANIES *(in thousands of euros)*	DEC. 31, 2019	ACQUISITIONS	DISPOSALS	DEC. 31, 2020
Compagnie française d'assurance pour le commerce extérieur	1,337,719			1,337,719
Coface Re	165,025			165,025
	1,502,744			**1,502,744**

4.1.3 Loans to affiliates and subsidiaries

RELATED COMPANIES *(in thousands of euros)*	AMOUNT	INTEREST	TOTAL
Compagnie française d'assurance pour le commerce extérieur	314,000	10,074	324,074

On March 27, 2014, COFACE SA granted a subordinated intragroup loan to Compagnie française d'assurance pour le commerce extérieur in the amount of €314 million, maturing on March 26, 2024 (10 years) and bearing annual interest at 4.125%, payable at the anniversary date each year.

4.1.4 Other receivables

(in thousands of euros)	DEC. 31, 2020	UP TO 1 YEAR	FROM 1 TO 5 YEARS	DEC. 31, 2019
French government and other authorities	4,852	4,852		4,157
Coface Finanz EUR current account	479,998	479,998		362,119
Coface Finanz USD current account	57,247	57,247		71,491
Miscellaneous receivables	17,025	13,157	3,868	22,363
Group and Subsidiary in tax consolidation	0	0		14,962
Coface Factoring Poland	*474*	*474*		*397*
Natixis liquidity agreement	*1,647*	*1,647*		*1,647*
Kepler Mandate Share buyback	*8,750*	*8,750*		
Other receivables	*6,154*	*2,286*	*3,868*	*5,357*
OTHER RECEIVABLES	**559,121**	**555,253**	**3,868**	**460,130**

The "Other receivables" item in miscellaneous receivables primarily consists of:

- expenses to be rebilled in connection with the award of bonus shares for €5,339,356;
- costs of €10,397,124 related to the ODDO mandate share buyback.

4.1.5 Treasury shares

Number of shares held	DEC. 31, 2019	ACQUISITIONS	DISPOSALS	DEC. 31, 2020
Liquidity agreement	104,486	2,548,956	2,485,203	168,239
Bonus share awards	896,266	500,000	333,197	1,063,069
Share buyback plan	0	1,110,677	0	1,110,677
	1,000,752	**4,159,633**	**2,818,400**	**2,341,985**

Liquidity agreement

With effect from July 7, 2014, Coface appointed Natixis to implement a liquidity agreement for COFACE SA shares traded on Euronext Paris, in accordance with the charter of ethics of the French financial markets' association (*Association française des marchés financiers* – AMAFI) dated March 8, 2011 and approved by the AMF on March 21, 2011.

The Group had allocated €5 million (reduced by €2 million in 2017) to the liquidity account for the purposes of the agreement, which is for a period of 12 months and has been renewed by tacit agreement annually in July since 2015 (see Note 4.1.4).

The liquidity agreement is part of the share buy-back programme decided by the Board of Directors' meeting of June 26, 2014. The liquidity agreement dated July 2, 2014, originally concluded with Natixis, was transferred as of July 2, 2018 to the company ODDO BHF for a term of twelve (12) months, automatically renewable.

Bonus share award

Since its IPO in 2014, the Coface Group has granted bonus shares to certain corporate officers or employees of COFACE SA subsidiaries.

In 2020, the Board of Directors decided to allot 312,200 bonus shares. This award completes the 2018 and 2019 plans allocating 298,132 and 372,268 shares, respectively.

As a condition of and subject to acceptance by the General Meeting, COFACE SA will acquire the shares necessary for the allocation of these shares.

On May 14, 2019, at the General Meeting of Shareholders, the call option was once again granted to acquire 500,000 new shares in addition to the 400,000 shares previously acquired.

Under French standards, the acquisition of shares under a bonus share award constitutes a component of remuneration. The provision should be recognised in staff costs by crediting the line item "Provisions for expenses" and be spread out, where delivery of the shares is conditional upon the beneficiaries' working for the Company at the end of a future period set by the plan.

Accordingly, this charge will be recognised in the accounts using the acquisition price spread over the vesting period, namely three years. As COFACE SA did not acquire sufficient shares, it must also take into consideration the number of missing shares multiplied by the share price on the last day of the financial year to calculate the amount of this charge. At the end of 2020, the stock of "Provision for charges" amounted to €5,299,771.

At December 31, 2020, the Group's treasury shares had a gross and net value of €10,550,726, broken down as follows:

- liquidity agreement: €1,142,337;
- bonus share award: €9,408,390.

4.1.6 Cash at bank and in hand

(in thousands of euros)	DEC. 31, 2020	DEC. 31, 2019
Natixis	545	6,330

4.1.7 Prepaid expenses

(in thousands of euros)	DEC. 31, 2020	DEC. 31, 2019
Natixis: liquidity agreement		0
Expenses related to the syndicated loan	188	188
Fees related to the strategy	109	1,862
Moody's: issuer rating	104	104
TOTAL	**402**	**2,155**

4.1.8 Deferred charges

(in thousands of euros)	GROSS 2020	AMORTISATION	NET 2020
Expenses linked to subordinated debt	1,321	330	990

Deferred charges include costs linked to the issuance of the subordinated debt amortised over a period of 10 years.

4.1.9 Loan reimbursement premiums

(in thousands of euros)	GROSS 2020	AMORTISATION	NET 2020
Premium linked to subordinated debt	769	192	577

The premium linked to subordinated debt is amortised over 10 years.

4.2. Liabilities

4.2.1 Changes in equity

(in euros)	DEC. 31, 2019	APPROPRIATION OF EARNINGS	TRANSACTIONS FOR THE YEAR	DISTRIBUTION	INCOME FOR THE YEAR	DEC. 31, 2020
Share capital (NV = €2)	304,064,898					304,063,898
Number of shares	152,031,949					152,031,949
Share premium	810,435,517					810,435,517
Legal reserve	31,449,646					31,449,646
Other reserves	11,247,482					11,247,482
Retained earnings	23,175,245	132,677,046				155,852,291
Income for the year	132,677,046	(132,677,046)			(18,938,377)	(18,938,377)
TOTAL	**1,313,048,834**	**0**	**0**	**0**	**(18,938,377)**	**1,294,110,458**

COFACE SA's total equity amounted to €1,294,110,458.

Share premiums include share premiums, issue premiums (of which €471,744,696 are unavailable premiums) and share issue warrants for €15,725.

In accordance with the decision of the Ordinary Shareholders' Meeting of May 14, 2020, income for 2019 has been allocated as retained earnings (€132,677,046), bringing total retained earnings to €155,852,291.

4.2.2 Composition of capital

	DEC. 31, 2020		DEC. 31, 2019	
Shareholders				
Financial market and other	55.7%	84,682,884	56.7%	86,315,510
Natixis	42.2%	64,153,881	42.2%	64,153,881
Group Employee funds	0.6%	853,199	0.4%	561,806
Treasury shares	1.5%	2,341,985	0.7%	1,000,752
NUMBER OF SHARES		**152,031,949**		**152,031,949**
Nominal value (in euros)		*2*		*2*

4.2.3 Provisions for liabilities and charges

(in thousands of euros)	DEC. 31, 2019	ADDITIONS	REVERSALS	DEC. 31, 20120
Provision for FX losses	503	4,230		4,733
Provision for bonus share award	5,263		(37)	5,300
TOTAL	**5,766**	**4,230**	**(37)**	**10,032**

4.2.4 Debts

(in thousands of euros)	UP TO 1 YEAR	FROM 1 TO 5 YEARS	MORE THAN 5 YEARS	DEC. 31, 2020	DEC. 31, 2019
Bank borrowings and debts	**537,692**			**537,692**	**438,728**
Commercial paper: discounted fixed rate	537,368			537,368	438,600
CP accrued interest	324			324	128
Other bond issues	**11,756**		**380,000**	**391,756**	**391,756**
Subordinated bonds			380,000	380,000	380,000
Accrued interest	11,756			11,756	11,756
Sundry borrowings and debts	**929**		**150,000**	**150,929**	**151,123**
Coface borrowing (Compagnie française d'assurance pour le commerce extérieur)			150,000	150,000	150,000
Accrued interest on Coface borrowing	201			201	201
Group creditor account	728			728	922
Coface cash advance and accrued interest					-
Trade notes and accounts payable	**7,928**			**7,928**	**1,718**
Tax and social security liabilities	**4,212**			**4,212**	**4,081**
Other debts					**-**
TOTAL DEBTS	**562,517**		**530,000**	**1,092,517**	**987,408**

After approval by the Banque de France on November 6, 2012, on November 13, 2012, COFACE SA issued commercial paper for €250 million (with a maturity of one to three months). This programme, intended to refinance the factoring portfolio in Germany, was rated F1 and P2 by the Fitch and Moody's rating agencies.

The amount raised was fully loaned to Coface Finanz through a cash agreement and all fees incurred were recharged.

Since July 28, 2017, this programme, managed by Société Générale, totalled €650 million under commercial paper and €100 million under an emergency credit line *via* six intermediary banks. During 2018, commercial paper was issued in USD. At the end of 2020, the EUR and USD portions were €480 million and €57 million respectively, equivalent to €537 million in total.

From February 2016 until March 31, 2020, the issuance rates on commercial paper were negative.

On March 27, 2014, COFACE SA completed the issue of 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 27, 2024 (10 years), with an annual interest rate of 4.125%.

Concerning the rating agencies:

- Moody's reaffirmed the Group's Insurer Financial Strength Ratings (IFS) of A2 on 27 March 2020 (with a "negative" outlook);
- Fitch placed Coface's ratings on negative watch (including the financial strength rating (IFS) on March 31, 2020). It kept Coface's ratings on negative watch on November 5, 2020;
- On February 24, 2020, AM Best assigned the financial Strength rating (FSR) 'A' (Excellent) to Compagnie française d'assurance pour le commerce extérieur (la Compagnie) as well as to Coface Re. These ratings have a "stable" outlook.

In December 2014, COFACE SA borrowed €110 million at a rate of 2.30% over a period of 10 years from Compagnie française d'assurance pour le commerce extérieur for the acquisition of Coface Re, followed in June 2015 by a second tranche of €40 million for sending additional funds to Coface Re (see Note 4.1.2).

The "Trade notes and accounts payable" item mainly consists of charges payable in respect of fees related to the sale of 29.5% of the Coface Group's capital by Natixis to Arch Capital, Statutory Auditors' fees in the amount of €908,000 and costs for the CP management mandate in the amount of €152,000.

Tax and social liabilities comprise current accounts for entities under tax consolidation (Cogeri, Fimipar, Compagnie française d'assurance pour le commerce extérieur and Cofinpar).

NOTE 5. ANALYSIS OF THE MAIN INCOME STATEMENT ITEMS

Operating income

(in thousands of euros)	DEC. 31, 2020	DEC. 31, 2019
Operating income	**3,734**	**2,478**
Commercial paper structuring costs	916	804
Other income	2,818	1,674
Operating expenses	**(13,550)**	**(6,480)**
Other purchases and external expenses	**(9,938)**	**(3,391)**
Statutory Auditors' fees	(666)	(672)
Insurance Policy	(579)	(102)
Other Fees	(6,787)	(1,080)
Financial Information	(30)	(25)
Rebilling Group payroll costs and related expenses	0,	0,
Legal advertising costs	(17)	(5)
Bank fees	0,	(1)
Marsh Insurance	538	0,
Fees and commissions on services	(2,301)	(1,424)
Expenses related to the issuance of subordinated debt	(2)	(2)
Reception fees	(13)	0,
Royalty fee	(80)	(79)
Income tax, taxes, and similar payments	**(14)**	**(25)**
Employee-related expenses	**(102)**	**(143)**
Social security charges on attendance fees	(102)	(143)
Other expenses	**(3,166)**	**(2,022)**
Attendance fees	(348)	(348)
Expenses linked to the bonus share award	(2,818)	(1,674)
Depreciation and amortisation	**(330)**	**(899)**
Amortisation of set-up costs	0,	(569)
Amortisation of costs linked to subordinated debt	(330)	(330)
OPERATING INCOME	**(9,816)**	**(4,002)**

The "Statutory Auditors' fees" item of €665,711 includes €621,000 in statutory audit fees and €45,000 for other audits underway.

The "Other fees" item mainly includes legal fees, services provided by rating agencies as well as costs related to the management of commercial paper and costs related to the sale of 29.5% of Coface Group's capital by Natixis to Arch Capital.

The "Fees and commissions on services" item of €2,301,478 corresponds to expenses relating to contingent equity and strategic projects.

Financial income

(in thousands of euros)	DEC. 31, 2020	DEC. 31, 2019
Financial income	**14,894**	**156,676**
Income from equity securities	**0**	**140,857**
Dividend	0	140,857
Other financial income	**14,894**	**15,819**
Interests linked to the CP programme and syndicated loan	708	1,462
Income on guarantees	1,234	1,405
Loan interest	12,953	12,953
Financial expenses	**(25,197)**	**(20,976)**
Interest and similar expenses	**(20,775)**	**(20,605)**
Fees and commissions linked to the CP programme	(865)	(705)
Interest on bond loan	(15,675)	(15,675)
Interest on borrowings	(3,450)	(3,450)
Interest on cash advance	(5)	(16)
Foreign exchange loss	(20)	1,
Guarantee expenses	(760)	(760)
Depreciation and amortisation	**(4,422)**	**(371)**
Amortisation of repayment premium	(4,422)	(371)
FINANCIAL INCOME	**(10,303)**	**135,700,**

Financial income primarily consists of the €15.7 million dividend received from Compagnie française d'assurance pour le commerce extérieur and €13 million in interest on the €314 million loan granted to Compagnie française d'assurance pour le commerce extérieur.

Financial expenses primarily consist of €380 million in interest on the bond loan and the €150 million loan taken out at the end of 2014 from Compagnie française d'assurance pour le commerce extérieur.

For the Reimbursement premium amortization the cost is linked to exchange rate.

Non-recurring income

(in thousands of euros)	DEC. 31, 2020	DEC. 31, 2019
NON-RECURRING INCOME	**0**	**0**
Gains on treasury share sales	0	0
On prior years	0	0
NON-RECURRING EXPENSES	**0**	**0**
Miscellaneous	0	0
TOTAL	**0**	**0**

Income tax

(in thousands of euros)	DEC. 31, 2020	DEC. 31, 2019
Accounting income before income tax	**(20,118)**	**131,698**
Deductions:	(4,230)	(141,036)
• Coface Europe dividend (parent/subsidiary regime)	0	(140,857)
• Bonus Share Awards to be rebilled	0	0
• Default interest	0	0
• Foreign currency translation reserve – assets	(4,230)	(179)
Reintegrations:	8,489	2,397
• Share of costs 1% on Group dividend	0	2,037
• Bonus Share Award expenses	0	0
• Provision for foreign exchange losses	4,230	179
• Foreign currency translation reserve – liabilities	4,259	181
Taxable income	**(15,859)**	**(6,940)**
• Corporate tax (rate 33 1/3%)	0	0
• 3% tax on dividends paid to external (outside the tax consolidation group)	0	0
Corporate tax before tax consolidation	**0**	**0**
Net income from consolidated companies	**(1,180)**	**979**
Corporate income tax (income)	**(1,180)**	**979**

The application of the tax consolidation agreement resulted in a consolidation gain of €1,179,988 for financial year 2020, compared to a gain of €978,886 in 2019.

COFACE SA’s tax loss carry-forward prior to the tax consolidation was €2,788,100 for 2014.

Statutory Auditors’ fees

This information is available in the Coface Group consolidated financial statements as at December 31, 2020, in Note 35.

NOTE 6. INFORMATION REGARDING RELATED COMPANIES

The table below presents all items regarding related companies:

(in thousands of euros)	DEC. 31, 2020	DEC. 31, 2019
Balance Sheet – Assets	**2,378,924**	**2,283,573**
Interests in related companies	1,502,744	1,502,744
Loans to affiliates and subsidiaries	324,074	324,074
Tax Consolidation current account		0
Compagnie française current account	(3,585)	14,182
Coface Finanz current account	537,244	433,610
Coface Poland Factoring current account	474	397
Miscellaneous receivables	17,025	2,235
Cash at bank and in hand	545	6,330
Prepaid expenses	402	0
Balance Sheet – Equity & Liabilities	**157,560**	**155,282**
Sundry borrowings and debts	153,244	151,119
Trade notes and accounts payable		0
Other payables	4,317	4,164
Income statement	**155,489**	**155,489**
Operating income	0	0
Operating expenses	2,558	2,235
Financial income	15,810	157,480
Financial expenses	(4,215)	(4,226)

NOTE 7. SUBSIDIARIES AND INTERESTS

	AS OF DEC. 31, 2020						
					VALUE OF SECURITIES HELD		
	CURRENCY	SHARE CAPITAL	RESERVES AND RETAINED EARNINGS	SHARE OF CAPITAL HELD	GROSS	NET	OUTSTANDING LOANS AND ADVANCES GRANTED BY THE COMPANY
		(in €)		*% (reported)*	*(in €)*		
Compagnie française d'assurance pour le commerce extérieur 1, place Costes et Bellonte 92270 Bois-Colombes	EUR	137,052,417	204,584,015	99.995%	1,337,719,300	1,337,719,300	153,785,857
Coface Re SA Rue Bellefontaine 18 1003 Lausanne – SWITZERLAND	CHF	10,000,000	276,987,802	100%	165,025,157	165,025,157	

	YEAR 2020			
	TURNOVER	NET EARNINGS OR LOSS	DIVIDENDS RECEIVED OR RECOGNISED BY THE COMPANY	EXCHANGE RATE DEC. 31, 2020
		(in €)		
Compagnie française d'assurance pour le commerce extérieur 1, place Costes et Bellonte 92270 Bois-Colombes	1,104,290,000	74,909,398	74,909,387	-
Coface Re SA Rue Bellefontaine 18 1003 Lausanne – SWITZERLAND	387,722,905	19,515,459	-	1.0835

NOTE 8. EVENTS AFTER THE REPORTING PERIOD

On February 10, 2021, Natixis and Arch Capital announced that the sale of a 29.5% stake in Coface capital had received all the necessary approvals for its closing. In line with the announcements made in February 2020, all the directors representing Natixis have resigned. The Board then co-opted four directors presented by Arch as well as Bernardo Sanchez Incera, who was then appointed Chairman of the Board. As of today, Coface's Board of Directors has therefore 10 members, 4 women and 6 men, the majority (6) of whom are independent directors.

4.5 FIVE-YEAR SUMMARY OF COMPANY RESULTS

DETAILS *(in euros)*	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**
I – Year-end Capital					
a) Share capital	314,496,464	314,496,464	307,798,522	304,063,898	304,063,898
b) Number of issued shares	157,248,232	157,248,232	153,899,261	152,031,949	152,031,949
c) Number of bonds convertible into shares	-	-	-	-	-
II – Operations and income for the year					
a) Revenue excluding tax	2,269,291	2,844,892	358,946	2,477,628	3,734,093
b) Income before tax, depreciation, amortisation and provisions	77,558,666	20,478,344	123,473,002	132,968,042	(17,758,389)
c) Income tax	517,871 (1)	(1,996,620)	(1,115,937)	(978,886)	1,179,988
d) Income after tax, depreciation, amortisation and provisions	75,381,066	20,815,235	122,604,984	132,677,046	(18,938,377)
e) Distributed profits	20,397,756 (2)	53,290,817 (3)	122,332,846 (4)	0 (5)	82,900,339 (6)
of which interim dividends					
III – Earnings per share					
a) Income after tax, but before depreciation, amortisation and provisions	0.49	0.14	0.81	0.88	0.12
b) Income after tax, depreciation, amortisation and provisions	0.48	0.13	0.80	0.87	0.12
c) Dividend paid to each share	0.13	0.37	0.79	-	0.55
IV – Personnel					
a) Average number of employees in the year	-	-	-	-	-
b) Payroll amount	-	-	-	-	-
c) Amount of sums paid in employee benefits	-	-	-	-	-

(1) In 2016, the tax income comes from the income from tax-consolidated companies.
(2) For 2016, a distribution of €0.13 per share, i.e., €20,397,756 (excluding treasury shares), was distributed as voted by the Annual Shareholders' Meeting of May 17, 2017.
(3) For 2017, a distribution of €0.34 per share, i.e., €52,895,439 (excluding treasury shares), was distributed as voted by the Annual Shareholders' Meeting of May 16, 2018.
(4) For 2018, a distribution of €0.79 per share, i.e., €122,332,846 (excluding treasury shares), was distributed as voted by the Annual Shareholders' Meeting of May 16, 2019.
(5) In view of the scale of the health crisis and following the vote at the Combined General Meeting of 14 May 2020, it was decided not to pay a dividend in respect of the financial year ending December 31, 2019.
(6) For 2020, a distribution of €0.55 per share (€82,900,339) will be submitted to the Shareholders' Meeting of May 12, 2021.

4.6 OTHER DISCLOSURES

Pursuant to Article D.441-6 of the French Commercial Code, the table below sets out the payment terms of COFACE SA's suppliers showing bills received and not paid at the end of the financial year for which payment is in arrears:

Suppliers' payment terms

	1 TO 30 DAYS	31 TO 60 DAYS	61 TO 90 DAYS	91 DAYS OR MORE	TOTAL (1 DAY OR MORE)
(A) Late payment tranches					
Number of bills affected	2			10	12
(in thousands of euros) Total amount of bills affected including VAT	36			447	483
Percentage of total amount of purchases during the financial year	(1,03)%	0,00%	0,00%	(12,74)%	(13,77)%
(B) Bills excluded from (A) relating to disputed or unrecognised liabilities and receivables					
No bills excluded from these tables relating to disputed or unrecognised liabilities and receivables.					
(C) Reference payment terms used (contractual or legal term – Article L.441-6 or Article L.443-1 of the French Commercial Code)					

At the closing date of COFACE SA's financial year, no bills issued remain unpaid.

4.7 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended December 31, 2020

To the Annual General Shareholder's Meeting of COFACE S.A.

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of COFACE SA. for the year ended December 31, 2020.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2020 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit and accounts committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the « Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements » section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors, for the period from January 1, 2020 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments - Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects.

Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, approved in the conditions mentioned above, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Estimation of provisions for late claims

IDENTIFIED RISK	OUR RESPONSE
Provisions for unknown claims represent an estimation of the claims expense incurred during the year but not yet reported at the balance sheet date. They also include specific provisions recorded for claims that have not yet been proven but whose probability of occurrence is high and for which the compensation that would potentially be paid would be significant. These provisions also include a recovery reserve, assessed separately, corresponding to the amounts that will ultimately be recovered by the group for these claims. As at December 31, 2020, these provisions amounted to € 780 million in the consolidated financial statements. As indicated in the section accounting principles – Insurance operations of the notes to the Consolidated Financial Statements, these provisions are determined on the one hand by the application of deterministic statistical methods on the basis of historical data and on the other hand, by the use of assumptions arising from expert judgment to estimate the final amount of the claim (corresponding to the costs borne until the end of the claim lifecycle). The recovery reserve is determined by applying an ultimate rate to all unsettled underwriting years Thus, as the provision for unknown claims includes accounting estimates with a high degree of uncertainty, we considered this aggregate as a key audit matter.	**To assess the reasonableness of the estimation of the provision for late claims and based on information communicated to us, we implemented the following approach:** **Works carried out at central team level:** - We assessed the relevance of the method used to determine the ultimate claims charge, in conjunction with our actuaries; - We identified the risk related to the evaluation of provisions for late claims as a significant risk in the set of instructions communicated to auditors of in-scope entities and we reviewed their conclusions; **Work carried out at the level of each entity included in the audit scope:** - We reviewed the internal control framework implemented to estimate provisions for claims and the expected ultimate cost of claims, and we tested the design and the implementation; - We assessed the relevance of methods and actuarial parameters used, as well as assumptions that were retained with regards to the applicable regulation, market practices, and the entity's economic and financial context. - We assessed any changes in claims indemnification processes and procedures that could affect the assumption of reproducibility of the past in the future and we drew the consequences on assumptions used to calculate the ultimate cost of claims; - We tested the reliability of underlying claims data used in the actuarial calculations; - We performed an independent recalculation, when needed, and for some business lines we verified that Group methodology was correctly applied; - We analyzed the retrospective review of technical provisions by comparing provisions from the opening balance with actual claims.

Measurement of Insurance business investments

IDENTIFIED RISK	OUR RESPONSE
Insurance business investments account for one of the most important items on the consolidated balance sheet. At December 31, 2020, the net book value of these investments amounts to 2,983 million euros. As indicated in the section accounting principles standards – Financial Assets, rules and methods of the notes to the Consolidated financial statements, the insurance business investments are determined at the end of the financial year, based on their classification associated with the management intention selected for each line of security by the Group. A level of judgment is required to determine this measurement for: - Impairment tests realized by the Management and - the valuation of unlisted securities, in particular non-consolidated equity investments and shares in SCI / SCPI (Real Estate Investment trust). Given the amount involved and the judgment made by the Management to detect the impairment of the securities in the portfolio, we deemed this to be a key audit matter at December 31st, 2020.	**To assess the measurement of the insurance business investment, our audit work consisted mainly in verifying that the valuation used by the Management were based on an appropriate valuation method and quantified elements used, according to the type of security:** **For market-based valuations:** - We verified the stock prices used; **For evaluations based on forecast elements:** - We obtained and analyzed business plans established by the Management and assessed the relevance and the justification of the assumptions made; - We verified the consistency of the main assumptions used with the economic environment; - We compared the consistency of the forecasts retained for the previous periods with the corresponding outcomes on a sample of assets; - We compared the underlying documentation to the impairment indices, and we validated the numbers in the aforementioned document in relation to external sources.

Estimation of provisions for earned premiums not written - EPNW

IDENTIFIED RISK	OUR RESPONSE
As at December 31, 2020, earned premiums not written amounted to € 90 million in the financial statements at December 31, 2020 (direct business). As indicated in the section Accounting principles standards - Insurance operations, rules and methods of the notes to the financial statements, earned premiums not written are determined based on an estimate of expected premiums over the period. The provision is the difference between this estimate, and invoiced premiums. This provision presents a significant risk of material misstatement given inherent uncertainties in some elements considered in the estimates. The risk particularly lies in the factors used to determine the ultimate value (i.e. once premiums would been written for their final amount) which relies on statistical methods. Thus, we consider this to be a key audit matter even though the change in the provision from one year to the another is generally limited.	**In order to assess whether the earned premiums not written estimation was reasonable and based on information communicated to us, we implemented the following audit approach:** **Works carried out at central team level:** - We assessed the relevance of the method used by Coface to determine ultimate premiums ; - We identified the risk related to the evaluation of earned premiums not written as a significant risk in the set of instructions communicated auditors of in-scope entities and we reviewed their conclusions. **Work carried out at the level of each entity included in the audit scope:** - We reviewed the internal control framework related to premium estimation process and we tested the design and the implementation; - We assessed any changes in the invoicing processes and procedures that could affect the assumption of reproducibility of the past in the future and we drew the consequences on the assumptions used for the calculation of the ultimate value; - We verified the consistency of assumptions used to determine the forecasts; - We reconciled calculation bases with accounting figures; - We compared earned premiums not written booked in the opening balance of the financial year with actual results to assess the relevance of the implemented method.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information pertaining to the Group presented in the management report.

We precise that it is not our role to report the matters related to the sincerity and the concordance with the consolidated financial statements of Solvency II information extracted from the report required under the article L.356-23 of the insurance code (code des assurances).

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated declaration of extra-financial performance, required under Article L.225-102-1 of the French Commercial Code (code de commerce), is included in the Group management report, it being specified that, in accordance with the provisions of Article L.823-10 of the code, we have not verified the fair presentation and the consistency with the consolidated financial statements of the information provided in this declaration and this information must be reported by an independent third party.

Other Legal and Regulatory Verifications or Information

Format of presentation of the consolidated financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (code monétaire et financier), prepared under the responsibility of the Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the consolidated financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of COFACE SA by the Annual General Meeting, on May 14, 2020 for Mazars and on May 3, 2007 for Deloitte & Associés. The previous auditors were Deloitte & Associés or another entity of the Deloitte network, whose original appointment details could not be determined.

As at December 31, 2020, Mazars was in the first year of total uninterrupted engagement and Deloitte & Associés was in the 14th year and 7th year since securities of the Company were admitted to trading on a regulated market.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit and accounts committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit and accounts committee

We submit a report to the Audit and accounts committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit and accounts committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this report.

We also provide the Audit and accounts committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit and accounts committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

The Statutory Auditors

Paris La Défense, on March 30, 2021

French original signed by

Deloitte & Associés	Mazars
Jérôme LEMIERRE	Jean-Claude PAULY
Partner	Partner

4.8 STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended December 31, 2020

To the Annual General Shareholders' Meeting of COFACE SA.

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying financial statements of COFACE SA for the year ended December 31, 2020.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the COFACE SA as at December 31, 2020 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit and accounts committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (Code de Commerce) and the French Code of Ethics (Code de Déontologie) for statutory auditors, for the period from January 1, 2020 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Justification of Assessments - Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, approved in the conditions mentioned above, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Valuation of equity securities

IDENTIFIED RISK	OUR RESPONSE
The amount of participations in affiliated companies with a participating interest amounted to € 1,502.7 million euros. As mentioned in note 2.1 – Accounting principles standards, the equity securities appearing in the balance sheet are recognized at their acquisition date and subsequently depreciated based on their value in use. The latter is estimated by management on the basis of estimates based on forecasts. The estimate of the value in use of these securities requires the judgment of the management in its choice of items to consider, including the profitability prospects of the entities whose securities are held by COFACE S.A. We considered that the depreciation of equity securities constitutes a key audit matter due to the part of management judgment involved in the evaluation of the value in use, which uses assumptions of future results taking into account the maturity of the entity, the history of the activity and the market prospects and the country in which the entity is established. The potential impact on the financial statements concerns the existence of a provision for depreciation of equity securities not recognized at the closing.	**To assess the reasonableness of the valuation of impairment provisions on equity securities, our work has focused on verifying that the value in use estimates determined by the management was based on an appropriate rationale for the valuation method and the quantified elements used. In order to do this:** - We obtained and analysed business plans and discussed with the management on its forecasts; - We analysed the consistency of the main assumptions used with the economic environment; - We compared the consistency of the forecasts used in the prior periods with the actual outcomes; - We assessed the need to recognize an impairment and, if applicable, we verified its calculation.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to Shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of directors and in the other documents with respect to the financial position and the financial statements provided to shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D.441-6 of the French Commercial Code (code de commerce).

Report on corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Article L. 225-37-4 and L.22-10-10 and L22-10-9 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code (code de commerce) relating to remunerations and benefits received by or awarded to the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlled enterprises included in the scope of consolidation. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 22-10-11 of the French Commercial Code (code de commerce), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other Information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Other Legal and Regulatory Verifications or Information

Format of presentation of the financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (code monétaire et financier), prepared under the responsibility of the Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018.

Based on the work we have performed, we conclude that the presentation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of COFACE SA by the Annual General Meeting, on May 14, 2020 for Mazars and on May 3rd, 2007 for Deloitte & Associés. The previous auditors were Deloitte & Associés or another entity of the Deloitte network, whose original appointment details could not be determined.

As at December 31, 2020, Mazars was in the first year of total uninterrupted engagement and Deloitte & Associés was in the 14th year and 7th year since securities of the Company were admitted to trading on a regulated market.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit and accounts Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit and accounts committee

We submit a report to the Audit and accounts committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit and accounts committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit and accounts committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit and Accounts Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

The Statutory Auditors

Paris La Défense, on March 30, 2021

French original signed by

Deloitte & Associés	Mazars
Jérôme LEMIERRE	Jean-Claude PAULY
Partner	Partner

5 RISK
CATEGORIES

11 MAIN
RISK FACTORS

RISK GOVERNANCE
& INTERNAL CONTROL SYSTEM

3 LINES
OF RISK MANAGEMENT

5

MAIN RISK FACTORS AND RISK MANAGEMENT WITHIN THE GROUP

5.1 SUMMARY OF MAIN RISKS

The Group operates in a rapidly evolving environment that leads to numerous external risks, in addition to the risks inherent in the conduct of its businesses. This chapter identifies the significant risk factors to which the Group believes it is exposed and their management.

The table below presents the main risks to which Coface is exposed. It was prepared using the risk mapping, which is reviewed annually by management and the Board of Directors. The risk mapping is based on a qualitative risk analysis aimed at assessing, for each risk factor, its probability of occurrence and its potential impact. A risk mapping is drawn up for each of the five main risk categories, which are monitored by management and the Board of Directors through the risk appetite indicators. Only major risk factors are listed in the table below. Other material risk factors are described on the following pages.

Throughout the ongoing pandemic, Coface Group has managed its main risks and continued to support its policyholders while ensuring the long term stability of its control system. Remote management with employees working from home did not reduce the Group's efficiency or agility, and it confirmed its careful management of risks in 2020, as illustrated in the pages below.

RISK CATEGORIES	MAIN RISK FACTORS	PROBABILITY OF OCCURRENCE	IMPACT	CHANGE IN THESE RISKS BETWEEN 2019 AND 2020
Credit risk	Risk of poor exposure management	High	High	↑
	Risk of debtor insolvency	High	High	↑
	Risks related to the constitution of technical provisions	High	High	↑
Financial risk	Risks related to the investment portfolio	Medium	Medium	↑
	Risks related to the refinancing of the factoring business	Medium	Medium	↑
Strategic risk	Risks related to market conditions	High	Medium	↑
	Risk of deviating from the strategic plan	Medium	High	↑
	Risks related to the Group's solvency coverage	Medium	High	→
Reinsurance risk	Residual insurance risk	Medium	Medium	↑
Operational and compliance risk	Risks related to information systems and cybersecurity (non-financial performance report)	High	High	↑
	Diversity and equal opportunities (non-financial performance report)	Medium	Medium	→

Before making a decision to invest in the Company's shares, prospective investors should consider carefully all the information set out in this document, including the risks set out below. These risks are, as of the date of this report, the risks that the Group believes, were they to occur, could have a material adverse effect on the Group, its business, its financial position, its solvency, its operating results or outlook, and which are material in making an investment decision.

Prospective investors should nonetheless note that the risks described in this chapter may not be exhaustive, and that there may be additional risks that are not currently known or whose occurrence, as of the date of the Universal Registration Document, is not considered likely to have a material adverse effect on the Group, its business, its financial position, its operating results or outlook.

5.2 DEFINITION AND MEASUREMENT OF RISKS

5.2.1 Credit risk

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

Credit risk may increase if exposures are concentrated (by country, sector, debtor, etc.). Traditionally, a distinction is made between frequency risk and peak risk:

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

Definitions of credit risk factors

Main credit risk factors

Risk of poor exposure management

In a specific economic environment, the principle is for the insurer to approve each new debtor presented by the policyholder and to determine the maximum amount of risk the insurer is willing to accept for that debtor. The insurer also determines the maximum amount that it is ready to accept for a given debtor, for all of its policyholders. A reversal in the economic cycle (at a global, sector or country level) caused by a financial or health crisis, a failure in Coface's management systems, processes or governance, or a poor assessment of the risk of debtor insolvency could lead to delays in reducing exposures and/or an overestimation of exposures to a debtor or group of debtors, an economic sector or a country. These factors could increase the level of credit risk.

Risk of debtor insolvency

The approval of the maximum amount of risk incurred on debtors is based on an analysis of their financial strength and an assessment of their capacity to pay amounts due to our policyholders in a given economic situation. This analysis is conducted by Coface's teams based on information available to the public and/or data collected directly from the debtors, a system for analyzing and managing debtor risk and internal procedures backed by specific governance. A sudden change in the economic situation, internal defaults among debtors, a failure in Coface's systems or processes, breaches of internal governance rules, partial or inaccurate information or an incorrect expert judgement may lead to an underestimation of the risk of default of one or more debtors, thereby increasing Coface's credit risk.

Risks related to the constitution of technical provisions

Technical provisions for insurance policies are recorded on the liabilities side of the balance sheet. These provisions are measured under IFRS. These technical provisions are an estimate of the amount of claims Coface is committed to pay (and the management fees relating to these claims):

- a reserve for claims payable is recorded for claims incurred, whether or not they have been reported to Coface (RFCP [(1)] + IBNR [(2)]);
- a provision for unearned premiums (PUP [(3)]) is also recorded.

To establish technical provisions for claims, the Group makes estimates, which are primarily based on widely used actuarial methods (mainly the Chain-Ladder and Bornhuetter Ferguson methods), which are applied to past data triangles. Experience differences may be observed retrospectively between the Group's estimates and the final cost of observed claims. Poor quality data or a deterioration in the economic environment not reflected in projections may make estimates inadequate and have an adverse effect on the Group's financial position or solvency margin.

Other credit risk factors

Risk on premiums collected

The premium on a credit insurance policy is assessed on the revenue earned by the policyholder during the period covered by the policy, on an insured risk on client receivables or on a capped insured receivable, which are themselves a function of the turnover generated by the policyholder during the period covered by its credit insurance policy. Risk management on premiums collected relates both to management of the risk of underpricing and to the fact that all premiums might not be collected. Thus, failures in processes or in the pricing tool, a miscalculation of the turnover generated by policyholders, or a deterioration in economic conditions could lead to a reduction in the volume of insurance premiums due to reduced activity by policyholders or errors in our management processes, which, all other things being equal, increases the loss ratio.

Risk on new products

Like any company, Coface upgrades its product range or makes changes to existing products. These changes give rise to different risks, such as non-compliance with legal, compliance, regulatory, accounting or reputational requirements or inadequate pricing.

Credit risk assessment and management

Risks related to the management of exposures

i) Diversification of the credit risk portfolio

The Group maintains a diversified credit risk portfolio in order to minimise the risk of a debtor's insolvency, a slowdown in a particular business sector or an adverse event in a given country, to ensure that such events would not have a disproportionate impact on the Group's overall loss experience. Insurance policies also include credit limit adjustment clauses allowing the insurer to reduce or terminate its coverage for new sales to the debtor concerned at any time. As an exception to this rule, and according to the policyholder's expertise, the Group may grant certain policyholders a degree of autonomy in setting the credit limits for receivables not exceeding an amount as established in the contract.

Underwriting decisions are made by groups of underwriters in various underwriting centres, who work in real time and as a network using the advanced ATLAS underwriting system. These underwriting decisions observe the overall risk underwriting policy under the responsibility of the Group Risk Underwriting Department.

The overall quality of the portfolio of insured liabilities is monitored by an indicator that calculates the ratio of risk-weighted exposures to estimated premiums. This indicator is broken down by geographic region.

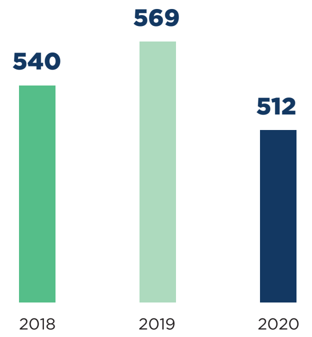
5

(1) *Reserve for claims payable.*
(2) *Losses incurred but not reported.*
(3) *Provisions for unearned premiums.*

ii) Overall exposure

Until the first quarter of 2020, Coface had experienced steady growth in its exposures, in line with the "Fit to Win" strategic plan, which repositioned it on the market. Targeted measures to reduce exposures were undertaken in 2019, mainly in Latin America, to adapt the Group's risk volume to the economic situation in this region, which was in sharp decline. In 2020, due to pandemic and the global economic slowdown, significant actions to reduce exposures were undertaken, leading to an overall decrease in credit risk of around 10% over the year, to €512 billion, as shown in the chart below.

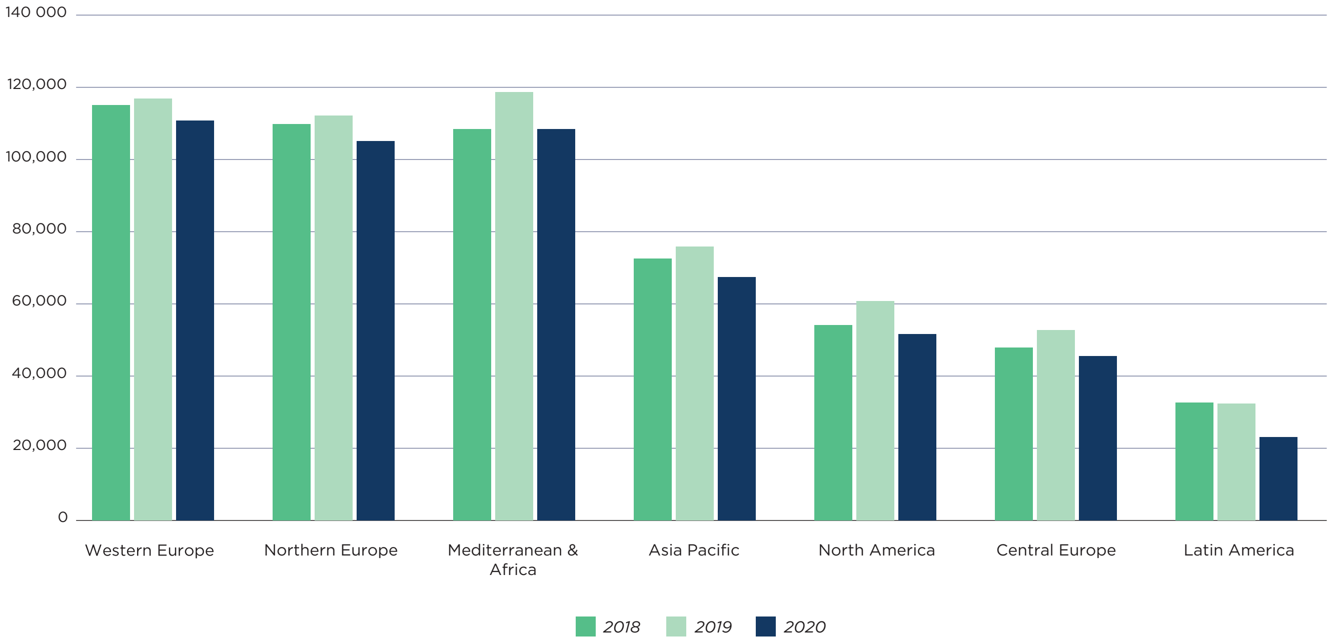
/ TOTAL COFACE EXPOSURE (IN €BN)



iii) Geographical breakdown of risks

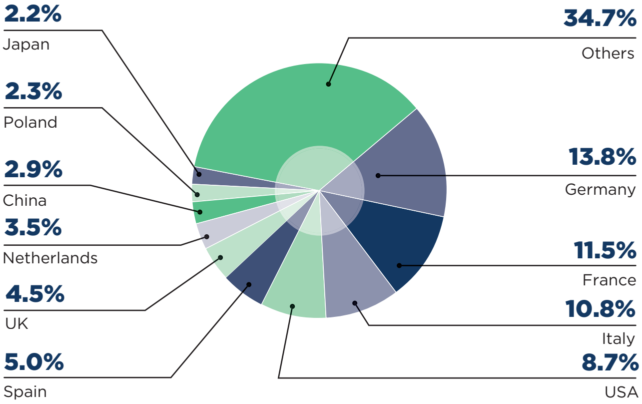
An analysis by region shows that the reduction in exposures has been carried out in a manner appropriate to the economic situation arising from the pandemic situation, as shown in the table below. The reduction in exposures was stepped up in North America, Latin America (decline of 29%) and Central Europe due to the marked economic slowdown or uncertainties surrounding the local situation, while Northern and Western Europe experienced more limited reductions (of around 5%) due to the massive support plans provided by governments in these regions.

/ EXPOSURE BY REGION (IN €M)

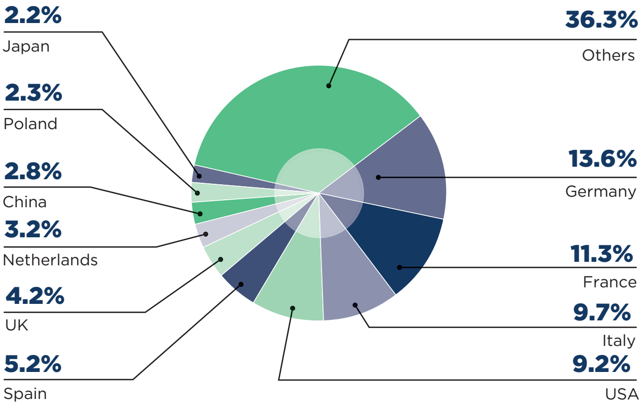


The geographical breakdown of risk can be monitored according to Coface's country risk assessment, which estimates the average credit risk of companies in a given country using a risk scale ranging from A1 to E. The overall decrease in exposures in 2020 led to a slight increase in the concentration of our risks in countries with the highest ratings by Coface, while there was no change in the ranking of these countries. The top ten countries now account for 65.3% of credit insurance exposures, vs. 63.7% in 2019. Among these top ten countries, only the United Kingdom and China are rated B by Coface – the other countries are rated between A1 and A4. Germany, which accounts for nearly 14% of Coface's risks, remains the country in which the Company has the biggest exposure. More than 83% of the debtors covered by credit insurance policies are located in OECD countries, primarily in Europe, notably in Germany, France, Italy and Spain, and in the United States.

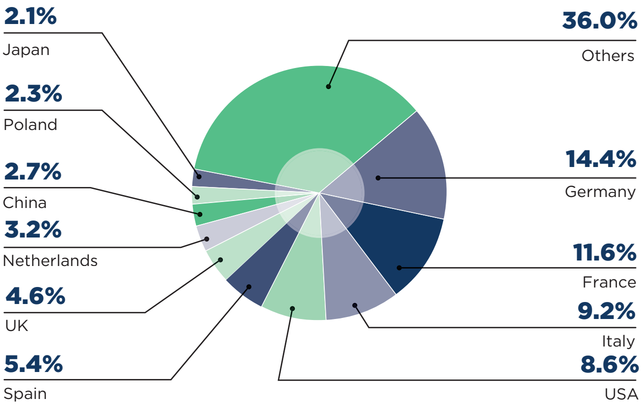
/ AS AT DECEMBER 31, 2020



/ AS AT DECEMBER 31, 2019



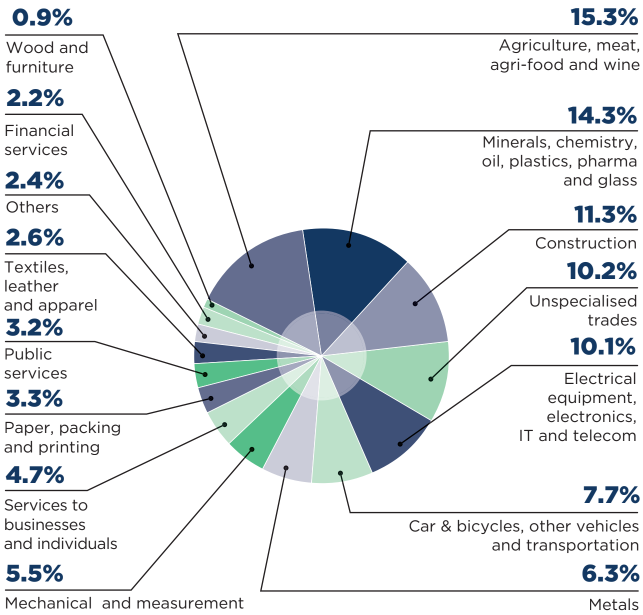
/ AS AT DECEMBER 31, 2018



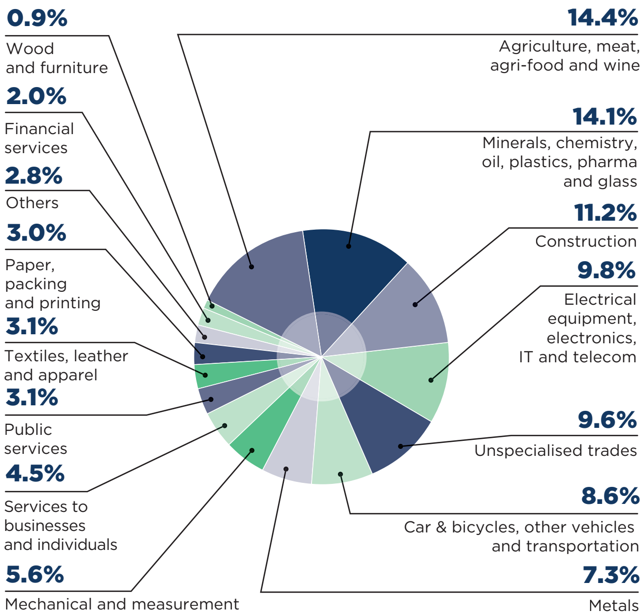
iv) Breakdown of risks by sector

In 2020, Coface reduced its exposure in almost all business sectors. The reduction was more pronounced in certain sectors: the cumulative weight of the Transport and Metals sectors in the overall exposure decreased by nearly 2% between 2019 and 2020.

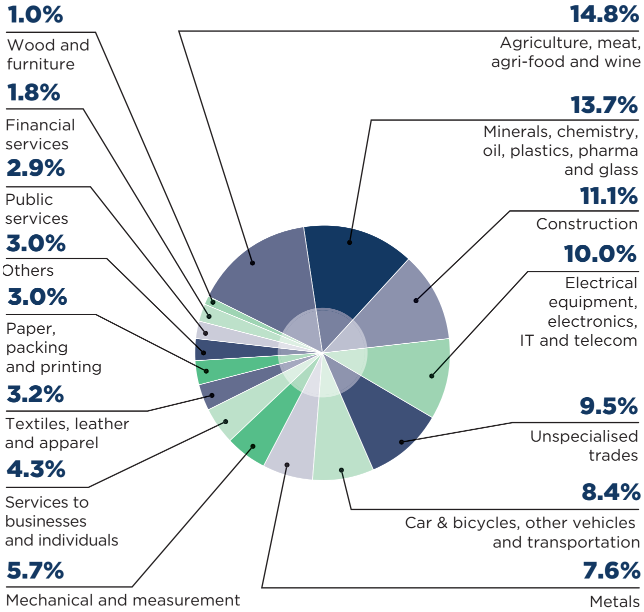
/ AS AT DECEMBER 31, 2020



/ AS AT DECEMBER 31, 2019



/ AS AT DECEMBER 31, 2018



Term of risks

More than 95% of the Group's outstandings consist of short term risks. The maximum credit term mentioned in its policies rarely exceeds 180 days.

Level two controls ensure that the Group's rules on credit risk are properly observed.

Risk of debtor insolvency

I) Debtor risk exposure

The risk of default by debtors may be assessed according to the concentration of exposures on the Group's buyers. The Group provides unpaid receivables risk insurance covering over 2 million debtors worldwide. As at December 31, 2020, the average debtor risk was below €250,000. The great majority of debtors, considered individually, constitute an insignificant risk with regard to the Group's total portfolio, since no debtor represents more than 1% of the Group's outstandings. In addition, as detailed in Section 5.2.4., an excess of loss reinsurance treaty ensures that no individual loss represents more than 3% of the Group's own funds, after tax.

The charts below show the breakdown of debtors[1] according to the cumulative outstanding amounts of credit risk incurred by the Group for these debtors, as at December 31, 2018, 2019 and 2020. Analysis of the number of debtors by outstandings brackets reveals a weak risk concentration profile. They also show that fluctuations in overall exposure do not significantly change the level of portfolio diversification.

OUTSTANDINGS* *(in millions of euros)*

Debtor total outstandings brackets	2020	2019	2018
€1 - €100,000	39,912	41,230	38,996
€101,000 - €200,000	24,648	26,920	26,237
€201,000 - €400,000	33,203	36,529	36,450
€401,000 - €800,000	40,723	46,028	45,912
€801,000 - €1.5 million	41,217	48,675	47,677
€1.5 million - €5 million	91,236	105,608	102,380
€5 million - €50 million	167,227	185,421	168,544
€50 million - €200 million	48,425	47,615	47,316
€200 million and more	25,240	31,124	26,980
TOTAL	**511,830**	**569,151**	**540,492**

* *The outstandings shown are gross of reinsurance (direct business and inward reinsurance) and correspond to the maximum amount of cover granted by the Group to its policyholders. They do not correspond to the effective use thereof by the policyholders.*

(1) *The debtors referred to above are clients of the Group's policyholders.*

Centralised credit risk management

Frequency and peak risks are monitored locally, regionally and at Group level.

Frequency risk is measured for each region and country by tracking the instantaneous loss ratio[1]. With respect to the monitoring of exposures and portfolios, the Group has developed a more refined system of management of its risks through 38 sectors and five country risk levels (190 risk levels in total). Therefore, unpaid receivables are analysed weekly by the Group Management Committee, and monthly by the Group Risk Underwriting Committee. The loss ratios of the various commercial underwriting regions are likewise monitored at consolidated Group level.

Peak risks are covered via the Group's reinsurance company, Coface Re. In addition to the weekly and monthly monitoring by individual region and country, a mechanism is established at the Group level, which relies on:

- centralisation of provisions for claims exceeding a certain amount per debtor (currently €0.5 million for all the Group's underwriting centers), which are then analysed retrospectively to improve the performance of the information, underwriting and debt collection activities;
- the DRA[2] system, which covers all debtors;
- at the risk underwriting level, monitoring which, when the amount calculated by the DRA is exceeded, requires approval and a budget to be set by the Group Underwriting Department.

Sharing of risk between the Group and the policyholder

The purpose of credit insurance is to prevent losses as far as possible, in the common interests of policyholders and the insurer. The service offered to the policyholder, before any indemnification of the losses suffered, is claims prevention and assistance in developing a client base. Credit risks are primarily underwritten based on global policies under which the policyholders entrust all of their revenue to the insurer in order to avoid the risks of adverse selection.

In general, 10% to 15% of the risk is the responsibility of the policyholder. Policies can provide for deductibles per claim, and sometimes for an overall annual deductible. An overall principle is likewise applied: most often the total revenue for a given business line is covered, and it is not possible for the policyholder to choose the individual risks to be covered.

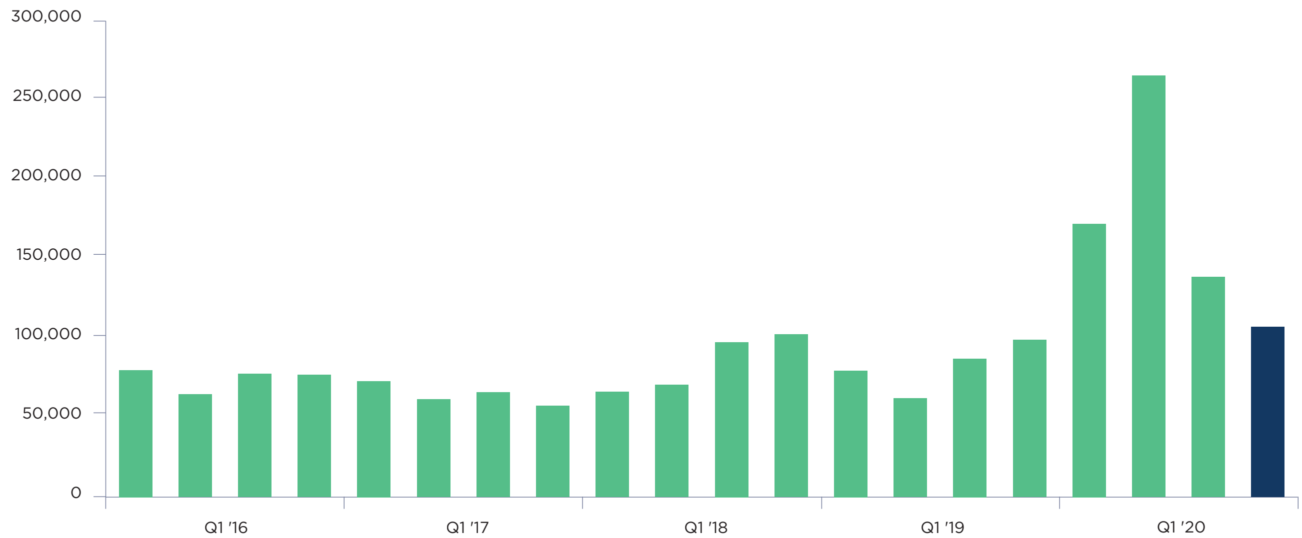
Debt collection by the Group

The Group also asks the majority of its policyholders to put it in charge of recovering unpaid receivables. As soon as the policyholder declares an unpaid receivable, the Group starts recovery action in an effort to limit the loss and allow the policyholder, to the extent possible, to maintain its commercial relationship with the debtor. Negotiations and, if necessary, litigation, are conducted by the world recovery network, which relies on the Group's internal resources and those of its partners in the Coface Partners network, along with collection agencies and a network of lawyers.

Loss ratios

From the first quarter of 2020, targeted actions to review our debtor risk and the associated exposures were carried out by Coface's underwriters, as shown in the chart below. In the first and second quarters, these actions concerned three main targets: debtors in sectors affected by the crisis or having high limits, groups of debtors presenting concentration risks, and insurance policies with negative profitability risks. Throughout the year, these action plans were reviewed and adapted to the situations encountered. The action plans were overseen by the head office and implemented by underwriters from the different underwriting centers, as close as possible to the field.

/ NUMBER OF PREVENTION ACTIONS PER QUARTER SINCE 2016 (IN NB)



(1) *The instantaneous loss ratio is a weekly indicator that reflects changes in the loss ratio. It is monitored for each region and each country and is the subject of a weekly report to Group management.*
(2) *DRA: debtor risk assessment.*

These actions reduced our exposures as described above and kept the claims ratios under control in each of the regions in which Coface operates, as shown in the graphs below.

In addition, in each region and country, Coface continued to monitor the instantaneous loss ratio and, as usual, the Management Committee continued to analyze all the Group's unpaid items on a weekly basis.

Thus, after the decline observed at end-2019, the increase in the Group's loss ratio for 2020 was limited and the ratio was below 52%. The increase was mainly due to the deterioration of the economic situation in Latin America and North America:

/ LOSS RATIO BEFORE REINSURANCE, INCLUDING CLAIMS HANDLING EXPENSES

	FY-20	FY-19	FY-18
GROUP	**51.8**	**43.4**	**44.2**
Northern Europe	37.0	40.9	48.9
Western Europe	47.3	34.6	34.6
Central Europe	46.0	42.5	49.7
Mediterranean & Africa	55.4	46.3	48.8
North America	63.7	45.8	39.1
Latin America	72.3	60.1	57.9
Asia-Pacific	48.6	35.9	23.6

Risks related to the establishment of technical provisions

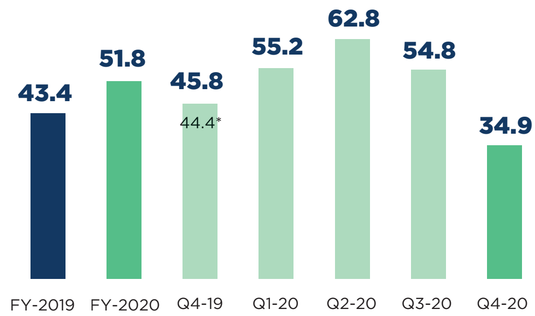
To compensate for the uncertainty surrounding the estimation of provisions for claims payable (especially the risk of under-provisioning), current accounting standards allow a provision to be recorded for this risk as a safety buffer. In practice, the Group's provisioning guidelines that are provided to the entities ensure uniform provisioning practices across the Group.

To implement these safety buffers, Coface has adopted a quantile or VaR approach to protect against an unfavourable change in loss experience (with a given return period).

In addition, the Group's risk tolerance specifies that the level of provisioning for all product lines and all years of occurrence must be at least equal to 90% of claims provisions, meaning that the provisions recorded cover 90% of possible situations of ultimate loss.

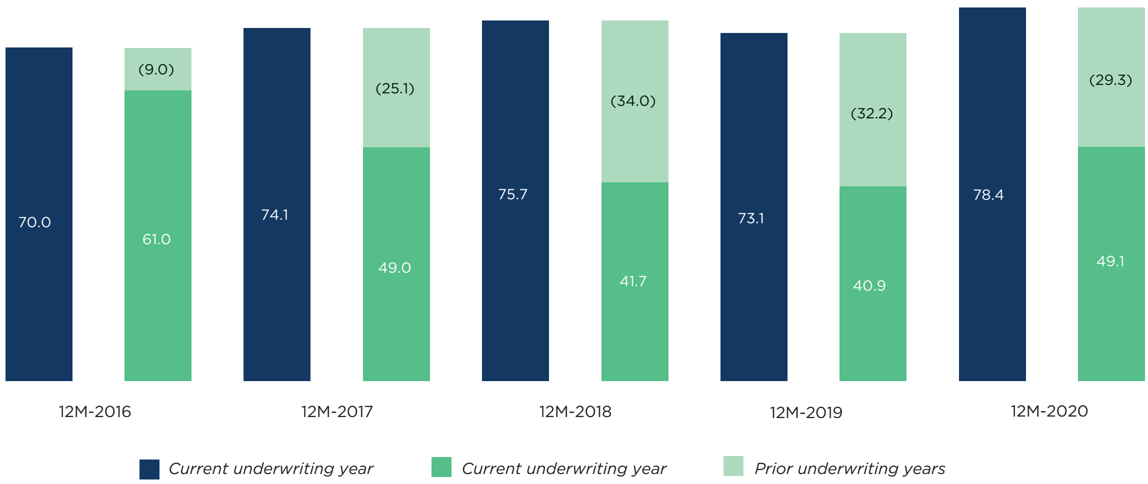
At December 31, 2020, the accounting provision exceeded the 90% quantile, protecting Coface against a ten-year deviation in provisioning, as a minimum.

/ LOSS RATIO BEFORE REINSURANCE AND INCLUDING CLAIMS HANDLING EXPENSES (IN %)



* excl. FX

/ LOSS RATIO BEFORE REINSURANCE AND EXCLUDING CLAIMS HANDLING EXPENSES (IN %)



Development of claims provisions

The development of claims provisions shows how claims provisions have progressed over the last decade.

The following triangle shows the development of the ultimate loss ratios and sets out, for a given line N, the outlook for each of the subsequent year-ends (N+1, N+2, etc.). The estimated final loss ratio varies according to the increasing reliability of information relating to claims still pending. The discrepancy between the initial loss ratio and the final loss ratio measures the excess or insufficiency of the provisions originally recorded.

/ TRIANGLE OF DEVELOPMENT OF ULTIMATE LOSS RATIOS (BEFORE REINSURANCE AND EXCLUDING CLAIMS HANDLING EXPENSES)

YEAR OF OCCURRENCE (N)/YEAR OF DEVELOPMENT *(as a%)*	N	N+1	N+2	N+3	N+4	N+5	N+6	N+7	N+8	N+9
2011	73.6	61.1	55.0	54.4	53.2	52.3	51.2	50.7	50.0	49.5
2012	77.1	67.4	60.9	58.6	59.8	59.8	59.0	58.0	58.0	
2013	72.7	56.9	51.1	49.2	49.4	48.4	47.5	46.9		
2014	72.6	61.8	62.9	59.7	57.2	55.9	55.6			
2015	70.3	65.6	55.6	51.7	50.4	49.0				
2016	70.2	63.1	52.7	51.1	50.5					
2017	74.1	61.5	50.6	46.1						
2018	75.8	61.9	49.6							
2019	73.2	67.3								
2020	78.3									

The loss experience in 2020 began at a higher level than in previous years due to the health crisis. However, Coface kept its ultimate loss ratio at 78.3% at the end of 2020.

The second table, entitled "Triangle of development of cumulative claims paid, net of recourse (before reinsurance)", sets out, for each year of occurrence, the cumulative amount of payments relating to years of occurrence N and previously which have been made since December 31 N. The process of declaring claims, indemnifying them and any recourse extends over several years. This requires the claims per insurance period to be tracked.

/ TRIANGLE OF DEVELOPMENT OF CUMULATIVE CLAIMS PAID, NET OF RECOURSE (BEFORE REINSURANCE)

YEAR OF OCCURRENCE (N)/YEAR OF DEVELOPMENT *(in millions of euros)*	N	N+1	N+2	N+3	N+4	N+5	N+6	N+7	N+8	N+9
2011	67	458	566	597	626	608	596	594	592	591
2012	117	446	562	575	580	593	596	601	616	
2013	83	400	491	523	527	523	516	515		
2014	74	417	572	613	616	611	605			
2015	62	370	474	488	480	476				
2016	55	327	442	474	481					
2017	58	310	411	436						
2018	68	346	447							
2019	73	417								
2020	67									

Despite the challenging environment, there was no significant increase in claims payments for 2020 in relation to previous years.

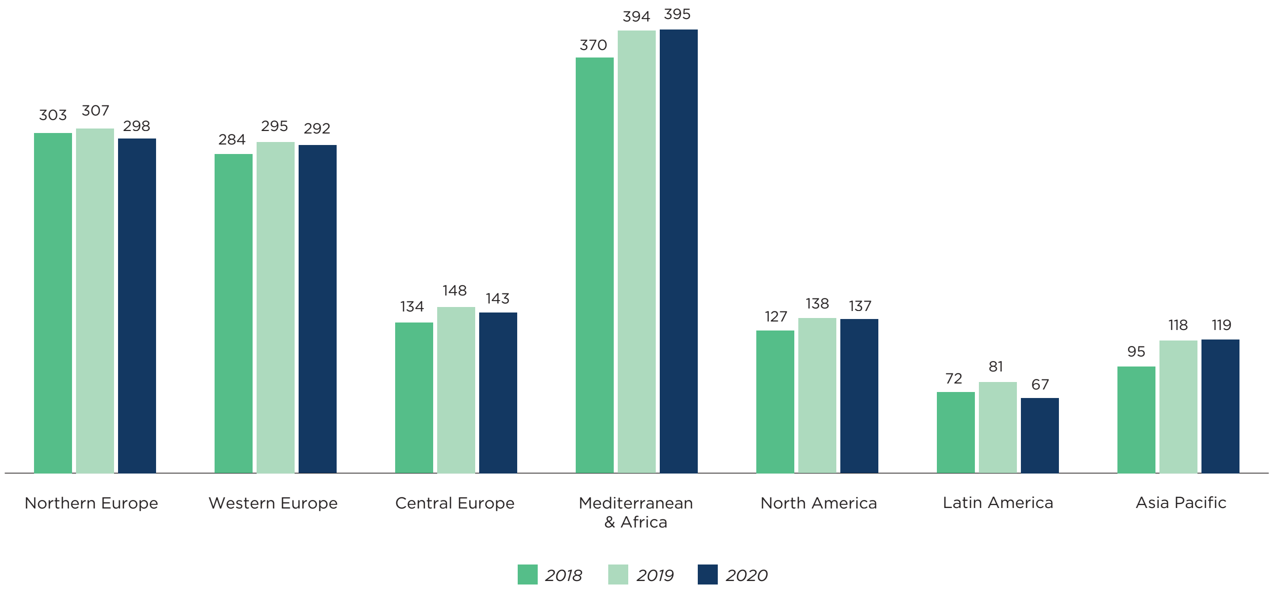
Risk on premiums collected

The implementation of the Fit to Win strategic plan (2016-2019) enabled Coface's activity to recover and led to an increase in premiums in recent years. The Build to Lead strategic plan (2020-2023) also provided for reasonable premium growth. This growth was undermined by the situation that prevailed in 2020.

Coface's turnover growth is driven by the acquisition of new clients, improvements in the client retention rate, and repricing initiatives. However, it may be affected by a decline in policyholders' turnover. This decline was moderate in 2020 and, in the first half of the year, Coface's management efforts focused on initiatives to improve client retention – the annual rate of which reached the highest level ever recorded (at 91.9% in 2020 vs. 91.6% in 2019) – and on repricing actions that were overseen by weekly Executive Committee meetings. In addition to these efforts, customer acquisition initiatives were ramped up in the second half of the year.

All these measures reduced the impact of the crisis on Coface's turnover, which was down 2% over the whole of 2020. However, there were differences between regions. The decline in activity was more pronounced in Latin America (due to a significant currency effect), Northern Europe and Central Europe, while turnover increased in the Mediterranean and Africa, thanks in particular to the high retention rate and repricing measures.

/ COFACE TURNOVER BY REGION (IN €M)



Risk on new products

The risk management system for new products is based on several procedures established within the Group to control risks related to product launches and developments:

- new product approval: the Group has set up a Group Product Committee to ensure that the product offering is consistent with the business strategy. This Committee validates the introduction of new products into the portfolio and oversees the product offering in each region. It includes the marketing, sales, organisation, compliance, risk, actuarial and any other functions depending on the project;
- product development approval: any product development, whether in terms of the policy, pricing method, distribution method, target (policyholder, country), must be conveyed to the Group's Marketing and Legal Departments;
- sales delegations: to ensure that policies are profitable, any contractual details that have a strong influence on a policy's performance or on risk management are covered by a delegation system with seven levels of responsibility;
- pricing: the Group uses a common pricing tool (PEPS), allowing its users to create prices with the help of simulation tools and to formulate business proposals that are consistent with the Group's profitability objectives.

5.2.2 Financial risks

Financial risk includes all risks related to the management of assets and liabilities. It includes interest rate risk, foreign exchange risk, liquidity risk, equity risk, real estate risk, spread risk, and counterparty risk.

Definitions of financial risk factors

Main financial risk factors

Investment portfolio risk

- **interest rate risk** represents the sensitivity of the value of assets, liabilities and financial instruments to changes in the yield curve or the volatility of interest rates;
- **foreign exchange risk** represents the sensitivity of the value of assets, liabilities and financial instruments to changes affecting the level or volatility of exchange rates;
- **liquidity risk** represents the inability to meet contractual or contingent payment obligations;
- **equity risk** arises from the sensitivity of the value of assets, liabilities and financial instruments to changes affecting the level or volatility of the market value of equities;
- **real estate risk** represents the sensitivity of the value of assets, liabilities and financial instruments to changes affecting the level or volatility of the market value of real estate assets;
- **spread risk** represents the sensitivity of the value of assets, liabilities and financial instruments to changes affecting the level or volatility of credit spreads against the risk-free yield curve;
- **counterparty risk** represents an unexpected default, or deterioration in the credit quality, of the Company's counterparties and debtors.

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

Risks related to the refinancing of the factoring activity

Measurement of risks related to the factoring business

Factoring is a means of financing by which a company assigns the receivables due from its clients to a financial organisation, called a factor, under the terms of a contract entered into between the two parties. The Company assigns its rights to the factor (subrogation) in return for rapid financing of its receivables, for a fee (commission on the services and interest on the financing).

The factor thus finances the Company in advance, which enables the Company to optimise its cash flow, and is in turn reimbursed through settlement by the debtors, either by direct collection (recourse factoring) or via a credit insurance policy taken out by the Company (non-recourse factoring), in the event of debtor non-payment or insolvency.

When the contract is negotiated, the risk incurred on financing the receivables depends on the type of product, an analysis of the client's creditworthiness, the quality of the receivable and the portfolio of debtors, and the terms and pricing applied.

The risks are covered by guarantee funds or reserves (a security retention is applied on the portion financed) for each contract, to which can be added a specific reserve fund based on a prior assessment of:

- the technical risk: failure to pay in full the invoices financed by the factor, for reasons other than debtor insolvency (dilution risk);
- the ceding company risk: potential irrecoverable losses in the event of client insolvency or default (Loss Given Default).

The ceding company risk is assessed by:

- an analysis of clients' financial position using internal rating tools;
- an on-site audit to check the reliability of internal procedures (tools, receivables, deliveries, payments, recovery, etc.) for any new or existing client;
- daily checks of invoices and financing.

Debtor risk is managed in two ways depending on the type of contract:

- non-recourse factoring: a credit insurance policy is taken out by the client with the Group or a third party credit insurer to protect it against the risk of unpaid accounts receivable;
- recourse factoring: the factor does not assume the purchaser insolvency risk alone and has recourse against their client for the unpaid invoices.

The factoring business is governed by specific Group rules and is provided by two companies, Coface Finanz (Germany) and Coface Factoring Poland (Poland).

A single tool (Magellan) provides the framework for the factoring business and includes all data relating to the contracts: data on clients, buyers, invoices, contracts, financing and guarantee funds.

The factoring outstandings are recorded in the Group tool (ATLAS) enabling consolidated management of its exposure to a buyer or a group of buyers.

The subsidiaries have adopted a specific organisational structure and internal control procedures for daily monitoring of transactions (financing flows, late payment by debtors).

A new Group-level structure has been in place since April 2017 with the creation of the Group Commercial Underwriting Department and a dedicated team that oversees the factoring business.

In addition to a level two control to ensure compliance with Group rules on the factoring business, entities are granted exposure limits, beyond which they must obtain approval from the Group Risk Underwriting Department and the Group Subscription Department.

Factoring activities are covered by the Group's reinsurance treaty (buyer risks by the credit insurance section and ceding company risks by a dedicated factoring section).

Financial risk assessment and management

Risks related to the investment portfolio

The Group has an investment portfolio mainly comprised of financial instruments. The large majority of its assets are held in fixed income products which offer more recurrent and stable returns.

The fair value of this investment portfolio amounted to €2,838 million at December 31, 2020 (excluding cash equivalents and investments in non-consolidated subsidiaries). The Group applies a diversification policy to its investment portfolio that aims to comply with current legal and regulatory requirements as well as to achieve an optimal balance between risk and return.

	AS AT DEC. 31					
	2020		2019		2018	
Investment portfolio (fair value)*	*(in €m)*	*(as a %)*	*(in €m)*	*(as a %)*	*(in €m)*	*(as a %)*
Equities	149	5.3%	175	6.1%	178	6.6%
Bonds	1,914	67.6%	2,119	74.4%	1,775	65.6%
Loans, deposits and other financial investments	540	19.0%	319	11.2%	525	19.3%
Investment properties	231	8.1%	236	8.3%	227	8.4%
TOTAL	**2,834**	**100.0%**	**2,848**	**100.0%**	**2,705**	**100.0%**

* *Excluding non-consolidated subsidiaries.*

As at December 31, 2020, bonds accounted for 67.6% of the total investment portfolio.

In line with its strategic asset allocation and in light of the health crisis, the Group took steps to reduce risk in its investment portfolio from the start of the crisis. Risk was controlled thanks to a review of all of the portfolio's counterparties, starting at the end of February, and a reduction in exposure to Italian and Spanish government debt, emerging market debt, high-yield debt, BBB-rated investment grade corporate bonds, and equities, in exchange for an increase in money market investments.

	AS AT DEC. 31					
	2020		2019		2018	
Breakdown by type of debt in the bond portfolio (fair value)	*(in €m)*	*(as a %)*	*(in €m)*	*(as a %)*	*(in €m)*	*(as a %)*
Sovereign and similar	821	42.9%	1,013	47.8%	963	54.2%
Non-sovereign	1,093	57.1%	1,106	52.2%	812	45.8%
TOTAL	**1,914**	**100.0%**	**2,119**	**100.0%**	**1,775**	**100.0%**

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

As at December 31, 2018, 2019 and 2020, the main features of the bond portfolio by region were as follows:

	AS AT DEC. 31					
	2020		2019		2018	
Breakdown of the bond portfolio by region (fair value)	*(in €m)*	*(as a %)*	*(in €m)*	*(as a %)*	*(in €m)*	*(as a %)*
Asia – Developed countries	247	12.9%	294	13.9%	248	14.0%
Emerging countries (1)	203	10.6%	267	12.6%	165	9.3%
Eurozone	814	42.5%	925	43.6%	833	46.9%
Europe outside the eurozone (2)	238	12.4%	192	9.0%	132	7.4%
North America	412	21.5%	430	20.3%	397	22.4%
Supranational	1	0.0%	12	0.5%	0	0.0%
TOTAL	**1,914**	**100.0%**	**2,119**	**100.0%**	**1,775**	**100.0%**

(1) *Countries where the Group is present, primarily Brazil and Mexico.*
(2) *Mainly the United Kingdom and Switzerland.*

The investment portfolio is mainly exposed to developed countries in the eurozone and North America, which saw a slight increase in investments between 2019 and 2020.

The bond portfolio remains mainly invested in government bonds (42.9% in 2020) and investment grade corporate bonds (54.2% in 2020)[(1)]. These investments were made within the framework of a strictly defined risk policy, and particular care was taken with regard to issuer quality, issue sensitivity, and the spread of issuers' positions and geographic regions in the various management mandates granted to the Group's dedicated managers. Overall in 2020, the Group improved the quality of its bond portfolio, with over 63% of investments rated A and higher, compared with 55% in 2019.

	AS AT DEC. 31					
	2020		2019		2018	
Breakdown by rating* of bonds in the bond portfolio (fair value)	*(in €m)*	*(as a %)*	*(in €m)*	*(as a %)*	*(in €m)*	*(as a %)*
AAA	213	11.1%	245	11.6%	284	16.0%
AA – A	999	52.2%	929	43.8%	755	42.5%
BBB	613	32.0%	776	36.6%	588	33.1%
BB – B	89	4.7%	168	7.9%	148	8.4%
CCC and below	0	0.0%	1	0.1%	0	0.0%
TOTAL	**1,914**	**100.0%**	**2,119**	**100.0%**	**1,775**	**100.0%**

* *Median rating between Fitch, Moody's and Standard & Poor's.*

Liquidity risk

The Group's bond portfolio has a short duration, in keeping with its liabilities. The breakdown of bond durations is presented below:

	AS AT DEC. 31					
	2020		2019		2018	
Breakdown of the bond portfolio by duration	*(in €m)*	*(as a %)*	*(in €m)*	*(as a %)*	*(in €m)*	*(as a %)*
< 1 year	284	14.8%	443	20.9%	316	17.8%
1 year < > 3 years	465	24.3%	569	26.8%	593	33.4%
3 years < > 5 years	407	21.3%	438	20.7%	418	23.5%
5 years < > 10 years	613	32.0%	572	27.0%	415	23.4%
> 10 years	145	7.6%	97	4.6%	33	1.9%
TOTAL	**1,914**	**100.0%**	**2,119**	**100.0%**	**1,775**	**100.0%**

The short term exposure decreased slightly, with 39.1% of bonds having a duration of less than three years at December 31, 2020, and an increase in securities with a duration of more than five years (39.6% vs. 31.6% in 2019), due to the increase in the duration of the bond portfolio.

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

i) Liquidity risk management

Liquidity risk is monitored through analysis by the Group Treasury, Investment and ALM Department of the current and projected cash flows of the various entities across the entire scope. This data is subject to constant analyses allowing cash to be managed for monetary or financial investment purposes in the event of recurring excess liquidity. The Group Treasury ensures liquidity within the Group via cash management agreements that may be drawn up between entities to cover short term cash requirements and provide flexibility in financing needs.

A series of liquidity indicators are produced for the ALM Committee, including static and dynamic balance sheet run-off by maturity to monitor any liquidity gaps and the Group's ability to absorb a pre-determined shock. Liquidity stress tests are also performed, using ORSA scenarios. At the start of the health crisis, these liquidity reviews were primarily aimed at managing the investment portfolio's money market investments, taking into account changes in the Group's situation and claims forecasts. These are used to manage liquidity risk and assess the investment portfolio's average duration.

At the same time, the liquidity of this portfolio is regularly monitored using market indicators (flow trends, spreads, buy and sell ranges) and via the asset manager, Amundi, which produces regular analyses for Coface of the time needed and cost of unwinding all portfolio lines in current and stressed market conditions. Coface ensures that, at any time, its portfolio can be liquidated to a significant extent and in less than one month.

(1) *According to the Standard & Poor's rating scale, all bonds rated at least BBB- are considered investment grade, and bonds with a rating of BB+ or lower are considered to be high yield debt.*

Moreover, the investment policy implemented is geared towards very liquid investments enabling a reduction of fixed income portfolios at limited cost and with a lower discount on the instruments held regardless of market conditions. The fixed income investment portfolio (which accounts for a very large majority of the Group's overall asset allocation) is invested almost exclusively in fixed rates (which are more easily modelled) and also has a short duration (4.2 as at December 31, 2020), in line with the Group's liabilities and its credit insurance business. In addition, the investment portfolio must also retain a significant portion of its assets in highly liquid cash products, allowing full mobilisation of the amounts invested within a period of less than 15 days. The ALM Committee sets this portion on the basis of periodic stress tests conducted.

ii) Interest rate risk

A significant portion of the Group's investment portfolio is invested in bonds. As at December 31, 2020, bonds accounted for 67.6% of the total fair value of its investment portfolio.

The Group is thus subject to interest rate risk, including both interest rate and spread risk, which is particularly relevant to bonds. During a period when rates fall, there is a risk that the average portfolio interest rate will fall (reinvestment occurring at lower rates), or that the duration of the portfolio will increase (making the portfolio more sensitive to a future change in rates). Conversely, during a period when interest rates rise, there is a risk that the market value of the bond portfolio will fall, in which case the Group would have to record unrealised losses. Any significant variation in the value of its bond portfolio as a result of a change in interest rates could have a material adverse effect on its net income, cash, solvency margin and financial position.

The interest rate risk incurred by the Group on its financial portfolio is limited, with the maximum authorised modified duration of the bond asset class deliberately capped at 5[(1)]. The bond portfolio's modified duration as at December 31, 2020, was 4.17.

iii) Hedging policy

The Group's Investment Department, which is responsible for overseeing investments and managing the investment portfolio, may authorise the use of hedges against the risk of rising interest rates, through liquid forward financial instruments (swaps, futures, options) traded on regulated markets or over the counter with counterparties rated A- or higher.

These transactions are carried out exclusively for hedging purposes and in strict compliance with the regulations applicable to insurance companies. The nominal amount of the hedge is then strictly limited to the amount of underlying assets held in the portfolio (equities or fixed income products) in order to hedge assets actually held in the portfolio. The Group did not use this type of protection in 2020.

iv) Equity risk

Equity markets are characterised by volatility which creates a significant risk for insurers, which are subject to specific rules in terms of reserves (provisions for permanent impairment) and capital consumption (Solvency II Directive).

In this context, the Group once again reviewed its equity exposure in 2020 through work on the review of its strategic asset allocation. Its potential equity exposure is thus strictly limited to less than 10% of its portfolio and is concentrated in the eurozone, in line with its core business. The Group has no specific concentration of its equity risk on one or more economic sectors. Management is calibrated against the MSCI EMU benchmark[(2)]. These investments are also subject to a discretionary hedge put in place to mitigate any potential extreme shocks. The hedging strategy is dynamic: its level, its scope and its magnitude are defined by the Investment Department working with the manager responsible for the management platform.

As at December 31, 2020, equities accounted for 5.3% of the investment portfolio, of which 5% were equities listed on a market in the eurozone. These investments were partially hedged to the Euro Stoxx 50 index. These hedges may be adjusted according to the investments and the amount of the unrealised losses or gains on the shares held.

The tables below, which enable the sensitivity of the portfolio to be measured by reference to IFRS 7, show that, excluding the impact of equity or interest rate hedges, the portfolio was slightly less sensitive to the combined effects of a 100 bp increase in bond rates and a 10% fall in the equity market at December 31, 2020, than it was on December 31, 2019. This is due to the decrease in our exposure to the corporate debt, emerging debt and equity markets, despite the increase in the bond portfolio's modified duration.

/ SENSITIVITY OF THE PORTFOLIO TO CHANGES IN EQUITY AND BOND MARKETS AT DECEMBER 31, 2020

(in millions of euros)	MARKET VALUE AS AT DEC. 31, 2019	IMPACT OF A 100 BP RISE IN INTEREST RATES (1) (2)	IMPACT OF A 10% FALL IN EQUITY MARKETS (2)	IMPACT OF A 20% FALL IN EQUITY MARKETS (2)
Bonds	1,914	-79.9		
Equities	149		-14.9	-29.8
TOTAL	**2,063**	**-79.9**	**-14.9**	**-29.8**

(1) Average bond portfolio modified duration at end-2020: 4.17.
(2) Excluding any hedging impact.

(1) A bond's modified duration measures its loss of value in the event of a rise in interest rates. Thus, a bond with a modified duration of 4 will see its market value decrease by 4% if interest rates rise by 1%.
(2) Published by Morgan Stanley Capital International, the MSCI EMU index is an index weighted by the free float-adjusted market capitalisation, designed to measure the performance of equity markets in the eurozone countries.

/ SENSITIVITY OF THE PORTFOLIO TO CHANGES IN EQUITY AND BOND MARKETS AT DECEMBER 31, 2019

(in millions of euros)	MARKET VALUE AS AT DEC. 31, 2019	IMPACT OF A 100 BP RISE IN INTEREST RATES (1) (2)	IMPACT OF A 10% FALL IN EQUITY MARKETS (2)	IMPACT OF A 20% FALL IN EQUITY MARKETS (2)
Bonds	2,119	-82.6		
Equities	175		-17.5	-34.9
TOTAL	**2,294**	**-82.6**	**-17.5**	**-34.9**

(1) Average bond portfolio modified duration at end-2019: 3.9.
(2) Excluding any hedging impact.

/ SENSITIVITY OF THE PORTFOLIO TO CHANGES IN EQUITY AND BOND MARKETS AS AT DECEMBER 31, 2018

(in millions of euros)	MARKET VALUE AS AT DEC. 31, 2018	IMPACT OF A 100 BP RISE IN INTEREST RATES (1)	IMPACT OF A 10% FALL IN EQUITY MARKETS (2)	IMPACT OF A 20% FALL IN EQUITY MARKETS (2)
Bonds	1,775	-62.5		
Equities	178		-17.8	-35.6
TOTAL	**1,953**	**-62.5**	**-17.8**	**-35.6**

(1) Average bond portfolio modified duration at end-2020: 3.52.
(2) Excluding any hedging impact.

v) Foreign exchange risk

As at December 31, 2020, 36.7% of the Group's consolidated turnover was earned outside the eurozone, and thus subject to exchange rate risk.

Subsidiaries or branches whose accounts are drawn up in euros and which underwrite in other currencies must comply with the same matching principles (matching of assets and liabilities denominated in a currency other than the accounting reference currency). Exceptionally, open positions in other currencies may be hedged. The Group does not make foreign currency investments for speculative purposes.

The great majority of the Group's investment instruments are denominated in euros. The investment portfolio's exposure to foreign exchange risk is limited: as at December 31, 2020, more than 75% of investments were denominated in euros.

	AS AT DEC. 31					
	2020		2019		2018	
Breakdown of the investment portfolio by currency	*(in €m)*	*(as a %)*	*(in €m)*	*(as a %)*	*(in €m)*	*(as a %)*
EUR	2,140	75.5%	2,058	72.3%	1,989	73.6%
USD	274	9.7%	341	12.0%	323	12.0%
Other*	420	14.8%	449	15.8%	392	14.5%
TOTAL	**2,834**	**100.0%**	**2,848**	**100.0%**	**2,705**	**100.0%**

* *Mainly Singapore dollar, pound sterling, Hong Kong dollar, and Canadian dollar.*

Moreover, for the greater part of the portfolio, which includes all of the Group's European entities, foreign exchange risk is systematically hedged for foreign currency investments that do not apply the matching principle. Therefore, as at December 31, 2020, investments in bonds denominated in US dollars, pound sterling, yen, Norwegian krone and Swedish krona in this portfolio were systematically hedged against the euro by the managers responsible for the portfolios concerned. Foreign currency transactions carried out by subsidiaries are monitored by the Group in order to decide, on a case-by-case basis, on the need to put in place the associated hedges.

/ SENSITIVITY OF THE NET INCOME OF FOREIGN CURRENCY ENTITIES TO EXCHANGE RATE RISK

	AVERAGE EXCHANGE RATE (DECEMBER 2020)	NET INCOME (GROUP SHARE) IN THOUSANDS OF EUROS AS AT DEC. 31, 2020	NET INCOME (GROUP SHARE) IN THOUSANDS OF FOREIGN CURRENCY AS AT DEC. 31, 2020	ASSUMPTION 10% VARIATION IN THE EXCHANGE RATE	NET INCOME (GROUP SHARE) IN €K AFTER EXCHANGE RATE CHANGES	DIFFERENCE BETWEEN ACTUAL RATE AND EXCHANGE RATE FLUCTUATING BY 10%
Brazilian real	0.1697	-2,086	-12,289	0.1867	-2,294	-209
Canadian dollar	0.6539	-1,030	-1,576	0.7193	-1,133	-103
Swiss franc	0.9344	-4,950	-5,297	1.0278	-5,444	-495
Pound sterling	1.1247	7,512	6,679	1.2372	8,263	751
Hong Kong dollar	0.1130	9,962	88,175	0.1243	10,959	996
Mexican peso	0.0408	-1,411	-34,572	0.0449	-1,552	-141
Polish zloty	0.2250	9,675	42,990	0.2476	10,642	967
Romanian leu	0.2067	1,763	8,528	0.2274	1,939	176
Russian rouble	0.0121	2,824	233,353	0.0133	3,107	282
Singapore dollar	0.6356	-13,715	-21,578	0.6992	-15,087	-1,372
US dollar	0.8763	-5,049	-5,762	0.9639	-5,554	-505
Other		4,817			4,817	0
Euro		74,587			74,587	0
TOTAL		**82,900**			**83,250**	**350**

Management of risk related to exchange rate fluctuations

To prevent the adverse effects of exchange rate variations, the Group has implemented an asset-liability management policy monitored by the Investment, Finance and Purchasing Department. The primary objective of the foreign exchange risk hedging strategy is to reduce the risk associated with the exchange rate once the acceptable defined threshold has been reached or exceeded. It does not aim to eliminate all foreign exchange risk or to generate additional income by strategies considered speculative. The strategy should thus generally cover existing currency positions within the Group, with the maximum amount hedged equal to the underlying asset held in the currency in question. Finally, it should take into account the cost incurred by hedging mechanisms and its expected effects on the income statement in relation to the desired reduction in exchange rate risk.

In addition to the systematic hedging in place on the investment portfolio, the Group's foreign exchange risk hedging strategy therefore focuses primarily and where applicable on establishing "macro hedges" on the main Group exposures and on the most liquid currencies. The default recommended hedging strategy within the Group is natural hedging (hedging of monetary assets in foreign currencies by monetary liabilities in the same currencies, so that exchange rate fluctuations have a limited impact on Group income). In addition to this, financial hedging may then be considered. Any financial hedging implies the use of financial instruments to protect against exchange rate risk, in particular forward foreign currency contracts, foreign exchange swaps and currency derivatives. The various instruments will differ by their term and by whether or not they are optional. All proposals for foreign exchange risk hedging are analysed and validated by the ALM Committee.

vi) Real estate risk

Real estate risk is the risk of seeing a reduction in market value, thereby impacting the unrealised gains recorded for the real estate asset, or even leading to unrealised losses.

Under the Group's strategic allocation, the maximum exposure to real estate is limited to 9%, taking into account the liquidity risk of these assets as well as the stress test results for the asset class.

The Group's current portfolio consists of property used for its operating activities, as well as real estate investment funds. These funds mainly invest in the office, retail and logistics sectors in core locations in European countries and the United States. The Group has implemented diversification rules in terms of the number of funds, with a maximum investment ratio set for each investment vehicle and a maximum average leverage ratio of 40%.

As at December 31, 2020, the fair value of the Group's real estate exposure totalled €303.2 million, consisting of €72.6 million in property used for its operations and €230.5 million in investment property via 15 investment vehicles.

vii) Counterparty risk

As at December 31, 2020, more than 95% of the bonds held by the Group had a median rating of BBB- or above from at least one internationally recognised rating agency, and none had a CCC rating. At the same date, the exposure of its investment portfolio was primarily geared towards countries in the eurozone, with the exception of Greece. Despite this risk selection policy, it cannot be ruled out that the investment portfolio might experience significant changes in value due to persistent current and potential future tensions on the financial markets, in particular with regard to sovereign and corporate debt. These defaults or fears of defaults by public or private issuers or by any other third parties, counterparties, financial institutions, clearing houses or stock markets could disrupt the market, cause increased volatility of financial instruments, result in a series of defaults, or even lead to a liquidity squeeze, and could lead the Group to record losses or impairments on invested assets, or significant unrealised losses, or make it unable to meet future funding needs to honour its commitments. Such losses or impairments could harm the value of its investments and reduce its profitability, having a material adverse effect on its current and future revenue, net income, cash, solvency margin and financial position.

Counterparty and concentration risk management

Concentration risk is also taken into account in the investment policy via portfolio diversification requirements, and assets are managed by several asset managers. With regard to diversification of the investment portfolio, the investment policy incorporates category and concentration investment limits.

In particular, exclusions are formulated and reviewed annually, during the review of the Group's investment rules, or even half-yearly at the Strategic Investment Committee meeting (which sets investment policies and decides on strategic allocations), regarding:

- certain issuers;
- certain countries considered to be extremely high risk;
- certain products: structured products (securities or off-balance sheet items), derivatives used for purposes other than hedging (list defined in the PICIM investment policy).

Counterparty risk is also regulated as a percentage limit of total exposure. This limit, set at 5% of the total amount of assets managed, takes into account investments made on behalf of Coface in the same issuer, all types of short term financial instruments combined. A limit system based on ratings and the type of investment (short term, over one year, foreign exchange and OTC market) is also defined and regularly monitored.

Counterparty risk is also monitored on the bank counterparties with which the Group has relationships, all over the world. A monitoring list is established and updated regularly by incorporating ratings from agencies independent of the Group. The Group Treasury Department also plays a decisive role in local entities' choice of banking partners.

At December 31, 2020, the bond portfolio's ten biggest exposures to private sector issuers totalled €133.3 million, representing 7% of the portfolio's fair value. This level was stable against 2019, reflecting continued diversification in private sector exposures.

More generally, the Group has implemented management rules within its investment portfolio and for all asset classes that require geographic and sectoral diversification of risks in order to protect against or mitigate a potential default.

Risks related to the refinancing of the factoring activity

The Group's liquidity requirements correspond, on the one hand, to coverage of its operating expenses, the settlement of claims and financial expenses and, on the other hand, to the liquidity needs of the factoring business in Germany and Poland. The main sources of liquidity for the insurance business are the insurance premiums received and the net income from investments. Liquidity to cover the funding requirements of the factoring business totalled €1,961 million at December 31, 2020. This corresponded to drawdowns of bilateral credit lines and overdraft facilities for a maximum of €929 million, to issuances made under its commercial paper programme for a maximum of €650 million and a factoring receivables securitisation programme in Germany for a maximum of €1,100 million. Any early termination of the securitisation programme or related financing in the event of default or a failure to comply with commitments could have a material adverse effect on its financial position. Joint monitoring of the borrower and the guarantor, where applicable, ensures that our commitments are met within the deadlines stipulated in the financing contracts. Any quantitative criteria regarding the performance of the loan portfolio are reviewed locally and are part of the overall monitoring of risks associated with the factoring activity.

As part of its financing policy, the Group has accessed and is expected to continue to access the capital and debt markets. In this respect, it cannot guarantee that it will be able to access sufficient funding or favourable market conditions. In particular, interest rates, and investors' perception of its financial position and outlook, must be favourable to allow it to raise the financing (bank loans or fundraising on the capital markets) needed to develop its business, cover its operating expenses, settle claims and cover its financial expenses. The capital market has suffered, and could continue to suffer, from high volatility or from disruptions limiting the availability of market financing. Such insufficient liquidity and/or prolonged restrictions in accessing these forms of funding could have a material adverse effect on its business, financial position, operating results or outlook.

To fund its factoring business, Coface has particularly relied on cash derived from the issuance of commercial paper, totalling €650 million, accompanied by back-up lines taken out with a number of banks, and a factoring receivables securitisation programme in Germany amounting to €1,100 million. The current crisis caused the commercial paper market to dry up temporarily in March and April 2020, but due to the existence of internal limits and the security buffer they provide for, the Group's liquidity position did not suffer during this period. With the help of its top-tier partners, Coface managed to maintain a high level of issuance over the period without using the back-up structure, which can be activated at any time. Liquidity requirements were also lower than expected due to the contraction in the economy, which has led to a decline in activity and therefore in refinancing requirements. The Group and the factoring companies introduced frequent monitoring of financing requirements to anticipate any potential liquidity gap concerning the commercial paper issuance programme and to monitor the impact of the crisis on clients' activity. If the liquidity shortage on the money market had continued, Coface would have used its dedicated back-up facility. Meanwhile, the sharp contraction in the economy led to a decline in our clients' activity and a corresponding reduction in their refinancing requirements.

5.2.3 Strategic risks

Strategic risk refers to the risk to our results and our solvency caused by changes in market conditions, poor strategic decisions or inadequate implementation of these decisions and/or a lasting and serious deterioration in our reputation or our image on the market.

Definitions of strategic risk factors

Main strategic risk factors

Risks related to market conditions

Coface bases its strategy on a core economic scenario developed by its research teams and assumptions deriving from this scenario. These assumptions may be affected by external events that could impact Coface's strategy, such as a sudden increase in defaults due to a financial crisis, a pandemic that could lead to a slowdown in the real economy and international trade, regulatory or environmental changes that could affect certain sectors of activity, or political instability that could increase country or sector risks.

Risk of poor execution of the Build to Lead strategic plan/deviation from the strategic plan

In addition to the external factors described above, risks associated with the achievement of Coface's strategic objectives could arise from internal factors such as a product launch that does not find a market or that generates excessive risks, delays in investment, adaptation or transformation projects, or shortcomings in the management of the strategic plan.

Other strategic risk factors

Risks related to changes in regulations governing our activities

Most countries in which the Group operates apply laws and regulations covering accounting and solvency standards, capital and reserve requirements, the diversification of financial investment portfolios, the conduct of business (particularly the granting of relevant licences), distribution practices, anti-money laundering and anti-terrorism financing procedures and client protection and Know Your Customer rules. The Group's development could be affected if it encounters technical, material or human difficulties in adapting to these changes or if it were to face temporary measures required by supervisory authorities.

Risks related to acquisitions

In acquisitions such as those Coface has completed in the past and which it could consider in the future, risks arise from the fact of purchasing an entity where the quality of its business portfolio may have been poorly estimated or for which the risk of litigation may have been underestimated, or for which the risk of employee or client attrition could have been wrongly assessed.

Image or reputational risk related to our risk underwriting activity

Coface's image or reputational risk could increase if, for example, its risk policy were seen as not being in the public interest or in the event of risk-taking in sensitive sectors or on high risk beneficiaries.

Strategic risk assessment and management

Risks related to market conditions

In order to better understand market conditions and manage its strategic risk, Coface has specialised economic research teams in each region, who are close to the risks and the markets on which we incur risks. In addition, Coface has 340 credit analysts and centres for collecting and updating information on our debtors to ensure we have the most up-to-date view of the risks we incur. The teams of analysts are positioned as close as possible to the 66 countries in which Coface operates in order to have a better understanding of local risks.

A specific governance approach includes a monthly committee meeting of economic analysis teams and underwriting teams who share the latest information available on countries, sectors and debtors. At the highest level, each week, the General Executive Committee monitors the economic situation (globally and by country and sector) and the level of risk, using synthetic indicators. During the Covid crisis, risk underwriting governance was tightened with two General Executive Management Committee meetings per week to monitor developments in the health situation and the risks underwritten as closely as possible. This enabled close monitoring of risk management action plans, the number of which has considerably increased in 2020 compared to 2019.

Risk of poor execution of the Build to Lead strategic plan/deviation from the strategic plan

Under the leadership and oversight of senior management, the strategic plan was developed in consultation with Coface's regions and functional departments to ensure it was relevant and to engage its teams. A dedicated organisational structure was set up to monitor execution of the plan and thus minimise the risk of deviating from its objectives. This organisational structure is headed by the Transformation Office, backed by the Finance Department. These two departments are responsible for the implementation of initiatives and their financial performance, based on pre-determined indicators. An update on the implementation of the plan is presented quarterly to the Executive Committee, which includes the heads of each region and the members of the General Executive Committee.

In 2020, the rapid change in economic conditions due to the pandemic delayed some initiatives such as the launch of a product in a Coface region and some non-essential investments. At the date of this report, these changes do not cast any doubt on the roadmap set out in the plan.

Risks related to the Group's solvency coverage

In 2019, the French regulator, the Prudential Supervision and Resolution Authority (ACPR), authorised the Group to use the partial internal model to calculate its capital requirements, as the standard formula does not adequately measure Coface Group's underwriting risk.

The partial internal model applies to credit insurance activities, and Coface continues to use the standard formula to calculate its capital requirements for its other activities, which are more marginal or for which the risks appear to be correctly measured by the standard formula.

In addition to the regulatory assessment of the solvency capital requirement, the Group has analysed the sensitivity of its Solvency II ratio to significant risks and events. For example, this analysis quantified the potential impact on the Group's solvency ratio of a wide range of shocks reflecting historical stress events (such as the 2008-2009 financial crisis or the financial crisis of 2011) or the impact of a cyberattack. In 2020, the partial internal model was also used several times to quantify the impact of the Covid crisis in various macroeconomic scenarios prepared by Coface's teams at different stages in the crisis. These analyses and their results helped management and the Board of Directors decide on the strategies to be adopted to manage the crisis and also made it possible to verify the robustness of the internal model.

As at December 31, 2020, the Group's solvency ratio stood at 205% vs. 203% in 2019, confirming the Group's resilience in the crisis. The solvency ratio achieved in 2020 is above the Group's comfort scale (155%-175%).

Other risk factors

Risks related to changes in regulations governing our activities

A significant portion of the Group's business is subject to obtaining approvals and licences issued by the public authorities in charge of supervising and controlling credit insurance and factoring activities. As part of its strategy of sustained and profitable growth, the Group plans to continue establishing operations in new countries and will be required to obtain all the necessary approvals, licences and authorisations to conduct such business activities. Any major difficulty encountered in obtaining such authorisations could delay or jeopardise its establishment in these new countries. Similarly, the non-renewal, suspension or loss of these authorisations could have a material adverse effect on its business, operating results, financial position and outlook.

To manage these risks, the Group has implemented a comprehensive regulatory and prudential watch, managed by the Legal Department, which aims to identify changes in regulations in the countries in which Coface operates. This is supplemented by monitoring of more specific aspects (accounting standards, Solvency II prudential regulations, etc.) carried out by the departments concerned. Participation in industry working groups and membership of various professional associations in France and around the world also helps Coface better manage this type of risk.

Risks related to acquisitions

All acquisition projects carried out by the Group involve the operational and functional departments concerned (finance, legal, underwriting, etc.) as well as the Group General Executive Committee, which formally approves each stage of the process. Coface's teams have acquired solid expertise in this area, as demonstrated by the two acquisitions made in recent years (PKZ in Slovenia and Giek Kredit in Norway). In addition, for each acquisition, the internal teams also use leading external legal and financial advisory firms that are reputed for their expertise.

Before any acquisition is completed, the main functional departments and the region concerned draw up an integration plan for the acquired company, which is then implemented by a dedicated team. The integration plan is monitored by the Group's project management bodies.

Image or reputational risk related to our risk underwriting activity

Coface's underwriting policy governs the type of risk and the sectors that may be insured and the risks that are excluded from any coverage (for example, exclusion of coal or anti-personnel mines). In accordance with regulations, Coface has KYC, anti-money laundering and counter-terrorist financing procedures to prevent any coverage or compensation being granted to a policyholder subject to sanctions. Compliance with these obligations is ensured by the internal control system, which includes level one, two and three controls.

5.2.4 Reinsurance risk

Reinsurance risk is defined as the loss incurred by any gap between the Group's risk appetite with respect to extreme credit events and the coverage obtained on the reinsurance market.

This risk may increase due to changes in the economic cycle, the concentration of the panel of reinsurers or a decline in the attractiveness of the credit insurance and surety bond segments in relation to other risk segments considered to be more profitable by the reinsurance market.

Definitions of reinsurance risk factors

Main reinsurance risk factor

Residual insurance risk

The Company may be required to take more risks than initially intended if the entire reinsurance programme cannot be obtained on the market. This partial coverage may result from a poor financial performance by the Company, expectations of a sudden downturn in the economic cycle, a decline in the attractiveness of the credit insurance and surety bond segments leading reinsurers to reallocate their capital in other P&C segments, or a strategic decision by a reinsurer with a significant weighting on the panel to cease activity in the credit insurance and surety bond segments.

Other reinsurance risk factors

Counterparty risk

The Company may face a sudden default by one or more of its reinsurers, resulting from an accumulation of claims in other segments, for example. These counterparties would therefore no longer be able to cover their share of ceded claims, obliging the Company to retain more claims than expected.

Liquidity risk

The Company may be faced with late payments by one or more of its reinsurers, resulting from an accumulation of claims in other segments or low liquidity on the financial markets, for example. These counterparties would therefore no longer be able to compensate the Company on time, particularly in the event of a cash call, which could oblige it to disinvest some of its assets on unfavourable terms in order to be able to compensate its policyholders in time.

Operational risk related to the execution of the treaty

In the event of non-compliance with the contractual terms of reinsurance treaties such as, for example, the absence of a special approval justifying an exceptional transaction, failure to notify claims exceeding a certain size or incomplete reporting on the Group's outstandings, the Company may be refused compensation for a claim and would be obliged to retain it entirely on its books.

Reinsurance risk assessment and management

Risks related to relations with reinsurers (market capacity and reinsurance costs)

The theoretical level of exposure assessed by the Group is incompatible with the Group's available capital alone. This theoretical level of exposure is based primarily on the fact that a certain proportion of claims derived from this exposure will be passed on to reinsurers, bearing in mind that this transfer of risk to reinsurance companies does not exempt the Group from its commitments to pay its policyholders.

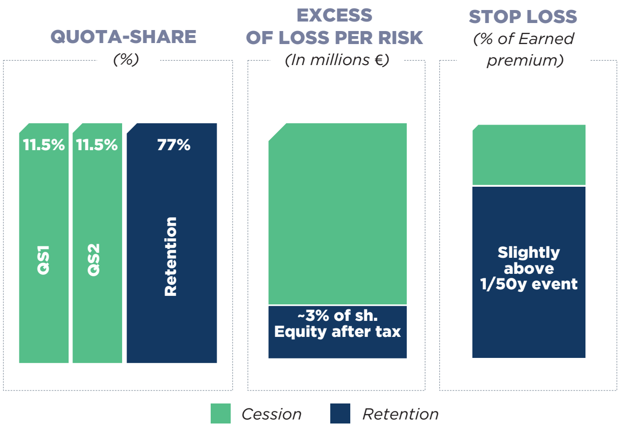
In terms of its relations with reinsurance companies, the Group is subject to the risk of insolvency of one of its reinsurers and the risk that it might be unable to obtain the required reinsurance treaties or that it might only obtain them on unacceptable pricing terms. Reinsurers may also face liquidity issues, obliging the Group to sell some of its assets urgently in order to meet its contractual commitments to its policyholders.

In order to protect against these risks, the Group has included mitigation rules in its reinsurance policy intended to:

- diversify the reinsurance panel as much as possible while ensuring that no reinsurer exceeds a certain size;
- require each reinsurer to have a rating of at least A- as well as requiring a pledge of all provisions, including IBNR, that are ceded to it. As the securities pledged contractually must have the highest degree of liquidity on the financial markets, the Group would be able to quickly enforce its rights with the custodian bank in order to recover the amounts due either because of default or to compensate for any liquidity problems;
- structure the reinsurance programme with a mix of treaties of 12, 24, or two times 12 months. This enables the Group to mitigate the price impact of any turnaround in the economic cycle and provides visibility over 12 months to find a potential replacement if one or more reinsurers were not to renew their share, in particular on the excess loss treaty, which is an important component of the Group's solvency.

Coface's reinsurance treaty structure is as follows:

/ REINSURANCE TREATIES



Due to the ongoing SARS-CoV-2 pandemic, nine European countries *(Germany, Belgium, Denmark, France, Italy, Luxembourg, Norway, the Netherlands and the United Kingdom)* have established proportional or similar reinsurance schemes which have priority over the treaties signed by the Group presented above. These schemes, also known as backstops, absorb 50%-90% of the risks underwritten in 2020 and 20%-90% of those to be underwritten in the first half of 2021 for policyholders located in these countries. The signing of these backstops, particularly on the Group's main markets, significantly reduced the exposure of traditional reinsurance treaties to the frequency and severity risks they are meant to cover. Their extension for part of 2021 also helped to maintain reinsurers' appetite for Coface's reinsurance programme at an acceptable level, though it did involve some tightening of pricing conditions.

Operational risk related to the execution of the treaty

The Group may face a refusal to indemnify a claim if it is found to be in breach of certain contractual provisions. To protect itself, the Group has incorporated all the risk limits applied in its reinsurance programmes into its underwriting process and ensures that each exemption is documented and approved in advance. Likewise, the underwriting, indemnification and reporting processes upstream of reinsurance are documented and are subject to regular level one and two controls in order to minimise residual risk. In 2020, these controls did not show any particular anomalies.

5.2.5 Operational and compliance risks

Coface Group defines operational risk as a risk of direct or indirect losses resulting from inadequacy or failure attributable to processes, persons, internal systems or external events. This risk includes model risk and dilution risk (factoring).

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

Compliance risk is defined as the risk of non-compliance with the laws, regulations or internal policies and rules that may lead to sanctions, financial losses and damage the Group's reputation (image risk). This risk constitutes the risk of judicial, administrative or disciplinary sanctions, significant financial loss or damage to reputation arising from failure to comply with provisions specific to banking and financial activities, including legislative and regulatory provisions, national or directly applicable European requirements, professional and ethical standards, or instructions from executive managers made in accordance with guidelines issued by the Company's supervisory body.

/ OPERATIONAL RISKS

Definitions of operational risk factors

Main operational risk factors

Risks related to information systems and cybersecurity (non-financial performance disclosures)

Against a backdrop of technological and digital transformation, the risks associated with information systems and cybersecurity are now significant for an insurer. Information system risks may occur in project, design or production phases, any may be caused by technical or human errors, negligence or a lack of control or skills. Cyber security risks are mainly caused by internal or external malicious acts (*e.g.* cyberattack). These actions and the risks associated with the information system could lead to a breach of the confidentiality, integrity or availability of the insurer's in-house or outsourced information systems. A major IT system failure could therefore have financial consequences on the Group's results, or lead to client complaints, non-compliance or civil liability for our senior managers.

Diversity and equal opportunities (non-financial performance disclosures)

Diversity and equal opportunities are becoming key concerns at Coface and in its environment. For several years, Coface has been conducting a series of initiatives to improve gender equality. This year we also launched initiatives on disabilities and for LGBT+ inclusion.

There are several reasons why we are stepping up our commitment in these areas, beyond their intrinsic importance for a community of employees applying ethical values in the workplace, and with strong expectations regarding our Company's social impact:

- concerns about diversity are increasingly present in the media and society, and ignoring this would put us at a disadvantage in attracting and retaining the talented employees we need. The talented individuals we are looking for are the same as for most large multinational companies: graduates with expertise and the ability to work in an international environment with an agile mindset and strong relational skills, who speak English, etc. There is a shortage of people with all these skills, and we must stand apart in a positive way to attract and retain them;
- the global environment in which we do business is increasingly aware of these themes, and we must be exemplary in order not to attract criticism from our observers, be they investors, candidates, rating agencies, or regulators;
- equal opportunities and non-discrimination are often included in the law of the countries in which we operate. We cannot risk being exposed to serious litigation for discrimination against an employee or community of people.

Other operational risk factors

Risks related to the coronavirus epidemic

2020 was marked by the coronavirus epidemic, which affected all the countries in which Coface operates. At the time of writing, the epidemic was not over and it could still affect Coface's activity in the vast majority of its countries of operation.

The main risks that could be impacted include, but are not limited to, the following:

- ***Credit risk***

Although, in 2020, there was no sign of any appreciable increase in unpaid receivables, Coface anticipates that the economic slowdown due to the coronavirus could lead to a significant rise in business failures at various levels, depending on the countries and business sectors, and that it is not possible to quantify this at the moment.

- ***Risk on premiums collected***

The global economic slowdown will necessarily have an impact on the business of Coface's clients, which is used to calculate premiums, and it is still difficult to estimate this impact at this stage. It is possible that the level of premiums received for the financial year may very often be reduced to the amount of the minimum lump-sum premium invoiced at the beginning of the financial year, calculated on the basis of the estimated volume of sales made during the year.

This reduction in premiums will only be partially offset by the rate increases due to the risk situation. An increase in terminations is also likely, owing to the failure of a number of clients and/or their inability to pay premiums.

Finally, the confinement measures imposed in many countries where Coface is present have a very negative impact on its commercial activity.

- ***Risk related to the investment portfolio***

In 2020, Coface managed its investments prudently, but trends on the financial markets could lead to a higher than expected level of volatility in its investment portfolio due to the ongoing pandemic and the financial imbalances it is causing.

- ***Modelling risk***

To carry out its activities, Coface Group uses a number of models such as macroeconomic or stochastic models, default prediction models for debtors, financial risk projection models, and a partial internal model to calculate its regulatory capital requirement. These models are based on estimates and assumptions that may prove to be incorrect, data that may be incomplete or imperfect, and execution systems and procedures that may present limits or weaknesses, which could lead to errors in pricing, in our assessment of the quality of our credit risk or our financial risk (country, sector, debtors) or our level of solvency, for example.

Operational risk assessment and management

Risks related to information systems and cybersecurity

The generalisation of remote working due to the health crisis in 2020 has increased the threat to information systems. A very sharp increase in the threat was observed, though the Group did not suffer a major cybersecurity or IT incident. The situation gave the Group the opportunity to test the reliability of its remote IT access and collaborative working infrastructure and its ability to manage the crisis at an international level.

In the Group Risk Division, the Chief Investment Security Officer (CISO) defines the Group's cybersecurity risk management policy and the Group Head of IT Security translates the policy into operational security procedures.

The CISO manages the Group Information Systems Security and Business Continuity Committee and attends the Group Risk and Compliance Committee chaired by the Chief Executive Officer. To manage risks, each year, he organises intrusion tests, code reviews, red teams and phishing campaigns, as well as conducting on-site missions. The results are presented to the Group Risk Committees each year. The Group Audit Department is involved in the follow-up of recommendations, which must be implemented by the first and/or second line of defence, as appropriate.

The cyber and IT risk map presented to the Group Risk and Compliance Committee is used to update general management on the level of residual risks. In keeping with the Fit to Win strategic plan, information systems oversight lies at the heart of the Build to Lead strategic plan. In 2020, an operational cybersecurity plan was included in the Group's strategic projects and regular monitoring is carried out by the Risk Division through the Information Systems Security and Business Continuity Committee, the Internal Audit Department and the General Executive Committee.

Raising employee awareness is also a core part of the risk mitigation strategy and specific initiatives are organised across the Group and in the local entities.

In addition, the limits and coverage of the cyber insurance policy have been increased and cover all Group entities. Lastly, a new permanent control system is being rolled out for the IT function in order to cover all the Group's regions and countries with local correspondents. It is supplemented by central risk indicators provided by the IT function.

Diversity and equal opportunities

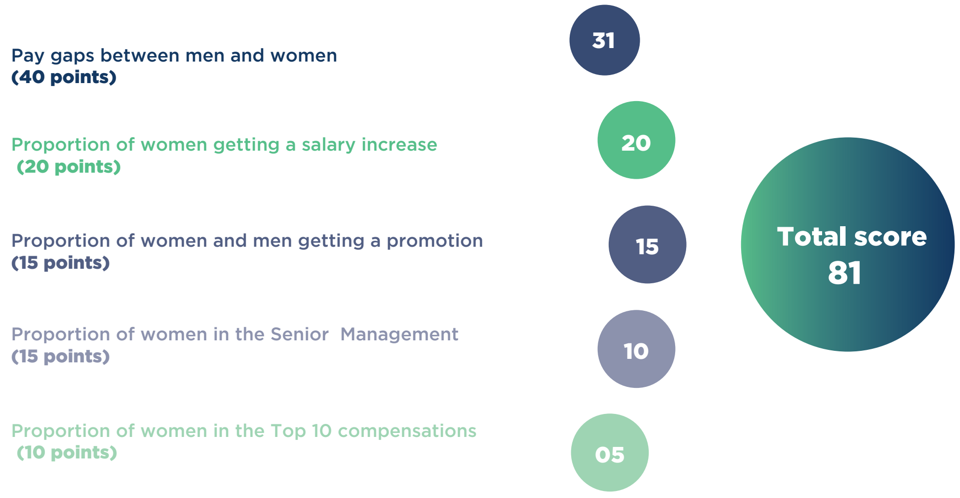
In 2020, Coface introduced an index to measure progress in gender equality. This index was built using the methodology used to calculate the gender equality index that all French companies must now publish annually.

The index is composed of 5 indicators. Each indicator is rated, and the sum of the ratings gives an overall score out of 100. Given our structure, one of the five indicators could not be exactly replicated (indicator 4 below). We therefore replaced it with a measure of the presence of women in senior management roles, which is particularly representative of the actual effectiveness of our diversity policy.

GENDER INDEX BASED ON THE FRENCH LEGISLATION	COFACE REGIONAL GENDER INDEX ADJUSTMENTS	NB POINTS	TOTAL SCORE
1. Pay gaps between men and women *Based on the the average total compensation by classification and by age*	Annual Base salary 2020 Country > 50 employees Ponderation on the weight of each country	**40 points**	**Maximum : 100 points** **A minimum of 75 points is required**
2. Proportion of women and men getting a salary increase *Penetration rate by gender and classification (excl. mandatory increases)*	Unchanged	**20 points**	
3. Proportion of women and men getting a promotion *Rate by gender and classification*	Unchanged	**15 points**	
4. Proportion of women getting an increase the year following their maternity leave *Rate by gender and classification*	Criterion not included in the Coface index		
Criterion 4 replaced in the Coface index by 4bis opposite =>	**4 BIS. Proportion of women in the Senior Management (Exec members included)**	**15 points**	
5. Proportion of women in the Top 10 compensations *Total remuneration*	Annual Base salary 2020	**10 points**	

In this first year of measurement, we achieved an overall score of 81/100, and we will now measure our progress using each indicator and on an overall basis. The results for the first year were as follows (these results have been audited with a positive conclusion).

/ 2020 OVERALL SCORE



The Gender index indicator and the 4bis indicator are now used in the frame of the senior management variable compensation.

Operational risk management and control

The Coface Group's operational risk management system enables permanent monitoring and assessment of these risks and is based on the following:

The risk map

To improve its understanding of its operational risk, the Group produces a mapping using a "qualitative" methodology with a bottom-up approach in which each entity assesses its risks using a common methodology to produce a consolidated view that is presented to the Group Risk and Compliance Committee and then to the Board of Directors' Risk Committee. The mapping covers all the key operational risks to which the entity in question is exposed and takes into account the results of the controls used to mitigate the biggest risks. This mapping is under the responsibility of the risk owners and the owners of the controls in the first line of defence.

For each business or support process, a list is drawn up of the significant risk situations which may affect this business or support function.

The risk assessment is based on a measurement of the frequency and intensity of its impact, as well as on the effectiveness of controls overall (level two control, governance, existing procedures, system resources and people). A four-level assessment scale is applied (low, medium, significant, high).

Each risk situation is the subject of a detailed description incorporating an assessment of the inherent risk (*i.e.* before level one controls), a description and evaluation of the controls, an assessment of the residual risk and potential action plans.

Risk maps are prepared and updated on an ongoing basis according to the results of level one or two controls, the conclusions of periodic control reports or reports by third parties (including regulators), or internal incidents.

In 2020, the mapping included around 300 applicable risk situations covering the main operational risks and 450 types of level one and two controls which are adapted by the entities for their different processes. In 2020, around 200 level one and two control campaigns were launched.

Permanent control plans

Permanent control plans are applied within the entities based on identified risk situations. Each year, the heads of each business line and the Group's risk and compliance functions determine the level one controls they intend to carry out within their scope, and the risk and compliance functions then develop level two control plans.

With regard to operational risks, approximately 450 types of level one and level two controls are adapted by the entities for their different processes, based on the mapping, which includes approximately 300 risk situations. In 2020, around 200 level one and level two control programmes were launched by the head office teams. The results of these controls are presented to the regional risk and compliance committees and then to the Group Risk and Compliance Committee.

Reporting of incidents and losses

An incident is the occurrence of an operational risk that could result in, or could have resulted in, a financial loss, an unjustified profit, or in other non-financial consequences.

Operational incidents and losses are identified and a summary is prepared each month and distributed during the Group Risk and Compliance Committee.

The incidents reported are corrected and are taken into account when updating the operational risk map.

Action plans and reporting

The purpose of implementing the measures described above is to fully identify operational risks. When necessary, preventive or corrective action plans to reduce or control operational risks are defined and rolled out by the entities.

The Group Risk Department is responsible for reporting to the Group Risk and Compliance Committee and the Group's management bodies.

Contingency and business continuity plans

As part of the management of unexpected risks (terrorism, natural disaster, pandemic, etc.), each Group entity has a business continuity plan (BCP) to deal with an extended or permanent unavailability of its premises, information systems or personnel.

The BCP is drawn up and updated on the basis of Group rules, supplemented by rules on mutual assistance between entities and on remote working. In 2020, these preventive plans enabled Coface to switch nearly all its teams around the world to remote working from March, using its infrastructure and internal systems, without any deterioration in its operations.

In addition, drills are performed at least once a year to test the IT recovery plan (DRP[1]) in established scenarios, allowing information system users to verify that it functions correctly in fail-safe mode. The drill performed in 2020 involved all functions in all regions and its satisfactory results were shared with the Information Systems Security and Business Continuity Committee.

Risk transfers

Some operational risks are covered in whole or in part by insurance policies taken out by the Group for all entities ("master policies"). These global policies are supplemented by local insurance policies when required by local regulations or requirements. The entire system is managed by the Group Risk Department.

Seven global policies were signed over the 2020-2021 period, with some of these policies signed for a period of 2 years. The risks covered are Coface's main properties and assets, civil liability risks associated with the Company's operations in respect of employees and buildings, professional liability and fraud protection, corporate officers' civil liability and cyber risks.

Other risk factors

Data management risks

Given its activity and its environment, data management, protection, quality and availability are key parts of Coface's strategy. To address these risks, Coface Group has set up a dedicated data management and control department, led by the Chief Data Officer. A programme has been put in place to ensure continuous improvement in data quality through new indicators, improvements to the existing data dictionary and controls, and the automation of reconciliations on certain processes. We also launched work to modernise the architecture and infrastructure of our data with the introduction of big data and artificial intelligence.

The Group has set up a comprehensive data confidentiality system that defines practices and the principles applied to ensure Coface's compliance with legislation in this area and in the jurisdictions in which it operates.

Modelling risk

Coface's modelling risk is assessed by specific bodies depending on the size of the models and how they are used. Accordingly, special governance applies to the rating models used to assess the quality of our debtors and to Coface's partial internal model, which is used to calculate regulatory capital and manage debtor risk and the Group's comfort scale. In accordance with the principles of good governance, these models are independently validated by the Group Risk Management division, which monitors the implementation of recommendations addressed to the development teams in dedicated committees that report to the Group Risk and Compliance Committee.

5.3 RISK GOVERNANCE

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

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

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

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

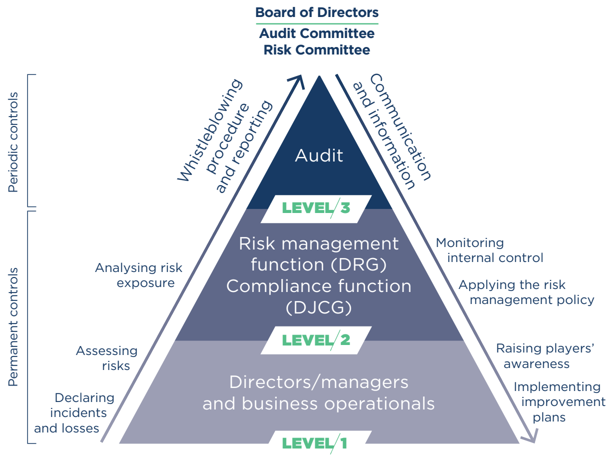
(1) Disaster Recovery Plan.

5.3.1. Internal control system

Risk governance uses an internal control system compliant with the provisions of the Solvency II Directive and the French decree of November 3, 2014, on the internal control of companies active in banking, payment services and investment services and subject to ACPR supervision.

It is divided into three risk management lines as presented below:

/ LINE OF CONTROL



First line: risk assessment and incident management

The operational functions are in charge of the proper assessment of the risks generated by their activities as well as for level one controls that enable them to ensure the correct execution of their operations. To do this, they have their own governance, most often based on risk-taking delegation systems and operational committees where risks are assessed and decisions made in accordance with the Group's operating rules. Their risk assessment and management work is laid out by the control functions on an annual basis, in particular through level one control plans.

Second line: independent control by the risk management function and the compliance function

The risk management and compliance functions establish a strong risk management culture within the Company and are responsible for ensuring that the risks identified by the operational functions are effectively managed, in particular through the preparation of a risk map and level two control plans.

These two functions work closely together with the support of a dense network of more than one hundred risk and/or compliance officers in the Group's various countries. To do this, they have a centralised tool used in all entities, which manages and launches level one and two control plans, records operational or compliance incidents, updates the risk mapping and business continuity plans and monitors action plans intended to address identified weaknesses.

Third line: the audit function

The internal audit function provides independent assessment of the efficiency of the risk management mechanism and more broadly, of all the Group's activities and processes, following a multi-year audit plan.

The role of the key functions

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

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

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

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

Since 2017, regional audit, risk and compliance functions report to managers in charge of these functions at Group level. Similarly, subject to compliance with local regulations, the same reporting line by function has been established between country and regional managers.

Risk management function

Under the responsibility of the Chief Risk Officer, the risk management function, including the internal control function, covers all the Group's risks and reports to the Group Risk and Compliance Committee.

It is tasked with assessing the relevance and effectiveness of the internal control system. Regarding Solvency II, it works closely with the actuarial function and is responsible for drafting reports and for prudential oversight. To perform its duties, the risk management function has direct access to Board meetings.

It ensures that risk policies are defined in accordance with regulatory requirements and monitors their application; these are reviewed annually by general management, then approved by the Board of Directors. These policies are then communicated to all the Group's entities, thereby helping to forge a common risk culture.

The risk management function, including the internal control function:

- implements and monitors the risk management system;
- monitors the Group's overall risk profile and identifies and assesses emerging risks;

- reports on risk exposure and advises the Board of Directors on risk management matters;
- defines and monitors the Group's appetite[1] for such risks: risk appetite takes five dimensions into account through 14 indicators;
- validates the partial internal model and other operational models;
- updates the mapping of risks to which Coface is exposed, working closely with the operational functions;
- contributes to improving and formalising level one control activities implemented by operational staff;
- performs level two checks on operational risks, with the exception of compliance risks;
- ensures that continuity plans are regularly tested in all entities;
- collects data on incidents and losses from the various entities.

The Group's Risk Management Department leads a network of seven regional risk managers for each region. The regional risk managers also lead a network of correspondents in the countries within their geographic scope. Specifically, these correspondents are responsible for performing the centrally established level two controls at local level, verifying compliance with Group rules and monitoring the progress of action plans.

Compliance function

The compliance function is in charge of developing best practices and preventing compliance risk within all Coface Group companies.

The compliance function's scope includes:

- financial crime prevention:
  - prevention of money laundering and terrorist financing,
  - compliance with embargoes, asset freezes and other international financial sanctions,
  - fraud prevention, prevention of active / passive corruption and influence peddling (Sapin 2 law);
- protection of clients and third parties:
  - business ethics,
  - relations with suppliers;
- data protection and confidentiality;
- professional ethics (management of conflicts of interest);
- prevention of agreements or arrangements between competitors;
- compliance with laws and regulations applicable to insurance activities.

Internal audit function

The Group's Internal Audit Department is placed under the responsibility of the Group Audit Director, who is also in charge of the internal audit key function. He attends the Group General Executive Committee meetings in an advisory capacity. He has a hierarchical reporting line to the Group Chief Executive Officer and a functional reporting line until 31/12/2020 to the Director of the General Inspection Department of Natixis, Indeed, the internal audit function was integrated into the periodic control mechanism of Natixis, and therefore that of BPCE group until the end of 2020.

The structure of the internal audit function is based on a reporting line to the Group Audit Director.

An internal audit policy defines the purview of the function. The key objectives of this function include evaluating, according to the scope of each assignment and using a risk-based approach, all or a selection of the following points, and reporting on them :

- the quality of the financial position;
- the level of risks effectively incurred;
- the quality of organisation and management, the governance;
- the consistency, adequacy and proper functioning of risk assessment and control systems, and their compliance with regulatory requirements;
- the reliability and integrity of accounting information and management information, including information linked to Solvency II issues;
- compliance with laws, regulations and the Group's rules (compliance) and the key decisions adopted by the Board of Directors. Auditing checks the quality and relevance of the procedures implemented to ensure compliance with laws, regulations and professional standards applicable to the audited activities in France and abroad, and the Group's policies, decisions by its corporate bodies, and its internal rules;
- the quality, effectiveness and smooth operation of the permanent control mechanism in place and other components of the governance system;
- the quality and level of security offered by the information systems; and
- the effective implementation of the recommendations of prior audit missions, whether they derive from the proceedings of the Group's audit function, BPCE and Natixis General Inspections, or external controls by the supervisory authorities.

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

The independence of the audit function is inherent in its mission. There should be no interference in the definition of its field of action, in the fulfilment of its proceedings or in the disclosure of the results of those proceedings.

The Group Audit Director has full authority to refer matters to the Chairman of the Audit Committee and has free access to the Audit Committee. If necessary, and after consulting the Chief Executive Officer and/or the Chairman of the Audit Committee, the Group Audit Director may inform the ACPR (French Prudential Supervision and Resolution Authority) of any breach he observes.

The Group Audit Department has no operational activity. It neither defines nor manages the mechanisms that it controls. The internal auditors have no other responsibility under any other function. Lastly, the Group Audit Department has access to all the information required to carry out its duties.

(1) *The risk appetite represents the risk levels which the Group wants to and can accept, with the purpose of reaching its strategic objectives and achieving its business plan.*

The actuarial function

The actuarial function is performed by the Director of the Actuarial Department, who has reported to the Chief Financial Officer since July 1, 2016. It is tasked with advising general management and supporting its efforts to ensure the Group's long term solvency and profitability and with overseeing compliance with Solvency II requirements, such as the recording of reserves. To perform its duties, the actuarial function has direct access to Board meetings.

The actuarial function is the contact for numerous Group departments (Finance, Information, Commercial and Debt Collection), for all Group entities on actuarial subjects, and informs, in particular, the Board of Directors on the appropriateness of the calculation of technical provisions.

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

- coordinating the calculation of technical provisions;
- guaranteeing the appropriateness of methodologies, underlying models and assumptions used for the calculation of technical provisions;
- assessing the adequacy and quality of data used in the calculation of technical provisions;
- comparing best estimates with empirical observations;
- informing the administrative, management or control bodies of the reliability and suitability of the calculation of technical provisions;
- supervising the calculation of technical provisions in the cases specified in Article 82 (approximations related to data quality issues in the estimation of technical provisions);
- issuing an opinion on the global commercial underwriting policy;
- issuing an opinion on the appropriateness of measures taken in terms of reinsurance;
- contributing to the effective implementation of the risk management system under Article 44. In particular, it ensures compliance with reserving and commercial underwriting policies and the correct implementation of reinsurance.

5.3.2. Accounting control system

The accounting control system assigns some the responsibility for controls to the Chief Financial Officer (CFO) of each region.

Local CFOs are responsible, for their scope:

a) for the local accounting system (compliance with local regulations and with the Group's rules);

b) for the IFRS accounts as reported in the Group's consolidation tool (compliance with IFRS and Group rules);

c) for financial risk, specifically compliance with the principle of matching between assets and liabilities in order to limit the financial risks on their balance sheet.

The Group CFO is responsible, at Group level, for :

a) the quality of financial reporting;

b) the definition and monitoring of the investment policy;

c) the management of financial risk and the implementation of control rules for other risks, with the support of the Risk Department; and

d) the management of solvency, with regard to Solvency II in particular.

The Group's Accounting and Tax Department provides regions with a control and reporting tool that enables proper oversight of reconciliations between management applications and the accounting tool.

Since the closing of Q1 2018, quarterly level 1 controls have been formalised within the ENABLON tool:

- list of controls to be carried out each quarter as well as instructions on the details and supporting documents requested;
- results of controls carried out by the entities;
- proof of control.

This tool helps to improve the tracking and formalisation of level one controls carried out in each country on accounting processes. An assessment of the controls is carried out every quarter.

This process allows a complete audit trail to be obtained, and produces standardised, reliable data across the Group and the Company.

Processing of accounting and financial information

The Group's Accounting and Tax Department, reporting to the Finance Department, guarantees the quality of the financial information and is responsible for the control of the Group's accounting and tax information. It is also responsible for the production of the consolidated financial statements and production of the Company financial statements and tax declarations of French entities (COFACE SA, parent company, Compagnie française d'assurance pour le commerce extérieur, Cofinpar, Fimipar and Cogéri).

Its detailed tasks are broken down into:

- maintaining the general and ancillary accounts of entities located in France;
- recognition of operations, control and justification of operations;
- closing the quarterly accounts;
- producing consolidated financial statements;
- producing reports and presentation of accounts: producing financial statements, internal reports and tax declarations;
- relations with the Statutory Auditors;
- preparing Group standards, regulatory oversight and strategic projects;
- definition of rules and writing of Group accounting rules;
- drafting and monitoring accounting procedures in conjunction with Natixis' Finance Department in for IFRS;
- overseeing the development of the accounting and tax regulations;

- assisting, training and providing technical support to subsidiaries and branches;
- analyses and impact studies on modifications in scope for the consolidated financial statements;
- the accounting control system: monitoring the proper application of the standards and procedures in the Group;
- Group taxation.

Coordination with the Group's entities is based on the Group's functional matrix principles, under which the entities are delegated certain responsibilities pertaining to their scope. Accordingly, the consolidated entities are responsible for producing, according to their local standards and IFRS:

a) accounting information;

b) tax information;

c) regulatory information;

d) corporate information.

They also monitor the production of consolidation packages according to the Group's standards and procedures.

Common tool for general accounting, consolidation and management control

The monthly reporting of management control and quarterly packages under French standards and IFRS are entered in the same tool. The quality of the information received is improved through automatic reconciliation statements.

Furthermore, since June 2018, the procedure for preparing company financial statements under French standards has been simplified with elimination of the double entry of packages under French standards and IFRS for all branches. The Company financial statements are now prepared from IFRS packages.

Additional controls are carried out at quarterly closing dates, especially using summary accounts and comparisons with management data. Consistency checks are carried out with the data received from management control reporting.

Overall controls are performed on consolidation operations: analytical review of the balance sheet and income statement, closure of the Company's equity, consistency check on the most significant items and entities, closure of equity for all branches, checking of intra-group transactions and their reconciliation, specific verification of earnings from reinsurance and specific checks on the breakdown of expenses by destination, with the analytical review allowing for an overall consistency check.

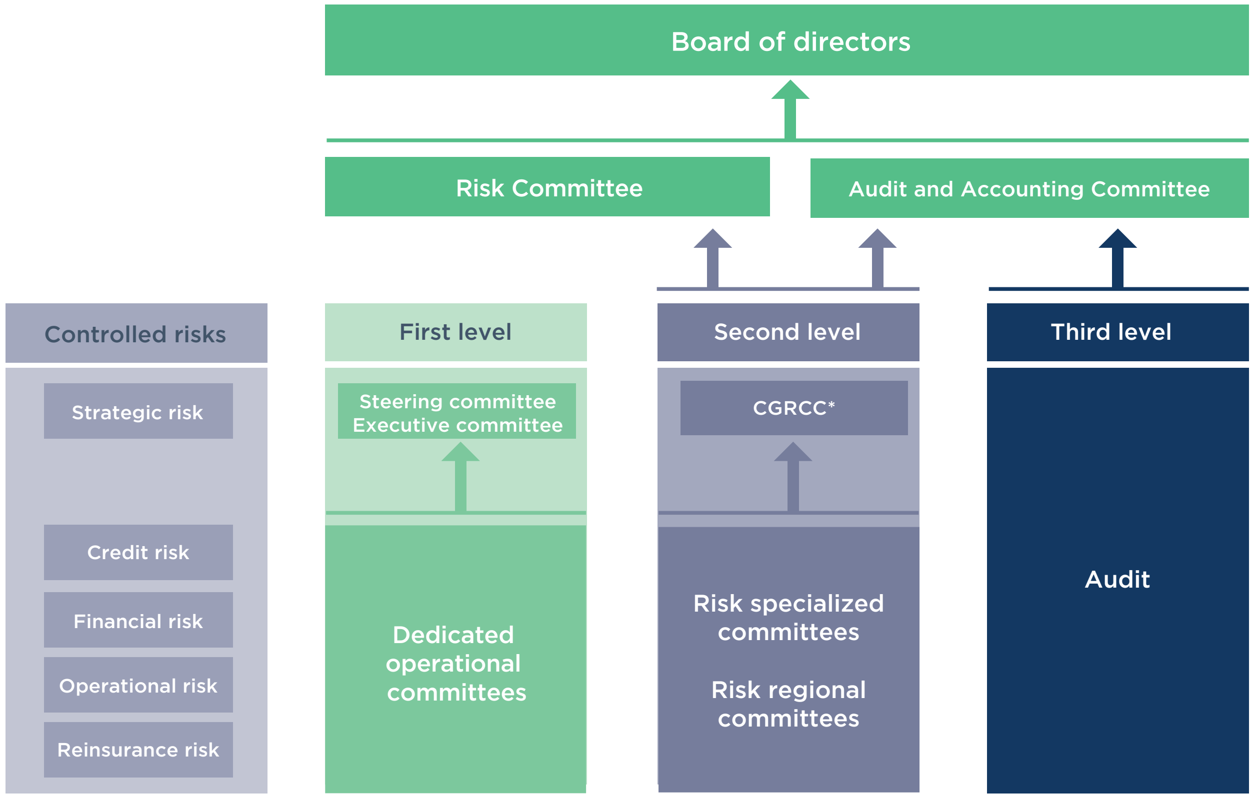
Disclosure requirements for financial and accounting information

The Financial Communications Department, which reports to the Group Finance Department, produces, with the support of other departments, the financial information released to the financial markets, analysts and investors. The departments concerned provide the Financial Communications Department with contributions and reviews that help it mitigate the risk of material error or release of erroneous information.

5.3.3. Governance of the internal control system

Governance structure

The Group has implemented a risk management and control system that revolves around clear governance supported by a dedicated organisation based on the key functions described above. This is illustrated in the diagram below, which shows the link between the three lines of risk management as described above and the committees that report to Coface's Board of Directors and general management.



* *Coface Group Risk and Compliance Committee (CGRCC)*

Section 2.1.3 details of the duties and activities of the Board of Directors and its specialised committees.

Governance under the authority of general management relies on the Coface Group Risk and Compliance Committee, which itself draws on specialised Risk Committees at the head office to address the major risk categories (credit, financial, strategic, operational and reinsurance risk). In addition, there is a regional Risk Committee for each of the seven regions where Coface operates, where the Group is represented by the Chief Risk Officer and the Chief Compliance Officer.

The Group Risk and Compliance Committee is chaired by the Chief Executive Officer and meets at least every quarter with the members of the Group Management Committee, the Group's strategic and operational management body, the Group Chief Risk Officer, the Group Chief Compliance Officer, the Group Audit Director and the Head of the Actuarial Department and, as appropriate, representatives of the operational or functional departments concerned, depending on the matters at hand.

Below is a summary of the Committee's main missions and actions during 2020:

MAIN DUTIES OF THE GROUP RISK AND COMPLIANCE COMMITTEE

- Review of the main risk management policies and procedures.
- Review of ORSA assumptions and results for the purpose of their approval by the Board of Directors.
- Proposal and monitoring of risk appetite limits.
- Monitoring of the Group's risk exposure in all its dimensions.
- Review of the main conclusions of from sub-committee meetings.
- Acknowledgement of the work performed by the compliance function.
- Regular approval of the performance and results of the partial internal model.

The Group Risk and Compliance Committee reports on its work to the Audit and Accounts Committee or to the Risk Committee as appropriate.

MAIN TOPICS REVIEWED IN 2020

- Validation of Solvency II risk policies and regulatory reports (SFCR, RSR, ORSA).
- Review and adaptation of ORSA scenarios to the new situation and consideration of emerging risks.
- Review of risk appetite indicators and their relevance.
- Validation of the risk mapping.
- Monitoring the impact of the health crisis on our main risks and in particular their impact on solvency levels through stress tests. More specifically, the committee conducted an in-depth risk review of the investment portfolio and insurance exposures from the beginning of the crisis.
- Monitoring of the Group's insurance coverage.
- Presentation of the results of permanent controls relating to operational and compliance risk.
- Presentation of information on data quality within the Company.
- Each committee provided an update on the use-tests relating to Coface's partial internal model, notably through the review of risk appetite indicators.

In 2020, given the Covid crisis, Coface's management and the Board of Directors paid particular attention to the adequacy and relevance of risk appetite indicators. The Group Risk and Compliance Committee and the Board's Risk Committee were therefore responsible for reviewing all indicators and discussions took place throughout the year. As a result, the tolerance level for exposures to poorly rated countries was reduced in early 2020 and a better risk/return management indicator was introduced for the investment portfolio. Coface's partial internal model was also fully used to review our concentration risk on debtors or groups of debtors, which led the Board of Directors to make changes in this area. Lastly, our operational resilience indicators were strengthened.

Specific governance related to the Covid crisis

As mentioned above, this is a "Level 2" crisis for Coface, which is impacted directly in its operational management methods (working from home, travel restrictions) and indirectly in terms of its business model due to difficulties that its policyholders, debtors or other third parties dealing with Coface may encounter.

Given its global presence, Coface had to manage the consequences of the pandemic early on, with the creation of a crisis unit in Asia and head office in January 2020.

This unit was made up of the Director of Human Resources and the Chief Risk Officer and reported to the General Executive Committee several times a week. In the regions, this unit involved the CEO of the region concerned, the Director of Human Resources and the Chief Risk Officer. At the height of the crisis, daily meetings with each of the regions helped to harmonise the measures taken and from March 16, 2020, all Coface entities were able to adopt remote working without any major problems. At the same time, operational crisis units were set up in all Coface departments, reporting to the General Executive Committee, which increased its meeting frequency.

Given the Company's successful transition to remote working and as no significant problems were encountered, the crisis units were dissolved during the summer of 2020.

5.4 OUTLOOK

The Group does not expect the situation to return to normal rapidly in 2021 and its teams will continue to monitor both the economic and geopolitical situation, which could disrupt its business activity.

In this context, it will continue to manage its debtor risk carefully and prudently and, if necessary, will implement action plans to contain these risks, as it did in 2020. The structure of the reinsurance programme over several years offers good visibility for the management of debtor risk. With regard to financial and investment portfolio risks, the Group does not intend to significantly change its refinancing structure, which has proven its resilience, or its investment allocation, on which it will continue to act prudently. It will continue to invest in strengthening its risk management programmes, including cyber and compliance risks, to address the changes that are under way in these areas.

4,448

EMPLOYEES IN 57 COUNTRIES

2020 ENGAGEMENT RATE

62% (+24 POINTS VS. 2018)

54%

OF WOMEN IN THE GROUP

RESPONSIBLE EMPLOYER

DRIVING DIVERSITY AMONG ITS EMPLOYEES

CSR INITIATIVES

INTEGRATED INTO THE BUILD TO LEAD PLAN

6

STATEMENT ON NON-FINANCIAL PERFORMANCE

The Coface Group has made a commitment to cooperate in the field of corporate, environmental and societal issues for several years now. In 2003, it joined the United Nations Global Compact, through which it supports in its sphere of influence the ten principles of the Global Compact relating to human rights, international labour standards and the fight against corruption. Coface's human resources (HR) policy reflects its economic and corporate plan. It contributes to and accelerates the Coface Group's strategic transformations, while ensuring the development and engagement of its employees. The activity of Coface, a service-sector company, has a very limited direct impact on the environment. Nonetheless, the Coface Group is committed to environmental protection and sustainable development issues, and works on its indirect impacts, particularly with the management of its assets.

Carrying these principles even further, in 2015, Coface's general management created the role of Group Corporate Social Responsibility (CSR) manager, which is handled by the Corporate Secretary to ensure the monitoring of actions undertaken and those to be undertaken in this field by all Coface entities. In 2020, the Coface Group drew up a medium-term company-wide CSR plan, which is an integral part of its strategic plan and aimed at better integrating social, environmental and societal issues into its operations and businesses. The Coface Group has set up various working committees composed of members of its Executive Committee and structured around the following four areas: (i) "Coface: a responsible employer", (ii) "Coface: a responsible player", (ii) "Environment and sustainability" and (iv) "Culture of responsibility".

- As a responsible player, Coface seeks to contribute to environmental protection by improving the CSR rating of its investment portfolio and introducing a factor related to environmental protection in its risk underwriting policy.
- As a responsible employer, Coface is working to align gender equality initiatives in all of its geographical regions and to fight against discrimination.
- The purpose of the Environment and Sustainability Committee is to analyse the impact of the energy transition on our own risks, define our risk appetite and reduce our environmental footprint.
- Lastly, the purpose of the committee dedicated to the culture of responsibility is to promote awareness of CSR challenges at all levels of the Company.

In 2020, the global health crisis linked to the COVID-19 pandemic has profoundly altered the Company's organisation in the social, environmental and societal fields. As a result of the widespread use of teleworking, Coface has had to adapt by rethinking certain aspects of its organisation and initiating thinking on adapting the Group's actions, particularly in human resources. The consequences of teleworking have had a significant impact on the environmental data reported this year.

The reporting scope has been significantly expanded with the addition of five countries. It now includes France, Germany, Italy, Spain, the United Kingdom, Poland, Morocco, the Netherlands, Austria, Romania and the United States.

In accordance with the requirements relating to the statement on non-financial performance, the Company this year is presenting its business model in the section entitled "Overview of Coface" (Chapter 0), as well as the main non-financial risks and challenges relating to its business (see next page).

To further strengthen its responsibility policy and make it a key component of its business activities, the Coface Group carried out its first mapping of non-financial risks in 2018. Alongside the risk maps already monitored by the Group (strategic risk, credit risk, financial risk, operational and non-compliance risk, and reinsurance risk, see Section 5.1.3 "Definition and measurement of risks"), this process has made it possible to identify the main non-financial risks throughout its value chain.

The risk mapping process has been carried out in three stages:

1. definition of the scope for non-financial risks: identification of risks and challenges with potentially significant impacts on the Group, or which the Group represents for society in general.
2. this scope has been defined based on the findings from its CSR reporting for the last few years, in consultation with the Risk Department. A restricted scope of risks and challenges was then defined by the Group to ensure the consistency of its mapping with its business sector, geographic locations and core challenges;
3. risk assessment: each risk was assessed using an approach consistent with that implemented by the Group's Risk Department. All risks were rated based on two criteria: the inherent level of the risk occurring and the level of control over this risk;
4. risk prioritisation: based on the assessments, the Group identified and ranked ten priority non-financial risks, which were approved by the competent departments.

These risks, most of which were already identified and monitored by the Group, are presented in the following table. The Group's policies to protect itself against them, and details of the actions and results, are presented throughout this document.

SIGNIFICANT NON-FINANCIAL RISKS	DESCRIPTION OF THE RISK AND IMPACT	POLICIES AND ACTIONS TO REDUCE THE RISK	UNIVERSAL REGISTRATION DOCUMENT REFERENCE
Attracting and retaining talent	• Management of talent and employee well-being • Impact on service quality and loss of value for the business	Coface has put in place action plans to attract and retain talent, as well as training plans for all its employees. Coface has developed international occupational mobility initiatives and encourages functional mobility. The Company has also implemented monitoring for the development of its high-potential employees.	Sections 6.1.3 and 6.1.5
Employee engagement	• Employee engagement • Skill recruitment requirements • Training to adapt employees' skills in line with the Group's changes • Impact on service quality and loss of value for the business	In 2017, 2018 and 2020, Coface measured its employees' satisfaction and engagement with a survey. This enables it to draw up action plans and work in line with a continuous improvement approach.	Section 6.1.5
Diversity and equal opportunities	• Diversity and equal opportunities • Impact on service quality and loss of value for the business	Coface is leading several programmes to ensure gender equality, the promotion of employment for people with disabilities, and the development of a non-discriminatory universe for LGBT+ people.	Section 6.1.4
Risks related to the coronavirus epidemic	• An exceptional event • Impact: negative impact on Coface's business activity	Coface has insurance coverage and business continuity plans. Coface has estimated the impact of this risk on credit risk, the risk on premiums collected, and the risk associated with the investment portfolio.	Section 5.2.5
Risks relating to corruption	• Acts of corruption • Impacts: disputes, penalties or withdrawal of the right to operate under licence	Coface has put in place an Anti-Corruption Code of conduct, supported by a training and awareness programme for all employees, procedures for assessing business partners, and accounting controls.	Section 6.3.6
Risks relating to tax evasion	• Transfer of assets to a country where the tax burden is lower in order to avoid a tax expense • Impacts: penalties against the Company	The KYC (Know Your Customer) procedure and monitoring approach are strengthened when the local entity is located in a tax haven. Coface complies with the tax laws applicable in the jurisdictions where the Group operates.	Section 6.3.6
Risks relating to data protection and cybersecurity	• Loss of confidentiality, integrity or availability of the insurer's information systems and data, whether internal or outsourced. • Impacts: financial consequences on the Group's results, customer complaints, non-compliance or civil liability for our senior managers due to a major failure in IT systems (*e.g.* illegitimate access or cyberattack resulting in the disclosure of information or business interruption).	At the Group Risk Division, the Chief Information Security Officer (CISO) defines the Group cybersecurity risk management policy. He or she manages the Group Information Systems Security and Business Continuity Committee and participates in Group Risk Committee meetings chaired by the Chief Executive Officer. The Group Head of IT Security adapts these policies into operational security procedures.	Sections 5.2.5 and 6.3.6
Risks relating to failure to adapt the activity to environmental challenges	• Implementation of an internal environmental policy (water, energy, paper) • Impacts on the Company's image and reputation	Coface is committed to reducing its water, energy, paper and fuel consumption.	Section 6.2
Risks relating to the failure to adapt to changes in asset management practices	• Socially responsible investment policy • Impacts on the Company's image and reputation	Coface has set up reporting systems to measure and reduce the carbon footprint of its investment portfolio.	Section 6.3.5

6.1 CORPORATE INFORMATION

6.1.1 Human Resources and performance development policy

Each year, the Group Human Resources Department reviews and shares all of its governance principles with its contacts in Coface regions and countries; these principles are presented together with the overall HR strategy. The goal is to adopt a common vision of the organisation of the function, its challenges and the application of its policies, particularly regarding Talent Reviews and succession plans, the compensation policy and HR support for the businesses.

Introduction

The objectives of the Human Resources function were significantly reoriented in 2020 as a result of the health crisis. This led us to prioritise the safety and health of employees, implementing teleworking widely as soon as the local health context so required. Consequently, between 70% and 95% of the Company has been working from home since mid-March. The new work organisation structures have had to be redesigned, and support for their implementation has become a priority. This support was widely appreciated by employees, as demonstrated by our engagement surveys. Digital training on new managerial skills has been developed. Managers have also been trained on tools and management methods to ensure team cohesion and take into account the mental health of employees during these periods of anxiety and uncertainty. Some initially planned objectives have been postponed, such as the implementation of an overall HR Management System (HRSI). Other objectives have been strengthened in the light of the health crisis, and notably support for cultural change. The cultural transformation project within the framework of Fit to Win has proved essential during this crisis period and shown its usefulness. In particular, the discipline of risk management has proved essential. The ability to adapt quickly and the agility introduced in our corporate culture have been particularly necessary to cope with the impacts of the crisis. The quality of the managerial culture and the sense of responsibility that we have developed in recent years have also proved critical in supporting the teams and maintaining cohesion and engagement through uncertainties. In 2020, we focused our efforts on diversity and inclusion, the cornerstones of an effective global culture that a society such as ours, with its extensive geographical and cultural diversity, is duty bound to maintain.

In a further important development this year, the Group's social indicators were redesigned to become more relevant given the new reporting scope. Coface sought to favour indicators that are monitored centrally and more consistent with the Group's strategy. As such, the emphasis was placed on the gender equality index and the employee engagement score, as well as the number of employees on international transfer assignments in 2020 and the number of new international transfer assignments during the year. Quantitative training indicators (number of people trained and number of training hours) have therefore been discontinued, though countries continue to monitor them at local level.

6.1.2 Managing the impact of the health crisis

Employee safety a priority at the start of the health crisis

Given Coface's international presence, the health crisis began for Coface employees in China and then for all employees in Asia. Very quickly, employees in the region started working from home, reducing and then halting all travel outside the region, and then within the region. The crisis then spread, with an acceleration in mid-March 2020, when almost all employees were put on teleworking.

As the risks increased, crisis units met daily in each of the regions concerned, enabling a highly proactive response to developments in the health situation. Call-tree procedures were reactivated, IT was equipment tested, and the very sudden ramp-up of teleworking took place smoothly. This enabled the Company to continue its business activities, including in particular a global risk action plan, carried out in an extremely short time considering its scale.

The crisis units also coordinated communication and travel recommendations, closely monitoring the health situation. Lastly, they managed the safety protocols specific to each workplace, as well as cleaning, access and attendance recommendations.

This extremely local management by the risk and human resources teams was applauded extensively by our employees in the *My Voice* engagement survey administered in June. Seventy-seven per cent of our employees considered the Company's management of the health situation to be satisfactory in terms of safety and health.

A new work organisation system

Logistics aspects

The widespread implementation of teleworking was supported by the "business technology" teams, which simultaneously led several projects regarding the provision of laptops for all staff, the security of communications, and the management of IT and telephone infrastructures and resources. Since then, these teams have gradually improved our digital working tools.

Almost all workstations proved compatible with teleworking. Through the efficient organisation of IT, the adaptation of processes to teleworking, and the use of new technologies (especially electronic signatures), the Company was able to continue its business with no significant obstacles and with normal productivity standards. In June, 85% of our employees considered that teleworking tools were effective (My Voice survey, June 2020).

/ HOW COFACE EMPLOYEES PERCEIVED THE ORGANISATION'S RESPONSE TO THE CRISIS

Concern
& connection
79%

Senior Leadership
Response
83%

Employee Wellness/
Health/Safety
77%

Virtual Work
Effectiveness
85%

This organisation of remote teams was accompanied by a large-scale internal communication system largely exceeding service needs. We significantly strengthened communication channels to maintain closely-knit teams and committed employees, driven by a strong sense of belonging to working groups, while preventing the risk of isolation. Each region thus initiated a special survey of all employees on specific aspects relating to moral and mental health. These surveys supplemented the annual My Voice survey cited above. They served to identify avenues for improvement in the communication plan. In a more in-depth manner, subsequent to these surveys the regions have developed processes for connecting with employees, such as:

- an increase in digital meetings bringing together all employees, to strengthen top-down internal information and to increase meetings by function, to strengthen bonds and share best practices remotely;
- a system of interviews conducted by Human Resources in the Western Europe region, in which employees in the teams were contacted individually to discuss their morale, any potential isolation some of them might feel, or any excessive workloads that could potentially induce stress. Approximately 300 employees were contacted during the first lockdown. The interviews were repeated during the second lockdown, particularly targeting individuals whose managers informed us as potentially subject to a risk of isolation;
- the MAR region rolled out an app called "How are you?" to help identify stress or isolation situations;
- most managers have been trained in remote management, with a particular focus on identifying and managing isolation and stress situations. Nearly 150 managers in France attended a day-long training session, including role playing, to learn how to react in these situations;
- the CLIC virtual training platform was also used to share best practices on remote management through recorded webinars from different parts of the world.

Social dialogue was strengthened with the negotiation of agreements on how to support teleworking. These meetings gave rise to in-depth discussions with the social partners and genuine cooperation, particularly in France and Germany, both during the health crisis, concerning the adoption of the new work organisation, and, in the longer term, the future organisation once the crisis is over. In France, an agreement on teleworking was signed in 2020 and two signatures took place at the beginning of 2021. In Germany, 35 agreements were signed with the various works councils.

Some sites, such as the Bois-Colombes head office, took advantage of vacated offices to carry out renovations of common spaces (setting up a bicycle parking area, reorganising the canteen, refreshing the reception hall, creating a gym, etc.)

6.1.3 Supporting and reinforcing business

Introduction

Looking beyond the health situation, 2020 was a pivotal year with the launch of the Build to Lead plan. The plan involved the launch of numerous strategic initiatives. To that end, the human resources teams managed social and organisational aspects and the development of specific skills, either through training or by calling on new experts and managers from outside the Company.

A few figures representing the reality of our business

The following data come from the Group's HR reporting tool, available online. The database is updated in real time and receives a steady flow of data from local HR managers in the countries. The information is consolidated on the last business day of the month, enabling the production of monthly scorecards. This reporting includes the individual contract, activity, business and length-of-service data for each legal entity of the Group, as well as information on the hierarchical links between the various positions.

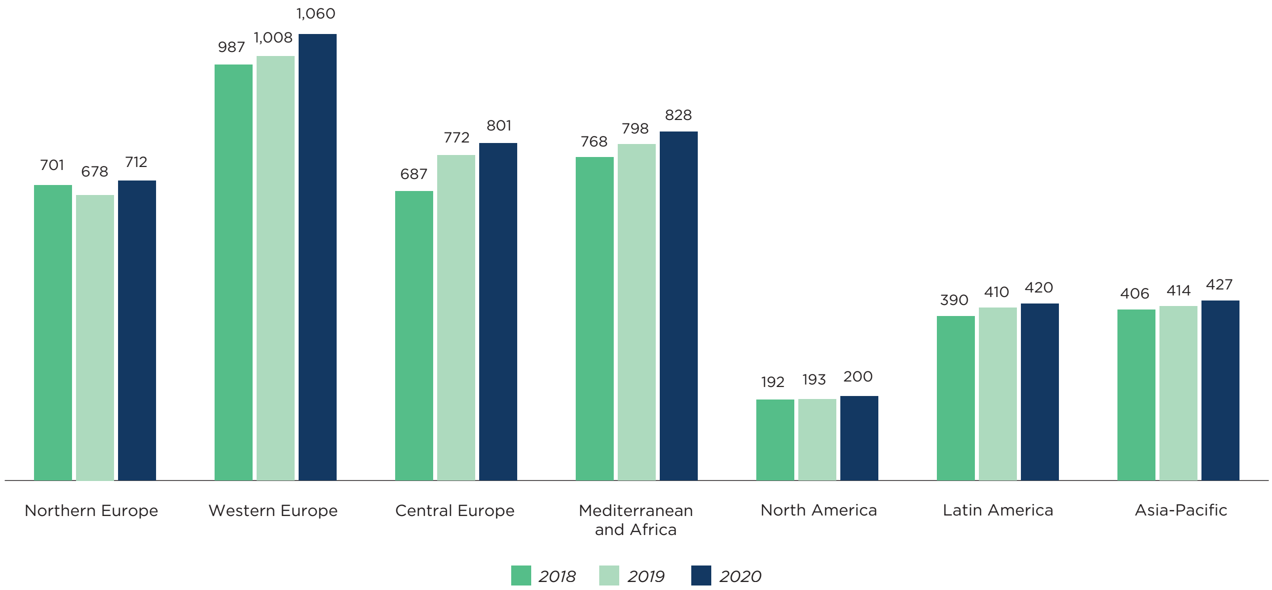
The tool also serves as a strategic planning tool for staff, as it makes it possible to manage recruitment actions and internal transfers within the context of a reference budget. The breakdown of Coface's workforce is presented below:

Strong international dimension

At December 31, 2020, the Group employed 4,448 people based in 57 countries, compared with 4,273 at December 31, 2019. The following table presents the geographical breakdown of the Group's workforce since December 31, 2018:

WORKFORCE	2020	2019	2018
Northern Europe	712	678	701
Western Europe	1,060	1,008	987
Central Europe	801	772	687
Mediterranean and Africa	828	798	768
North America	200	193	192
Latin America	420	410	390
Asia-Pacific	427	414	406
TOTAL	**4,448**	**4,273**	**4,131**

/ **BREAKDOWN OF WORKFORCE BY REGION**



Source: Amundi

The Coface workforce increased by 4.1% in 2020, the result of a slight increase in the workforce in each region.

In Northern Europe, Coface acquired GIEK Kredittforsikring AS (27 employees), the leader in credit insurance in Norway with a substantial share of the market. The Company was renamed Coface GK Forsikring AS. The acquisition contributes to Coface's strategy of profitable growth.

The Mediterranean & Africa region benefited from the development of the shared service centre in Morocco, while the Central Europe region benefited from the development of the shared service centre in Romania.

Meanwhile, North America internalised some of its insurance agents.

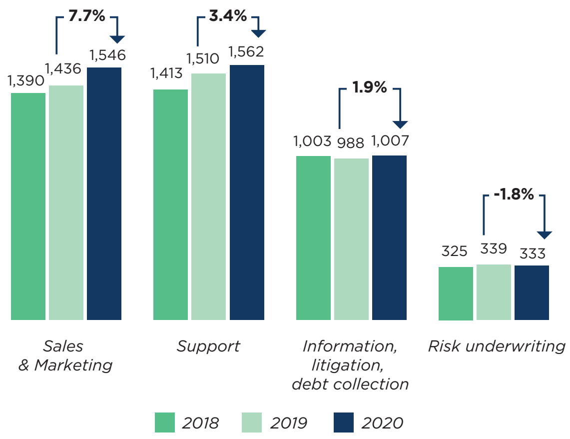
Lastly, the development of the sale of information has led to a number of recruitments at head office and regionally.

Activities across diverse sectors

The table below breaks down the Group's workforce by type of activity since December 31, 2018:

WORKFORCE	2020	2019	2018	CHANGE 2020 *VS.* 2019
Sales & Marketing	1,546	1,436	1,390	7.7%
Support	1,562	1,510	1,413	3.4%
Information, litigation, debt collection	1,007	988	1,003	1.9%
Risk underwriting	333	339	325	-1.8%
TOTAL	**4,448**	**4,273**	**4,131**	**4.1%**

/ BREAKDOWN OF WORKFORCE BY ACTIVITY



In 2020, 1,546 employees were assigned to sales and marketing, 1,562 to support functions, 1,007 to information, litigation and debt collection, and 333 to risk underwriting.

The change in the headcount of the support functions reflects the strengthening of the Finance functions, in order to work on accounting projects such as IFRS 17, as well as the strengthening of IT functions, with the recruitment of data scientists and IT experts.

The increase in Sales & Marketing staff results from growth in the sales of information, which has led to the recruitment of numerous sales staff, as well as the finalisation of integration among sales staff in the United States.

Different types of employment contracts and changes in the workforce

In France, Germany, Italy, Spain, the UK, Poland, Austria, Morocco, the Netherlands, Romania and the United States, the workforce at December 31, 2020 totalled 2,808 employees and can be broken down as follows for permanent contracts:

	2020	2019	2018
France	98.4%	97.8%	97.8%
Germany	99.5%	99.3%	99.5%
Italy	100.0%	99.0%	99.5%
Spain	100.0%	100.0%	100.0%
United Kingdom	99.0%	98.0%	99.0%
Poland	81.2%	86.1%	
Austria	100.0%		
Morocco	98.1%		
Netherlands	88.4%		
Romania	98.2%		
United States	100.0%		

As we can see, Coface employs people mostly on permanent contracts.

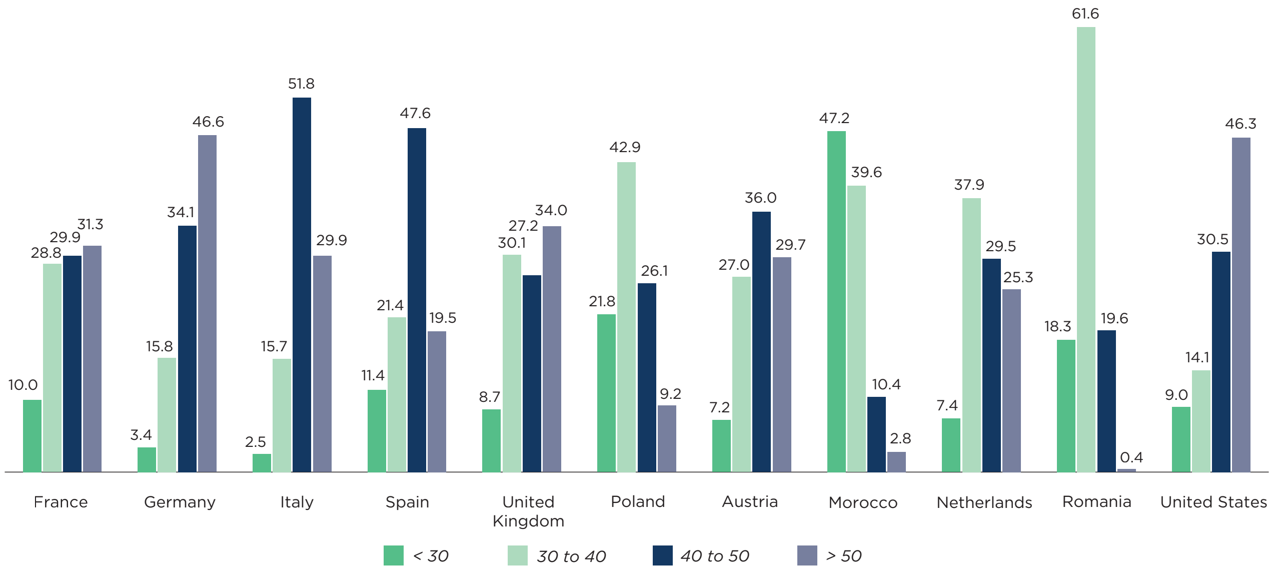
In 2020 in France, Germany, Italy, Spain, the UK, Poland, Austria, Morocco, the Netherlands, Romania and the United States, the Company counted 341 new employees, of whom 272 on permanent contracts, and 274 departures. The reader should be aware of some slight methodological changes in this respect, with fixed-term contracts having been recorded in employee inflows and outflows since 2018. It should also be noted that departures and arrivals also include the departure from one country and arrival in another country, in the case of international mobility.

Different age ranges

At December 31, 2020, the age ranges of employees in France, Germany, Italy, Spain, the UK, Poland, Austria, Morocco, the Netherlands, Romania and the United States were as follows:

AGE RANGES	FRANCE	GERMANY	ITALY	SPAIN	UNITED KINGDOM	POLAND	AUSTRIA	MOROCCO	NETHER-LANDS	ROMANIA	UNITED STATES
< 30	10.0%	3.4%	2.5%	11.4%	8.7%	21.8%	7.2%	47.2%	7.4%	18.3%	9.0%
30 to 40	28.8%	15.8%	15.7%	21.4%	30.1%	42.9%	27.0%	39.6%	37.9%	61.6%	14.1%
40 to 50	29.9%	34.1%	51.8%	47.6%	27.2%	26.1%	36.0%	10.4%	29.5%	19.6%	30.5%
> 50	31.3%	46.6%	29.9%	19.5%	34.0%	9.2%	29.7%	2.8%	25.3%	0.4%	46.3%

/ AGE RANGES BY COUNTRY (IN %)



Historically, France and Germany have had an age pyramid with a large proportion of the workforce over the age of 50 and a limited staff turnover rate, reflecting both team loyalty and the Company's willingness to recognise and retain the expertise of its employees. However, Coface France decided in 2017 to support employees nearing retirement age by offering them a pre-retirement scheme enabling them to bring forward their departure by a maximum of two years prior to their full retirement date. As part of this, Coface undertook significant support and transition work to ensure that skills are transferred as smoothly as possible, in an extension of the provisions under the generation contract adopted in 2013. These departures resulted in a partial renewal of the teams.

It should also be noted that an agreement to support business transformation was signed in 2019 with the European Works Council as part of a project to change client services and shared services.

To facilitate collaboration, Coface France also organised an "Intergenerational Collaboration" conference at the Bois-Colombes premises in September 2018. This gave rise to extensive positive feedback from Coface employees.

Nearly 87% of employees in Morocco, 80% of those in Romania and around 65% of those in Poland are under 40 years old, reversing the trends present so far in other countries within the reporting scope.

Sustained investment in training and the development of collaborative practices to serve business interests

Involvement and development of Sales teams

Coface continued to roll out its Commercial Academy, a global programme developed with an internationally renowned partner, Krauthammer, and inspired by the best market practices. The aim of the programme is to develop the key skills of the sales teams, and also to strengthen their engagement.

It targets all sales staff worldwide, all products, segments and distribution channels included.

To boost buy-in and foster dialogue between participants, it is provided in the local language. To date, 324 employees in 22 countries and 5 regions (in Europe and North America) have benefited from the programme.

Employee appreciation for the programme is as strong as ever, both for classroom sessions (where these were possible) and for digital sessions. Coface has successfully adapted its approach to COVID-19 restrictions and continued to implement the programme.

In North America, a specific course on how to succeed in remote sales has been introduced. Coface has thus assisted local teams in an exercise for which they were not always prepared, and which sometimes involves skills different from those used in physical sales. Forty employees attended this training course, or almost all of the sales teams. Feedback is excellent and the approach is expected to be rolled out in other regions in 2021.

In France, a pilot training course for the business lines, products, tools and working processes at Coface was developed in-house in collaboration with numerous players at the Sales function, the HR teams and a former Commercial Head. The goal was to bring together knowledge dispersed among individuals to constitute expertise that can be imparted to sales staff having recently joined the Company and all new recruits. The roll-out of these "Coface Fundamentals for Sales people" began in September with eight participants and will have its full impact in 2021. This pilot is intended to be used in other regions by the countries interested.

Other remarkable initiatives concerning the sales teams and aimed at serving the business include the work on overhauling the sales organisation in Germany, carried out according to a process involving employees. Some 120 employees – the vast majority of the team – were able to work together as part of five successive workshops between January and March, the aim being to propose a new organisational project. The latter is currently being discussed with the social partners and implementation is planned for early-2021.

The Underwriting Academy project

The Group Subscription Department has launched a major initiative, supported by the Group HR Department, to bring together and structure business knowledge in the form of training paths and modules. The aim is to develop the expertise of Underwriting employees around the world and to train new recruits in this area. Courses will also be available for all other employees, including new recruits, to familiarise themselves with Coface's core business and understand its fundamentals and inner workings.

For Underwriting employees, the programme will comprise digital content, classroom seminars and short exchanges of work experience between colleagues in different teams, the aim being to better understand the activity, needs and interactions that they may subsequently have as part of their duties. Lastly, a certification process is also planned for risk underwriters with a view to increasing their level of delegation.

For the time being, and in the context of the COVID-19 pandemic, the priority is on developing digital modules. Using modern tools for producing animated educational content to develop fun and easy-to-use materials, the teams are in the design phase of training modules. Around 90 modules should be available from February 2021, rising to 130 by the end of the second half of the year.

CLIC, a proven digital training platform

The Underwriting Academy will be available on CLIC (Coface Learning, Interactive Center), the online training platform launched successfully in November 2019. Since then, CLIC, highly appreciated by employees, and which has enabled Coface to take a new step forward in training, has met all of its promises:

- it has recorded 950,000 views since launch;
- more than 230 modules have been posted online by HR or business line experts;
- it makes training broadly accessible and encourages "circular training", in which each individual can propose content accessible to their colleagues. Some 500 contributions have been recorded, with more than 50,000 views;
- the CLIC mobile app has been available since October 2020, for a mobile and agile version of training;
- the platform features simple and practical functionalities for managers, who are able to monitor the completion of training by their team, as well as HR, which can generate reports and schedule reminders very easily.

Through its ergonomics, CLIC in 2020 was enhanced with eight new mandatory training courses with a more user-friendly form (code of conduct, fraud prevention, etc.), up from two in 2019, with an average achievement rate of 95% at the Group (*vs.* 90% in 2019).

CLIC also proved to be an invaluable resource when teleworking was implemented widely in early 2020. It was used to share a large number of tips and best practices on remote working, published by the HR community at the Group, regional or local level. A webinar was held with the regional heads and support functions to dialogue on remote management techniques, the difficulties they might encounter and their empirical approach to adapt to the situation. By maintaining bonds and quickly sharing knowledge, it has clearly driven adaptation, reassured employees and helped each staff member to continue their activity under the best possible conditions.

Other remote training initiatives and (tele)working in a time of crisis

In Germany, six webinars from 1.5 to 2 hours were offered to all employees, entitled "Facing the Crisis Together". The webinars focused on topics such as time management, resilience and well-being, particularly as regards teleworking and the uncertainties generated by the crisis, which has disrupted points of reference.

In North America, more than 20 local leaders also took part in a webinar on how to deliver high-impact communication in video conferencing and how to harness a range of technologies for effective teleworking. A similar event was organised in Italy with the Carpe Diem Master Classes, aimed at familiarising all employees with the various IT tools.

Strong contribution to the improvement of the cost ratio

The Group Human Resources Department and its entire international network are the leading partners of the Finance Department in terms of managing payroll and personnel costs. The Compensation and Benefits team coordinates all the annual compensation processes centrally:

- **determination of the increase budgets of each country** taking into account the mandatory legal or contractual provisions, the economic environment of the country concerned (inflation, unemployment rate, market growth forecasts, etc.), and the financial performance and issues of the entity concerned (holding, growth outlook, etc.);
- **control of compliance with budgets and individual distribution rules** with respect to market practices, internal equity, particularly between women and men, and the individual contribution assessed during the annual performance review interview. The Group does not authorise individual compensation increases outside of the annual review exercise, except for promotions or exceptional adjustments and subject to the joint approval of the Finance Department for the budget component and the Human Resources Department in terms of individual positioning;
- **participation in compensation surveys** with an expert compensation consulting firm in the financial services sector. The purpose of these surveys is to strengthen knowledge of market practices and ensure an informed oversight of Group compensation. The surveys are administered every two years in Coface's main countries and at entities facing significant market tension. Thirteen target countries were covered in 2020;
- **definition of the variable compensation policy for senior management**, calculation and analysis of individual bonuses submitted to approval by Coface's CEO. In 2020, the bonus policy was quickly adapted to address the economic uncertainties stemming from the health crisis, ensure consistency between variable compensation and Group results, and respect fairness within the functions. The Group also ensured that a collective part, linked to the financial results of the parent company, was applicable to all employees eligible for a bonus;
- **corporate benefits** are determined by each Group entity in an effort to closely address local concerns. The Group ensures uniform practices and ensures a level of social protection that is competitive in the market and respectful of its employees worldwide. A Group car policy was defined in 2020 with the aim of harmonizing practices and reducing the carbon impact of the vehicle fleet.

Coface's remuneration policy is established in accordance with the provisions of Solvency 2. Generally speaking, compensation practices should contribute to effective risk management at the Company, and in particular:

- ensure strict compliance with the laws and regulations applicable to insurance companies;
- prevent conflicts of interest and not encourage risk-taking beyond the limits of the Company's risk tolerance;
- be consistent with the Company's strategy, interests and long-term results;
- guarantee the Company's capacity to keep an appropriate level of own funds.

A mix of internal and external skills to strengthen teams

Coface continued to actively recruit externally in order to fill positions in the top 200 (202 Senior Managers exactly). 87 have been recruited since January 2016, of whom 26 since July 2019, or 13% of the top 200. Over the same period, 30 have been promoted internally, or 15% of the total. For the first time in four years, more positions in the top 200 were filled through internal transfers than through external recruitment.

New skills have also been sourced for the Transformation Office and Datalab teams, and to enable Coface to develop in new markets such as information sales. Employees with completely new skills have strengthened Coface's teams, including API skills in the innovation team, information skills through three regional leaders in information sales, and specific skills in products, pricing and partnerships adapted to the information world.

Coface has also harnessed its highest-potential individuals to strengthen its teams. For example, nearly 30% of 2020 high-potential employees, all position levels combined, have been offered new functions since July 2019.

With 75 nationalities and 304 employees working outside their home country, Coface continues to stand apart through its multicultural approach and exposes a large proportion of its teams to work with diverse cultures, through its global and integrated business model. International mobility is essential to employee development and the sharing of a common corporate culture. Despite the context, this mobility remained particularly strong last year:

- 76 employees were on an international assignment in 2020, compared with 72 in 2019;
- 20 new assignments were initiated in 2020. Naturally, all these new transfers fully comply with immigration rules and restrictions related to the health context while protecting the well-being of the employees concerned. Adding the eight employees whose offers were accepted in 2020, but whose departures had to be postponed to 2021 due to the pandemic, the total is almost identical to 2019, at 28 *vs.* 29;
- cross-regional transfers increased, to 65% new expatriates compared with 52% last year;
- short-term assignments (3- to 12-month assignments) rose sharply, in line with the Group's objectives, increasing from four to six employees. Three others have been postponed to 2021, and two cancelled;
- employees aged under 35 accounted for more than half of new departures for the first time (55%), compared with 28% in 2019;
- finally, the proportion of non-French employees increased slightly, rising to 75%.

Modernising the employer brand

The Group's plan to renew and harmonise its employer brand worldwide has been postponed to 2021. The approach initially adopted was no longer suited to the pandemic context and had to be reviewed. In-depth work initiated in 2019 with the Group Executive Committee, the HR and Communications communities and employee representatives was finalised in 2020 to define the key aspects that characterise Coface as an employer, around the world, and make it attractive to applicants. These aspects will be illustrated in 2021 through a digital communication campaign in the social media turning the spotlight on Coface's employees. The campaign will boast a modern and vibrant visual identity. All Coface employer communications will then feature the same graphic cues and enable the Company to gain greater visibility and impact.

In the meantime, local entities have already started to initiate a more assertive message with candidates:

- Coface in France has developed recurring visuals to announce its job offers on social networks and capitalised on employees to increase posts within their communities in order to boost its chances of attracting good applicants;
- for example, the CER region recently trained 80 employees on the use of LinkedIn to make them real ambassadors of the Company on this social network and enhance the visibility of communication campaigns, such as #WeDon'tStop, which promoted Coface's ability to adapt swiftly and seamlessly to teleworking. Many countries have also contributed to promoting Coface through this initiative.

6.1.4 Differentiating as a responsible employer to boost employee diversity

Introduction

Throughout the *Fit to Win* period, we conducted a global gender equality initiative. The plan has led to numerous achievements, including a significant improvement in pay equality, mentoring for women with potential, the development of women's networks, and the monitoring of progress on the increased proportion of women managers. Coface is moving ahead with this initiative and strengthening it for the coming years but has decided to expand its efforts on diversity and inclusion above and beyond gender equality, in order to be seen as an employer that is more responsible for its human environment and the communities in which it operates.

Relatively balanced gender breakdown

The male/female balance (just over 54% women throughout the Group in 2020, and 39% female managers), as with the cultural diversity within the Company and each Coface region, is an asset for the Group, which has for several years taken steps towards promoting internal mobility and access to roles of responsibility for its employees.

The table below shows the change in female representation, number of managers and women in management roles in countries within the reporting scope since 2018:

		2020	2019	2018
France	% women	49.2%	50.4%	50.5%
	% of managers	24.2%	23.0%	23.1%
	% women among managers	37.4%	37.6%	37.4%
Germany	% women	54.1%	53.7%	53.6%
	% of managers	15.4%	15.4%	15.1%
	% women among managers	18.8%	20.0%	18.4%
Italy	% women	49.7%	50.8%	50.8%
	% of managers	24.9%	30.9%	28.6%
	% women among managers	36.7%	42.4%	44.4%
Spain	% women	65.2%	64.3%	64.7%
	% of managers	19.0%	21.6%	26.3%
	% women among managers	37.5%	30.2%	42.0%
United Kingdom	% women	40.8%	40.4%	41.0%
	% of managers	25.2%	23.2%	21.0%
	% women among managers	26.9%	26.1%	23.8%
Poland	% women	64.8%	63.3%	
	% of managers	14.6%	16.5%	
	% women among managers	52.6%	51.3%	
Austria	% women	63.1%		
	% of managers	20.7%		
	% women among managers	56.5%		
Morocco	% women	63.2%		
	% of managers	16.0%		
	% women among managers	35.3%		
Netherlands	% women	49.5%		
	% of managers	23.2%		
	% women among managers	36.4%		
Romania	% women	54.0%		
	% of managers	21.4%		
	% women among managers	45.8%		
United States	% women	46.3%		
	% of managers	28.2%		
	% women among managers	44.0%		

The proportion of women in management positions is increasing in Spain, Poland and the United Kingdom.

In 2019, the French government established a gender equality index aimed at eliminating pay inequalities between women and men. In the first year, Coface obtained an excellent score (91 points in the first year and 85 in the second year, above the legal limit set at 75 points), the result of in-depth work carried out for 3 years by the Human Resources teams in France.

Drawing on this experience, the Group is now seeking to extend this initiative and adapt the index with a view to applying it to all entities around the world.

This Group index is calculated on 100 points based on five criteria:

- pay gaps between women and men (40 points);
- proportion of women and men receiving a wage increase (20 points);
- proportion of women and men who have been promoted (15 points);
- percentage of women in the Group's top 10 remuneration (10 points);
- proportion of women in senior manager positions (15 points).

The first four criteria are based directly on the methodology of the French index. The calculation is rounded out by an additional criterion on equality in the promotion of women in senior management.

Note that for the first criterion, 19 countries (countries >50 employees) are taken into account in the analysis and account for 80% of the Group's workforce, while the other criteria take into account the Group as a whole.

For the first year, the Coface Group posted a satisfactory score of 81 points. If there is not yet a global benchmark, it is because the Group is a pioneer in the expansion of this gender equality index worldwide.

This unique indicator makes it possible to assess the Group's performance in gender equality at international level. Ultimately, the goal is to close the pay gap between men and women, facilitate and support women's careers and promote diversity within our teams. This project is therefore part of one of the Group's many initiatives on diversity and inclusion. It reflects the Group's responsible commitment to combating all forms of discrimination.

In 2019, Coface launched a Mentoring programme for women (Mentoring to Win) through a pilot deployed in France with ten participants. The aim was to encourage these women to invest in their careers, develop leadership skills necessary for promotion and gain visibility from the Group's top management. The pilot concluded in the second quarter of 2020 with a debriefing of each of the mentee-mentor pairs. It largely fulfilled the participants' aspirations, while the mentors were also delighted with their experience. All of them appreciated the highly structured approach and the initial training to help each individual appropriate the programme, as well as the systematic follow-up by the HR teams and the regular meetings of all those involved in the programme. One of the participants was even proposed a new position abroad by her mentor following the program. The mentoring initiative continued in 2020 with minor adaptations, detailed below.

In the regions, initiatives to promote gender equality continued, including at CER, where the #IPledge campaign was relayed widely in social media such as LinkedIn and Yammer to highlight women leaders and draw attention to the importance of the proportion of women in management teams.

Again at CER, the Women to Win webinars launched in 2019 continued in 2020 with the successive participation of two leaders from other companies, one from Poland and one from the Netherlands.

A global event bringing together a sample of women from various Coface countries was also scheduled to take place in 2019 but had to be cancelled owing to the health crisis.

Anti-discrimination measures: disability

Coface has initiated a policy on the inclusion of persons with disabilities in France. This policy is widely communicated and encouraged internally in all regions, the aim being to generate comparable initiatives in other parts of the Company. The policy in France has three objectives:

1. Raise disability awareness among Coface managers and employees,
2. Implement actions to communicate on disabilities as one of the major areas of our CSR policy,
3. Increase the number of employees with disabilities over the long term.

The policy took concrete form in 2020 with the organisation of the "Disability Awareness Week" from 16 to 20 November 2020 (European Week for the Employment of Persons with Disabilities). The week was marked by original events to develop awareness, such as a "Handiquizz" launched with all employees, a screening of the film *Patients* (by French singer Grand Corps Malade) followed by a digital debate on disabilities, and a conference and testimonial from a person with disabilities. The initiative will be developed in France in 2021 with awareness-raising for managers, internal events, partnerships with organisations promoting the recruitment of persons with disabilities, and a review of human resources practices and policies to foster their inclusion.

Combating discrimination: LGBT+ charter

In November 2020, Coface signed the commitment charter of L'Autre Cercle, an organisation that promotes the inclusion of LGBT+ people in the workplace. Coface joins the 149 other signatories of the charter. Coface is committed to promoting diversity at the Company, particularly by taking action to include all individuals and fight against all forms of discrimination. By co-signing the charter, Coface undertakes to:

- create an inclusive environment for LGBT+ employees;
- promote equal rights and treatment for all employees, regardless of their sexual orientation or identity;
- support employees who have been victims of discrimination in the workplace;
- measure progress and share best practices to improve the overall occupational environment.

Coface has set up a working group to extend this initiative to other Group countries outside France. An action plan has been established, the key focuses in 2021 being to:

- develop awareness among managers and employees of the inclusion of LGBT+ people at the Company;
- review HR policies to make HR processes and employees' rights more egalitarian and more inclusive with regard to all sexual orientations.

Student sponsorship

As part of its commitment to fostering equal opportunities, Coface has chosen to provide financial support to students from financially disadvantaged backgrounds. Aware of not being able to meet this challenge alone, Coface sought out partners with experience in this area. To that end, the Group met with the founders of the Potter endowment fund, created in 2019 by Anne and Frédéric Potter. The fund provides financial support to students from modest backgrounds, encouraging them to choose studies in preparatory scientific classes, and then at engineering schools, through grants awarded throughout their course.

Coface and the Potter endowment fund have decided to work together to support this cause through a sponsorship agreement. Under the agreement, Coface provides the time and skills of two of its motivated employees seeking to work on assignments with a social impact. The two employees have, since December 2020, devoted one day a week each, to the initiative. Their goal is to help the fund develop its reputation, promote its mission, manage applications and contribute to the organisation of selection panels. Coface will also participate in the selection jury for grant applicants.

6.1.5 Differentiating as an employer to boost cultural transformation

My Voice: a tool to improve the employee experience

Since 2017, Coface has worked extensively to improve the engagement of its employees, launching global surveys and rolling out action plans at each level of the organization through various working groups. This way of operating with working groups, set up widely across the Group's various countries, has not only made it possible to find concrete solutions for improvements, built with employees, but has also introduced a new way of working thanks to a more bottom-up and collaborative approach, for instance holding inter-department meetings, organising regular meetings and actively engaging employees in these improvements, and making them accountable for My Voice actions.

The results of each survey enabled each function, country, region or even the Group to identify areas for improvement and propose solutions over the long term. For example, the results are used to develop and adapt the Group Human Resources strategy each year.

In June 2020, Coface sought more than ever to measure the satisfaction and engagement of its employees during the COVID-19 pandemic by launching its third My Voice engagement survey. It was an important time to listen to employees and ask questions specific to crisis management. With its rich experience and benchmark of 14 million respondents, the external service provider Kincentric (formerly AON Hewitt) guided Coface in the choice of questions and safeguarded the anonymity and confidentiality of the responses.

In addition to the seven questions related to the management of the COVID-19 crisis, seven further questions were added to the questionnaire, mainly concerning line managers and their ability to act as "career coaches", as well as customer orientation, development opportunities and performance management.

In 2020, My Voice was conducted in 13 languages (four more than in 2018) and obtained a record participation rate of 94%, demonstrating more than ever the strong attachment of employees to Coface and a desire for constructive improvement.

Coface's engagement score increased substantially this year, rising **24 points** from 38% to 62%. In an important development, the scores on the various aspects of the employee experience also improved significantly, across all Company regions.

The results are now at the median level of our service provider's benchmark. This is an impressive step forward, but it confirms the need for Coface to pursue its efforts to forge an even stronger approach on improving the employee experience.

The results of My Voice 2020 were presented by region, country and function in September 2020. The regions, countries and functions then worked on their action plans on all the topics highlighted by the survey as requiring improvement, starting in October.

Coface plans to organise a steering committee in early 2021 to review the action plans of the regions and functions and define a global action plan for the Company.

This questionnaire approach is now used much more widely in some countries and functions to gather the opinions of employees upstream and downstream of decisions. For example, Poland has launched numerous questionnaires to understand how to better communicate with employees and what their specific needs are in terms of benefits, training and upskilling, as well as other aspects such as their preferences on the organisation of the holiday season. China now conducts surveys almost every week with simple and direct questions to measure in real time the climate and understanding of organisational decisions.

To address this growing need for questionnaires in the regions, along with the development of teleworking and Coface's determination to further improve the employee experience, the Company is seeking how to better assess and monitor the impact of its action plans, while facilitating ongoing dialogue with employees. To that end, Coface in 2021 plans to purchase a platform for launching "pulse" surveys that are shorter, more regular and focused on one or two topics only. The goal is for each region or country to target groups of employees to better understand their specific concerns (such as those of newcomers or people in a specific function in a specific country), launch specific actions and monitor their success and impact over time, and adapt or strengthen actions according to the results.

A new Group onboarding programme

As a global company whose success is based on close collaboration between all its players, Coface pays particular attention to all of its new hires through a new Group onboarding programme. Around the world, the objectives of the new IntoCoface programme are to enable newcomers to quickly become operational and efficient and to develop the sense of belonging to an international community, with a view to strengthening collective efficiency and engagement. The programme also aims to provide managers with the resources for facilitating and structuring the integration of their new employees. Naturally, IntoCoface was designed to meet the expectations of newcomers, at a time when they need to feel

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that their decision to join Coface was the right one. The programme helps to guide them, understand their role in the organisation and feel good at the Company, in their team and in their position.

IntoCoface thus establishes a common framework with mandatory milestones and shared content. As soon as they arrive on their first day, each new employee is greeted with a welcome message from Xavier Durand. They then attend an introduction meeting at which the manager presents the Group, the local entity, the organisation of the team, and the position using a ready-to-use kit. Individual meetings are also held in the first few weeks to help newcomers to get to know their team and key contacts and absorb the Company culture through contact with their colleagues. In this spirit, an "onboarding buddy" is available in large countries, helping new recruits to network outside of their immediate environment. A few weeks later, newcomers participate in a "job shadowing" experience to spend a few hours in other departments and better understand Coface's organisation. Mandatory training and job-related training are also scheduled in the first month. The key components of the newcomer's onboarding programme are available *via* their home page on the CLIC digital training platform, specially designed to support their first steps at the Company.

To help them settle in seamlessly, new employees benefit from regular follow-up from their manager and a debriefing meeting with their manager's manager and their Human Resources manager.

The IntoCoface programme is the result of close collaboration between the Group and Regional HR teams, and with the steering committee made up of senior management representatives from various countries. It supplements existing best practices at local level, such as a presentation of the various departments for newcomers in France and an app that pushes daily content to newcomers in Spain.

The programme is rolled out through a wide-ranging training, communication and change-management plan for managers at the time of the actual integration of a new employee. After gradually ramping up in 2020, the objective is to fully implement the programme across the entire Group starting in early 2021.

To optimise the programme, Coface plans to collect initial feedback from managers, local HR and newcomers at the beginning of 2021. More specifically, the Company plans to create more digital content and refine certain components to best meet the requirements of extended teleworking.

Continued development of managerial skills

Enabling all of its managers to improve their team-leading abilities remains one of Coface's priorities. A key focus in 2020 was remote management.

In France, a new "Being a Manager at Coface" programme was launched. Fifty-three managers have already completed the first mandatory module that sets out, or recalls, the fundamentals of management. The common foundation of the programme is supplemented by a module, set for roll-out in 2021, on the internal rules and procedures that all managers are expected to know. A series of optional modules will also be proposed, covering, for example, communication techniques, recruitment interviews and the management of complex situations. One of these modules, on change management, was launched in 2020 and completed by 26 managers. The others will be available in 2021. A supplementary training course on effective remote management was also swiftly implemented in response to the COVID-19 crisis. Nearly 150 managers (almost all of the managerial population) were able to complete the course.

In Mexico, the Leadership Lab was launched in October. It consists of five successive sessions of 1.5 hours in which managers consider and discuss topics related to leadership and collective efficiency. In addition, a webinar was organized on leadership in times of crisis, focusing on emotional intelligence, stress management and resilience.

In Asia-Pacific, access to LinkedIn learning courses on management and leadership and coaching and communication skills was provided to a pilot population of 58 employees in the region for six months. The programme is interspersed with eight digital sessions in which small groups of individuals share the knowledge they have acquired and their experiences relating to these topics. The regional management team is part of this pilot.

The MAR region is also harnessing the LinkedIn catalogue to provide 140 of its employees with training content, for example on the development of managerial skills. The initiative appears to have proved interesting for employees, with each one thus far having devoted an average five hours to self-training.

At the Group level, training courses on the annual performance review provided to all entities include a new section on the preparation of assessments and year-end reviews in a context of crisis and widespread teleworking. The training includes advice on posture and empathy, as well as interpersonal communication by videoconferencing for digital reviews.

Lastly, numerous contributions on remote leadership have been posted since April on the CLIC digital training platform. The Group and regional HR teams have co-developed a reference document to share a set of best practices on remote work and management. Many other documents were also shared by a large number of local HR teams or other contributors, including external sources.

A range of initiatives for talent development

At Group level, several new initiatives were launched in 2020:

- a Risk Underwriting talent programme, enabling employees working in the countries to join the Group's team of experts for a six-month programme in which they take on a support role for the regions similar to that of experts. This programme accelerates the development of business skills as well as coordination, matrix work and communication in an intercultural environment. Participants benefit from a mentor for a period of six months to one year to work on their personal development, contribute to a cross-team project, and develop their bespoke individual development plan with the support of the Group Talent Director. Fifteen candidates representing all the Group's regions applied. The first person to be selected, from the Netherlands, joined the Group's teams in September. His successor in the programme, currently based in Hong Kong, is expected to arrive in France in early March 2021;
- the use of mentoring as a talent development tool will be rolled out widely. In 2020, all the regions aimed to launch it with at least one class of mentees in a structured manner and inspired by key success factors identified during the pilot in France. Participants have been identified across all regions and the training has already started in some of them. Effective mentoring work has already begun in Asia-Pacific and will be initiated everywhere else in early 2021. In total, more than 50 mentees worldwide will benefit from this programme in the 2020-2021 season. The programme is now open to

both men and women, but Coface has ensured that the latter account for at least 50% of participants, with the unwavering objective of facilitating women's access to senior positions;

- lastly, all the countries set an objective to build an individual development plan for each high-potential woman consisting of at least one action identified as a career accelerator not included in the usual scope of the position and conventional training. Nearly 80 employees are concerned by this initiative. Tools have been shared with HR teams to help them choose relevant activities. These development plans are reviewed in mid-December by Carine Pichon, CFO and Sponsor of the gender equality programme, and Pierre Bévierre, Group Head of Human Resources.

Annual talent reviews and monthly Group talent sharing committees continue to be held. This year, for the first time, functional talent reviews were created for Finance and the Global Solutions sales organisation. They will be supplemented by a similar exercise for the new Business Information function to enhance understanding, at global level, of the quality of the teams and their ability to meet the challenges of tomorrow. Career discussions, conducted notably by the Group Talent Department, have been rolled out systematically to reach the most employees likely to develop outside their home country and/or in key positions.

The Group also continues to build on its International Internship Program (VIE) to feed its international talent pool and promote its employer brand among young people. We are committed to a dynamic of loyalty and aim to maximise the recruitment of volunteer interns at the end of the assignment. In 2020, we welcomed 36 volunteers in 14 countries, with 12 missions beginning in the year and 50% of our volunteers being recruited at the Group at the end of their assignment. In 2021, we plan to welcome 17 new international interns.

Locally, several talent development programs are also being developed or have already been launched:

- in France, the Management has approved a comprehensive programme focused on career discussions with members of management and HR teams, a certified external leadership programme, and off-the-shelf activities such as coaching. The programme will be implemented in 2021;
- in the MAR Region, a new programme has been launched for all high-potential individuals with two pillars:
  - digital round tables with regional director Cécile Paillard in groups of 15, to discuss topics freely selected by participants,
  - specific My Voice workshops have been set up at the regional level in addition to those held in the countries to propose innovative initiatives to strengthen employee engagement and Coface's employer brand. The three best ideas selected by the participants themselves will be presented to the Regional Management Committee;
  - In addition, the Italian programme "It's Talent Time" continues to be rolled out, based on discussions with a leader on his or her career, the aim being to take inspiration from these talented individuals, as well as training sessions. This year's theme is "the leader of the future".

Compensation policy

In accordance with the regulatory requirements applying to the insurance sector since 2016 (Solvency II), Coface's compensation policy is reviewed each year to align it with the Group's strategic objectives and ensure effective risk management at the Company.

This policy is set out in detail in Section 2.3.1 "Compensation Policy", and aims to:

- **attract, motivate and retain the best talent.** Each year, the Group awards free performance shares to an identified regulated population in the context of the Solvency II Directive (Executive Committee, key functions and employees with significant influence on the Company's risk profile), for whom a portion of variable compensation must be deferred, and to certain key employees as part of the reward and retention policy. The vesting period for this scheme is set at three years;
- **encourage individual and collective performance.** The bonus policy is reviewed and approved each year by the Management Committee with regard to the Group's priorities. It incorporates collective financial and non-financial objectives. In 2020, customer satisfaction and employee engagement figured among the objectives of all the Group's senior managers;
- **position the Group competitively on the market while respecting its financial balance.** Since 2017, the Group has regularly participated in compensation surveys with a compensation consulting firm specialised in the financial services sector. The objective is to increase knowledge of market practices and ensure informed oversight of Group compensation. This exercise concerned 36 countries between 2017 and 2018, covering nearly 90% of the Group's functions and 13 target countries in 2020;
- **comply with the regulations in force and guarantee internal fairness and professional equality**, particularly between men and women. As part of its annual review, the Compensation Department ensures that the distribution of budgets for pay rises notably respects gender equality. In France, the Human Resources Department carried out substantive work over a three-year period aimed at correcting these inequalities. These efforts were reflected in Coface's excellent result in the occupational equality index implemented in connection with equal pay legislation. With a score of 85 out of 100 for 2019, Coface is now above the legal obligation set at 75 points. Drawing on this experience, Coface has decided to go further by adapting the France index to the entire Group. For 2020, the Group achieved a very good result of 81 points and set itself a target for continuous improvement in this area;
- **be consistent with the Group's objectives and support its development strategy in the long term.** The Group's policy aims to prevent any conflict of interest in its remuneration practices and integrate social and environmental issues into its thinking. In 2020, the Group defined its global car policy with the main objectives of harmonising practices and reducing the carbon impact of the vehicle fleet.

The Coface compensation policy is managed by the Group HR Department and transmitted by the HR function to all of Coface's regions and countries.

6.2 ENVIRONMENTAL INFORMATION

As a service company, Coface's CSR policy consists primarily in making conscious real estate choices that help to lower its environmental footprint by reducing its greenhouse gas emissions, as well as its energy and paper consumption. The development of these action plans is intended to mitigate potential (i) risks linked to the activity not adapting to environmental challenges and (ii) consequences in terms of climate change for the services produced by the Group.

6.2.1 General environmental policy

The Company is fully committed to protecting the environment. Its approach to reducing its environmental footprint has significantly influenced its real estate choices, particularly in the choice of its head office, and the efforts rolled out to reduce its greenhouse gas emissions, consumption of energy and paper, along with other initiatives established in France and abroad which encourage waste sorting and recycling, particularly for parts of obsolete IT equipment.

In 2020, as in previous years, there was no environmental litigation and no indemnity was paid in application of a legal decision rendered in that subject area. The Group has therefore not established any guarantee or provisions to cover that risk.

In France, environmental aspects were a determining factor for Coface in choosing the building that has housed its head office in Bois-Colombes since 2013. This building, which can host approximately 1,200 employees, is certified NF MQE (high environmental quality for construction) and BREEAM (BRE Environmental Assessment Method). It thus incorporates current best practices in terms of the immediate environmental impact, construction materials and processes, and production of waste. This building has furthermore been certified "low energy" (*bâtiment basse consommation* – BBC); its standard energy consumption is thus limited. The building preserves natural resources, thanks to limited water needs for green areas due to rooftop water recovery, solar panels situated on the roof and low-consumption exterior lighting.

In Germany, the main office located in Mainz is certified "Ökoprofit" for its sparing use of energy resources.

6.2.2 Sustainable use of resources

The Group only consumes water in the operation of its service-sector premises: air conditioning, cooling of electronic equipment, cafeteria, maintenance, sanitary facilities and watering of green areas.

In 2020, water consumption totalled 30,178 m^3. Consumption decreased significantly this year owing to the widespread use of teleworking due to the COVID-19 pandemic, despite the broadening of the reporting scope. Water consumption totalled 38,847 m^3 in 2019, *versus* 31,368 m^3 in 2018, for the entire reporting scope, due to efficient control of the water distribution network and maintenance.

6.2.3 Climate change

The Group has taken various initiatives to reduce its environmental footprint, in particular with regard to greenhouse gas emissions, through the policies presented below and its new socially responsible investment (SRI) policy (see Section 6.3.5).

Actions are also led across the Group on the initiative of employees. In France, for example, 2020 saw the creation of "Green to Lead", a network of employees seeking to raise their colleagues' awareness of environmental issues. Through newsletters, Green to Lead informs and suggests concrete actions to employees in their daily working lives. For example, for the European Week of Waste Reduction in November 2020, the Green to Lead group offered some employees the opportunity to participate in a "Climate Overview" workshop in order to better understand aspects and relationships in climate change. Green to Lead also works with the Facilities Management Department to prepare for the return to the office of employees and propose more eco-responsible solutions (in particular the reduction of printing and waste).

Energy consumption

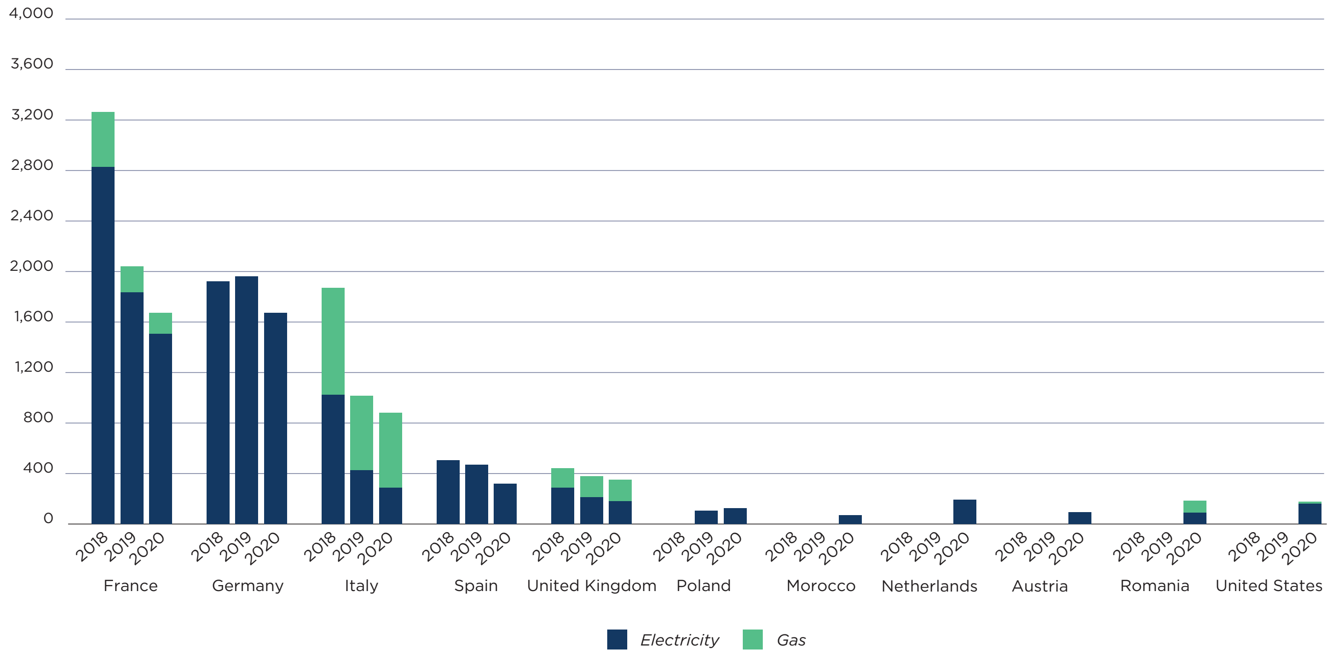
The Group's energy consumption concerns lighting, air conditioning and heating of the premises.

The Group implements actions to reduce energy consumption, which translate into the environmental choices made in terms of real estate (see the features of the building housing the head office and the main office in Germany), which have allowed energy consumption to be significantly decreased.

/ REPORTED ENERGY CONSUMPTION SINCE 2018 FOR THE REPORTING SCOPE

	REPORTING SCOPE 2020 FRANCE, GERMANY, ITALY, SPAIN, UNITED KINGDOM, POLAND, MOROCCO, NETHERLANDS, AUSTRIA, ROMANIA AND THE UNITED STATES		2019 REPORTING SCOPE FRANCE, GERMANY, ITALY, SPAIN AND THE UNITED KINGDOM		2018 REPORTING SCOPE FRANCE, GERMANY, ITALY, SPAIN AND THE UNITED KINGDOM	
	CONSUMPTION	EQUIV. CO_2	CONSUMPTION	EQUIV. CO_2	CONSUMPTION	EQUIV. CO_2
Electricity	4,690 MWh	694 tCO_2e	5,007 MWh	573 tCO_2e	6,562 MWh	719 tCO_2e
Gas	1,038 MWh	233 tCO_2e	963 MWh	214 tCO_2e	1,503 MWh	355 tCO_2e
Surface area	65,123 m^2		34,776 m^2		73,159 m^2	

	2020		2019		2018	
(Consumption MWh)	ELECTRICITY	GAS	ELECTRICITY	GAS	ELECTRICITY	GAS
France	1,507	165	1,836	205	2,826	439
Germany	1,673	N/A	1,960	N/A	1,920	N/A
Italy	286	594	427	588	1,024	844
Spain	317	N/A	469	N/A	505	N/A
United Kingdom	179	171	210	170	287	155
Poland	123	N/A	104	N/A		
Morocco	68	N/A				
Netherlands	192	N/A				
Austria	93	N/A				
Romania	91	93				
United States	159	17				



The share of renewable energy at the Bois-Colombes building in France, where Coface's head office is located, represents approximately 14% of its total consumption. Furthermore, the roof of this head office is covered by some 100 square metres of solar panels, which reduce its gas consumption by reheating the water supplied to sanitary facilities and to the restaurant. In place since 2015, the panels have made it possible to save four to six months of gas consumption per year, depending on the year, from 2018 to 2020. Since September 1, 2018, the surface area of the head office in France has been reduced by nearly 40%, reducing its energy consumption levels.

In Germany, electricity consumption does not generate any greenhouse gas emissions, as Coface Germany has opted for an energy contract fully based on renewable energy sources.

Despite the addition of five countries in the reporting scope, gas and electricity consumption changed little overall in 2020 owing to the teleworking implemented due to the COVID-19 pandemic.

Travel policy

The travel policy for Coface France employees was adapted and rolled out for the Group in 2018.

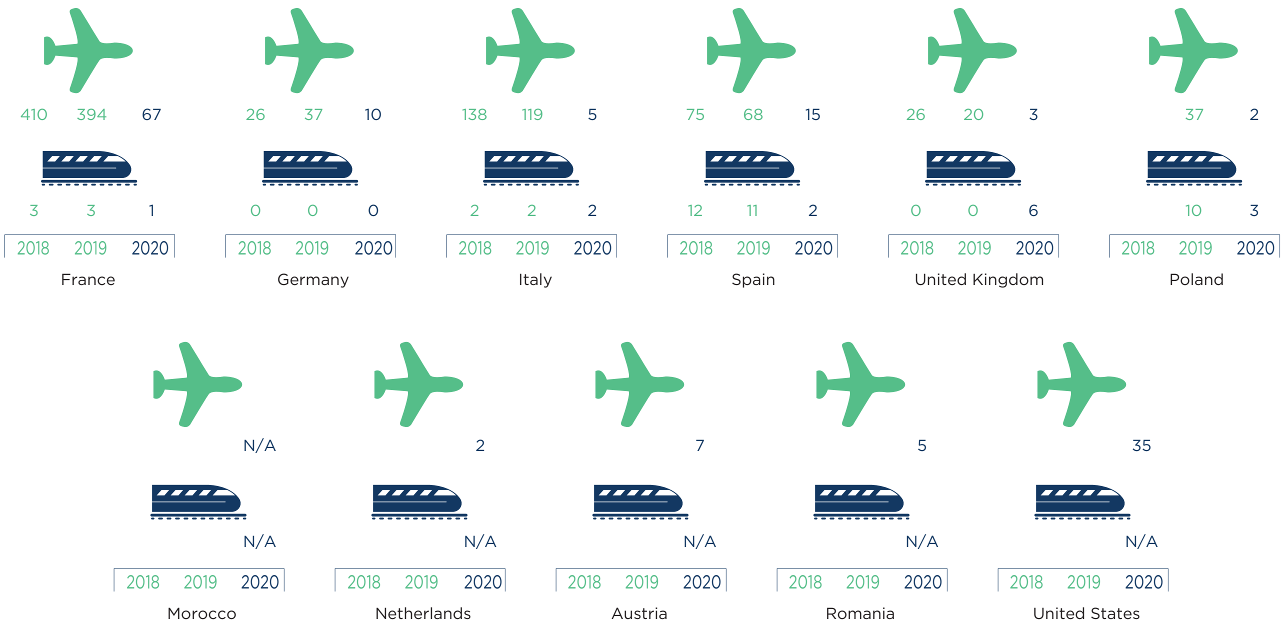
As part of this update, special attention was paid to environmental issues. In order to fully involve employees in this approach, the Group travel policy highlights a number of best practices aimed at raising employee awareness with regard to business travel:

- opting for telephone calls or video conferences;
- choosing train travel for short trips;
- proposing carpooling solutions between co-workers and/or taxi sharing;
- limiting printing by carrying out all procedures online (boarding pass, insurance card, etc.).

In 2020, the global health crisis stemming from the COVID-19 pandemic led to a significant reduction in travel.

TYPE OF TRAVEL	METRIC TONNES EQUIV. CO_2 FOR THE 2020 REPORTING SCOPE FRANCE, GERMANY, ITALY, SPAIN, UNITED KINGDOM, POLAND, MOROCCO, NETHERLANDS, AUSTRIA, ROMANIA AND UNITED STATES	METRIC TONNES EQUIV. CO_2 FOR THE 2019 REPORTING SCOPE FRANCE, GERMANY, ITALY, SPAIN, UK AND POLAND	METRIC TONNES EQUIV. CO_2 IN TONNES 2018 FRANCE, GERMANY, ITALY, SPAIN AND THE UK
Aeroplane	151	675	675
Train	15	27	18

	2020		2019		2018	
(Metric tonnes equiv. CO_2)	TRAIN	AEROPLANE	TRAIN	AEROPLANE	TRAIN	AEROPLANE
France	1	67	3	394	3	410
Germany	0	10	0	37	0	26
Italy	2	5	2	119	2	138
Spain	2	15	11	68	12	75
United Kingdom	6	3	0	20	0	26
Poland	3	2	10	37		
Morocco	N/A	N/A				
Netherlands	N/A	2				
Austria	N/A	7				
Romania	N/A	5				
United States	N/A	35				



In 2020, due to the global health crisis linked to COVID-19 and a strict travel authorisation policy implemented by the Group in response to the pandemic, air and train travel fell significantly across the reporting scope. As a result, greenhouse gas consumption related to air and train travel followed the same trend.

Vehicle policy

Within the reporting scope, countries adopt initiatives to reduce fuel consumption, such as Coface in France, which regularly upgrades its vehicles and selects them based on a number of criteria, including CO_2 emissions per kilometre travelled. The average for the vehicle fleet in France was 104.08 g/km in 2020 compared with 104.2 g/km in 2019. Greenhouse gas emissions were down sharply at the Group level owing to a sharp decline in travel related to the COVID-19 pandemic.

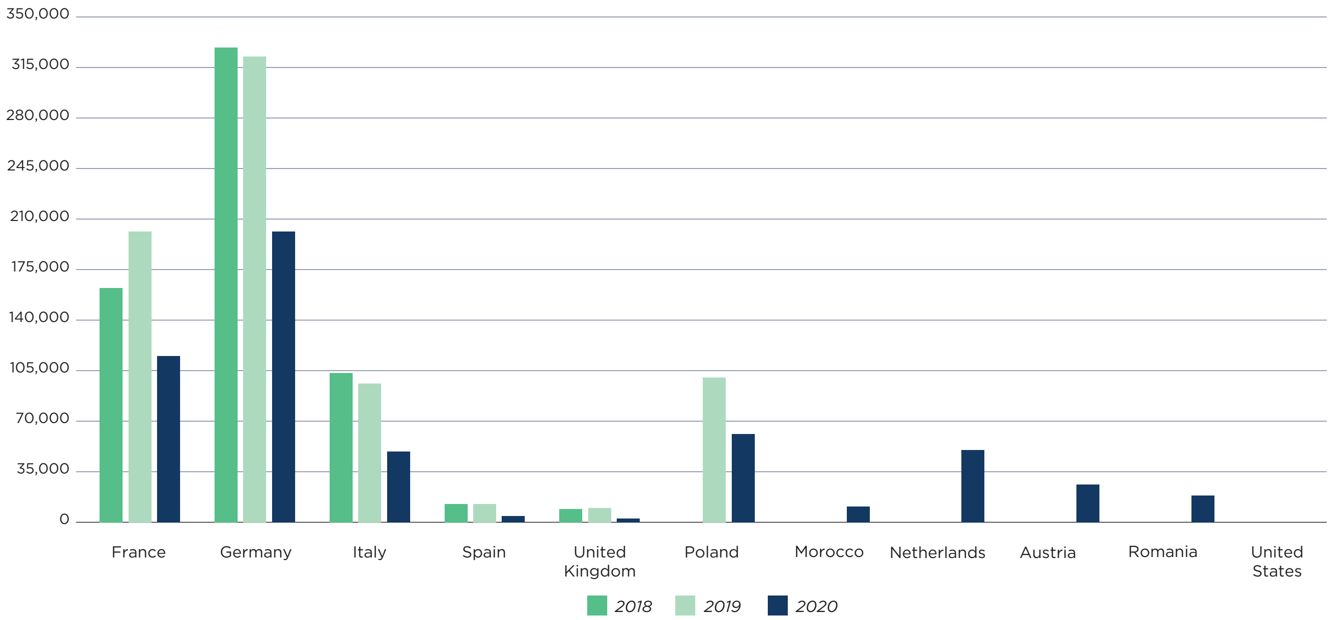
/ TABLE OF CONSUMPTION SINCE 2018

FUEL: DIESEL AND FOUR-STAR PREMIUM FUEL	2020 REPORTING SCOPE FRANCE, GERMANY, ITALY, SPAIN, UNITED KINGDOM, POLAND, MOROCCO, NETHERLANDS, AUSTRIA, ROMANIA AND UNITED STATES	2019 REPORTING SCOPE FRANCE, GERMANY, ITALY, SPAIN, UK AND POLAND	2018 REPORTING SCOPE FRANCE, GERMANY, ITALY, SPAIN AND UK
Litres	538,505	716,527	622,592
Metric tonnes equiv. CO_2	1,437	1,847	1,561

(Fuel (Diesel and four-star premium fuel) in litres)	2020	2019	2018
France	115,197	166,930	162,246
Germany	201,394	322,688	328,776
Italy	48,865	96,243	103,344
Spain	4,263	12,784 (1)	12,632 (1)
United Kingdom	2,584	9,983	9,320
Poland	61,098	100,277	
Morocco	10,755		
Netherlands	49,929		
Austria	25,979		
Romania	18,442		
United States	N/A (2)		

(1) The data relating to Spain for 2020 are limited to the fuel consumed by vehicles leased or belonging to Coface. As a result, the figures for 2018 and 2019 have been corrected to ensure consistency in the reporting method.
(2) As the United States does not have a fleet of owned or leased vehicles, it does not report this indicator.

/ FUEL (DIESEL & FOUR STAR PREMIUM FUEL) IN LITRES



To date, Coface's contribution to reducing greenhouse gas emissions is reflected in a limitation of CO_2 emissions through the vehicle policy, in limiting travel through the travel policy, and in its responsible investment policy, which notably includes, as described below, taking regular measurements of greenhouse gas emissions from its financial investment portfolio.

In 2020, Coface implemented a Group car policy applicable to all entities, the main objectives being uniform and consistent practices and a reduction in the carbon impact of its vehicle fleet. The vehicles offered in each country's catalogue must now be adapted to the use of drivers, favouring hybrid and petrol models and limiting diesel models to the highest-mileage drivers. Coface has also set a target CO_2 standard set at 140 g/km (WLTP standards) per vehicle and thus hopes to significantly reduce the environmental impact of its fleet over the next two years. Additional options that have a negative impact on vehicle consumption are also prohibited.

In France, the proposed new catalogue must enable a reduction of an average 3 grams of CO_2 for its fleet and the share of diesel is expected to be reduced by 28%. The catalogue will be reviewed regularly to adapt to the market and constantly ensure optimised choice relative to environmental impact. All-electric models are under consideration and should be included in the catalogue proposed in France in the second half of 2021.

6.3 SOCIETAL INFORMATION

6.3.1 Regional, economic and social impact

Support for client development

The very nature of credit insurance contributes to the development of economic trade by offering companies secure commercial transactions, as presented in Section 1.3.1 "Description of the credit insurance business". Coface, as a leading market player, strives to offer its clients products that are best suited to their needs, in support of their development. It has made innovation a strategic cornerstone of its development.

The Company has made a commitment to raising the awareness of its policyholders and prospects about relevant environmental, social and governance issues through segment-specific economic studies on its website, some of which refer to CSR issues. As is the case every year, Coface's Economic Research division published several studies in 2020 on the economic situation of emerging countries ("Country & Sector Risk Survey" published quarterly) and on the renewable energy sector *(Global Transport: What does the future hold beyond COVID-19? - Global renewable energies: continued ascension despite the COVID-19 pandemic)*.

Coface now includes environmental risks in its methodology for assessing country risks. Two key risks for companies have been identified:

- physical risk measures the frequency of occurrence of exceptional weather events (such as the fires in Brazil and Australia in 2019). It depends on the country's exposure to this type of event (measured notably by taking into account long-term projections of agricultural yields, rising temperatures in the country, rising sea levels, etc.) and its sensitivity, measured by indicators of geographical, demographic and social structure (such as the share of the rural population and the population over 65, and the poverty rate) and the dependence on other countries for goods that will become rarer with climate change (share of imports in total farming produce, water and energy);
- transition risk: faced with these future climate changes and in an effort to avoid some of them, governments are taking action (such as anti-pollution standards in the automotive sector in Europe and China) and the population is changing its consumption behaviour. While these regulatory and behavioural changes will have beneficial effects in the medium term, in the short term they are likely to jeopardise companies having failed to prepare for these changes in production and consumption methods. Transition risk is measured based on the frequency of the country's government's participation in conferences on environmental change, the treatment of this issue in the national media, and the number of measures taken by the government to effectively combat global warming and pollution (national emissions level, energy efficiency of the main business sectors and investments in the energy transition);

The exposure index is used to measure the extent to which a country can be vulnerable to climate disruption and captures the physical impact of climate risk. The sensitivity index, based on topographic and demographic variables as well as the country's economic structure (*i.e.* sensitivity of the country's main sectors of activity to a climate shock), makes it possible to assess the impact of a climate shock.

These two indices combined are used to assess a country's vulnerability to climate hazards and are based on six sectors essential to a country's proper functioning: food, access to water, the health system, ecosystem services, human habitat, and infrastructure. A country is considered to be highly exposed if a climate hazard can significantly limit access to drinking water, cause food insecurity, or if the quality of infrastructure is not sufficient to respond to this type of crisis. At the same time, a country is considered to be highly sensitive where its economy relies heavily on imports.

Forging of links with the local social and economic network

With teams located in 57 countries for maximum proximity to the economic and social network, the Group favours the hiring of local employees, who are trained in the credit insurance businesses and have detailed knowledge of the business environment. It thus contributes to strengthening its expertise, while developing local players in the countries.

6.3.2 Solidarity initiatives

In 2020, owing to the COVID-19 health crisis, solidarity initiatives could not be implemented in the same way as in previous years. The year was thus an opportunity for the Group, *via* the "Coface: A Responsible Employer" Committee, to initiate discussions on future initiatives in its operating countries. The Group has decided to favour local initiatives in the coming years as finely tuned as possible to the local context.

6.3.3 Subcontracting and suppliers

The outsourcing of important or critical activities is strictly governed by the regulations applicable to insurance companies since the entry into force of the Solvency II Regulation. In this respect, since 2016, the Company has issued a Group policy aimed at identifying "material or critical" activities and defining the fundamental principles for resorting to outsourcing, the terms of any contract drafted for such outsourcing and the control procedures related to the outsourced activities and functions.

This policy, approved by the Company's Board of Directors in 2016 and reviewed annually ever since, considers the following as constituting material or critical activities, pursuant to the applicable regulations: (i) the following four key functions (see also Section 5.3.1 "Internal Control System"): the risk management function, the compliance verification function, the internal audit function and the actuarial function; as well as (ii) the other functions comprising the core credit insurance business, the interruption of which is likely to have a significant impact on the Company's business or its ability to effectively manage risks, or jeopardise the conditions under which it obtained its approval.

In 2019, the Company amended its outsourcing policy, which now covers "standard" functions and important and/or critical functions and activities.

Standard contracts must incorporate a number of conventional contractual clauses (purpose, duration, financial conditions, service provider's liability, *force majeure*, non-performance, termination, etc.). Their conclusion is subject to the implementation of Know Your Supplier due diligence and their submission to a call for tenders.

Coface and all its subsidiaries have therefore pledged to select service providers who meet the high-quality service standards and have the qualifications and skills necessary to efficiently handle the outsourced service, while avoiding any conflict of interest and guaranteeing data confidentiality. In accordance with the applicable regulations, with regard to important or critical activities, they must notify the French Prudential Supervision and Resolution Authority (ACPR) of their intention to outsource services falling within the scope of the procedure, in accordance with the applicable regulations, no later than six weeks before the effective date of the contract. Any outsourcing contract to be signed with a service provider should include certain mandatory clauses imposed by Coface and be approved by the Company's Board of Directors prior to signature.

To date, the main material or critical activities outsourced by the Group concern the Company's financial investment management activity and, in a few limited countries, the risk underwriting activity.

In 2020, Coface mapped the Group's outsourcing activities. The work covered the outsourcing of standard services and major or critical services carried out by all Coface Group regions to third parties or within the Group to another Coface entity.

The work served to:

- review existing outsourcing at the Group;
- distinguish between simple services and outsourcing services within the meaning of the Solvency II Regulation;
- classify outsourcing according to their "standard" or "important or critical" category;
- verify the compliance of contracts with applicable regulations and the Group outsourcing policy;
- propose a remediation plan;
- establish regular reporting on outsourcing.

The remediation plan will be implemented in 2021, application being differentiated according to the criticality of the contracts concerned, their date of conclusion and their geographical area.

For contracts relating to important or critical functions concluded after the entry into force of Solvency II, remediation will be both contractual (integration of absent contractual clauses) and regulatory (notification to the ACPR) upon the renewal of these contracts or in the event of an amendment.

Other contracts will mainly be subject to contractual remediation, in accordance with applicable local law and under the supervision of regional legal managers.

In the context of its relations with suppliers more generally, Coface has established a regularly reviewed purchasing procedure that sets out the general conditions for the purchase of supplies and services and specifies the rules to be followed in terms of supplier consultation and selection (including the conditions for issuing calls for tenders). Since 2017, Coface has also been signatory to the *Charte Relations Fournisseurs Responsables* (responsible supplier relationship charter) led by two French agencies, the *Médiateur des entreprises* (business ombudsman) and the *Conseil national des achats* (purchasing association). This charter consists of 10 commitments for a responsible purchasing policy towards suppliers. It enables Coface to apply, in concrete terms, its willingness to foster fair and transparent relationships with its suppliers. In accordance with the French "Sapin II" law of December 10, 2016 concerning transparency, anti-corruption and the modernisation of economic life, Coface has set up an assessment of suppliers looking at the corruption risk.

6.3.4 Underwriting policy

Coface is committed to an ongoing process to strengthen its commitments to corporate social responsibility.

For our short-term credit insurance business, the following guidelines are applied:

a. regarding the coal industry, Coface applies a very restrictive underwriting policy for any credit insurance policy covering:

- a commodity trader for its coal sales,
- a transport, freight and logistics company for its sales if more than 50% of its insured business is linked to coal;

b. the insured activity of any policy issued by Coface or its partners shall not directly include anything related to lethal (non-pharmaceutical) drugs, gambling, pornography or endangered species trading activities;

c. similarly, in addition to the underwriting framework for the strictly controlled defence industry as part of CSR directives (anti-personnel mines or cluster bombs, sanctioned countries, etc.) and the Group's compliance rules (list of country risk levels, KYC), an extremely restrictive underwriting policy is implemented in the defence industry sector in terms both of sensitive countries and sensitive equipment:

- a sensitive country is a non-OECD country, or any country not qualified as a full democracy or a flawed democracy (*i.e.* a hybrid regime and authoritarian regime) by "The Economist" in its democracy index (https://en.wikipedia.org/wiki/Democracy_Index),
- sensitive equipment is constituted by fatal equipment (including weapons, ammunition, missiles, mortar canons, tanks, armed vehicles, rockets, war ships and submarines, and electronic missile guidance equipment).

Trucks, unarmed helicopters, bullet-proof vests, surveillance systems and other equipment are not considered as sensitive equipment.

For transactions relating to sensitive countries and equipment, Coface limits its underwriting to a minority stake combining (i) a stake of less than 45% and (ii) excluding a higher share in a syndicated policy.

In addition, as a responsible player, Coface is seeking to contribute to environmental protection by introducing a factor related to environmental protection in its risk underwriting policy. In 2021, Coface developed a tool/methodology to direct its risk portfolio towards a "greener colour".

6.3.5 Socially responsible investment (SRI)

In addition to the investment policy within the Group and in connection with Article 173 of the law of August 17, 2015 on Energy Transition for Green Growth applicable to Coface, in 2016 the Group defined its responsible investment policy and the goals pursued consistent with its role as credit insurer and the protection of its reputation. In accordance with the transparency goals set by this regulation, the Group provides qualitative and quantitative information on the implementation of this policy.

Being a Socially Responsible Investor, according to Coface, means both including oversight and analysis measures in its investment policy in order to fulfil its obligations towards its policyholders, and integrating into its investment decisions, where appropriate, factors related to respect for the social, environmental and governance quality goals of the companies in which it invests (hereafter the "ESG factors").

Dealing as it does with an international environment where SRI practices and standards diverge, the Group strives to pay particular attention to the dialogue it conducts with issuers. It also aims to foster a dynamic analysis of investment opportunities, without seeking an approach solely focused on a strictly positive selection or the systematic exclusion of certain assets.

As an institutional investor, Coface seeks to adopt long-term measures through its investment policy to take account of the underlying risks linked to ESG factors and to measure over time the concrete effects of a more comprehensive integration of these factors into its portfolio management.

The SRI strategy is thus based on three pillars, with each one being the subject of a dedicated quarterly or annual report. The Group has entrusted Amundi, its dedicated global manager, with producing reporting elements and analysing potential impacts on the management of its investments. Thus, in partnership with Amundi, in 2016 Coface set up a mechanism to address the regulatory requirements and to measure the carbon footprint of its portfolios. Accordingly, calculating and disclosing information on Coface's carbon exposure is the foundation of its commitment in this area.

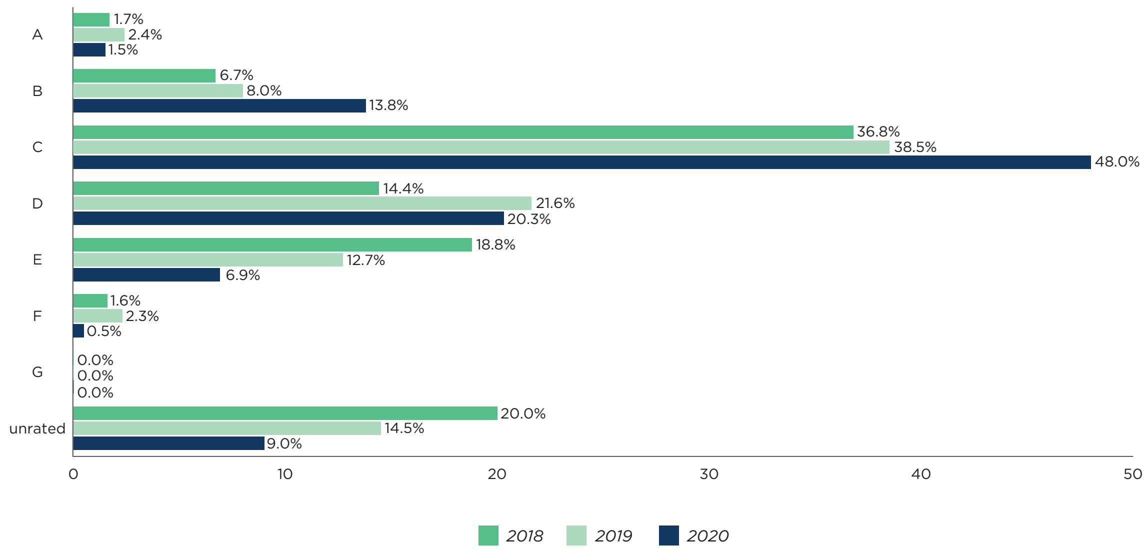
The three pillars of Coface's Socially Responsible Investor strategy are as follows:

1. ESG factors: Incorporating sensitivity to these factors within asset management while maintaining a primary goal of risk and reputation management.

   Since 2017, Amundi has produced a quarterly report on the average ESG rating of the Coface portfolio (A to G rating) and a breakdown of assets by ESG rating.

   At December 31, 2020, the overall ESG rating of the investment portfolio was C, an improvement on the C- rating at end-2019. Since December 2018, Coface has decided not to invest directly in any securities from issuers with a G rating or issuers with more than 30% of their turnover linked to coal mining, in line with Amundi's policy.

/ ESG RATING OF THE INVESTMENT PORTFOLIO



Source: Amundi

N.B.: The portfolio monitored by Amundi represents 98% of Coface's total portfolio. Only listed securities and non-cash securities are rated with a coverage ratio greater than 90% at December 31, 2020.

2. Taking part in voting at the Shareholders' Meetings of companies held in the portfolio through the delegated managers and encouraging dialogue with their management on best practices based on the practices implemented on these topics through the managers selected by Coface.

Amundi provides an annual report on Voting Rights, containing the following information:

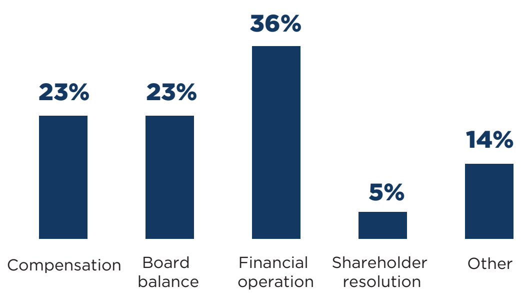
- overall voting statistics for each of the Coface dedicated funds (with a focus on geographic breakdown, opposition rates and main opposition topics);
- the list of meetings at which voting rights are exercised and during which an opposition voting right was exercised (broken down by company, country and opposition topic).

Prior to these votes and where necessary, Coface can initiate discussions with Amundi's specialised teams to gather analyses on proposed resolutions and discuss the associated vote recommendations.

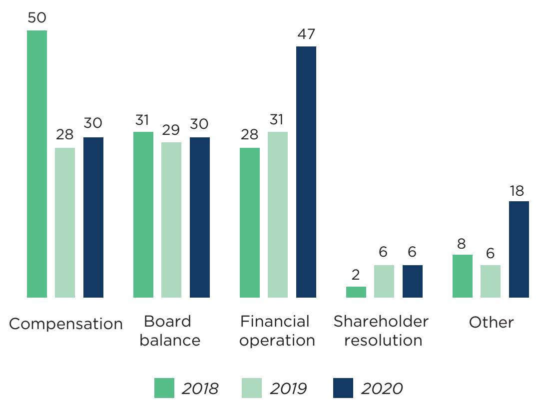
Amundi transmits its voting policy annually to the Group, to include the best corporate governance, social responsibility and environmental practices.

The percentage of opposition votes exercised by Amundi on behalf of Coface at Shareholders' Meetings held in 2020 are presented below, by topic:

/ OPPOSITION VOTES ON SHARE POSITIONS HELD DIRECTLY (%)



/ OPPOSITION VOTES ON SHARE POSITIONS HELD DIRECTLY (NUMBER)



Source: Amundi

According to Amundi, truthful, comprehensive and transparent financial information constitutes an essential right of shareholders and a prerequisite for exercising voting rights in a considered manner. Hence, opposition votes mainly come from the following considerations:

- with regard to the compensation policy: Amundi considers that aligning senior managers' interests with those of the shareholders is a vital factor in corporate governance. The Company's compensation policy must contribute to this balance;
- with regard to the balanced membership of the Board: Amundi considers that the Board is a strategic body and that its decisions determine the future of the Company and the responsibility of its members. Thus, according to Amundi, its actions must be governed by transparency, responsibility, efficiency and availability;
- with regard to financial transactions: Amundi considers that minority shareholders must be wary of excessive dilution of the capital.

3. Measuring the carbon footprint: Protecting the Group against carbon risk and participating in international environmental protection and in energy and ecological transition endeavours.

Amundi provides a quarterly carbon report including:

1. A presentation of carbon emissions (per million euros invested and per million euros in turnover) and carbon reserves (per million euros invested).

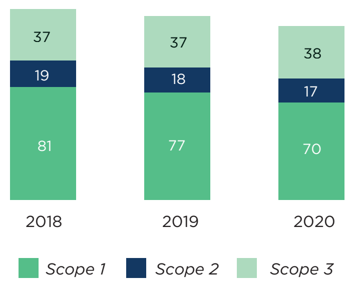
All the data are presented in absolute and relative terms with regard to a benchmark index determined according to the strategic allocation of the platform.

The carbon reserves per million euros invested constitute an indicator of potential emissions, resulting from the combustion of fossil fuels, caused by investment in the portfolio.

This presentation is drawn up for three different levels of scope:

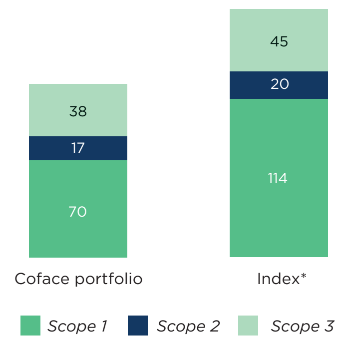
- Scope 1: all direct emissions from sources owned or controlled by the Company;
- Scope 2: all indirect emissions resulting from the purchase or production of electricity, steam or heat;
- Scope 3: all other indirect emissions upstream and downstream of the value chain. Only emissions upstream and *via* first-tier suppliers are presented in the report.

/ CARBON EMISSIONS PER MILLION EUROS INVESTED (TCO2/€M)



Source: Amundi

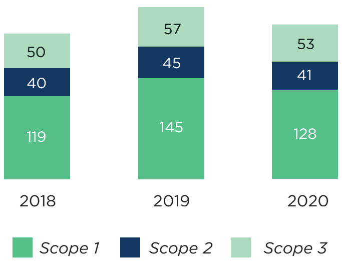
/ CARBON EMISSIONS PER MILLION EUROS INVESTED AT DECEMBER 31, 2020



Source: Amundi
** Index: 85% ML EURO BROAD + 10% MSCI EMU + 5% THE BOFA ML GLOBAL HY*

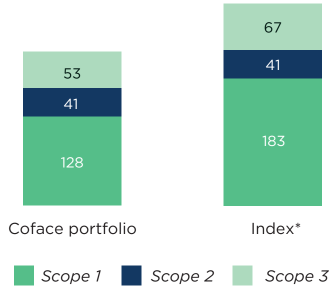
This indicator measures emissions from the portfolio in metric tonnes of CO_2 equivalent per million euros invested. It is an indicator of emissions resulting from investment in the portfolio. It is down for the year, primarily for emissions from Scope 1. Carbon emissions per million euros invested were less than those of the benchmark index.

/ CARBON EMISSIONS PER MILLION EUROS OF TURNOVER



Source: Amundi

/ CARBON EMISSIONS PER MILLION EUROS OF TURNOVER AT DECEMBER 31, 2020

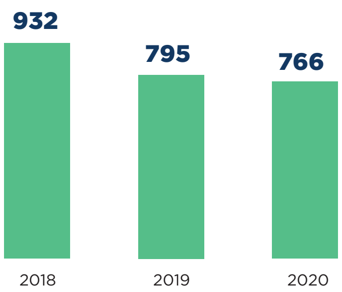


Source: Amundi
** Index: 85% ML EURO BROAD + 10% MSCI EMU + 5% THE BOFA ML GLOBAL HY*

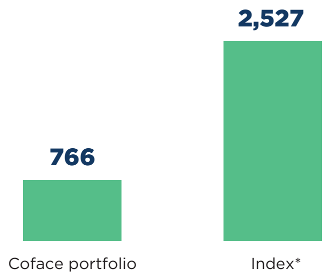
This indicator measures average emissions in metric tonnes of CO_2 equivalent per unit of revenue generated by the companies (in millions of euros). It is an indicator of the carbon intensity of the value chain of companies in the portfolio. It decreased over the year, mainly in Scope 1. Carbon emissions per million euros of revenue were also lower than those of the benchmark index.

N.B.: The portfolio monitored by Amundi represents 98% of Coface's total portfolio. Only listed corporate securities and non-cash corporate securities are rated with a coverage ratio greater than 92% at December 31, 2020.

/ CARBON RESERVES PER MILLION EUROS INVESTED



/ CARBON RESERVES PER MILLION EUROS INVESTED AT DECEMBER 31, 2020



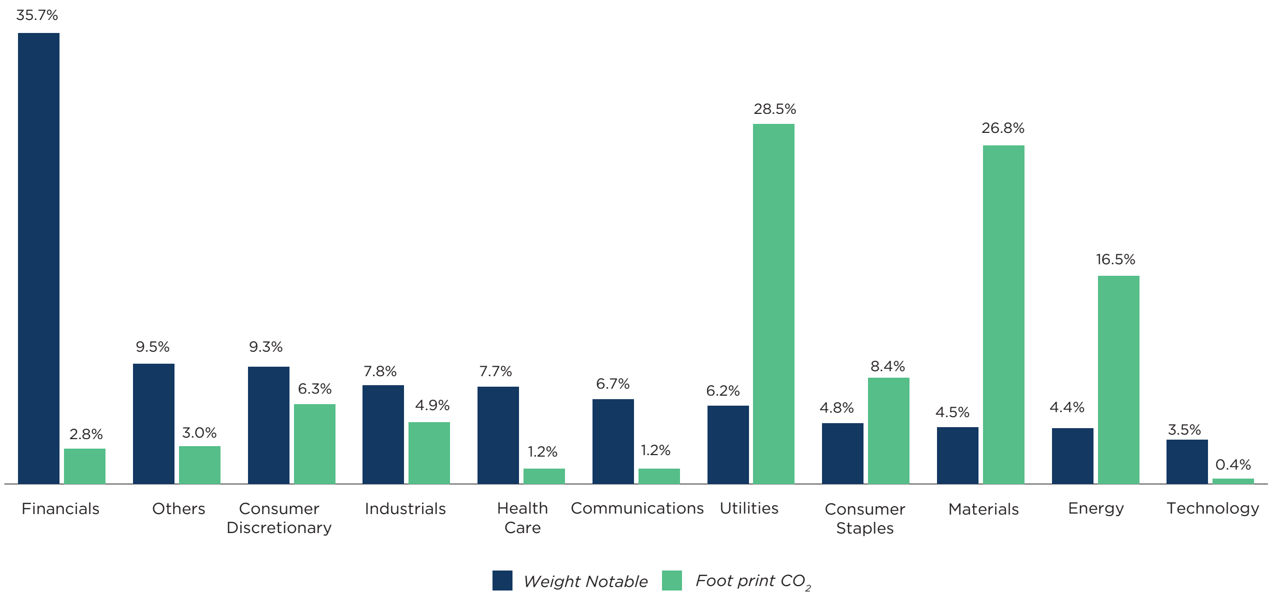
Source: Amundi
** Index: 85% ML EURO BROAD + 10% MSCI EMU + 5% THE BOFA ML GLOBAL HY*

These graphs measure carbon reserves from the portfolio in metric tonnes of CO_2 equivalent per million euros invested. They represent an indicator of potential emissions, resulting from the combustion of fossil fuels, caused by investment in this portfolio.

N.B.: The portfolio monitored by Amundi represents 98% of Coface's total portfolio. Only listed companies and non-cash securities in the energy sector are rated.

2. Sectoral and geographical contributions to carbon emissions

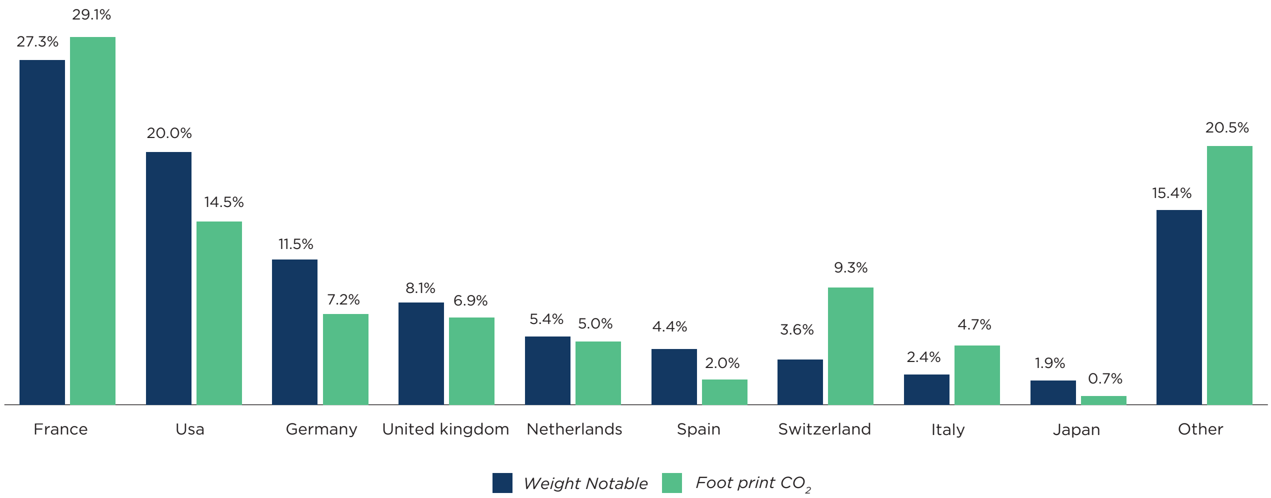
/ SECTORAL CONTRIBUTIONS AT DECEMBER 31, 2020



Source: Amundi

The biggest contributors at end-2020 were public utilities, materials and energy. The smallest contributors were finance, health and technology.

/ GEOGRAPHICAL CONTRIBUTIONS AT DECEMBER 31, 2020



Source: Amundi

The countries with the greatest exposure in the Group were France and the United States.

N.B.: The data on carbon emissions provided correspond to the annual emissions of companies in the portfolio and are expressed in metric tonnes of CO_2 equivalent, including the six greenhouse gases defined in the Kyoto protocol whose emissions are converted into global warming potential (GWP) in CO_2 equivalent.

6.3.6 Fair practices and respect for human rights

The importance of compliance in general is crucial for the management team and is highlighted during each conference or presentation for employees. More specifically, during each top-200 annual conference, the CEO always mentions the importance of integrity and ethics in his speech. In addition, employees' ethical commitments are one of the essential aspects monitored by the executive leadership team through the annual satisfaction survey covering all the Group's employees. This engagement has risen constantly since 2018.

As part of managing non-compliance risks, Coface's code of conduct, created for all Group employees to use, was revised in 2018 to promote and emphasise to all employees the requirement for integrity in properly conducting their business. This code notably emphasises the importance of treating clients fairly by avoiding conflicts of interest and not using information in an employee's possession against the interests of a client, a potential client and co-contracting third parties.

In addition, in 2018, the Group appointed an ombudsman to whom any integrity issues, violations of the code of conduct or non-compliance with the law and regulations may be reported if necessary.

With regard to lobbying, Coface does not directly or habitually carry out any activity in this field and has no employee whose appointed duty or mission involves lobbying public or political entities. Nevertheless, any action undertaken in this respect should naturally be carried out in the context of the ethical rules laid down by Coface in the aforesaid code of conduct, which includes a number of anti-corruption rules. In addition to the code of conduct and the Anti-Corruption Code, a lobbying code will be introduced in 2021.

1. The fight against corruption

The Coface Group has adopted a zero tolerance policy for corruption in all its forms. This policy has been provided to all of the Group's employees, particularly through the Anti-Corruption Code and the code of conduct, which are both prefaced by the CEO. These two documents have been translated into the Group's main languages (specifically French, English, German, Spanish, Italian and Portuguese). They have been disseminated to all employees and can also be accessed in electronic format on the Group's intranet site (Cofacom).

The Anti-Corruption Code consists of three parts: a reminder of general rules, specific rules and practical advice. The general rules define corruption, unfair advantages and the beneficiary concept, as well as the legal framework for corruption. The specific features of corruption involving public agents are also explained. The section on specific rules defines the rules on sensitive issues in terms of corruption: gifts and invitations, facilitation payments, political contributions, lobbying, charities and sponsorship.

Since 2017, Coface has focused on implementing the provisions set out in the "Sapin II" law on transparency, anti-corruption and modernisation of the economy. As a result, the Anti-Corruption Code is accompanied by the following (non-exhaustive list):

- the roll-out of a programme to train and raise awareness among all Group employees. An e-learning course on the code of conduct, including an anti-corruption component, was implemented in 2020 and assigned to all employees. Each course has been made available in the main languages to ensure better understanding by employees. Specific e-learning courses have been provided for staff deemed to be most exposed;
- a mapping of corruption risks, drawn up for each Coface Group entity and per function within each entity. The mapping was updated in 2019 *via* 30 workshops involving 118 employees from several entities (France, Germany, the United States, Italy, Poland, Brazil, China, Russia and Turkey) to cover the different activities of Coface, the various distribution channels (direct, *via* brokers, *via* agents, reinsurance with third-party insurance companies), entity sizes and market types (mature (Europe/USA), emerging (Asia, South America, Middle East));
- a global framework for assessing third parties. For suppliers and intermediaries, a control system for third parties was set up in 2020. The system is based on a third-parties evaluation procedure, which notably describes the scope and controls to be applied with third parties, as well as the governance model. Third parties undergo strict identification and evaluation procedures and suppliers considered medium- or high-risk are subject to review and approval by the Compliance Department;
- an ethical whistleblowing system. Coface has put in place an internal whistleblowing system, as described in the Anti-Corruption Code and the code of conduct. The internal whistleblowing system is subject to a dedicated and detailed procedure, reviewed in 2019. The basic principles stipulate that the persons concerned must have the choice between several reporting and communication channels and that members of staff reporting incidents in good faith must be protected and their identity must, in principle, remain confidential;
- accounting controls and second-level controls were implemented in 2019 and pursued in 2020 to strengthen the entire system. The internal audit also included the review of the anti-corruption system in its 2019 and 2021 audit plan.

2. Combating financial crime

Within the context of combating financial crime, every year the Group strengthens the tools and roll-out of procedures to best control all risks linked to financial crime.

The framework procedures updated regularly and transposed locally include a global procedure on the prevention of money laundering and terrorist financing and a KYC procedure on customer identification, verification and knowledge. These framework procedures are accompanied by various operational procedures (including on suspicious transaction reporting, the examination of suspicious transactions, and enhanced due diligence measures for transactions involving entities located in tax havens).

The procedures are implemented by the international network of local and regional compliance officers in charge of compliance at the Group.

An e-learning training programme on combating money laundering and the financing of terrorism was reviewed in 2020 and assigned to all employees. Each course has been made available in the main languages to ensure better understanding by employees. Communication and awareness-raising initiatives were also carried out regularly with employees to enable them to detect warning signs regarding money laundering and the financing of terrorism.

In its business activities, the systematic implementation of the aforementioned due diligence allows Coface to exclude suspicious transactions and to annually review clients identified as high-risk.

The Group is also preparing the roll-out in 2021 of a procedure relating to the control of dual-use goods.

3. Compliance with international sanctions

In terms of compliance with international and local sanctions, Coface, for all Group entities, screens new customers before entering into a relationship and performs automated screening of existing customers. In addition to sanctions, the tool also enables the identification of negative information on customers and thus strengthens Coface's reputational-risk management.

4. Fraud prevention

In 2020, Coface reinforced its fraud prevention system by:

- strengthening governance with the creation of fraud committees, led by the correspondents in charge of fraud prevention;
- creating fraud risk mapping, implemented in 2019 on the risks of fraud related to Coface's insurance business and adapted in 2020 in all the Group's operating countries;
- updating the fraud prevention procedural corpus (*i.e.* fraud prevention policy, fraud analysis procedure, reporting procedure);
- implementing communication and e-learning training initiatives (*i.e.* training for employees in sales, underwriting and finance and training on CEO fraud for all employees);
- bolstering management of the fraud correspondent network present in each Coface country.

5. IT system security and data confidentiality

Coface pays great attention to the security of its IT systems and the confidentiality of data concerning policyholders and their clients. An IT charter incorporated into the internal regulations contains all the rules comprising Coface's security system, of which all employees are reminded annually in order to prevent any breach or threat to the data and systems (viruses, cyberattacks, information leaks, identity theft, hacking, phishing, whaling, etc.).

Attention to information system and data security is also demonstrated through the Group's choice of suppliers, the conditions in which it stores data on policyholders and their clients, its implementation of and compliance with the regulation and industry data protection standards (active and passive protection measures such as firewalls, and business continuity plans – see also Section 1.8 "Information systems and processes"), and through the addition of specific contract clauses during both the pre-contractual and contractual phases.

6. Protection of personal data

As part of its implementation of EU Regulation No. 2016/679, the General Data Protection Regulation (GDPR), Coface has adapted its information systems and processes with a view to complying with the stricter requirements in terms of personal data protection, including the:

- maintaining of data processing records by the Data Protection Officer;
- inclusion of GDPR clauses in contracts with its clients and suppliers;
- communication of the "Privacy Notice" to Coface clients.

In March 2019, Coface also submitted for CNIL approval the Binding Corporate Rules (BCR), as defined in Article 47 of the GDPR, with a view to setting a global framework for transfers of data outside the European Union.

8. Protection of human rights

As a member of the United Nations Global Compact, Coface follows the principles stated therein relating to the protection of human rights:

- to promote and respect the protection of international human rights law in its sphere of influence; and
- to ensure that it is never complicit in human rights violations.

9. Tax transparency

Coface complies with the tax laws applicable in the jurisdictions where the Group is located. The Group's tax policy is defined by the Group Tax Department. It is applied at regional level through six seven regional tax correspondents.

In addition to regular discussions depending on the issues to be processed, meetings are organised quarterly by the Group Tax Department with each of the regional CFOs and tax correspondents for a general review of the tax topics in their region.

Ahead of each meeting, the tax correspondent sends the Group Tax Department a report on current tax audits and related provisions.

Coface also complies with the standards established by the OECD to combat the erosion of tax bases and the transfer of profits through the implementation of a centralised transfer pricing policy, a governance system serving to identity aggressive tax arrangements with a view to reporting them (DAC 6), and the filing of a declaration per country (Country-By-Country Reporting, CBCR).

Lastly, Coface's Know Your Customer procedure includes strengthened vigilance measures when transactions involve one or more entities located in non-cooperative States and territories for tax purposes, as defined by Article 238-0 A of the French Tax Code *(Code des impôts)*, or in a country that could create a reputation risk for Coface (even if this country is not specifically included in the list of non-cooperative States and territories under the jurisdiction of the Coface entity that issued the policy).

6

6.4 CSR INITIATIVES INTEGRATED INTO THE BUILD TO LEAD PLAN

Work on devising and implementing the projects of the four CSR committees will continue in 2021 and 2022.

In the medium term, the Company notably plans to:

- develop a tool/methodology to direct its risk portfolio towards a "greener colour", and improve the ESG component of its investment portfolio;
- analyse/publish the impact of its energy transition on its own risks and define its risk appetite;
- establish a lobbying code of conduct;
- improve the proportion of women in top management by setting a specific objective;
- set measurable goals for our environmental footprint with the support of the Green to Lead initiative; and
- continue internal CSR communication and awareness-raising.

Environmental reporting is extended each year to new countries to improve the monitoring of the Group's carbon footprint and identify the investments required for better energy consumption.

6.5 REPORTING FRAMEWORKS AND METHODOLOGY

The non-financial performance report has been drawn up to meet the requirements of Articles L.225-102-1 and R.225-104 to R.225-105-2 of the French Commercial Code.

General organisation of the report

Coface strengthens its non-financial reporting guidelines every year in order to ensure a unique and consistent framework across the reporting scope.

The information presented in this document was produced internally on the basis of information provided by the heads of each area concerned. The corporate information and indicators were supplied by the HR Departments of the entities in the reporting scope and by the person in charge of Personnel Reporting and were coordinated by the Group Human Resources Department. The environmental information comes from the departments in charge of facilities management in the reporting scope. The societal information was supplied by the Compliance Department, and information on the socially responsible investment policy was supplied by the Group Investment, Financing and Treasury Department. These last three categories of information were coordinated by the Group Legal Department.

Reporting period

Unless stated otherwise, all figures refer to financial year 2020, corresponding to calendar year 2020.

Comparable data, on a like-for-like basis, is sometimes presented for previous years for purposes of comparison.

Reporting scope

The information presented in this document was produced for the first time for financial year 2014, and the figures contained therein concerned the French scope, with an illustration of the policies, processes, tools, initiatives and actions at Group level.

Since 2014, the Group has extended its reporting scope during each new reporting year, as presented in the table below. The Group plans to continue this extension to make its reporting as representative as possible with regard to the Group's workforce and revenue.

FINANCIAL YEAR	REPORTING SCOPE	INFORMATION REGARDING THE SCOPE ADDED	SCOPE REPRESENTA-TIVENESS WITH REGARD TO THE GROUP'S WORKFORCE	SCOPE REPRESENTA-TIVENESS WITH REGARD TO THE GROUP'S TURNOVER
2014	France	The French scope concerns (i) COFACE SA and (ii) its subsidiary, Compagnie française d'assurance pour le commerce extérieur (iii) excluding its second subsidiary, Coface Re, which is not registered in France and has a total workforce of 11 employees based in Switzerland.	24%	20%
2015	France and Germany	The German scope concerns the three German companies, Coface Finanz GmbH, Coface Rating GmbH and Coface Debitorenmanagement GmbH, as well as the German branch of Compagnie française d'assurance pour le commerce extérieur.	40%	36%
2016	France, Germany and Italy	Italy includes the insurance branch of Compagnie française d'assurance pour le commerce extérieur and a service company devoted to debt collection operations, Coface Italia SRL.	43%	43%
2017*	France, Germany, Italy and Spain	Spain includes the insurance branch and a service entity, Coface Servicios España.	42%	53%
2018	France, Germany, Italy, Spain and the UK	The UK includes the insurance branch of Compagnie française d'assurance pour le commerce extérieur, Coface UK Holdings Ltd and a service entity, Coface UK Services Ltd.	43%	56%
2019	France, Germany, Italy, Spain, UK and Poland	Poland includes the insurance branch of Compagnie française d'assurance pour le commerce extérieur, two service entities, Coface Poland Insurance Services and Coface Poland CMS, as well as a factoring company, Coface Poland Factoring.	47%	59%
2020	France, Germany, Italy, Spain, United Kingdom, Poland, Morocco, Netherlands, Austria, Romania and United States	**1.** Morocco includes the insurance subsidiary of the Company, Coface Maroc SA and a service subsidiary, Coface Services Maghreb. **2.** The Netherlands includes the insurance branch of Compagnie française d'assurance pour le commerce extérieur, Coface Netherland Branch and a service entity, Coface Nederland Services BV. **3.** Austria includes the insurance branch of Compagnie française d'assurance pour le commerce extérieur, Coface Niederlassung Austria, the holding company, Coface Central Europe Holding GmbH and the service entity, Coface Austria Kreditversicherung Service GmbH. **4.** Romania includes the insurance branch of Compagnie française d'assurance pour le commerce extérieur, Coface Sucursala Bucuresti and two service entities, Coface Romania Insurance Services and Coface Romania CMS. **5.** The United States comprises two insurance subsidiaries of the Company, Coface North America Inc and Coface North America Insurance Company, the holding company, Coface North America Holding Company and the service subsidiary, Coface Services North America Inc.	62%	73%

* *Although the reporting scope was significantly extended in 2017, its representativeness as regards the workforce decreased due to a reduction in the workforce in France. This decrease was due largely to the transfer of the State guarantees management business to Bpifrance Assurance Export on January 1, 2017, which resulted in 249 departures.*

Methodological details on the information communicated

Corporate

- In 2020, the corporate indicators, excluding those on the Group's workforce, concerned the scope of France, Germany, Italy, Spain, the United Kingdom, Poland, Austria, Morocco, the Netherlands, Romania and the United States. However, as mentioned above, the description of policies, processes and HR tools are defined at Group level.
- All figures concerning the workforce, seniority, age and diversity were obtained from Group HRD Reporting, an online internal tool.
- The workforce figures provided relate to employees at December 31, 2020 on permanent or fixed-term contracts (including expatriates and people who have temporarily left the Company), excluding people who have permanently left the Company, interns, trainees, V.I.E. international interns, temporary staff, consultants and subcontractors.
- Cases of long-term sick leave (over three months) are now classified as "employees who have temporarily left the Company".

Employee arrivals include all employees recruited on permanent and fixed-term contracts since the start of 2020.

- Contract renewals are not recorded as new arrivals. However, any person who was not part of the recorded workforce (consultant, intern, etc.) and is awarded a fixed-term or permanent contract must be recorded as a new arrival.
- The number of departures includes all the reasons for departures for people on permanent and fixed-term contracts: resignation, dismissal, termination by mutual agreement, end of probation period initiated by the employee and/or employer, retirement or death, until December 31 of the year (inclusive). Cases when fixed-term contracts have ended are not included in the list of departures.
- The indicator for the "percentage of female managers" takes into account the percentage of female managers in the workforce at December 31, 2020, *i.e.* the number of women in management positions among the workforce (numerator) out of the total number of employees in manager positions (denominator).
- The following employees must be recorded as managers:
  - General management;
  - Middle management and managers.
- The number of expatriates during 2020 is equal to the total number of people on international transfers during the year (from January 1 to December 31, 2020), regardless of the contractual status (expatriate, seconded, local+), the initial departure date (before or during year N) and the duration of the assignment (long term or short term). Persons having completed their assignment before the end of the year, and those having taken up their position remotely due to exceptional circumstances delaying the planned start date in the host country, are recorded. Conversely, persons whose positions have been transferred to another country and employees recruited outside another country are excluded.
- The number of new international assignments in 2020 is equal to the total number of people who began their international transfer during the year (from January 1 to December 31), regardless of the contractual status (expatriate, seconded, local+) and the duration of the assignment (long or short term). The same inclusion and exclusion rules as the previous indicator apply.
- The My Voice engagement score is that provided by our external supplier, through the compiling of results, on a reporting platform (as a reminder, Coface cannot have access to individual results). The score is calculated based on six questions: the manner in which the employee talks about Coface, their desire to remain at Coface and how they believe Coface motivates them to do "a little more" than their day-to-day work. For Kincentric to consider them as engaged, a person must have an individual average of at least 4.5 (on a scale of 1 to 6) on all six engagement issues. The engagement score taken into account is that of the survey conducted in June 2020.
- Employees with a permanent and fixed-term contract with Coface are asked to participate in the My Voice survey, as well as VIEs (constituting a substantial talent pool for Coface) and certain apprentices who have been working for Coface for more than a year. In contrast, employees with less than 3 months of service or an external contract, interns and apprentices (less than one year at Coface) are not asked to participate.
- For the gender index, Coface took its inspiration from the French regulations implemented to measure and eliminate the pay gap between men and women. Based on this experience, the Company decided to build a unique gender index for the Group as part of its corporate and social responsibility plan.
- The following are excluded from this calculation: Coface Re and BDC are excluded because they do not belong to a region and correspond to small or very specific groups and executive members (except for criterion 4 *Bis*).

Environmental

	REPORTING SCOPE	COMMENT	ELECTRICITY CONSUM-PTION *(kWh)*	GAS CONSUM-PTION *(kWh)*	PETROL CONSUM PTION *(L)*	DIESEL CONSUM PTION *(L)*	TRAIN TRAVEL	AIR TRAVEL	WATER CONSUM-PTION *(m^3)*
France	Registered office (Bois-Colombes) and offices in Lyon, Strasbourg, Nantes and Toulouse.	Gas consumption excludes office space at head office and regional premises.	ü	ü	ü	ü	ü	ü	ü
Germany	Mainz (main office) and offices in Hamburg, Berlin, Hanover, Nuremberg, Düsseldorf, Bielefeld, Frankfurt, Cologne, Karlsruhe, Stuttgart and Munich	Coface Germany does not use gas. For its electricity consumption, the contract provides for 100% renewable resources. For rail travel, the Deutsche Bahn contract, which is more expensive, provides for the 100% offsetting of emissions.	ü	X	ü	ü	ü	ü	ü
Italy	Milan (main office) and 1 office in Rome		ü	ü	ü	ü	ü	ü	ü
Spain	Madrid (main office) and offices in San Sebastián, Alicante, Valencia, Seville, Pamplona, Barcelona and A Coruña.	Coface Spain does not use gas. The water consumption of offices outside the capital is not available.	ü	X	ü	ü	ü	ü	ü
United Kingdom	London (main office) and offices in Watford, Birmingham and Manchester.	Part of the distance travelled by train and plane in the UK is not reported because some of the staff do not use the services of the dedicated travel agent.	ü	ü	ü	ü	ü	ü	ü
Poland	Warsaw (main office) and offices in Krakow, Gdynia, Katowice and Poznan	Coface Poland does not use gas.	ü	X	ü	ü	ü	ü	ü
Netherlands	Breda (main office)	Coface Netherlands does not consume gas. For travel, the country does not have a reporting system for train travel in terms of mileage.	ü	X	ü	ü	X	ü	ü
Austria	Vienna (main office) and 1 office in Graz.	Coface Austria does not use gas.	ü	X	ü	ü	ü	ü	ü
Romania	Bucharest (main office) and 2 offices in Cluj and Timisoara.	Timisoara (shared offices: ex. reporting). No train travel for offices.	ü	ü	ü	ü	X	ü	ü
Morocco	Casablanca (main office)	The country does not use train travel and mileage for air travel is not available.	ü	X	ü	ü	X	X	ü
United States	Princeton (main office) and offices in Boston (closed in November 2020), Hunt Valley, Oak Brook (opened in April 2020), Miami, Shenandoah, Franklin, New York and California.	As no vehicles are leased or owned, the information is not available. Only the California office reported gas use.	ü	ü	X	X	ü	ü	ü

- Greenhouse gas emissions have been calculated:
  - for energy consumption, based on CO_2 emission conversion factors reported by local suppliers – primarily for electricity – or the CO_2 emission conversion factors available in the French agency for sustainable development (ADEME) Base carbone® database, with regard to fuel consumption;
  - for transport, based on the CO_2 emission conversion factors reported by suppliers and/or based on the CO_2 emission conversion factors available in the ADEME Base carbone® database.
- Reported fuel consumption corresponds to the consumption of company vehicle fleets for long-term leasing. No country in the scope owns vehicles.

As the Company's activity has a limited impact on the areas listed below, they have not been, or are no longer, covered:

- paper consumption;
- tackling food waste;
- combating food insecurity;
- respect for animal welfare;
- responsible, fair and sustainable food; and
- the circular economy.

6.6 REPORT BY THE INDEPENDENT THIRD PARTY ON THE CONSOLIDATED NON-FINANCIAL STATEMENT

This is a free English translation of the Statutory Auditor's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the year ended 31 December 2020

To the Annual General Meeitng,

In our capacity as independent third party of your company (hereinafter the "entity"), and accredited by the French Accreditation Committee (*Comité Français d'Accréditation* or COFRAC) under number 3-1049[1], we hereby report to you on the consolidated non-financial statement for the year ended December 31, 2020 (hereinafter the "Statement"), included in the Group Management Report pursuant to the requirements of articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

Responsibility of the entity

The Board of Directors is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement and available upon request at the entity's head office.

Independence and quality control

Our independence is defined by the requirements of article L.822-11-3 of the French Commercial Code and the French Code of Ethics (Code de déontologie) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional guidance.

Responsibility of the independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R.225-105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on the entity's compliance with other applicable legal and regulatory requirements, in particular the French anti-corruption and tax avoidance legislation nor on the compliance of products and services with the applicable regulations.

Nature and scope of our work

The work described below was performed in accordance with the provisions of Article A.225-1 *et seq.* of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes* or CNCC) applicable to such engagements and with ISAE 3000[2]:

- we obtained an understanding of all the consolidated entities' activities], and the description of the principal risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 225-102-1 III as well as information regarding compliance with human rights and anti-corruption and tax avoidance legislation set out in article L. 22-10-36;
- we verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- we verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof,

(1) *Accreditation Cofrac Inspection, number 3-1049, scope available at www.cofrac.fr*
(2) *ISAE 3000: international standard on assurance engagements other than audits or reviews of historical financial information*

including key performance indicators associated to the principal risks;

- we referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented;
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important(1). Concerning certain risks(2), our work was carried out on the consolidating entity, for the other risks, our work was carried out on the consolidating entity and on a selection of entities(3).
- we verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code within the limitations set out in the Statement;
- we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important(4), we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
  - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities[5] and covers between 24% and 100% of the consolidated data selected for these tests;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgment, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and resources

Our work was carried out by a team of four people between December 2020 and April 2021 and took a total of five weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted interviews with the people responsible for preparing the Statement.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Comment

Without modifying our conclusion and in accordance with article A. 225-3 of the French Commercial Code, we have the following comment:

In accordance with the methodological note presented in the chapter “Reporting frameworks and methodology”, the Group kept expanding the reporting perimeter for environmental and social KPIs. Excluding the total headcount, which is communicated at Group level, the 2020 reporting covers 62% of headcount and 73% of the turnover.

Paris-La Défense, on 30 March 2021

KPMG S.A.

French original signed by

Anne Garans

Partner

Sustainability Services

(1) Qualitative information: Employee training policy; Remuneration policy; Talent management policy; Actions in favor of diversity; Employee awareness of environmental issues; Group car policy; Water consumption; Anti-corruption training; Fraud risk mapping; Covid-19 crisis management; Data protection policy; Credit Portfolio ESG performance.

(2) Employee engagement; Diversity and equality of opportunity; Risks related to corruption; Risks related to tax evasion; Risks related to the coronavirus epidemic; Risks related to data protection and cybersecurity; Risks related to failure to adapt to changes in asset management practices.

(3) Coface France, Coface USA, Coface Romania.

(4) Social KPIs: Workforce at 31/12 and breakdown by gender and type of contract; Permanent hires; Number of international mobilities; MyVoice results; Coface Gender Index; Percentage of female managers.

152,031,949 SHARES
COMPOSING THE SHARE CAPITAL

1.54%
TREASURY STOCK

0.56%
EMPLOYEE SHARE IN THE CAPITAL

CROSSING
OF THRESHOLD

STOCK MARKET PROFILE
& SHARE PRICE EVOLUTION

7

SHARE CAPITAL AND OWNERSHIP STRUCTURE

7.1 GENERAL INFORMATION CONCERNING THE CAPITAL OF COFACE SA

7.1.1 Share capital subscribed and share capital authorised but not issued

At the date of this Universal Registration Document, the Company's share capital totalled €304,063,898. It is divided into 152,031,949 shares with a par value of €2 (two euros), fully subscribed and paid up, all of the same category.

In compliance with Article L.225-37-4, paragraph 3 of the French Commercial Code, the table below summarises the valid authorisations as of December 31, 2020 that have been granted by the Shareholders' Meeting to the Board of Directors in the area of capital increases, pursuant to Articles L.225-129-1 and L.225-129-2 of the French Commercial Code.

The table below summarises the resolutions voted on during the Combined Shareholders' Meeting of the Company dated May 14, 2020, as concerns capital increases:

RESOLUTION	SUBJECT OF THE RESOLUTION	MAXIMUM FACE VALUE	TERM OF AUTHORISATION	AMOUNT USED AT DEC. 31, 2020
Combined Shareholders' Meeting of the Company dated May 14, 2020				
14th	Delegation of authority to the Board of Directors to increase the share capital by incorporating reserves, profits or premiums, or any other sum that can be legally capitalised (1)	€75 million	26 months	No
15th	Delegation of authority to the Board of Directors to increase the share capital by issuing shares, with preferential subscription rights, and/or equity securities which confer entitlement to other equity securities and/or entitlement to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued (1) (2)	Concerning capital increases: €115 million (1) Concerning issues of debt securities: €500 million (3)	26 months	No
16th	Delegation of authority to the Board of Directors to increase the share capital by issuing, without preferential subscription rights, shares and/or equity securities which confer entitlement to other equity securities and/or entitlement to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued, through public offers other than those specified in Article L.411-2 of the French Monetary and Financial Code (1) (2) (3)	€29 million for capital increases (1) (2) €500 million for debt securities (3)	26 months	No
17th	Delegation of authority to the Board of Directors to increase the share capital by issuing, without preferential subscription rights, shares and/or equity securities which confer entitlement to other equity securities and/or entitlement to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued, through the public offers specified in Section I of Article L.411-2 of the French Monetary and Financial Code (1) (2) (3)	€29 million for capital increases (1) (2) €500 million for debt securities (3)	26 months	No
18th	Delegation of authority to the Board of Directors to increase the share capital by issuing shares and/or equity securities which confer entitlement to other equity securities and/or entitlement to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued as compensation for contributions in kind (1) (2) (3)	€29 million for capital increases (1) (2) €500 million for debt securities (3)	26 months	No
19th	Delegation of authority to the Board of Directors to increase the share capital by issuing, without preferential subscription rights, shares of the Company reserved for members of a company savings plan (1)	€3,200,000 (1)	26 months	No
20th	Delegation of authority to the Board of Directors to increase share capital by issuing shares without preferential subscription rights in favour of a specific category of beneficiaries (1)	€3,200,000 (1)	18 months	No

(1) The maximum overall face value of the capital increases likely to be made under this delegation is included in the total cap set on the amount of €115 million for immediate and/or future capital increases.

(2) The overall face value of the capital increases likely to be made under this delegation is included in the nominal cap of €29 million for capital increases without preferential subscription rights.

(3) The maximum overall face value of the issues of debt securities likely to be made under this delegation is included in the total cap set of €500 million for issues of debt securities.

7.1.2 Shares not representing capital

None.

7.1.3 Own shares and the acquisition of treasury shares by the Company

Description of the 2020-2021 Buyback Programme

Introduction

It should be noted that the Combined Shareholders' Meeting of May 16, 2019, in its fifth (5th) resolution, had previously authorised the Board of Directors to trade in the shares of COFACE SA (the Company), under the 2019-2020 Share Buyback Programme, the main features of which were published on the Company's website and in the 2019 Universal Registration Document.

The Company, listed on Euronext Paris – Compartment A – wishes to continue with its Share Buyback Programme (the Programme), in accordance with the applicable regulation (see "Legal Framework" below).

To this end, the Combined Shareholders' Meeting of May 14, 2020 again authorised, in its fifth (5th) resolution, the Board of Directors, which may in turn delegate this authority, under the legal and regulatory conditions, to implement a new Programme concerning the Company's shares (ISIN code FR0010667147). This Programme would replace the existing programme set up by the Combined Shareholders' Meeting of May 16, 2019.

Main features of the 2020-2021 Buyback Programme

Date of the Shareholders' Meeting that authorised the Programme

The 2020-2021 Programme was authorised by the Combined Shareholders' Meeting of May 14, 2020, in its fifth (5th) resolution.

The Board of Directors' meeting of July 29, 2020, pursuant to the authority granted to it by the Combined Shareholders' Meeting of May 14, 2020, in its fifth (5th) resolution, authorised COFACE SA, which may in turn delegate this authority to the Chief Executive Officer, to trade the Company's shares through the "2020-2021 Share Buyback Programme", the main features of which are described below.

Breakdown by objective of equity securities held as of December 31, 2020

At December 31, 2020, COFACE SA held 1.54% of its own share capital, representing 2,341,985 ordinary shares. On that date, the number of shares held could be broken down by objective as follows:

OBJECTIVES		NUMBER OF SHARES HELD
a)	ensure liquidity and boost the market for the Company's stock through an investment service provider acting independently under a liquidity agreement, in compliance with the charter of ethics recognised by the Autorité des marchés financiers (French Financial Markets Authority, AMF);	168,239
b)	allocate shares to Company employees, and in particular as part of:	
	1) employee profit-sharing schemes,	0
	2) any Company stock options plan, pursuant to the provisions of Article L.225-177 *et seq.* of the French Commercial Code,	0
	3) any savings plan in accordance with Article L.3331-1 *et seq.* of the French Labour Code,	0
	4) any bonus share allocation under the provisions of Article L.225-197-1 *et seq.* of the French Commercial Code; additionally, perform all hedge operations relating to these transactions, under the conditions provided for by the market authorities and at the times to be determined by the Board of Directors or the person acting by delegation of the Board of Directors;	1,063,069
e)	cancel all or part of the stock thus purchased.	1,110,677
TOTAL		**2,341,985**

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Objectives of the 2020-2021 Share Buyback Programme

The Company's shares may be purchased and sold, at the decision of the Board of Directors, in order to:

AUTHORISED OBJECTIVES

a)	ensure liquidity and boost the market for the Company's stock through an investment service provider acting independently under a liquidity agreement, in compliance with the market practice accepted by the AMF on July 2, 2018;
b)	allocate shares to corporate officers and to employees of the Company and other Group entities, in particular as part of: (i) employee profit-sharing schemes, (ii) any Company stock option plan, pursuant to the provisions of Article L.225-177 *et seq.* of the French Commercial Code, (iii) any savings plan in accordance with Article L.3331-1 *et seq.* of the French Labour Code, (iv) any bonus share allocation under the provisions of Articles L.225-197-1 *et seq.* of the French Commercial Code; additionally, perform all hedge operations relating to these transactions, under the conditions provided for by the market authorities and at the times to be determined by the Board of Directors or the person acting by delegation of the Board of Directors;
c)	transfer the Company's shares upon exercise of the rights attached to securities entitling their bearers, directly or indirectly, through reimbursement, conversion, exchange, presentation of a warrant or in any other manner, to the allocation of the Company's shares pursuant to current regulations; additionally, perform all hedge operations relating to these transactions, under the conditions provided for by the market authorities and at the times to be determined by the Board of Directors or the person acting by delegation of the Board of Directors;
d)	keep the Company's shares and subsequently remit them in payment or exchange in connection with any external growth operations;
e)	cancel all or part of the stock thus purchased;
f)	implement all market practices accepted by the AMF and, more generally, execute all transactions in compliance with current regulations, in particular, the provisions of (EU) Regulation No. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse (market abuse regulation).

Maximum share of the capital, maximum number, maximum purchase price and characteristics of the securities that COFACE SA may acquire

Securities concerned

The Company's ordinary shares listed for trading on Euronext Paris:

MARKET PROFILE

Trading	Euronext Paris (Compartment A), eligible for deferred settlement service (SRD)
ISIN code	FR0010667147
Reuters code	COFA PA
Bloomberg code	COFA FP
Stock market indexes	SBF 120, CAC All Shares, CAC All-Tradable, CAC Financials, CAC Mid & Small, CAC MID 60, Next 150

Maximum share of the capital

The Board of Directors may authorise, with the power to further delegate under the legal and regulatory conditions, in compliance with the provisions of Article L.225-209 *et seq.* of the French Commercial Code, the purchase, in one or more instances and at the times to be determined by it, of a number of the Company's shares that may not exceed:

- 10% of the total number of shares composing the share capital at any time whatsoever, or
- 5% of the total number of shares composing the share capital, if they are shares acquired by the Company with a view to keeping them and transferring them as payment or exchange in connection with a merger, spin-off or asset contribution.

These percentages apply to a number of shares adjusted, where appropriate, according to the operations that could impact the share capital subsequent to the Shareholders' Meeting of May 14, 2020.

Maximum number

As required by law, COFACE SA undertakes not to exceed the holding limit of 10% of its capital; as an indication, this corresponds to 15,203,195 shares at December 31, 2020.

Maximum purchase price

In accordance with the fifth (5th) resolution proposed and accepted by the Combined Shareholders' Meeting of May 14, 2020, the maximum purchase price per unit cannot exceed €14 per share, excluding costs.

The Board of Directors may nevertheless, for operations involving the Company's capital, particularly a modification of the par value of the share, a capital increase by incorporation of reserves following the creation and allocation of bonus shares, a stock split or reverse stock split, adjust the aforementioned maximum purchase price in order to take into account the impact of these operations on the value of the Company's stock.

Other information

The acquisition, disposal or transfer of these shares may be completed and paid for by any methods authorised by the current regulations, on a regulated market, multilateral trading system, systematic internaliser or over the counter, in particular through the acquisition or disposal of blocks of shares, using options or other derivative financial instruments or warrants or, more generally, securities entitling their bearers to shares of the Company, at the times that the Board of Directors will determine.

Unless it has the prior authorisation of the Shareholders' Meeting, the Board of Directors may not use this delegation of authority once a third party has filed a public offer for the Company's shares, and until the end of the offer period.

Duration of the Buyback Programme

In accordance with the fifth (5th) resolution proposed and accepted by the Combined Shareholders' Meeting of May 14, 2020, this Programme will have a maximum duration of eighteen (18) months as from said meeting and may therefore be continued up to November 5, 2021 (inclusive) at the latest or until the date of its renewal by a Shareholders' Meeting held before that date.

This authorisation ends the authorisation granted by the fifth (5th) resolution adopted by the Shareholders' Meeting of May 16, 2019.

Liquidity agreement

The liquidity agreement with Natixis dated July 2, 2014 was transferred as of July 2, 2018 to ODDO BHF (for a term of twelve (12) months, automatically renewable). To implement the agreement, ODDO BHF was provided with the following resources, which were allocated to the liquidity account on the settlement date of June 29, 2018: 76,542 COFACE SA securities and €2,161,049.81.

Under this agreement, in financial year 2020 the Company purchased 2,548,956 treasury shares and sold 2,485,203 treasury shares. At December 31, 2020, the balance on the liquidity account comprised: 168,239 COFACE SA shares and €1,550,624.80.

The table below shows the changes in share purchases and sales in 2020:

	LIQUIDITY AGREEMENT				
Date	NUMBER OF SHARES PURCHASED	AVERAGE PURCHASE PRICE *(in €)*	NUMBER OF SHARES SOLD	AVERAGE SALE PRICE *(in €)*	TOTAL
Jan. 31, 2020	146,904	€11.36	157,316	€11.40	94,074
Feb. 28, 2020	170,651	€11.01	111,589	€11.47	153,136
Mar. 31, 2020	309,372	€7.23	202,017	€7.01	260,491
Apr. 30, 2020	186,226	€5.53	163,415	€5.67	283,302
May 31, 2020	179,686	€5.06	161,885	€5.14	301,103
June 30, 2020	259,111	€6.30	288,892	€6.33	271,322
Jul. 31, 2020	160,718	€6.37	199,735	€6.42	232,305
Aug. 31, 2020	174,670	€6.71	179,337	€6.77	227,638
Sep. 30, 2020	290,746	€6.50	253,494	€6.57	264,890
Oct. 31, 2020	282,608	€6.40	304,026	€6.44	243,472
Nov. 30, 2020	164,268	€8.22	245,464	€8.09	162,276
Dec. 31, 2020	223,996	€8.47	218,033	€8.51	168,239
TOTAL	**2,548,956**	**€7.26**	**2,485,203**	**€7.26**	

Treasury share transactions

In financial year 2020, the Company bought 1,610,677 treasury shares, corresponding to 1.06% of its share capital. Share purchase mandates for 2020 were entered into with:

1. Kepler Cheuvreux, to buy shares for allocation under the bonus share allocation plan referred to as the Long-Term Incentive Plan (LTIP) – see Section 2.3.1 "Compensation policy";
2. Kepler Cheuvreux, to buy shares under an additional share buyback programme for a target amount of €15 million between October 27, 2020 and up to February 9, 2021. 741,480 shares were purchased between January 2 and January 29, 2021;

In 2020, the total amount of transaction fees for the treasury share buyback was €8,734.49 for Kepler.

The history of bonus share allocations under the LTIPs put in place by the Company is given in Section 2.3.12.

The table below shows the change in treasury share purchase mandates:

Buyback programme	TREASURY SHARE PURCHASE MANDATE YES/NO	SERVICE PROVIDER	DATE	NUMBER OF SHARES PURCHASED	AVERAGE PURCHASE PRICE (in €)	TOTAL (in €)
2014-2015	No	N/A	N/A	-	-	-
2015-2016	Yes	Natixis	Jul. 31, 2015 to Sept. 15, 2015	235,220	8.98	2,112,468.45
2016-2017	No	N/A	N/A	-	-	-
2017-2018	Yes	Kepler Cheuvreux	i) Jul. 31, 2017 to Sept. 30, 2017 ii) Nov. 17, 2017 to Jan. 17, 2018	81,409 132,806 (1)	7.94 8.97	646,061.31 1,191,254.71
2018-2019	Yes	Kepler Cheuvreux	i) Feb. 16, 2018 to Oct. 15, 2018 ii) Aug. 6, 2018 to Aug. 15, 2018 iii) May 8, 2019 to Jun. 11, 2019	3,348,971 358,702 400,000	8.96 7.96 8.69	29,999,996.03 2,853,559.17 3,474,280.75
	Yes	Exane BNP Paribas	iii) Oct. 26, 2018 to Jan. 8, 2019	1,867,312 (2)	8.03	14,999,994.75
2019-2020	Yes	Kepler Cheuvreux	Feb. 26, 2020 to Mar. 12, 2020	500,000	9.26	4,631,955.03
2020-2021	Yes	Kepler Cheuvreux	Oct. 27, 2020 to Jan. 29, 2021	1,852,157 (3)	8.10	14,999,999.32

(1) 204,449 shares had been purchased at €8.56 at December 31, 2017. 9,766 additional shares were purchased at €8.98 when the mandate was finalised (January 17, 2018).
(2) 1,708,735 shares had been purchased at €8.04 at December 31, 2018. 158,577 additional shares at €7.97 were purchased when the mandate was finalised (January 8, 2019).
(3) 1,110,677 shares had been purchased at €7.76 at December 31, 2020. 741,480 additional shares were purchased at €8.61 when the mandate was finalised (January 29, 2021).

The table below shows the change in treasury share distributions:

Plan	LTIP* 2017	2018	2019	2020
Chief Executive Officer	60,000	65,000	70,000	75,000
Executive Committee	179,628	132,603	151,917	139,612
Other beneficiaries	126,518	100,529	150,351	97,588
TOTAL NUMBER OF BONUS SHARES ALLOCATED	**366,146**	**298,132**	**372,268**	**312,200**
PERFORMANCE UNITS (1)	**34,400**	**29,000**	**28,520**	**28,109**
OVERALL SHARE PACKAGE	**405,317**	**382,869**	**434,055**	**347,841**
• Non-allocated shares	4,771	55,737	33,267	7,532
Date of Shareholders' Meeting	*May 19, 2016*	*May 19, 2016*	*May 16, 2018*	*May 16, 2018*
Date of Board of Directors' meeting (authorisation)	*Feb. 8, 2017*	*Feb. 12, 2018*	*Feb. 11, 2019*	*Feb. 5, 2020*
Allocation date	*Feb. 8, 2017*	*Feb. 12, 2018*	*Feb. 11, 2019*	*Feb. 5, 2020*
Share vesting date	*Feb. 9, 2020*	*Feb. 15, 2021*	*Feb. 14, 2022*	*Feb. 6, 2023*
End date of retention period (availability)	*N/A*	*N/A*	*N/A*	*N/A*
Shares vested and to be held (Chief Executive Officer)	*N/A*	*N/A*	*N/A*	*N/A*
Share allocations cancelled	*N/A*	*N/A*	*N/A*	*N/A*
Date of Shareholders' Meeting	*May 17, 2017*	*May 16, 2018*	*May 16, 2019*	*May 14, 2020*
Date of Board of Directors' meeting (authorisation)	*Jul. 27, 2017*	*Jul. 25, 2018*	*Jul. 25, 2019*	*Jul. 29, 2020*
Date of purchase mandate 1	*Jul. 31, 2017*	*Aug. 6, 2018*	*May 8, 2019*	*Feb. 26, 2020*
Number of shares	*81,409*	*358,702*	*400,000*	*500,000*
Date of purchase mandate 2	*Nov. 17, 2017*			
Number of shares	*132,806*			

** The amounts indicated do not take into account the shares cancelled for the plans that were not delivered as of December 31, 2020 (LTIP 2018 and subsequent plans)*
(1) The Company awards performance units (also known as "phantom shares") instead of bonus shares if the arrangement of bonus share awards is complex or impossible with regard to the applicable legislation in the beneficiary country. These units are indexed on the share price and subject to the same presence and performance conditions as the bonus shares, but are valued and paid in cash at the end of the vesting period.

Treasury shares – Summary

The Shareholders' Meeting authorised the 2020-2021 buyback programme on May 14, 2020, and the implementation was decided by the Board of Directors on July 29, 2020.

Treasury shares represent a total of 1.54% of the Company's capital, *i.e.*, 2,341,985 shares at December 31, 2020 *versus* 1,000,752 shares at December 31, 2019. The aggregate nominal value of these shares was €4,683,970 (the share has a par value of €2 – see Section 7.1.8 "History of capital").

				TOTAL TREASURY SHARES		
Date	TOTAL LIQUIDITY AGREEMENT	TOTAL LTIP	BUY-BACK (CANCELLATION)	TOTAL SHARES	% OF TOTAL SHARES COMPRISING THE SHARE CAPITAL*	VOTING RIGHTS
December 31, 2020	168,239	1,063,069	1,110,677	2,341,985	1.54%	149,689,964

* *Number of shares = 152,031,949.*

7.1.4 Other instruments giving access to capital

None.

7.1.5 Conditions governing any right of acquisition and/or any obligation attached to shares that are subscribed, but not paid up

None.

7.1.6 Share capital of any company in the Group that is under option or subject to an agreement to place it under option

None.

7.1.7 Pledge, guarantees and sureties granted on the Company's share capital

To our knowledge, at the date of this Universal Registration Document, the shares comprising the Company's capital are not subject to any pledges, guarantees or sureties.

7.1.8 History of capital

The Company's share capital has changed as follows over the last four years:

- in 2016, the share capital was reduced from €471,744,696 to €314,496,464 by decreasing the par value of each share from €5 to €2. The sum of €471,744,696, corresponding to the amount of the capital reduction, was allocated to a non-distributable "share premium" sub-account;
- in 2018, the share capital was reduced to €307,798,522, divided into 153,899,261 shares with a par value of €2 each, following the cancellation of 3,348,971 shares redeemed under the share buyback programme of February 12, 2018;
- in 2019, the share capital was reduced to €304,063,898, divided into 152,031,949 shares with a par value of €2 each, following the cancellation of 1,867,312 shares redeemed under the share buyback programme of October 25, 2018;
- in 2020, the share capital was unchanged.

7.1.9 Transactions carried out by persons with executive responsibilities in 2020

Executives, the persons acting on their behalf, and persons related to them, are required by regulation to disclose to the AMF (French Financial Markets Authority) any transactions in excess of a cumulative amount of €20,000 per calendar year that they make involving COFACE SA shares and debt securities and financial instruments linked to them, and to provide the Company with a copy of this disclosure.

The table below presents a summary of the transactions specified in Article L.621-18-2 of the French Monetary and Financial Code during 2020.

NAME	NATURE OF THE TRANSACTION	NUMBER OF SECURITIES	GROSS UNIT PRICE	GROSS AMOUNT [1]	TOTAL NUMBER OF SECURITIES [2]
Xavier Durand	Acquisition	10,500	€6.71	€70,414	169,000
	LTIP 2017	60,000			
Thibault Surer	Acquisition	6,500	€6.21	€40,397	88,217
	LTIP 2017	24,319			
Carine Pichon	LTIP 2017	11,349			23,347
Carole Lytton	LTIP 2017	11,349			23,347
Cyrille Charbonnel	LTIP 2017	11,349			23,347
Nicolas de Buttet	LTIP 2017	11,349			23,347
Nicolas Garcia	LTIP 2017	11,349			23,347
Pierre Bévierre	LTIP 2017	10,538			10,538

LTIP 2017: bonus share allocation plan 2017 - delivery on February 10, 2020.
(1) Average purchase price in euros.
(2) Including purchases in previous years.

7.2 DISTRIBUTION OF CAPITAL AND VOTING RIGHTS

7.2.1 Distribution of capital

The table below breaks down the change in the Company's capital and voting rights over the last three years:

	FEB. 10, 2021 [1]		DEC. 31, 2020				DEC. 31, 2019		DEC. 31, 2018	
	SHARES	%	SHARES	%	VOTING RIGHTS	%	SHARES	VOTING RIGHTS	SHARES	VOTING RIGHTS
Natixis	19,304,456	12.70%	64,153,881	42.20%	64,153,881	42.86%	64,153,881	64,153,881	64,853,881	64,853,881
Arch Capital Group	44,849,425	29.50%	-	-	-	-	-	-	-	-
Employees	817,434	0.54%	853,199	0.56%	853,199	0.56%	561,806	561,806	382,256	382,256
Public	83,986,816	55.24%	84,682,884	55.70%	84,682,884	56.57%	86,315,510	86,315,510	86,062,884	86,062,884
Own shares [2]	3,073,818	2.02%	2,341,985	1.54%	0	0%	1,000,752	0	2,600,240	0
Other	-	-	-	-	-	-	-	--	-	-
TOTAL	**152,031,949**	**100%**	**152,031,949**	**100%**	**149,689,964**	**100%**	**152,031,949**	**151,031,197**	**153,899,261**	**151,299,021**

(1) On 10 February 2021, Natixis announced the sale of a 29.5% stake in Coface's capital to Arch Financial Holdings Europe IV, an affiliate of Arch Capital Group.
(2) Own shares: liquidity agreement, treasury share transactions and buyback for cancellation.

7.2.2 Voting rights of the majority shareholder

Natixis does not have any specific voting rights.

7.2.3 Declaration relating to the Company's control by the majority shareholder

Until 10 February 2021, the Company was controlled by Natixis.

In an effort to maintain transparency and inform the public, the Company has established a set of measures guided in particular by the recommendations of the AFEP-MEDEF Code. The Company has set up a Risk Committee, an Audit Committee and a Nominations and Compensation Committee, mainly composed of independent directors, in order to prevent conflicts of interest and to ensure that control by the controlling shareholder is not abusive (see Section 2.1.8 "Specialised committees, offshoots of the Board of Directors").

At the date of this Universal Registration Document, the company is not controlled. However, in the interests of transparency and public information, and following the sale by Natixis of 29.5% of its shareholding to Arch Capital Group, the company invites the reader of this Universal Registration Document to refer to paragraph 2.1.16 "Composition of the specialised committees as at 10 February 2021".

7.2.4 Crossing of threshold

The Company sets out below the declarations of threshold crossing reported in 2020 and as of the date of this document:

a) crossing of the regulatory threshold, reported to the AMF (Article L.233-7 of the French Commercial Code); and

b) crossing of the statutory threshold, reported by registered letter by the major shareholders (Article 10 of the Articles of Association).

The Company is not responsible for checking the completeness of these declarations.

YEAR	DATE OF RECEIPT OF DECLARATION	DATE THRESHOLD WAS CROSSED	LEGAL OR STATUTORY THRESHOLD	UP DOWN	INVESTOR	COUNTRY	NUMBER OF SHARES	% OF CAPITAL
2020	Feb. 28	Feb. 25	statutory	↓	DNCA Investments	France	2,947,000	1.94%
2020	Jul. 28	Jul. 27	statutory	↑	BlackRock Investment Management (1)	United Kingdom	3,081,531	2.03%
2020	Oct. 6	Oct. 5	statutory	↓	BlackRock Investment Management (1)	United Kingdom	3,034,991	2.00%
2020	Oct. 29	Oct. 27	statutory	↓	Qatar Investment Authority	Qatar	2,886,621	1.90%
2020	Dec. 1	Jul. 27	statutory	↑	Ninety One	United Kingdom	3,182,814	2.09%
2021	Feb. 11	Feb. 10	legal (AMF)	↑	Arch Capital Group	Bermuda Islands	44,849,425	29.50%
2021	Feb. 12	Feb. 11	legal (AMF)	↓	Natixis	France	19,304,456	12.70%
2021	Feb. 12	Feb. 11	statutory	↓	Norges	Norway	2,972,896	1.96%

(1) between July 27, 2020 and October 5, 2020, BlackRock Investment Management informed the Company of threshold crossings 24 times:
- upward: July 27, 2020 (2.03%), August 4, 2020 (2.31%), August 11, 2020 (2.08%), August 18, 2020 (2.14%), August 24, 2020 (2.12%), August 27, 2020 (2.17%), September 9, 2020 (2.01%), September 17, 2020 (2.00%), September 23, 2020 (2.06%), September 25, 2020 (2.06%), September 30, 2020 (2.03%), October 2, 2020 (2.06%);
- downward: July 28, 2020 (1.57%), August 10, 2020 (1.83%), August 17, 2020 (1.81%), August 21, 2020 (2.00%), August 25, 2020 (1.99%), September 2, 2020 (1.86%), September 10, 2020 (1.99%), September 18, 2020 (1.79%), September 24, 2020 (1.94%), September 29, 2020 (1.84%), October 1, 2020 (1.93%), October 5, 2020 (2.00%).

7.2.5 Employee profit-sharing

At December 31, 2020, the Group's employees held 853,199 shares, 230,910 of which were held in France through the Coface Actionnariat mutual fund. In total, employees in France and overseas (including management) hold an interest of 0.56% in the Company's capital.

7

7.3 STOCK MARKET INFORMATION

7.3.1 The COFACE share

MARKET PROFILE

Listing market	Euronext Paris (Compartment A), eligible for deferred settlement service (SRD)
Initial public offering	June 27, 2014 at €10.40per share
Presence in stock market indices	SBF 120, CAC All Shares, CAC All-Tradable, CAC Financials, CAC Mid & Small, CAC MID 60, Next 150
Codes	ISIN FR0010667147; Ticker: COFA; Reuters: COFA.PA Bloomberg: COFA FP
Capital *(par value of share €2)*	€304,063,898
Number of shares outstanding at December 31, 2020	152,031,949
Number of voting rights exercisable at December 31, 2020	149,689,964
Market capitalisation at December 31, 2020	€1,248,182,301
Highest/lowest price	€12.34 (on Feb. 11, 2020) / €4.49 (Mar. 19, 2020)

7.3.2 Dividend distribution policy

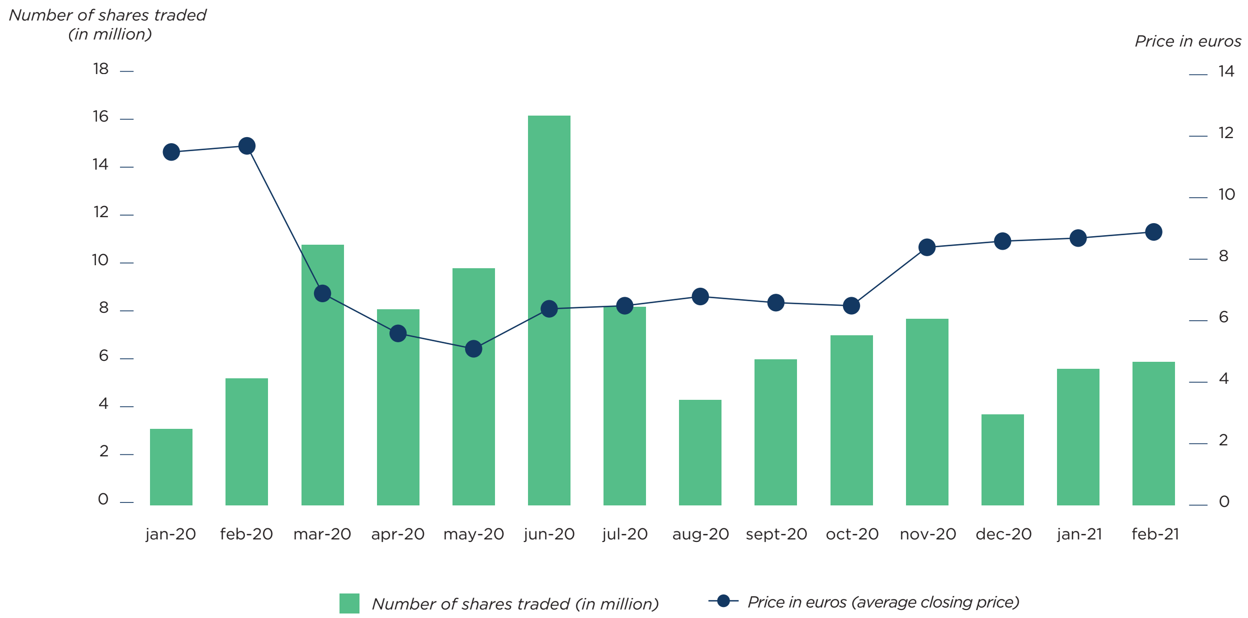
The Build to Lead strategic plan aims to distribute at least 80% of profits (20 points more than under the Fit to Win plan), provided the solvency ratio is within the target range of 155% to 175%.

	FOR THE FINANCIAL YEAR			
	2020	**2019**	**2018**	**2017**
Dividend per share	**€0.55** [(1)]	0 [(2)]	€0.79	€0.34

(1) The distribution proposal is subject to the approval of the Shareholders' Meeting of May 12, 2021.

(2) In view of the scale of the health crisis and following the vote at the Combined General Shareholders' Meeting of May 14, 2020, it was decided not to pay a dividend for the fiscal year ended December 31, 2019.

7.3.3 Trends in the share price and monthly trading volumes [1]



Source: Euronext Paris

Please note: at the date of publication of this document, Euronext Paris statistics for March 2021 were not available.

7.3.4 Monthly transactions in 2020

		PRICE *(in euros)*			TRANSACTIONS	
Month	**NUMBER OF TRADING SESSIONS**	**LOW**	**HIGH**	**AVERAGE CLOSING PRICE**	**NUMBER OF SHARES TRADED**	**CAPITAL** *(in millions of euros)*
Jan-20	22	10.76	11.78	11.39	3,170,056	36.20
Feb-20	20	9.94	12.34	11.60	5,283,454	60.54
Mar-20	22	4.49	9.80	6.83	10,919,096	75.71
Apr-20	20	4.97	6.21	5.47	8,215,818	45.25
May-20	20	4.64	5.34	5.04	9,874,008	49.43
Jun-20	22	5.44	7.45	6.30	16,262,541	104.61
Jul-20	23	5.75	6.79	6.37	8,261,630	52.72
Aug-20	21	6.53	6.96	6.73	4,362,678	29.38
Sept-20	22	5.91	7.29	6.54	6,090,964	40.21
Oct-20	22	5.92	6.79	6.45	7,147,923	46.19
Nov-20	21	6.85	8.89	8.33	7,779,190	63.78
Dec-20	22	8.21	8.72	8.47	3,791,924	32.15

(Source: Euronext Paris)

(1) On Euronext Paris

7.3.5 List of regulated information published in 2020

All the regulated information is available on the website: *https://www.coface.com/fr/Investisseurs*

Financial press releases published in 2020

Feb. 5, 2020	Results FY-2019
Feb. 5, 2020	Agreement to acquire GIEK Kredittforsikring
Feb. 24, 2020	AM Best assigns A (Excellent) rating to Compagnie française d'assurance pour le commerce extérieur and to Coface Re SA
Feb. 25, 2020	Shareholding evolution
Feb. 25, 2020	Coface capitalizes on its strategic successes and launches Build to Lead, its new 2023 strategic plan
Mar. 27, 2020	Review of the credit insurance sector by Moody's
Mar. 31, 2020	Fitch places Coface on Rating Watch Negative
Apr. 1, 2020	Announcement regarding the dividend
Apr. 9, 2020	Combined Shareholders' Meeting May 14, 2020 at 9.00am
Apr. 16, 2020	Coface announces the publication of its 2019 Universal Registration Document
Apr. 23, 2020	First quarter shows solid operational performance but is impacted by the initial effects of the COVID-19 crisis
Apr. 24, 2020	Combined Shareholders' Meeting May 14, 2020 at 9.00am shall be held without the physical presence of its shareholders
May 12, 2020	Publication of SFCR Group and Standalone as of December 31, 2019
May 14, 2020	Fitch maintains Coface Ratings on Rating Watch Negative
May 14, 2020	Combined Shareholders' Meeting of May 14, 2020 approved all the proposed resolutions
Jul. 1, 2020	Coface finalises the acquisition of GIEK Kredittforsikring AS
Jul. 29, 2020	Coface reports a positive net income of €11.3m for the second quarter 2020 and continues to implement its strategic plan
Jul. 29, 2020	Communication setting out the arrangements for the supplying of the Interim Financial Report for the first half of 2020
Sep. 9, 2020	Nicolas Namias is appointed Chairman of the Board of COFACE SA
Oct. 26, 2020	Coface reports €28.5m net income for the third quarter and launches a share buyback programme for €15m
Oct. 26, 2020	Coface launches a share buyback programme for a target amount of 15 million euros
Nov. 5, 2020	Fitch maintains Coface Ratings on Rating Watch Negative

7.4 FACTORS LIABLE TO HAVE AN EFFECT IN THE EVENT OF A PUBLIC OFFERING

Pursuant to Article L.225-37-5 of the French Commercial Code, the Company notes the following points, which could have an effect in the event of a public offering:

- the Company's capital structure as well as its known direct or indirect interests and all the corresponding information are described in Section 7.2;
- there is no statutory restriction on the exercise of voting rights, with the exception of the elimination of voting rights in respect of shares which exceed the portion that should have been declared, which may be requested by one or more shareholders holding an interest which is at least equal to 2% of the capital or voting rights, in the event of failure to declare that the statutory threshold was exceeded;
- the Company is not aware of the existence of any shareholders' agreements;
- there are no instruments entailing special control rights;
- the voting rights attached to the shares of the Company held by staff through the Company's Coface Actionnariat mutual fund are exercised by an authorised representative designated by the fund's Supervisory Board to represent it at the Shareholders' Meeting;
- the rules on appointment and revocation of members of the Board of Directors are the legal and statutory rules described in Section 9.1.5;
- the Company's Articles of Association are amended in compliance with legal and regulatory provisions;
- there is no significant agreement entered into by the Company that would be amended or terminated in the event of a change in the Company's control.

7.5 MATERIAL CONTRACTS

No contract (other than those entered into in the normal course of business) has been signed by any entity of the Group that contains a significant obligation or commitment for the Group as a whole.

12 MAY 2021

COMBINED SHAREHOLDERS' MEETING

€0.55

DIVIDEND PROPOSAL

15 CO-OPTATIONS

OF DIRECTORSOCUM

REMUNERATION STRUCTURE

OF THE CEO - FINANCIAL YEAR 2021

8

GENERAL MEETING

8.1 DRAFT REPORT OF THE BOARD OF DIRECTORS ON THE DRAFT RESOLUTIONS SUBMITTED TO THE COMBINED SHAREHOLDERS' MEETING

The purpose of this draft report is to present the draft resolutions to be submitted by the Board of Directors to your Combined Shareholders' Meeting of May 12, 2021.

The details of Coface's financial position, activity and results for the financial year ended, and the information required by current legal and regulatory provisions, are presented in this 2020 Universal Registration Document, to which you are invited to refer (available on the Coface website at www.coface.com).

These resolutions can be broken down into two groups:

- the first 23 resolutions (from the 1st to the 23rd resolution) fall under the authority of the Ordinary Shareholders' Meeting;
- the next six resolutions (from the 24th to the 29th resolution), fall under the authority of the Extraordinary Shareholders' Meeting.

8.1.1 Ordinary resolutions

Approval of the 2020 financial statements (1st and 2nd resolutions)

In the first two resolutions, the Ordinary Shareholders' Meeting is asked to approve the parent company financial statements (1st resolution), followed by the consolidated financial statements (2nd resolution) of COFACE SA for 2020.

Comments on the parent company and consolidated financial statements of COFACE SA are set out in detail in the COFACE SA 2020 Universal Registration Document.

Earnings allocation - Dividend payment (3rd resolution)

The third resolution concerns COFACE SA's earnings allocation and the payment of the dividend.

At December 31, 2020, COFACE SA's parent company financial statements showed a net loss of €18,938,377 attributable to fact that its subsidiary Compagnie Française d'assurance pour le commerce externe paid no dividend for the 2019 financial year. Since retained earnings were positive at €155,852,291, and as the legal reserve holds more than legal requirements, the profit available for distribution amounts to €136,913,914.

The Company proposes paying out €82,900,339, or a dividend of €0.55 per share, which corresponds to a payout ratio of 100% of consolidated net income, in line with our capital management policy.

For individual shareholders resident in France for tax purposes, this dividend will be automatically subject to a single flat-rate withholding tax, as provided for in Article 200 A of the French Tax Code, unless they have opted to apply the progressive income tax scale. The paying institution will withhold the non-definitive flat-rate tax provided for in Article 117 *quater* of the French General Tax Code, except for natural persons resident in France for tax purposes who have applied for an exemption under the terms of Article 242 *quater* of the French Tax Code.

All shareholders - and particularly persons domiciled or established outside France with regard to regulations applicable in the country of residence or establishment - are advised to contact their usual advisor who can perform a detailed analysis to determine the tax consequences to be taken into account in consideration of the amounts received in respect of this distribution.

In compliance with the legal provisions, we specify that the dividends distributed for the three preceding financial years were as follows:

FINANCIAL YEAR	NUMBER OF SHARES ELIGIBLE FOR DIVIDENDS (1)	TOTAL AMOUNT *(in €)*
2017	155,574,817	52,895,437
2018	151,169,375	119,423,806
2019	0	0

(1) The number of shares eligible for dividends does not include treasury shares.

The shares will trade ex-dividend from May 19, 2021. The dividend will be paid from May 21, 2021.

Ratification of the co-opting of six directors
(4th to 9th resolutions)

In the fourth to ninth resolutions, shareholders are asked to ratify the co-opting of six directors:

- Nicolas Namias, on September 9, 2020, to replace François Riahi, for the remainder of his term of office, or until the end of this Shareholders' Meeting.

Nicolas Namias resigned on February 10, when the sale of 29.50% of the share capital to Arch Capital was finalised.

The following directors were co-opted after the sale of 29.50% of the COFACE SA's share capital to Arch Capital:

- Bernardo Sanchez Incera, on February 10, 2021, to replace Anne Sallé Mongauze, for the remainder of her term of office, or until the end of this Shareholders' Meeting. Bernardo Sanchez Incera, an independent director, was appointed Chairman of the Board of Directors of COFACE SA on February 10, 2021, based on the proposal of the Nominations and Compensation Committee;
- Nicolas Papadopoulo, on February 10, 2021, to replace Jean Arondel, for the remainder of his term of office, or until the end of this Shareholders' Meeting. Nicolas Papadopoulo is Chairman and Chief Executive Officer of Arch Worldwide Insurance Group. He is also Underwriting and Claims Director for Property and Casualty Operations;
- Janice Englesbe, on February 10, 2021, to replace Daniel Karyotis, for the remainder of his term of office, or until the end of this Shareholders' Meeting. Janice Englesbe is Chief Risk Officer of Arch Capital Group;
- Benoit Lapointe de Vaudreuil, on February 10, 2021, to replace Isabelle Rodney, for the remainder of her term of office, or until the end of this Shareholders' Meeting. Benoit Lapointe de Vaudreuil is a member of the Bar in Paris and Quebec. He works for BLV;
- Christopher Hovey, on February 10, 2021, to replace Marie Pic Paris, for the remainder of her term of office, or until this Shareholders' Meeting. Christopher Hovey is Chief Operating Officer of Arch Capital Group.

Reappointment of seven directors
(10th to 16th resolutions)

In the tenth to sixteenth resolutions, shareholders are asked to reappoint the following seven directors. These directorships will expire at the end of the Shareholders' Meeting convened in 2025 to approve the financial statements for the fiscal year ended December 31, 2024:

- Bernardo Sanchez Incera;
- Nathalie Lomon;
- Isabelle Laforgue;
- Nicolas Papadopoulo;
- Janice Englesbe;
- Benoit Lapointe de Vaudreuil;
- Christopher Hovey.

Authorisation granted to the Board of Directors to trade in the Company's shares
(17th resolution)

In the seventeenth resolution, the Board of Directors asks the Shareholders' Meeting to authorise it to purchase or arrange for the purchase of a number of shares in the Company that may not exceed 10% of the total number of shares composing the share capital or 5% of the total number of shares subsequently composing the share capital if they are shares acquired by the Company with a view to holding them and transferring them as payment or exchange within the context of a merger, spin-off or asset contribution, noting that acquisitions made by the Company may under no circumstances result in it holding more than 10% of the ordinary shares comprising its share capital at any time.

Shares may be purchased in order to: a) ensure liquidity and boost the market for the Company's stock through an investment service provider acting independently within the context of a liquidity agreement in compliance with market practice accepted by the Autorité des marchés financiers dated July 2, 2018, b) allocate shares to corporate officers and to employees of the Company and other Group entities, and in particular within the context of (i) profit-sharing, (ii) any stock option plan of the Company, pursuant to the provisions of Article L.225-177 *et seq.* and L.22-10-56 *et seq.* of the French Commercial Code, or (iii) any savings plan in compliance with Article L.3331-1 *et seq.* of the French Labour Code or (iv) any allocation of free performance shares pursuant to the provisions of Article L.225-197-1 *et seq.* and L.22-10-59 *et seq.* of the French Commercial Code, as well as perform all hedge operations relating to these transactions, under the conditions provided for by the market authorities and at the times to be determined by the Board of Directors or the person acting upon its authority, c) transfer the Company's shares upon exercise of the rights attached to securities entitling their bearers, directly or indirectly, through reimbursement, conversion, exchange, presentation of a warrant or in any other manner, to the allocation of the Company's shares pursuant to current regulations; additionally, perform all hedge operations relating to these transactions, under the conditions provided for by the market authorities and at the times to be determined by the Board of Directors or the person acting by delegation of the Board of Directors, d) keep the Company's shares and subsequently remit them as payment or exchange within the context of any external growth, merger, spin-off or asset contribution operations, e) cancel all or part of the securities thus purchased (in particular, under the thirteenth resolution of Shareholders' Meeting of May 14, 2020 authorising the Board of Directors to reduce the share capital) or f) implement all market practices accepted by the Autorité des marchés financiers and, more generally, execute all transactions in compliance with current regulations.

The maximum purchase price per unit may not exceed €14 per share, excluding costs. The Board of Directors may nevertheless, for operations involving the Company's capital, particularly a modification of the par value of the share, a capital increase by incorporation of reserves following the creation and allocation of free performance shares, a stock split or reverse stock split, adjust the aforementioned maximum purchase price in order to take into account the incidence of these operations on the value of the Company's stock.

The acquisition, disposal or transfer of these shares may be completed and paid for by any methods authorised by current regulations, on a regulated market, multi-lateral trading system, systematic internaliser or over the counter, in particular through the acquisition or disposal of blocks of shares, using options or other derivative financial instruments or warrants or, more generally, securities entitling their bearers to shares of the Company, at times that the Board of Directors will determine.

It is specified that, unless authorised by your Shareholders' Meeting, the Board of Directors may not use this delegation once a third party has filed a public offer for the Company's shares, and until the end of the offer period.

If your Shareholders' Meeting so authorises it, the Board of Directors shall have all powers, which it may in turn delegate, in compliance with prevailing legal and regulatory conditions, to proceed with the allocation and, if applicable, permitted reallocation of repurchased shares in view of one of the objectives of the programme, to one or more of its other objectives, or even their disposal, on or off the market.

The Board of Directors proposes that this authorisation, which would cancel and replace the authorisation granted by the fifth resolution of the Shareholders' Meeting of May 14, 2020, be granted for a period of eighteen (18) months as from your Shareholders' Meeting.

In accordance with its obligations, the Board of Directors informs the Shareholders' Meeting that, on the basis of the authorisation granted by the Shareholders' Meeting of May 14, 2020 and pursuant to the provisions of Article L.22-10-62 of the French Commercial Code (formerly Article L.225-209 of the French Commercial Code), on October 26, 2020, it authorised a share buyback with a view to their cancellation by COFACE SA for up to €15 million. As such, the Company bought back 1,852,157 shares, representing 1.22% of the share capital. On February 10, 2021, the Board of Directors authorised the cancellation of all of these shares. The Company's share capital was thus reduced to €300,359,584.

Commitments and related-party agreements (18th resolution)

The eighteenth resolution concerns the approval of related-party commitments and agreements pursuant to Articles L.225-38 *et seq.* of the French Commercial Code which were authorised by the Board of Directors during the 2020 financial year. These commitments and agreements are presented in the Statutory Auditors' special report, as are those concluded prior to 2020 which remain valid and which do not require further approval by the Shareholders' Meeting (see Chapter 8, Section 8.3 of the 2020 Universal Registration Document).

Approval of the compensation policy for corporate officers for the financial year ended December 31, 2020 (19th and 20th resolutions)

Pursuant to the provisions of the PACTE law as set out in Article L.225-100 of the French Commercial Code, your Shareholders' Meeting is called upon, in the nineteenth resolution, to decide on information relating to the compensation of non-corporate officers paid for the financial year ended December 31, 2020 and, in the twentieth resolution, to approve fixed, variable and exceptional components of total compensation and benefits of all kinds paid to the Chief Executive Officer during the financial year ended December 31, 2020, or awarded in respect of this financial year.

As a reminder, the previous Chairmen of the Board of Directors did not receive any compensation from the Company.

All these components are described in detail in the report on COFACE SA's corporate governance appended to the management report and included in Chapter 8, Section 8.1.3 of the Universal Registration Document.

Approval of the compensation policy for corporate officers for the financial year ended December 31, 2021 (21st, 22nd and 23rd resolutions)

In the twenty-first, twenty-second and twenty-third resolutions you are asked to approve the compensation policy for members of the Board of Directors, the Chief Executive Officer and the Chairman of the Board of Directors for the 2021 financial year.

In light of the changes in the Company's governance, it is proposed to pay compensation to the Chairman of the Board of Directors.

Details of these policies are provided in COFACE SA's corporate governance report appended to the management report and included in Chapter 8, Section 8.1.3 of the Universal Registration Document.

8.1.2 Extraordinary resolutions

Amendments to the Articles of Association (24th and 25th resolutions)

In the twenty-fourth and twenty-fifth resolutions, the Board of Directors asks the Shareholders' Meeting to amend the Company's Articles of Association in order to take into account the amendments made by law No. 2019-744 of July 19, 2019 on the simplification, clarification and updating of company law (known as the "Soihili law") regarding the right for the Board of Directors to make decisions by consulting the directors in writing (twenty-fifth resolution) and by law No. 2019-486 of May 22, 2019 on business growth and transformation (known as the "PACTE law"), and the compensation of corporate officers (twenty-sixth resolution).

In resolution twenty-four, to facilitate decision-making by your Board of Directors, we propose amending Article 18 of the Company's Articles of Association to enable your Board of Directors to make certain decisions that fall within its remit by means of simple written consultation of its members.

The new wording of Article L.225-37 of the French Commercial Code resulting from the "Soihili law" provides that: *"The Articles of Association may also provide that decisions made under the specific powers of the Board of Directors provided for in Article L.225-24* [co-opting of a director], *in the last paragraph of Article L.225-35* [authorisation of guarantees, endorsements and warranties], *in the second paragraph of Article L.225-36* [compliance of the Articles of Association with the laws and regulations] *and in I of Article L.225-103* [convening of the Shareholders' Meeting] *as well as decisions to transfer the registered office within the same department may be made by written consultation of the directors."*

The twenty-fifth resolution asks you to decide on the amendment of Article 19 of the Company's Articles of Association to replace the term *"attendance fees"* with the term *"compensation"*.

The new wording of Article L.225-45 of the French Commercial Code resulting from the "PACTE" law deleted the term *"attendance fees"* and replaced it with *"compensation"*.

Capital increases reserved for employees (26th and 27th resolutions)

In the twenty-sixth resolution, we propose that you authorise the Board of Directors, which may in turn delegate this authority, for a period of 26 months, to increase the share capital by issuing shares in the Company reserved for the members of a company savings plan, within the limit of a maximum nominal amount of three million, two hundred thousand euros (€3,200,000), on the understanding that the nominal amount for any capital increase carried out in application of this delegation would be charged against the maximum limit set for capital increases in the fifteenth resolution of the Shareholders' Meeting of May 14, 2020 and that the maximum limit for this delegation would be the same as that of the twenty-seventh resolution submitted for approval by this Meeting.

This decision would result in cancellation of the preferential subscription right of shareholders in favour of said employees, former employees and corporate officers eligible for the shares thus issued, allocated free of charge, as appropriate.

The subscription price of the issued shares shall be determined under the conditions specified by the provisions of Article L.3332-19 of the French Labour Code, on the understanding that the maximum discount calculated in relation to the average trading price of the share during the twenty trading sessions that precede the decision to allow such subscriptions may not exceed 30% (or 40% when the lock-in period provided for by the plan pursuant to Articles L.3332-25 and L.3332-26 of the French Labour Code is equal to or more than ten years). The Board of Directors may reduce or cancel the aforementioned discount, in particular if it considers it necessary in order to take into account the legal, accounting, tax and social treatments applicable in the country of residence of some beneficiaries. The Board of Directors may likewise decide to allocate free performance shares to subscribers of new shares, in substitution of the discount and/or as an employer contribution.

The Board of Directors proposes that this authorisation, which would cancel and replace the authorisation granted by the nineteenth resolution of the Shareholders' Meeting of May 14, 2020, be granted for a period of twenty-six (26) months as from your Shareholders' Meeting.

As a continuation of the twenty-sixth resolution, we propose that you authorise the Board of Directors, which may in turn delegate this authority, for a period of 18 months, under the conditions provided for by law, to make one or more capital increases reserved for (i) employees and/or corporate officers of the Company and/or companies related to the Company within the meaning of the provisions of Article L.225-180 of the French Commercial Code and Article L.3344-1 of the French Labour Code and having their registered office based outside France; (ii) one or more French or foreign mutual funds or other entity, having a legal personality or not, subscribing on behalf of the persons described in paragraph (i) above, and (iii) one or more financial establishments mandated by the Company to propose to the persons described in paragraph (i) above a savings or shareholding scheme comparable to those proposed to the Company's employees in France.

This decision would involve the waiving of the preferential subscription rights of shareholders to the shares issued under this twenty-seventh resolution, for the benefit of the category of beneficiary defined above.

Such a capital increase would have the aim of allowing employees, former employees and corporate officers of the Group who reside in various countries to benefit, taking into account any regulatory or tax restrictions that might exist locally, from conditions that are as close as possible, in terms of economic profile, to those that would be offered to the other employees of the Group within the context of the use of the twenty-sixth resolution.

The nominal amount of the capital increase that may be held under this authorisation would be limited to three million, two hundred thousand euros (€3,200,000), on the understanding that the nominal amount of any capital increase carried out pursuant to this authorisation would be charged against the maximum limit set for capital increases in the fifteenth resolution of the Shareholders' Meeting of May 14, 2020 and that the maximum limit for this resolution would be the same as that of the twenty-sixth resolution.

The subscription price of the shares issued in application of this delegation may not be more than 30%, or 40% as applicable, below the average trading price of the share during the twenty trading sessions that precede the decision to allow such subscriptions, nor may it exceed this average. The Board of Directors may reduce or cancel the discount mentioned above if it deems it appropriate, in particular to take into account the legal, accounting, tax and corporate schemes applicable in the countries of residence of certain beneficiaries. Furthermore, in the event of a transaction carried out under this resolution at the same time as a transaction carried out in application of the twenty-sixth resolution, the subscription price of the shares issued under this resolution could be identical to the subscription price of the shares issued on the basis of the twenty-sixth resolution.

The Board of Directors proposes that this authorisation, which would cancel and replace the authorisation granted by the twentieth resolution of the Shareholders' Meeting of May 14, 2020, be granted for a period of eighteen (18) months as from your Shareholders' Meeting.

Award of free performance shares to employees and/or corporate officers of the Company or companies related to it (28th resolution)

In accordance with the provisions of Articles L.225-197-1 *et seq.* and L.22-10-59 *et seq.* of the French Commercial Code, we ask shareholders to authorise the Board of Directors, for a period of 38 months from the date of your Shareholders' Meeting, to award, in one or more instalments, existing shares or shares to be issued by the Company to certain employees and corporate officers of the Company and companies related to it within the meaning of Article L.225-197-2 of the French Commercial Code.

The final award of these shares may be subject, in part or in whole, to performance conditions, it being specified that the final allocation of free performance shares awarded to the Company's Executive Directors will be subject to the achievement of performance conditions set by the Board of Directors.

The total number of shares awarded under this authorisation may not exceed 1% of the number of shares comprising the Company's share capital at the date of the Board of Directors' decision to grant them, and the cumulative nominal amount of any capital increases that may result from this authorisation will be deducted from the overall maximum limit provided for in paragraph 2 of the fifteenth resolution of the Shareholders' Meeting of May 14, 2020 or, where applicable, on the amount of any overall limit provided for by a similar resolution that may replace said resolution during the period during which this authorisation applies. In addition, the total number of free performance shares awarded by virtue of this authorisation to the Company's Executive Directors may not represent more than 20% of the free performance shares awarded under this authorisation. It should be noted that, besides the corporate officers, the award of free performance shares in COFACE SA is reserved for the "regulated population" of employees within the meaning of Solvency II (fewer than 30 people) and for a limited number of employees with a view to their retention.

The award of performance shares under this proposed resolution would become final at the end of a vesting period of at least three years, and will not be subject to any minimum holding period. The objective of this vesting period for performance shares is to measure the performance required for the final acquisition of shares over a long period of time.

The Board of Directors proposes that this authorisation, which would cancel and replace the authorisation granted by the twenty-fourth resolution of the Shareholders' Meeting of May 16, 2018, be granted for a period of thirty-eight (38) months from the date of your Shareholders' Meeting.

Powers to complete formalities (29th resolution)

Finally, the twenty-ninth resolution concerns the granting of the powers needed to fulfil the publications and formalities relating to this Combined Shareholders' Meeting.

8.1.3 Extract of the COFACE SA corporate governance report (appendix relating to the 19th, 20th, 21st, 22nd and 23rd resolutions)

8.1.3.1 Compensation policy for corporate officers

In accordance with the terms of Decree No. 2019-1234 of November 27, 2019 relating to the compensation of corporate officers of listed companies provided for under law No. 2019-486 of May 22, 2019 (the so-called PACTE law), the Board of Directors, at the request of the Nominations and Compensation Committee, draws up a compensation policy for corporate officers. This document describes the principles of the policy, which is in line with the Company's corporate interests, contributes to its long term viability and is part of its business strategy.

It describes all the components of fixed and variable compensation and explains the decision-making process followed to determine, review and implement it.

It is presented in a clear and understandable way as part of the corporate governance report and is the subject of draft resolutions submitted for approval by the Shareholders' Meeting each year and each time a significant change is made.

The compensation policy for corporate officers defines the principles, structure and governance rules applicable to the compensation paid to the Chief Executive Officer and to the directors.

Compensation of the Chief Executive Officer

Principles applicable to the compensation of the Chief Executive Officer

The Board of Directors sets the various components of the Chief Executive Officer's compensation at the start of each financial year, based on a proposal by the Nominations and Compensation Committee. The Nominations and Compensation Committee proposes the compensation policy for the Chief Executive Officer in compliance with the rules laid down by the Solvency II Directive and the recommendations of the AFEP-MEDEF Code.

It thereby ensures that the principles of balance, external competitiveness, consistency and internal equity are observed in determining the components of compensation. It ensures a correlation between the responsibilities exercised, the results achieved and the level of compensation over a performance year.

It also ensures that compensation practices contribute to effective risk management within the Company and in particular to:

- strict compliance with the laws and regulations applicable to insurance companies;
- prevention of conflicts of interest and the management of risk-taking within the limits of the Company's risk tolerance;
- consistency with the Company's strategy, interests and long-term results;
- consideration of social and environmental issues.

The Chief Executive Officer's compensation is subject to a comparative analysis of the market each year by a compensation consultancy firm in order to ensure it is competitive within the market and that the structure offers the right balance of fixed, variable, short-term and long-term components. The results of this analysis are fed back to the Nominations and Compensation Committee as part of the annual review of the Chief Executive Officer's compensation.

Objectives, practices and governance in respect of compensation are clearly established and communicated. A transparent presentation of the components of the Chief Executive Officer's compensation is included in the corporate governance report submitted for approval by the Shareholders' Meeting.

Components of the compensation of the Chief Executive Officer

The compensation of the Chief Executive Officer comprises:

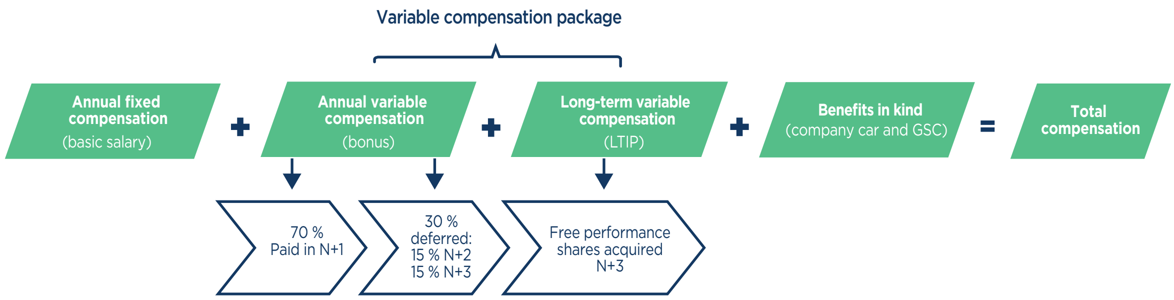
- **fixed compensation:** determined at the start of his term of office in 2016, the fixed annual compensation was adjusted to €750,000 gross when the Chief Executive Officer's term of office was renewed in 2020 in order to take into account his responsibilities, performance and market practices (see detailed explanation in the fairness ratio section below);
- **annual variable compensation ("bonus"):** the bonus is assessed on the basis of performance for a given year. The target is set at 100% of the base salary. It comprises 60% financial objectives and 40% strategic and managerial objectives. The maximum achievement rate for variable compensation is 200% (150% for financial objectives and 50% for strategic and managerial objectives);
- **long-term variable compensation:** in the form of free performance shares in the Company. They are contingent upon presence and performance conditions and have a vesting period of three years. The final award of the Chief Executive Officer's free performance shares is subject to the same conditions as all beneficiaries; however, he must retain 30% of the shares awarded until expiry of his term of office. These Long-Term Incentive Plan (LTIP) schemes in the form of free performance shares are intended to ensure that the interests of the Chief Executive Officer are aligned with those of the shareholders over the long term;
- **benefits in kind:** the Chief Executive Officer is entitled to a company vehicle and the payment of 62.5% of the contributions payable to the social security regime for company managers and corporate officers.

He is entitled to the Group healthcare and protection schemes in place for all employees and has no supplementary retirement scheme. A medical check-up will be proposed to the Chief Executive Officer and members of the Executive Committee in 2021.

Note:

- the variable compensation package includes the annual variable compensation ("bonus") and the long term variable compensation (Long-Term Incentive Plan) in the form of free performance shares;
- the payment of 30% of the annual variable compensation ("bonus") is deferred and paid as follows: 50% in N+2 and 50% in N+3. Deferred compensation is not paid if a loss is observed on the date of payment or in case of dismissal for serious misconduct or gross negligence;
- deferred compensation, including the deferred bonus portion and the free performance shares awarded under the Long-Term Incentive Plan, accounts for more than 50% of the overall variable compensation;
- all risk hedging transactions are prohibited.

The compensation of the Chief Executive Officer may be summarised as follows:



a. Target total compensation for 2020

For 2020, on the recommendation of the Nominations and Compensation Committee, following a decision by the Board of Directors and based on the ninth resolution approved by the Shareholders' Meeting of May 14, 2020, the target compensation for Xavier Durand was set as follows:

<table>
<tr><th>COMPONENTS OF COMPENSATION</th><th>TARGET AMOUNT</th><th>COMMENTS</th></tr>
<tr><td>Fixed compensation</td><td>€750,000</td><td>Gross annual compensation set at €750,000 on the renewal of the term of office of Xavier Durand and effective in May 2020 after the Shareholders' Meeting closing financial year 2019. The level of fixed compensation has been set taking into account responsibilities, performance and market practices (see detailed explanations in point c on the fairness ratio below).</td></tr>
<tr><td>Target annual variable compensation ("bonus")</td><td>€750,000</td><td>Target variable compensation is maintained at 100% of fixed compensation, i.e., €750,000. It comprises 60% financial objectives and 40% strategic and managerial objectives, defined as follows for 2020:
<table>
<tr><th>FINANCIAL OBJECTIVES</th><th>VARIATION LIMITS</th><th>ALLOCATION KEY</th></tr>
<tr><td>Turnover</td><td>-/+10%</td><td>20%</td></tr>
<tr><td>Net income</td><td>-/+20%</td><td>20%</td></tr>
<tr><td>Cost ratio after reinsurance</td><td>+/-3 pts</td><td>10%</td></tr>
<tr><td>Gross loss ratio excluding claims handling expenses</td><td>+/-5 pts</td><td>10%</td></tr>
<tr><td>TOTAL (A)</td><td></td><td>60%</td></tr>
<tr><th>STRATEGIC AND MANAGERIAL OBJECTIVES</th><th>VARIATION LIMITS</th><th>ALLOCATION KEY</th></tr>
<tr><td>Continuation of cultural transformation, strengthening of employee engagement and customer satisfaction</td><td>0/125%</td><td>15%</td></tr>
<tr><td>New strategic plan</td><td>0/125%</td><td>10%</td></tr>
<tr><td>CSR strategy</td><td>0/125%</td><td>10%</td></tr>
<tr><td>Strengthening of the succession plan for the Executive Committee</td><td>0/125%</td><td>5%</td></tr>
<tr><td>TOTAL (B)</td><td></td><td>40%</td></tr>
<tr><td>TOTAL (A + B)</td><td></td><td>100%</td></tr>
</table>
The maximum achievement rate for variable compensation is 200%, broken down as follows:
• 150% for financial objectives (i.e., a maximum achievement rate of 250% per objective);
• 50% for strategic and managerial objectives (i.e., a maximum achievement rate of 125% per objective).

The achievement rate for financial objectives is defined in the scope of variation limits, as follows:
• the lower end of the variation limit corresponds to the trigger threshold, i.e. 0% achieved;
• the objective level corresponds to 100% achievement;
• between the lower end of the variation limit and the objective, the achievement rate is set on a straight-line basis between 0% and 100% of achievement;
• between the objective and the upper end of the variation limit, the achievement rate is calculated on a straight-line basis between 100% and 250% of achievement.
Thus, if the achievement rate for one of the financial objectives is at or below the lower end of the variation limit for this objective, no compensation will be paid for it.

The payment of 30% of the annual variable compensation ("bonus") is deferred and paid as follows: 50% in N+2 and 50% in N+3. A penalty system is applied in the event of dismissal for serious misconduct or gross negligence or observed losses prior to the payment date.</td></tr>
</table>

COMPONENTS OF COMPENSATION	TARGET AMOUNT	COMMENTS
Long-term variable compensation (allocation of free performance shares) – 2020 LTIP	€717,900 (IFRS fair value)	75,000 shares are awarded under the 2020 Long-Term Incentive Plan (2020 LTIP), representing an IFRS fair value of €717,900 (€862,463 on award, based on the average opening share price for the last 20 stock market trading sessions preceding the date of the Board meeting). Free performance shares will be definitively vested on February 6, 2023, subject to presence and performance conditions measured over the term of the plan until December 31, 2022, as follows: ● one third of the shares allocated will be vested subject to achievement of COFACE SA's RoATE (return on average tangible equity) level for the financial year ending December 31, 2022; ● one third of the shares allocated will be vested subject to the relative performance of COFACE SA's shares, measured by COFACE SA's Total Shareholder Return (TSR) compared to the TSR of companies comprising the Euro Stoxx Insurance index over the period from January 1, 2020 to December 31, 2022; ● one third of the shares allocated will be vested subject to achievement of the net cost ratio at December 31, 2022. The trigger threshold is set at 80% of the objective for each criterion. Thus, if the achievement rate for one of the criteria is less than 80% of the objective, performance in respect of this criterion will be unfulfilled. The achievement rate may vary between 80% and 120%, and the achievement rates can offset each other. However, this offsetting cannot be applied if the rate of achievement for one of the criteria is less than 80% of the target and cannot result in the acquisition of more than 100% of the shares in total. The share vesting period is set at three years starting from February 5, 2020. The plan does not include a minimum holding period. The Board decided that 30% of the CEO's shares vested under the 2020 LTIP should be retained until the end of his term of office or of any other role that he might hold within Coface. The objective of long-term variable compensation is to provide a longer-term perspective on the Chief Executive Officer's action, as well as to retain their loyalty and to encourage the alignment of their interests with the corporate interests of the Company and the shareholders.
Other benefits	€14,516	Xavier Durand is entitled to a company vehicle and the payment of 62.5% of the contributions payable to the social security regime for company managers and corporate officers. He is entitled to the Group healthcare and protection schemes in place for all employees and has no supplementary retirement scheme.
Target total compensation 2020	**€2,232,416**	

b. Total compensation allocated and paid in 2020

- The compensation allocated to Xavier Durand for 2020, **including the assessment of the 2020 bonus**, is in line with the proposal by the Nominations and Compensation Committee meeting of January 25, 2021, subject to validation by the Board of Directors on February 10, 2021 and approval by the Ordinary Shareholders' Meeting that follows the close of the 2020 financial year.
- The compensation paid to Xavier Durand in 2020 is in line with the proposal by the Nominations and Compensation Committee meeting of January 20, 2020, which was approved by the Board of Directors on February 5, 2020 and by the Shareholders' Meeting of May 14, 2020 in its eighth and ninth resolutions.

COMPONENTS OF COMPENSATION	AMOUNT ALLOCATED	AMOUNT PAID	COMMENTS
Fixed compensation	€691,667	€691,667	Gross annual compensation set at €750,000 on the renewal of Xavier Durand's term of office and effective in May 2020, after the Shareholders' Meeting closing financial year 2019. The amount of €691,667 corresponds to the *pro-rata* calculation over the period, *i.e.*: • €575,000 in fixed annual compensation from January to April 2020; • €750,000 in fixed annual compensation since May 2020 (date of the Shareholders' Meeting closing fiscal year 2019).
Annual variable compensation allocated ("2020 bonus")	€498,733		The achievement rate for the 2020 objectives, proposed by the Nominations and Compensation Committee meeting of January 25, 2021, approved by the Board of Directors at the meeting of February 10, 2021 and submitted for approval of the Shareholders' Meeting that approves the 2020 financial statements is 72.106%, broken down as follows: (see tables below) The bonus due for financial year 2020 is therefore €498,733 and will be paid as follows: • **70% of the total amount paid in 2021, *i.e.*, €349,113;** • 15% of the total amount deferred to 2022, *i.e.*, €74,810; • 15% of the total amount deferred to 2023, *i.e.*, €74,810.

FINANCIAL OBJECTIVES	VARIATION LIMITS	ALLOCATION KEY	ACHIEVEMENT RATE	AMOUNT OF VARIABLE COMPENSATION *(in €)*
Turnover	-/+10%	20%	53.03%	73,358
Net income	-/+20%	20%	0%	0
Cost ratio after reinsurance	+/-3 pts	10%	140.00%	96,833
Gross loss ratio excluding claims handling expenses	+/-5 pts	10%	0%	0
TOTAL (A)		60%	24.606%	170,191

STRATEGIC AND MANAGERIAL OBJECTIVES	VARIATION LIMITS	ALLOCATION KEY	ACHIEVEMENT RATE	AMOUNT OF VARIABLE COMPENSATION *(in €)*
Continuation of cultural transformation, strengthening of employee engagement and customer satisfaction	0/125%	15%	125%	129,688
New strategic plan	0/125%	10%	125%	86,458
CSR strategy	0/125%	10%	100%	69,167
Strengthening of the succession plan for the Executive Committee	0/125%	5%	125%	43,229
TOTAL (B)		40%	47.5%	328,542
TOTAL (A + B)		**100%**	**72.106%**	**498,733**

COMPONENTS OF COMPENSATION	AMOUNT ALLOCATED	AMOUNT PAID	COMMENTS
Annual variable compensation paid ("2019 bonus")		€609,507	The achievement rate for 2019 objectives is 151.43%, broken down as follows: (see tables below)

FINANCIAL OBJECTIVES	VARIATION LIMITS	ALLOCATION KEY	ACHIEVEMENT RATE	AMOUNT OF VARIABLE COMPENSATION *(in €)*
Turnover	-/+10%	20%	174.43%	200,595
Net income	-/+20%	20%	250.00%	287,500
Internal general overheads excluding exceptional items	+/-5%	10%	52.44%	30,153
Gross loss ratio excluding claims handling expenses	+/-5 pts	10%	163.00%	93,725
TOTAL (A)		60%	106.43%	611,973

STRATEGIC AND MANAGERIAL OBJECTIVES	VARIATION LIMITS	ALLOCATION KEY	ACHIEVEMENT RATE	AMOUNT OF VARIABLE COMPENSATION *(in €)*
New strategic plan	0/125%	15%	100%	86,250
Internal model	0/125%	15%	125%	107,813
Strengthening of the succession plan for the Executive Committee	0/125%	5%	100%	28,750
Continuation of the cultural transformation, commercial processes and projects	0/125%	5%	125%	35,938
TOTAL (B)			45.00%	258,750
TOTAL (A + B)			**151.43%**	**870,723**

The bonus due for financial year 2019 is therefore €870,723 and will be paid as follows:
- **70% of the total amount paid in 2020, *i.e.*, €609,507;**
- 15% of the total amount deferred to 2021, *i.e.*, €130,608;
- 15% of the total amount deferred to 2022, *i.e.*, €130,608.

COMPONENTS OF COMPENSATION	AMOUNT ALLOCATED	AMOUNT PAID	COMMENTS
Deferred variable compensation ("2017 bonus")		€131,109	Xavier Durand's 2017 bonus was €874,058, paid as follows: • 70% of the total amount paid in 2018, *i.e.*, €611,840; • 15% of the total amount deferred to 2019, *i.e.*, €131,109; • **15% of the total amount deferred to 2020, *i.e.*, €131,109.**
Deferred variable compensation ("2018 bonus")		€136,130	Xavier Durand's 2018 bonus was €907,532, paid as follows: • 70% of the total amount paid in 2019, *i.e.*, €635,272; • **15% of the total amount deferred to 2020, *i.e.*, €136,130;** • 15% of the total amount deferred to 2021, *i.e.*, €136,130.
Long-term variable compensation (allocation of free performance shares) – 2020 LTIP	€717,900 (IFRS fair value)		75,000 shares are awarded under the 2020 Long-Term Incentive Plan (2020 LTIP), representing an IFRS fair value of €717,900 (€862,463 on award, based on the average opening share price for the last 20 stock market trading sessions preceding the date of the Board meeting). Vesting is subject to conditions of presence and performance as detailed above in point a.
Other benefits	€14,516	€14,516	Xavier Durand is entitled to a company vehicle and the payment of 62.5% of the contributions payable to the social security regime for company managers and corporate officers. He is entitled to the Group healthcare and protection schemes in place for all employees and has no supplementary retirement scheme.
Total compensation	**€1,922,816**	**€1,582,929***	

* *This amount does not take into account the shares allocated to Xavier Durand under the 2017 LTIP, which vested on February 9, 2020 and were delivered on February 10, 2020 as the performance condition was 100% achieved, i.e. 60,000 shares (IFRS fair value of €318,300 – €699,000 in capital gain on acquisition). As agreed under the Plan's regulations, Xavier Durand must retain 30% of the shares acquired under the 2017 LTIP until the end of his corporate term of office or of any other role that he might be required to hold within Coface, which corresponds to 18,000 shares under this Plan.*

Note that payment of the 2020 bonus is subject to the approval of the Ordinary Shareholders' Meeting that approves the financial statements for the 2020 financial year.

c. Fairness ratio between the level of compensation of the Chief Executive Officer and the average and median compensation of the Company's employees

In accordance with the terms of Decree No. 2019-1234 of November 27, 2019 relating to the compensation of corporate officers of listed companies provided for under law No. 2019-486 of May 22, 2019 (the so-called PACTE law), the Company provides here the ratio of the level of compensation of the Chief Executive Officer to the average and median full-time equivalent compensation of the Company's employees.

This analysis was conducted taking into account the "guidelines on compensation multiples" issued by the AFEP (the French Association of Private Enterprises) on September 27, 2019 and updated in February 2021. The scope used for the analysis is the France scope (all employees established in France and continuously present during the reference year), which is the Chief Executive Officer's market and is the most relevant for this comparison. It takes into account the gross components of compensation paid or awarded for financial year N (fixed pay, variable compensation paid during financial year N for year N-1, deferred variable portion paid during financial year N for previous financial years, free performance shares awarded for financial year N valued at IFRS fair value, and benefits in kind).

It concerns only the Chief Executive Officer; the Chairman of the Board of Directors received no compensation for his corporate office within COFACE SA.

FINANCIAL YEAR	2016	2017	2018	2019	2020	BENCHMARK SBF 120 [1]
Ratio to average employee compensation	12.3	17.8	23.7	24.1	29.1	40
Ratio to median employee compensation	13.8	21.2	29.2	29.0	35.2	55

/ EXPLANATIONS FOR THE CHANGE IN THE RATIO OVER THE REFERENCE PERIOD

- **Financial year 2016:** as regards the first year of the term of office of Xavier Durand, the compensation paid in 2016 does not include annual variable compensation for 2015. The ratio is therefore abnormally low for this financial year.
- **Financial year 2017:** Xavier Durand's compensation includes the cash portion of the guaranteed bonus at 80% for 2016 (*i.e.*, 70% of the bonus amount for 2016, 30% of the annual variable compensation being deferred and paid in years N+2 and N+3). Financial year 2017 does not therefore reflect a full year of compensation in terms of the rate of achievement and payment.
- **Financial year 2018:** first full year of Xavier Durand's compensation, including a performance bonus for 2017 (152.01% achievement of the objectives set over the period) and the first deferred variable compensation amount paid in respect of the 2016 bonus.
- **Financial year 2019:** Xavier Durand's compensation includes a performance bonus for 2018 (157.83% achievement of the objectives set over the period), comparable to 2017, and the second deferred variable compensation amount paid in respect of the 2016 bonus and the first for the 2017 bonus; the ratios were relatively stable between 2018 and 2019.

Financial year 2020: Xavier Durand's compensation includes a performance bonus for 2019 (151.43% achievement of the objectives set over the period), comparable to 2017 and 2018, the second deferred variable compensation amount paid in respect of the 2017 bonus and the first for the 2018 bonus. In addition, Xavier Durand's fixed compensation was revised from €575,000 to €750,000 in 2020, on his reappointment, in order to take into account:

- Individual performance: Xavier Durand outperformed his objectives for the previous three financial years,
- Market practice: Xavier Durand's fixed compensation was voluntarily set below the market median at the time he took office in 2016 (17% below the market median[1] in base salary and -21% overall in 2019) and was not reviewed in his first four years in office, in accordance with the Company's policy and the recommendations of the AFEP-MEDEF code. This review allowed the Xavier Durand's compensation to be positioned at a competitive level, slightly above the market median (+7% compared to the median base salary and +9% overall). The fairness ratio therefore changed over the period but remains well below the benchmarks made up of SBF 120 companies.

(1) *Avzerage ratio - source Willis Towers Watson*

/ ANNUAL CHANGES IN COMPENSATION, THE COMPANY'S PERFORMANCE, AVERAGE FULL-TIME EQUIVALENT COMPENSATION FOR THE COMPANY'S EMPLOYEES AND THE AFOREMENTIONED RATIOS DURING THE FIVE MOST RECENT FINANCIAL YEARS

	2016	2017	2018	20198	2020
Change in the compensation of the Chief Executive Officer (as a%)	(34%)	57%	41%	9%	22%
Change in the average compensation of employees (as a%)	(1%)	8%	6%	7%	1%
Ratio to average employee compensation	12.3	17.8	23.7	24.1	29.1
Change in ratio (as a%) *vs.* average employee compensation compared to the previous year	(33%)	45%	33%	2%	21%
Ratio to median employee compensation	13.8	21.2	29.2	29.0	35.2
Change in ratio (in%) *vs.* median compensation of employees compared to the previous financial year	(33%)	54%	37%	(1%)	21%
Change in net income	(67%)	100%	47%	20%	(44%)
Change in turnover	(5%)	(4%)	2%	7%	(2%)

Note: In an economic environment marked by a sharp slowdown in our policyholders' activity, operating performance remained very satisfactory; turnover was stable and net income remained positive over the period.

However, in order to take account of the economic situation, it was agreed:

- To maintain the objectives set for Xavier Durand's annual variable compensation as defined before the health crisis; the 2020 bonus is down 43% compared to 2019 (from €870,723 for 2019 to €498,733 for 2020),
- Not to modify the performance evaluation criteria of the 2018 Long-Term Incentive Plan measured at December 31, 2020, the delivery of which was scheduled for February 2021; 65,000 shares, or all of the shares awarded under the 2018 LTIP, will not be delivered to Xavier Durand (value of €594,198 on the award date), resulting in a 40% decrease in total compensation paid in 2021 compared to 2020,
- To set the maximum amount of the free performance shares allocated to Xavier Durand under the Long-Term Incentive Plans at 20% of the budget allocated for the fiscal year and 125% of his fixed compensation as from 2021,
- Finally, in accordance with the recommendations of the AFEP-MEDEF Code, it was agreed that, except in exceptional circumstances, the compensation structure of the Chief Executive Officer, including fixed compensation, will only be reviewed at lengthy intervals; the review must be justified in light of changes in responsibilities, performance and market competitiveness.

d. Structure of the compensation of the Chief Executive Officer for financial year 2021

As part of the renewal of the Chief Executive Officer's term of office for a period of four years, at the proposal of the Nominations and Compensation Committee, after the decision from the Board of Directors and **subject to approval by the Shareholders' Meeting**, the compensation for Xavier Durand for 2021 will comprise the following components:

COMPONENTS OF COMPENSATION	TARGET AMOUNT	COMMENTS
Fixed compensation	€750,000	Gross annual compensation set at €750,000 on the renewal of Xavier Durand's term of office, **maintained for 2021**.
Target annual variable compensation ("bonus")	€750,000	Target variable compensation is **maintained at 100% of fixed compensation**, *i.e.*, €750,000. Its structure remains unchanged. It therefore comprises 60% financial objectives and 40% strategic and managerial objectives, defined as follows for 2021:

FINANCIAL OBJECTIVES	VARIATION LIMITS	ALLOCATION KEY
Turnover	-/+10%	20%
Net income	-/+20%	20%
Cost ratio after reinsurance	+/-3 pts	10%
Gross loss ratio excluding claims handling expenses	+/-5 pts	10%
TOTAL (A)		60%

STRATEGIC AND MANAGERIAL OBJECTIVES	VARIATION LIMITS	ALLOCATION KEY
Strategic plan	0/125%	15%
CSR strategy/ESG performance of the investment portfolio calculated by Amundi	0/125%	10%
Maintaining employee engagement and customer satisfaction	0/125%	10%
Executive Committee succession plan	0/125%	5%
TOTAL (B)		40%
TOTAL (A + B)		**100%**

The objectives set reflect the Company's strategy. They uphold its corporate interests and contribute to its commercial strategy and long-term viability.

The maximum achievement rate for variable compensation is 200%, broken down as follows:
- 150% for financial objectives (i.e., a maximum achievement rate of 250%);
- 50% for strategic and managerial objectives (i.e., a maximum achievement rate of 125%).

The achievement rate for financial objectives is defined in the scope of variation limits, as follows:
- the lower end of the variation limit corresponds to the trigger threshold, *i.e.* 0% achieved;
- the objective level corresponds to 100% achievement;
- between the lower end of the variation limit and the objective, the achievement rate is set on a straight-line basis between 0% and 100% of achievement;
- between the objective and the upper end of the variation limit, the achievement rate is calculated on a straight-line basis between 100% and 250% of achievement,

Thus, if the achievement rate for one of the financial objectives is at or below the lower end of the variation limit for this objective, no compensation will be paid for it.

The payment of 30% of the annual variable compensation ("bonus") is deferred and paid as follows: 50% in N+2 and 50% in N+3. A penalty system is introduced in the event of dismissal for serious misconduct or gross negligence or observed losses prior to the payment date.

COMPONENTS OF COMPENSATION	TARGET AMOUNT	COMMENTS
Long-term variable compensation (allocation of free performance shares) – 2021 LTIP	€641,362 (value on award date)	75,000 shares are awarded under the 2021 Long-Term Incentive Plan (2021 LTIP), representing €641,362 on award, based on the average opening share price for the last 20 stock market trading sessions preceding the date of the Board meeting. The maximum amount of the free performance shares allocated to Xavier Durand under the 2021 LTIP is set at 20% of the budget allocated for the fiscal year and 125% of his fixed compensation. For 2021, Xavier Durand's allocation corresponds to 16% of the maximum budget allocated for the fiscal year and 85% of his fixed compensation. Free performance shares will be definitively vested on February 12, 2024, subject to presence and performance conditions measured over the term of the plan until December 31, 2023, as follows: ● 40% of the shares allocated will be vested subject to the relative performance of COFACE SA's shares, measured by COFACE SA's Total Shareholder Return (TSR) compared to the TSR of companies comprising the Euro Stoxx Assurance index over the period from January 1, 2021 to December 31, 2023; ● 40% of the shares allocated will be vested subject to achievement of net earnings per share at December 31, 2023. ● 20% of the shares allocated will be vested subject to the achievement of the CSR criterion linked to increasing the proportion of women in senior management (Top 200) at December 31, 2023. A trigger threshold is set at 80% of the objective for each criterion. Thus, if the achievement rate for one of the criteria is less than 80% of the objective, performance in respect of this criterion will be unfulfilled. The share vesting period is set at three years starting from February 10, 2021. The plan does not include a minimum holding period. The Board decided that 30% of the CEO's shares vested under the 2021 LTIP should be retained until the end of his term of office or of any other role that he might hold within Coface. The objective of long-term variable compensation is to provide a longer-term perspective on the Chief Executive Officer's action, as well as to retain their loyalty and to encourage the alignment of their interests with the corporate interests of the Company and the shareholders.
Other benefits	€14,516 (estimate excluding medical assessment)	Xavier Durand is entitled to a company vehicle and the payment of 62.5% of the contributions payable to the social security regime for company managers and corporate officers. He is entitled to the Group healthcare and protection schemes in place for all employees and has no supplementary retirement scheme. A medical chek-up will be offered to Xavier Durand in 2021.
Target total compensation 2021	**€2,155,878**	**Subject to the approval of the shareholders' meeting**

* *The Board of Directors meeting of February 10, 2021 approving the financial statements for 2020 confirmed that the performance condition attached to the 2018 Long-Term Incentive Plan (2018 LTIP) was not met; the shares awarded to Xavier Durand under this plan that were to vest and be delivered on February 15, 2021, representing 65,000 shares for a value of €594,198 at the grant date (€463,320 at IFRS fair value) were therefore cancelled.*

Severance compensation

Should his term of office be terminated, Xavier Durand would be entitled to severance pay of an amount equal to two years' salary (fixed and variable). The reference used for the fixed portion will be the salary for the current financial year at the date his duties cease. The reference for the variable portion will be the average of the variable compensation received for the three financial years preceding the date of termination of his duties.

This severance pay will be due if the following performance criteria have been met:

- achievement of at least 75% of the average annual objectives during the three financial years preceding the departure date; and
- the Company's combined ratio after reinsurance is at most 95% on average for the three financial years preceding the departure date.

If just one of the two conditions above has been fulfilled, 50% of the severance pay will be due. If neither of the conditions above has been met, no severance pay will be due. No severance pay will be paid by the Company if the corporate term is ended at Xavier Durand's initiative or in the event of termination for serious misconduct or gross negligence. The compensation components and corporate benefits governed by the regulated agreements procedure in accordance with the provisions of the French Commercial Code are subject to the approval of the Company's Shareholders' Meeting.

Xavier Durand does not have an employment contract.

Following the renewal of his term of office in 2020, given his responsibilities as Chief Executive Officer and in order to preserve the Company's interests, the Board of Directors resolved to introduce a non-competitor clause.

It is understood that the total maximum amount paid to Xavier Durand in respect of the application of the severance compensation and the non-competitor clause may under no circumstances exceed two years' salary (fixed and variable).

Directors' compensation

Principles of directors' compensation

The Group's policy is not to allocate compensation to management representatives who perform the duties of directors in Group companies or to directors representing the principal shareholder, Natixis. The Chairman of the Board of Directors does not therefore receive any compensation for his corporate office within COFACE SA.

The compensation policy for corporate officers has been adapted to the usual practices of listed companies and guarantees the independence of directors.

Components of directors' compensation

The total annual package allocated to the compensation of directors in 2020 amounted to €450,000, divided between the Board of Directors, the Audit and Accounts Committee, the Risk Committee and the Nominations and Compensation Committee. The rules for distributing attendance fees are as follows:

		FIXED PORTION *(per year prorata temporis of the term of office)*	**VARIABLE PORTION** *(per meeting and capped*)*
Board of Directors	Members	€8,000	€3,000
	Chairman	€17,000	€3,000
Audit and Accounts Committee	Members	€5,000	€2,000
	Chairman	€17,000	€3,000
Risk Committee	Members	€5,000	€2,000
	Chairman	€8,000	€3,000
Nominations and Compensation Committee	Members	€3,000	€2,000

* *Capped:*
- at six meetings for the Board of Directors, the Audit and Accounts Committee and the Risk Committee;
- at five meetings for the Nominations and Compensation Committee.

a. Compensation payable to directors for 2020

On the basis of six Board meetings per year; six Audit and Accounts Committee meetings; six Risk Committee meetings; five Nominations and Compensation Committee meetings	**FINANCIAL YEAR 2020 – MAXIMUM GROSS COMPENSATION AMOUNTS** — **AMOUNT OF COMPENSATION**	**FIXED PORTION** *(in%)*	**VARIABLE PORTION** *(in%)*
Member of the Board of Directors	€26,000	31	69
Member of the Board of Directors + Chairman of the Audit and Accounts Committee	€61,000	41	59
Member of the Board of Directors + Member of the Audit and Accounts Committee	€43,000	30	70
Member of the Board of Directors + Chairman of the Risk Committee	€61,000	41	59
Member of the Board of Directors + Member of the Risk Committee	€43,000	30	70
Member of the Board of Directors + Chairman of the Nominations and Compensation Committee	€49,000	33	67
Member of the Board of Directors + Member of the Nominations and Compensation Committee	€39,000	28	72

The table below presents the compensation due to the members of the Company's Board of Directors in 2019 and 2020.

NON-CORPORATE OFFICERS	FIRST APPOINTMENT (1)	EXPIRY OF THE TERM OF OFFICE (1)	AMOUNTS DUE FOR FINANCIAL YEAR 2020 (2)	AMOUNTS PAID IN FINANCIAL YEAR 2019 (2)
Jean Arondel	Nov. 21, 2012	2020 (3)	26,000	26,000
Other compensation			-	-
Nathalie Bricker	May 16, 2019	2022 (3)	- (4)	- (4)
Other compensation			-	-
Éric Hémar	Jul. 1, 2014	2021 (3)	58,000	55,000
Other compensation			-	-
Daniel Karyotis	Feb. 8, 2017	2020 (3)	26,000	23,000
Other compensation			-	-
Isabelle Laforgue	Jul. 27, 2017	2020 (3)	41,000	41,000
Other compensation			-	-
Nathalie Lomon	Jul. 27, 2017	2020 (3)	58,000	55,000
Other compensation			-	-
Sharon MacBeath	Jul. 1, 2014	2021 (3)	35,000	33,000
Other compensation			-	-
Marie Pic-Pâris	Oct. 23, 2019	2020 (3)	41,000	5,000
Other compensation			-	-
Isabelle Rodney	Nov. 3, 2016	2020 (3)	41,000	41,000
Other compensation			-	-
Anne Sallé-Mongauze	Nov. 3, 2016	2020 (3)	- (4)	- (4)
Other compensation			-	-
Olivier Zarrouati	Jul. 1, 2014	2021 (3)	43,000	40,000
Other compensation			-	-

(1) The dates of appointments and ends of terms of office for the Board of Directors are available in Section 2.1.1 "Mapping of the characteristics of the members of the Board of Directors for financial year 2020".
(2) In euros, on a gross basis (before social security contributions and tax).
(3) Shareholders' Meeting called to approve the financial statements for the financial year ending December 31 of the year in question.
(4) Nathalie Bricker, Chief Financial Officer of Natixis, waives her compensation for her participation on the Board of Directors of COFACE SA pursuant to the Natixis policy. The same applies to Anne Sallé-Mongauze, CEO of a wholly owned subsidiary of Natixis.

b. Principles and components of directors' compensation for 2021

In accordance with the provisions of the PACTE law, which entered into force in November 2019, the attendance fees policy was replaced by the directors' compensation policy in January 2020.

Starting from his nomination on February 10 2021, the chairman of the Board of Directors M Bernardi Sanchez Incera, independent member of the Board, will be paid an annual compensation set at EUR 180,000. The other principles of the corporate officers' compensation policy will remain unchanged for 2021

8.2 RESOLUTIONS SUBJECT TO THE APPROVAL OF THE COMBINED SHAREHOLDERS' MEETING OF MAY 12, 2021

8.2.1 Draft agenda

For details of this draft, please refer to Section 8.1 "Draft report of the Board of Directors on the draft resolutions submitted to the Combined Shareholders' Meeting" of this Universal Registration Document.

Within the authority of the Ordinary Shareholders' Meeting

- Reports of the Board of Directors and of the Statutory Auditors on the Company's operations during the financial year ended December 31, 2020.
- Approval of the parent company financial statements for the year ended December 31, 2020.
- Approval of the consolidated financial statements for the year ended December 31, 2020.
- Allocation of earnings.
- Ratification of the co-optation of Mr Nicolas Namias as a director.
- Ratification of the co-optation of Mr Bernardo Sanchez Incera as a director.
- Ratification of the co-optation of Mr Nicolas Papadopoulo as a director.
- Ratification of the co-optation of Ms Janice Englesbe as a director.
- Ratification of the co-optation of Mr Benoit Lapointe de Vaudreuil as a director.
- Ratification of the co-optation of Mr Christopher Hovey as a director.
- Renewal of the term of office of Ms Nathalie Lomon.
- Renewal of the term of office of Ms Isabelle Laforgue.
- Renewal of the term of office of Mr Bernardo Sanchez Incera.
- Renewal of the term of office of Mr Nicolas Papadopoulo.
- Renewal of the term of office of Ms Janice Englesbe.
- Renewal of the term of office of Mr Benoit Lapointe de Vaudreuil.
- Renewal of the term of office of Mr Christopher Hovey.
- Authorisation for the Board of Directors to trade in the Company's shares.
- Approval of the Statutory Auditors' special report on the agreements and commitments governed by Articles L.225-38 *et seq.* of the French Commercial Code.
- Approval of the information mentioned in Section I of Article L.22-10-9 of the French Commercial Code relating to the compensation of corporate officers, pursuant to Article L.22-10-34 I of the French Commercial Code.
- Approval of the fixed, variable and exceptional items comprising the total compensation and benefits of any kind paid during the financial year ended December 31, 2020, or allocated in respect of the same financial year to the Chief Executive Officer, pursuant to Article L.22-10-34 II of the French Commercial Code.
- Approval of the compensation policy applicable to members of the Board of Directors, pursuant to Article L.22-10-8 of the French Commercial Code.
- Approval of the remuneration policy applicable to the Chief Executive Officer, pursuant to Article L.22-10-8 of the French Commercial Code.
- Approval of the compensation policy applicable to the Chairman of the Board of Directors, pursuant to Article L.22-10-8 of the French Commercial Code.

Within the authority of the Extraordinary Shareholders' Meeting

- Amendment of Article 18 of the Articles of Association.
- Amendment of Article 19 of the Articles of Association.
- Delegation of authority to the Board of Directors to increase the share capital with cancellation of preferential subscription rights through the issue of shares of the Company reserved for subscribers to a company savings scheme.
- Delegation of authority to the Board of Directors to increase the share capital by issuing shares without pre-emptive subscription rights to a specified category of beneficiaries.
- Authorisation for the Board of Directors to allot existing or future shares free of charge to certain employees and corporate officers of the Company and related companies.
- Powers for the completion of formalities.

8.2.2 Draft resolutions to be submitted to the Combined Shareholders' Meeting

First resolution
(Approval of the parent company financial statements for the year ended December 31, 2020)

The General Meeting, voting in accordance with the quorum and majority requirements for Ordinary General Meetings, after taking cognisance of the reports of the Board of Directors and of the Statutory Auditors on the Company's financial statements for the year ended December 31, 2020, approves the Company's financial statements for said year as presented, as well as the transactions reflected in said financial statements and summarised in said reports.

Second resolution
(Approval of the consolidated financial statements for the year ended December 31, 2020)

The General Meeting, voting in accordance with the quorum and majority requirements for Ordinary General Meetings, after taking cognisance of the reports of the Board of Directors and the of Statutory Auditors on the consolidated financial statements for the year ended December 31, 2020, approves the consolidated financial statements for the said year as presented, as well as the transactions reflected in those financial statements and summarised in those reports.

Third resolution
(Appropriation of profit/loss for the year ended December 31, 2020)

The General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings:

- notes that the Company financial statements for the year ended December 31, 2020 show a net loss for the year of 18,938,377 euros;
- notes that the legal reserve, of an amount of 31,449,646 euros at December 31, 2020, exceeds the legal requirements;
- notes that the retained earnings at December 31, 2020 amount to 155,852,291 euros;
- notes that the distributable profit amounts to 136,913,914 euros;
- decides to allocate a total amount of 82,900,339 euros to the payment of shareholders, representing a payment of 0.55 euro per share.

It is specified that after distribution, retained earnings will be equal to 54,013,575 euros.

For beneficiaries who are natural persons resident for tax purposes in France, this dividend will automatically be subject to the one-off flat-rate withholding tax provided for in Article 200 A of the French General Tax Code, unless the global option for the progressive scale is chosen. If the option for the progressive scale is chosen, this option will give rise to the 40% proportional deduction provided for in Article 158, 2° of paragraph 3 of the French General Tax Code. The paying institution will make the flat-rate withholding tax provided for in Article 117 *quater* of the French General Tax Code, except for beneficiaries who are individuals resident in France for tax purposes and who have applied for an exemption under the conditions of Article 242 *quater* of the French General Tax Code.

The General Meeting, recalls, in accordance with the legal provisions, that the dividends distributed for the three previous financial years were as follows:

FINANCIAL YEAR	NUMBER OF SHARES REMUNERATED*	TOTAL AMOUNT *(in €)*	DIVIDEND DISTRIBUTED ELIGIBLE IN ITS ENTIRETY FOR THE ALLOWANCE OF 40% MENTIONED IN ARTICLE 158-3-2° OF THE FRENCH GENERAL TAX CODE *(in €)*
2017	155,574,817	52,895,437	52,895,437
2018	151,169,375	119,423,806	119,423,806
2019	0	0	0

* *The number of shares remunerated excludes treasury shares.*

The dividend will be detached from the share on May 19, 2021 and will be paid as from May 21, 2021. The treasury shares held by the Company as at May 19, 2021 will not carry rights to distribution.

The General Meeting grants full powers to the Board of Directors to determine the final overall amount of the sums distributed on the basis of the number of treasury shares held by the Company on May 19, 2021 and to make the necessary adjustments, based on the amount of dividends actually paid out, and more generally to take all necessary steps to ensure the successful completion of the transactions coming under this resolution.

Fourth resolution
(Ratification of the co-optation of Mr Nicolas Namias as a director)

The General Meeting, voting in accordance with the quorum and majority requirements for Ordinary General Meetings, after taking cognisance of the report of the Board of Directors, ratifies the co-optation of Mr Nicolas Namias as a director, which took place at the meeting of September 9, 2020, to replace Mr François Riahi, until the expiry of the latter's term of office, *i.e.* at the end of this General Meeting called to approve the financial statements for the year ended December 31, 2020.

Fifth resolution
(Ratification of the co-optation of Mr Bernardo Sanchez Incera as a director)

The General Meeting, voting in accordance with the quorum and majority requirements for Ordinary General Meetings, after taking cognisance of the report of the Board of Directors, ratifies the co-optation of Mr Bernardo Sanchez Incera as a director, which took place at the meeting of February 10, 2021, to replace Ms Anne Sallé Mongauze, who resigned, until the expiry of the latter's term of office, *i.e.* at the end of this General Meeting called to approve the financial statements for the year ended December 31, 2020.

Sixth resolution
(Ratification of the co-optation of Mr Nicolas Papadopoulo)

The General Meeting, voting in accordance with the quorum and majority requirements for Ordinary General Meetings, after taking cognisance of the report of the Board of Directors, ratifies the co-optation of Mr Nicolas Papadopoulo as a director, which took place at the meeting of February 10, 2021, to replace Mr Jean Arondel, who resigned, until the expiry of the latter's term of office, *i.e.* at the end of this General Meeting called to approve the financial statements for the year ended December 31, 2020.

Seventh resolution
(Ratification of the co-optation of Ms Janice Englesbe)

The General Meeting, voting in accordance with the quorum and majority requirements for Ordinary General Meetings, after taking cognisance of the report of the Board of Directors, ratifies the co-optation of Ms Janice Englesbe as a director, which took place at the meeting of February 10, 2021, to replace Mr Daniel Karyotis, who resigned, until the expiry of the latter's term of office, *i.e.* at the end of this General Meeting called to approve the financial statements for the year ended December 31, 2020.

Eighth resolution
(Ratification of the co-optation of Mr Benoit Lapointe de Vaudreuil)

The General Meeting, voting in accordance with the quorum and majority requirements for Ordinary General Meetings, after taking cognisance of the report of the Board of Directors, ratifies the co-optation of Mr Benoit Lapointe de Vaudreuil as a director, which took place at the meeting of February 10, 2021, to replace Ms Isabelle Rodney, who resigned, until the expiry of the latter's term of office, *i.e.* at the end of this General Meeting called to approve the financial statements for the year ended December 31, 2020.

Ninth resolution
(Ratification of the co-optation of Mr Christopher Hovey)

The General Meeting, voting in accordance with the quorum and majority requirements for Ordinary General Meetings, after taking cognisance of the Board of Directors' report, ratifies the co-optation of Mr Christopher Hovey as a director, which took place at the meeting of February 10, 2021, to replace Ms Marie Pic Paris, who resigned, until the expiry of the latter's term of office, *i.e.* at the end of this General Meeting called to approve the financial statements for the financial year ended December 31, 2020.

Tenth resolution
(Renewal of the term of office of Ms Nathalie Lomon)

The General Meeting, voting in accordance with the quorum and majority requirements for Ordinary General Meetings, after taking cognisance of the report of the Board of Directors, noting that the term of office of Ms Nathalie Lomon expires on the date hereof, reappoints Ms Nathalie Lomon as a director for a term of four years, with effect from the end of this meeting. This term of office will expire at the end of the Annual General Meeting convened in 2025 to approve the financial statements for the year ending December 31, 2024.

Eleventh resolution
(Renewal of the term of office of Ms Isabelle Laforgue)

The General Meeting, voting in accordance with the quorum and majority requirements for Ordinary General Meetings, after taking cognisance of the report of the Board of Directors, noting that the term of office of Ms Isabelle Laforgue expires on the date hereof, reappoints Ms Isabelle Laforgue as a director for a term of four years, with effect from the end of this meeting. This term of office will expire at the end of the Annual General Meeting to be held in 2025 to approve the financial statements for the year ending December 31, 2024.

Twelfth resolution
(Renewal of the term of office of Mr Bernardo Sanchez Incera)

The General Meeting, voting in accordance with the quorum and majority requirements for Ordinary General Meetings, after taking cognisance of the report of the Board of Directors and noting that the term of office of Mr Bernardo Sancho Incera expires on the date hereof, reappoints Mr Bernardo Sanchez Incera as a director for a term of four years with effect from the end of this meeting. This term of office will expire at the end of the Annual General Meeting to be held in 2025 to approve the financial statements for the year ending December 31, 2024.

Thirteenth resolution
(Renewal of the term of office of Mr Nicolas Papadopoulo)

The General Meeting, voting in accordance with the quorum and majority requirements for Ordinary General Meetings, after taking cognisance of the report of the Board of Directors, noting that the term of office of Mr Nicolas Papadopoulo expires on the date hereof renews Mr Nicolas Papadopoulo's term of office as a director for a term of four years, with effect from the end of this meeting. This term of office will expire at the end of the Annual General Meeting to be held in 2025 to approve the financial statements for the year ending December 31, 2024.

Fourteenth resolution
(Renewal of the term of office of Ms Janice Englesbe)

The General Meeting, voting in accordance with the quorum and majority requirements for Ordinary General Meetings, after taking cognisance of the report of the Board of Directors, noting that the term of office of Ms Janice Englesbe as a director expires on the date hereof, reappoints Ms Janice Englesbe as a director for a term of four years, with effect from the end of this meeting. This term of office will expire at the end of the Annual General Meeting to be held in 2025 to approve the financial statements for the financial year ending December 31, 2024.

Fifteenth resolution
(Renewal of the term of office of Mr Benoit Lapointe de Vaudreuil)

The General Meeting, in accordance with the quorum and majority requirements for Ordinary General Meetings, after taking cognisance of the report of the Board of Directors, noting that the term of office of Mr Benoit Lapointe de Vaudreuil expires on the date hereof, hereby renews Mr Benoit Lapointe de Vaudreuil's term of office as a director, with effect from the end of this meeting, for a term of four years. This term of office will expire at the end of the Annual General Meeting to be held in 2025 to approve the financial statements for the year ended December 31, 2024.

Sixteenth resolution
(Renewal of the term of office of Mr Christopher Hovey)

The General Meeting, voting in accordance with the quorum and majority requirements for Ordinary General Meetings, after taking cognisance of the report of the Board of Directors, noting that the term of office of Mr Christopher Hovey expires on the date hereof, reappoints Mr Christopher Hovey as a director for a term of four years, with effect from the end of this meeting. This term of office will expire at the end of the Annual General Meeting to be held in 2025 to approve the financial statements for the financial year ending December 31, 2024.

Seventeenth resolution
(Authorisation for the Board of Directors to trade in the Company's shares)

The General Meeting, voting in accordance with the quorum and majority requirements for Ordinary General Meetings, after taking cognisance of the report of the Board of Directors:

1. authorises the Board of Directors, with the option to sub-delegate such authority in accordance with the provisions of Articles L.22-10-62 *et seq.* and L.225-210 *et seq.* of the French Commercial Code, to purchase or cause to be purchased, on one or more occasions and at such times as it shall determine, a number of shares in the Company not to exceed:
   a) 10% of the total number of shares comprising the share capital at any time, or
   b) 5% of the total number of shares making up the share capital in the case of shares acquired by the Company with a view to their retention and subsequent delivery in payment or exchange in connection with a merger, demerger or contribution.
   c) These percentages apply to a number of shares adjusted, if necessary, in accordance with transactions that may affect the share capital after this General Meeting.
   d) Under no circumstances may the acquisitions made by the Company result in the Company holding at any time more than 10% of the shares comprising its share capital;
2. decides that this authorisation may be used to:
   a) ensure liquidity and animate the market for the Company's shares through an investment services provider acting independently under a liquidity agreement in accordance with the market practices accepted by the Autorité des marchés financiers on July 2, 2018,

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b) allocate shares to the corporate officers and employees of the Company and other Group entities, and in particular in connection with (i) profit-sharing, (ii) any Company stock option plan, in accordance with the provisions of Articles L.225-177 *et seq.* and L.22-10-56 *et seq.* of the Commercial Code, or (iii) any savings plan in accordance with the provisions of Articles L.3331-1 *et seq.* of the French Labour Code or (iv) any free allocation of shares under the provisions of Articles L.225-197-1 *et seq.* and L.22-10-59 *et seq.* of the French Commercial Code, as well as to carry out any hedging transactions relating to such transactions, under the conditions provided for by the market authorities and at the times that the Board of Directors or the person acting on the authority of the Board of Directors shall deem appropriate,

c) deliver shares of the Company upon the exercise of rights attached to securities giving the right, directly or indirectly, by redemption, conversion, exchange, presentation of a warrant or in any other manner, to the allocation of shares of the Company within the framework of the regulations in force, as well as to carry out all hedging transactions relating to these transactions, under the conditions provided for by the market authorities and at the times that the Board of Directors or the person acting on the authority of the Board of Directors shall deem appropriate,

d) retain the shares of the Company and subsequently deliver them as payment or exchange in connection with any external growth, merger, demerger or contribution transactions,

e) cancel all or part of the securities so purchased,

f) implement any market practice that may be permitted by the Autorité des marchés financiers and, more generally, carry out any transaction in accordance with the regulations in force;

3. decides that the maximum unit purchase price may not exceed, excluding costs, 14 euros per share. The Board of Directors may, however, in the event of transactions affecting the Company's share capital, in particular a change in the nominal value of the share, a capital increase by capitalisation of reserves followed by the creation and allocation of free shares, or a stock split or reverse stock split, adjust the aforementioned maximum purchase price to take into account the impact of such transactions on the value of the Company's shares.

4. resolves that the acquisition, sale or transfer of these shares may be made and paid for by any means authorised by the regulations in force, on a regulated market, on a multilateral trading system, with a systematic internaliser or over-the-counter, in particular through the acquisition or sale of blocks, through the use of options or other derivative financial instruments, or through the use of warrants or, more generally, of securities giving entitlement to shares in the Company, at the times that the Board of Directors shall decide;

5. resolves that the Board of Directors may not use this authorisation, except with the prior authorisation of the General Meeting, from the filing by a third party of a proposed public offer for the Company's securities until the end of the offer period;

6. resolves that the Board of Directors shall have full powers, with the option to sub-delegate such powers in accordance with the relevant laws and regulations, to make the allocations and, where applicable, the permitted reallocations of the shares repurchased for one of the objectives of the programme to one or more of its other objectives, or to sell them, whether on or off the market.

Full powers are therefore granted to the Board of Directors, with the option to sub-delegate such powers in accordance with the applicable laws and regulations, to implement this authorisation, to specify, if necessary, the terms and conditions thereof and to determine the procedures in accordance with the law and this resolution, and in particular to place any stock market orders, enter into any agreements, in particular for the keeping of registers of purchases and sales of shares, make any declarations to the Autorité des marchés financiers or any other competent authority, draw up any documents, in particular information documents, carry out any formalities and, in general, do whatever may be necessary.

The Board of Directors shall inform the General Meeting, in accordance with the legal requirements, of the transactions carried out under this authorisation;

7. resolves that this authorisation, which cancels and replaces that granted by the fifth resolution of the General Meeting of May 14, 2020, is granted for a period of eighteen (18) months from the date of this General Meeting.

Eighteenth resolution

(Approval of the Statutory Auditors' special report on regulated agreements and commitments governed by Articles L. 225-38 et seq. of the French Commercial Code)

The General Meeting, voting in accordance with the quorum and majority requirements for Ordinary General Meetings, after taking cognisance of the Statutory Auditors' special report presented in accordance with Article L.225-40 of the French Commercial Code on the regulated agreements and commitments referred to in Articles L. 225-38 *et seq.* of the French Commercial Code, approves this report in all its provisions as well as the new agreements referred to therein that were authorised by the Board of Directors during the financial year ended December 31, 2020, or subsequent thereto, until the meeting of the Board of Directors at which the financial statements for the financial year ended December 31, 2020 were approved and takes note of the fact that the regulated agreements and commitments entered into and previously approved by the General Meeting, which are referred to therein, have continued during the financial year just ended.

Nineteenth resolution
(Approval of the information mentioned in Section I of Article L.22-10-9 of the French Commercial Code relating to the compensation of corporate officers, pursuant to Article L.22-10-34 I of the French Commercial Code)

The General Meeting, voting in accordance with the quorum and majority requirements for Ordinary General Meetings, having reviewed the report on corporate governance referred to in Article L.225-37 of the French Commercial Code and contained in Section 3.3 of Chapter 8 of the Company's 2020 Universal Registration Document, approves, pursuant to Article L.22-10-34 I of the French Commercial Code, the information referred to in Article L.22-10-9 of the French Commercial Code relating to the compensation of non-executive corporate officers for the year ended December 31, 2020, as presented in the aforementioned report.

Twentieth resolution
(Approval of the fixed, variable and exceptional items making up the total compensation and benefits of any kind paid during the financial year ended December 31, 2020, or allocated in respect of the same financial year to the Chief Executive Officer, pursuant to Article L.22-10-34 II of the French Commercial Code)

The General Meeting, voting in accordance with the quorum and majority requirements for Ordinary General Meetings, having reviewed the report on corporate governance referred to in Article L.225-37 of the French Commercial Code and contained in Section 6.3 of Chapter 7 of the Company's 2020 Universal Registration Document, approves, pursuant to Article L.22-10-34 II of the French Commercial Code, the fixed, variable and exceptional items making up the total compensation and benefits of any kind paid during the financial year ended December 31, 2020, or allocated in respect of the same financial year to the Company's Chief Executive Officer, as presented in the aforementioned report.

Twenty-first resolution
(Approval of the remuneration policy applicable to members of the Board of Directors, pursuant to Article L.22-10-8 of the French Commercial Code)

The General Meeting, voting in accordance with the quorum and majority requirements for Ordinary General Meetings, having reviewed the report on corporate governance referred to in Article L.225-37 of the French Commercial Code and contained in Section 3.3 of Chapter 8 of the Company's 2020 Universal Registration Document, approves, pursuant to Article L.22-10-8 of the French Commercial Code, the remuneration policy applicable to the members of the Board of Directors as determined by the Company's Board of Directors following the proposal of the Appointments and Remuneration Committee and presented in the aforementioned report.

Twenty-second resolution
(Approval of the remuneration policy applicable to the Chief Executive Officer, pursuant to Article L.22-10-8 of the French Commercial Code)

The General Meeting, voting in accordance with the quorum and majority requirements for Ordinary General Meetings, having reviewed the report on corporate governance referred to in Article L.225-37 of the French Commercial Code and contained in Section 3.3 of Chapter 8 of the Company's 2020 Universal Registration Document, approves, pursuant to Article L.22-10-8 of the French Commercial Code, the remuneration policy applicable to the Chief Executive Officer of the Company, as determined by the Company's Board of Directors following the proposal of the Appointments and Remuneration Committee and presented in the aforementioned report.

Twenty-third resolution
(Approval of the compensation policy applicable to the Chairman of the Board of Directors, pursuant to Article L.22-10-8 of the French Commercial Code)

The General Meeting, voting in accordance with the quorum and majority requirements for Ordinary General Meetings, having reviewed the report on corporate governance referred to in Article L.225-37 of the French Commercial Code and contained in Section 3.3 of Chapter 8 of the Company's 2020 Universal Registration Document, approves, pursuant to Article L.22-10-8 of the French Commercial Code, the remuneration policy applicable to the Chairman of the Board of Directors of the Company, as determined by the Board of Directors of the Company following the proposal of the Appointments and Remuneration Committee and presented in the aforementioned report.

Extraordinary resolutions

Twenty-fourth resolution (Amendment of Article 18 of the Articles of Association)

The General Meeting, voting in accordance with the quorum and majority requirements for Extraordinary General Meetings, having reviewed the Board of Directors' report, resolves to amend Article 18 of the Company's Articles of Association as follows (the amended part is highlighted in bold):

PREVIOUS WORDING	NEW WORDING
[...] Decisions are taken by a majority of the votes of the directors present or represented. In the event of a tie, the Chairman of the meeting shall have a casting vote. In compliance with the legal and regulatory provisions, the Board's internal regulations may provide that shall be deemed present for the calculation of the quorum and majority those directors who participate in the Board meeting by means of videoconferencing or telecommunications that meet the technical characteristics set by the legal and regulatory provisions in force. [...]	[...] Decisions are taken by a majority of the votes of the directors present or represented. In the event of a tie, the Chairman of the meeting shall have a casting vote. In compliance with the legal and regulatory provisions, the Board's internal regulations may provide that shall be deemed present for the calculation of the quorum and majority those directors who participate in the Board meeting by means of videoconferencing or telecommunications that meet the technical characteristics set by the legal and regulatory provisions in force. **Certain decisions of the Board of Directors may, under the conditions provided for by the legal and regulatory provisions in force and in particular Article L.225-37 of the French Commercial Code, be taken by written consultation with the Directors.** [...]

Twenty-fifth resolution (Amendment of Article 19 of the Articles of Association)

The General Meeting, voting in accordance with the quorum and majority requirements for Extraordinary General Meetings, having reviewed the Board of Directors' report, resolves to amend Article 19 of the Company's Articles of Association as follows (the amended part is highlighted in bold):

PREVIOUS WORDING	NEW WORDING
Article 19 - Attendance fees Irrespective of any reimbursement of expenses or allowances for special assignments that may be granted, directors may receive, as directors' fees, remuneration included in general expenses, the total amount of which is set by the shareholders' meeting. The Board shall distribute the above-mentioned remuneration among its members under such conditions as it deems appropriate.	Article 19 - **Remuneration allocated to directors** Irrespective of any reimbursement of expenses or allowances for special assignments that may be granted, directors may receive, as **remuneration**, a **fixed annual sum**, the total amount of which is set by the meeting of shareholders. The Board shall distribute the above-mentioned remuneration among its members under such conditions as it deems appropriate.

Twenty-sixth resolution (Delegation of authority to the Board of Directors to increase the share capital with cancellation of preferential subscription rights by issuing shares of the Company reserved for members of a company savings plan)

The General Meeting, voting in accordance with the quorum and majority requirements for Extraordinary General Meetings, having reviewed the report of the Board of Directors and the special report of the Statutory Auditors, and in accordance with the provisions of Articles L.225-129-2, L.225-129-6, L.225-138 and L.225-138-1 of the Commercial Code and Articles L.3332-18 *et seq.* of the Labour Code:

1. delegates to the Board of Directors, with the right to sub-delegate in accordance with the law and regulations, its authority to proceed, on one or more occasions, at its sole discretion, in the proportions and at the times it deems appropriate, both in France and abroad, with the issue of new shares, the issue being reserved for employees, former employees and eligible corporate officers of the Company and/or companies affiliated with the Company within the meaning of the provisions of Article L.225-180 of the Commercial Code and Article L.3344-1 of the Labour Code, who have subscribed to a company savings plan;
2. cancels, in favour of said subscribers, the shareholders' preferential subscription rights to the shares that may be issued under this authorisation and waives all rights to the shares that may be allocated free of charge under this resolution by way of discount and/or contribution;
3. resolves that the nominal amount of the capital increase that may be carried out pursuant to this delegation of authority may not exceed three million two hundred thousand euros (€3,200,000) or the equivalent in any other currency or monetary unit established by reference to several currencies, being specified that the nominal amount of any capital increase carried out pursuant to this delegation will be deducted from the overall nominal ceiling provided for capital increases in paragraph 2 of the fifteenth resolution of the General Meeting of May 14, 2020 and that the ceiling of this delegation will be common to that of the twenty-seventh resolution of this General Meeting. This ceiling will be increased, where applicable, by the nominal value of the shares to be issued in order to preserve, in accordance with applicable laws and regulations and, where applicable, contractual

provisions, the rights of holders of securities or other rights giving access to the Company's share capital;

4. resolves that the subscription price of the securities issued pursuant to this delegation will be determined in accordance with the provisions of Article L.3332-19 of the French Labour Code, being specified that the maximum discount in relation to an average of the listed prices of the share during the twenty trading sessions preceding the decision setting the opening date for subscriptions may not therefore exceed 30% (or 40% when the period of unavailability provided for by the plan pursuant to Articles L.3332-25 and L.3332-26 of the French Labour Code is greater than or equal to ten years). However, when implementing this delegation, the Board of Directors may reduce the amount of the discount on a case-by-case basis, in particular due to tax, social security or accounting constraints applicable in the countries in which the Group entities participating in the capital increase are located. The Board of Directors may also decide to grant free shares to subscribers for the new shares, in lieu of the discount and/or as part of the employer's contribution;
5. resolves that the Board of Directors shall have full powers, with the option to sub-delegate such powers in accordance with the law and regulations, to implement this delegation, within the limits and subject to the conditions specified above, in particular, in order to:
   a) decide to issue new shares of the Company,
   b) draw up the list of companies whose eligible employees, former employees and corporate officers may benefit from the issue, and set the conditions to be met by the beneficiaries in order to be able to subscribe, directly or through a mutual fund, for the shares to be issued pursuant to this delegation of authority,
   c) set the amounts of these issues and determine the subscription prices of the securities and the subscription dates, terms and conditions of each issue and the terms and conditions of subscription, payment and delivery of the shares issued pursuant to this delegation of authority, as well as the date, even with retroactive effect, from which the new shares will carry dividend rights,
   d) decide, pursuant to Article L.3332-21 of the French Labour Code, to grant, free of charge, shares to be issued or already issued, by way of contribution and/or, where applicable, discount, provided that the consideration of their pecuniary countervalue, valued at the subscription price, does not have the effect of exceeding the limits provided for in Article L.3332-11 of the Labour Code and, in the event of the issue of new shares at a discount and/or by way of a contribution, to incorporate into the capital the reserves, profits or issue premiums necessary to pay up the said shares,
   e) determine the time limit granted to subscribers for the payment of their securities,
   f) record or have recorded the completion of the capital increase up to the amount of shares effectively subscribed,
   g) at its sole initiative, charge the costs of the increase(s) in the share capital against the premiums relating to such increase(s) and deduct from this amount the sums necessary to increase the legal reserve to one tenth of the new capital after each increase;
   h) in general, take all measures and carry out all formalities necessary for the issue and listing of the shares issued pursuant to the capital increases and the corresponding amendments to the Articles of Association in virtue of this delegation;
6. resolves that the Board of Directors may not, without the prior authorisation of the General Meeting, make use of this delegation of authority as from the filing by a third party of a proposed public offer for the Company's securities until the end of the offer period;
7. resolves that this delegation, which cancels and replaces that granted by the nineteenth resolution of the General Meeting of May 14, 2020, is granted for a period of twenty-six (26) months from the date of this General Meeting.

Twenty-seventh resolution
(Delegation of authority to the Board of Directors to increase the share capital by issuing shares with cancellation of preferential subscription rights in favour of a specific category of beneficiaries)

The General Meeting, voting in accordance with the quorum and majority requirements for Extraordinary General Meetings, having reviewed the report of the Board of Directors and the special report of the Statutory Auditors and in accordance with the provisions of Articles L.225-129 *et seq.* and L.225-138 of the French Commercial Code:

1. delegates, with the right to sub-delegate in accordance with legal and regulatory conditions, its authority to proceed, on one or more occasions, at its sole discretion, in the proportions and at the times it deems appropriate, both in France and abroad, with the issue of new shares, the issue being reserved for one or more categories of beneficiaries meeting the following characteristics: (i) employees and/or corporate officers of the Company and/or companies affiliated with the Company within the meaning of the provisions of Article L.225-180 of the French Commercial Code and Article L.3344-1 of the French Commercial Code of the Labour Code and having their registered office outside France; (ii) one or more mutual funds or other entities governed by French or foreign law, with or without legal personality, subscribing on behalf of the persons designated in paragraph (i) above, and (iii) one or more financial institutions mandated by the Company to offer the persons designated in paragraph (i) above a savings or shareholding scheme comparable to those offered to the Company's employees in France;
2. cancels, in favour of the said beneficiaries, the shareholders' preferential subscription right to the shares that may be issued pursuant to this delegation;
3. notes that this delegation entails a waiver by the shareholders of their pre-emptive right to subscribe for the shares of the Company to which the securities issued pursuant to this delegation may entitle them;
4. resolves that the nominal amount of the capital increase that may be carried out pursuant to this delegation of authority may not exceed three million two hundred thousand euros (€3,200,000) or the equivalent in any other currency or monetary unit established by reference to several currencies, being specified that the nominal amount of any capital increase carried out pursuant to this delegation will be deducted from the overall nominal ceiling provided for capital increases in paragraph 2 of the fifteenth resolution of the General

Meeting of May 14, 2020 and that the ceiling of this resolution will be common to that of the twenty-sixth resolution of this General Meeting. This ceiling will be increased, where applicable, by the nominal value of the shares to be issued in order to preserve, in accordance with applicable laws and regulations and, where applicable, contractual provisions, the rights of the holders of securities or other rights giving access to the Company's share capital;

5. resolves that the subscription price of the securities issued pursuant to this delegation may not be more than 30% or, as the case may be, 40% lower than the average of the listed prices of the share during the twenty trading days preceding the date of the decision setting the opening date for subscriptions, nor may it be higher than this average. However, when implementing this delegation, the Board of Directors may reduce the amount of the discount on a case-by-case basis, in particular due to tax, social security or accounting constraints applicable in the countries in which the Group entities participating in the capital increase are located. In addition, in the event of a transaction carried out under this resolution concurrently with a transaction carried out pursuant to the twenty-sixth resolution of this General Meeting, the subscription price of the shares issued under this resolution may be identical to the subscription price of the shares issued on the basis of the twenty-sixth resolution of this General Meeting;

6. resolves that the Board of Directors shall have full powers, with the option to sub-delegate such powers in accordance with the legal and regulatory conditions, to implement this delegation, within the limits and under the conditions specified above, in particular in order to:

   a) determine the list of beneficiaries, within the categories of beneficiaries defined above, of each issue and the number of shares to be subscribed by each of them, pursuant to this delegation of authority,

   b) set the amounts of these issues and determine the prices and subscription dates, terms and conditions of each issue and the conditions of subscription, payment and delivery of the shares issued pursuant to this delegation of authority, as well as the date, even with retroactive effect, from which the new shares will carry dividend rights,

   c) determine the time limit granted to subscribers for the payment of their securities,

   d) record or have recorded the completion of the capital increase up to the amount of the shares effectively subscribed,

   e) at its sole initiative, charge the costs of the increase(s) in the share capital against the premiums relating to such increase(s) and deduct from this amount the sums necessary to increase the legal reserve to one tenth of the new capital after each increase,

   f) generally, take all measures and carry out all formalities necessary for the issue and listing of the shares issued pursuant to the capital increases and the corresponding amendments to the Articles of Association pursuant to this delegation;

7. resolves that the Board of Directors may not use this delegation of authority, unless authorised in advance by the General Meeting, from the time a third party files a proposed public offer for the Company's securities until the end of the offer period;

8. resolves that this delegation, which cancels and replaces that granted by the twentieth resolution of the General Meeting of May 14, 2020, is granted for a period of eighteen (18) months from the date of this General Meeting.

Twenty-eighth resolution

(Authorisation for the Board of Directors to allot existing or future shares free of charge to certain employees and corporate officers of the Company and related companies)

The General Meeting, deliberating in accordance with the quorum and majority requirements for Extraordinary General Meetings, after taking cognisance of the report of the Board of Directors and the special report of the Statutory Auditors:

1. authorises the Board of Directors, in accordance with the provisions of Articles L.225-197-1 *et seq.* and L.22-10-59 *et seq.* of the French Commercial Code, to allot existing or future shares of the Company free of charge, on one or more occasions, to certain employees and officers of the Company or of companies related to it under the conditions defined in Article L.225-197-2 of the French Commercial Code;

2. resolves that the total number of shares granted free of charge under this authorisation may not exceed 1% of the number of shares comprising the Company's share capital on the date of the Board's decision to grant them, and that the cumulative nominal amount of the capital increases that may result therefrom will be deducted from the overall nominal ceiling provided for capital increases in paragraph 2 of the fifteenth resolution of the General Meeting of May 14, 2020 or, as the case may be, from the amount of the overall ceiling provided for by any similar resolution that may supersede said resolution during the term of validity of this delegation;

3. resolves that the total number of free shares granted under this authorisation to the Company's executive directors may not represent more than 20% of the free shares granted under this authorisation;

4. resolves that the definitive allocation of shares may be subject, in whole or in part, to the fulfilment of performance conditions set by the Board of Directors, being specified that the definitive allocation of free shares to the Company's executive corporate officers will be subject, in particular, to the fulfilment of conditions of performance set by the Board of Directors;

5. resolves that the allocation of the shares to their beneficiaries will become definitive after a minimum acquisition period of three years and that these shares will not be subject to any obligation to retain them. The definitive allocation of the shares and the option to sell them freely will nevertheless inure to the beneficiary if the latter is affected by one of the cases of disability referred to in Article L.225-197-1 of the French Commercial Code;

6. notes that this authorisation automatically entails the express waiver by the shareholders, in favour of the beneficiaries of the free shares allotted, of (i) their preferential subscription rights to the shares to be issued and allotted free of charge, (ii) the portion of the reserves, profits or premiums that will be incorporated into the capital in the event of the free allotment of new

shares and (iii) any rights over the existing shares allotted free of charge. The corresponding capital increase will be definitively carried out by the sole fact of the definitive allocation of the shares to the beneficiaries;

7. grants the Board of Directors, with the option to sub-delegate to the extent permitted by law, all powers to implement, within the limits set above, this resolution and in particular to:

a) determine whether the shares granted free of charge are new shares and/or existing shares; determine the identity of the beneficiaries of the share grants and the number of shares granted to each of them,

b) set the dates and terms and conditions for the allocation of the shares, in particular the period at the end of which these allocations will be final and, where applicable, the required holding period for each beneficiary under the conditions set out above,

c) determine, where applicable, the conditions, in particular those relating to the performance of the Company or its Group, as well as the criteria according to which the shares will be allocated,

d) during the acquisition period, make any adjustments to the number of free shares granted, if any, in the light of any transactions affecting the Company's share capital, in order to preserve the rights of the beneficiaries, being specified that the shares granted pursuant to such adjustments will be deemed to have been granted on the same day as the shares initially granted,

e) more generally, acknowledge the dates of definitive allocation and the dates from which the shares may be freely transferred, taking into account legal restrictions, enter into any agreements, draw up any documents, carry out any formalities and make any declarations to any bodies and do anything else that may be necessary;

8. resolves that the Board of Directors shall also have full powers, with the option to sub-delegate such powers in accordance with the law, to deduct, where applicable, in the event of the issue of new shares, from the reserves, profits or issue premiums, the sums necessary to pay up the said shares, to record the completion of the capital increases carried out pursuant to this authorisation, to amend the Articles of Association accordingly and, in general, to carry out all necessary acts and formalities;

9. resolves that the Board of Directors may not, without the prior authorisation of the General Meeting, make use of this delegation of authority as from the filing by a third party of a proposed public offer for the Company's securities until the end of the offer period;

10. resolves that this authorisation, which cancels and replaces that granted by the twenty-fourth resolution of the General Meeting of May 16, 2018, is granted for a period of thirty-eight (38) months from the date of this General Meeting.

Twenty-ninth resolution
(Powers to carry out formalities)

The General Meeting, deliberating in accordance with the quorum and majority requirements for ordinary and Extraordinary General Meetings, grants full powers to the bearer of copies or extracts of these minutes to carry out all legal formalities.

8.3 STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of COFACE SA,

In our capacity as statutory auditors of your company, we hereby present to you our report on regulated agreements.

It is our responsibility to report to you, on the basis of the information provided to us, the characteristics, the main terms and conditions and the reasons justifying the interest for the Company, of the agreements brought to our attention or which we may have identified in the course of our audit. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of other agreements. It is your responsibility, in accordance with Article R.225-31 of the French Commercial Code (code de commerce), to evaluate the advantages of entering into these agreements prior to their approval.

It is moreover our responsibility to report to you, where applicable, the information required by Article R.225-31 of the French Commercial Code (code de commerce) relating to the performance, during the past financial year, of the agreements already approved by the Shareholders' Meeting.

We performed those procedures that we considered necessary to comply with the professional guidance issued by the French National Auditing Body (Compagnie nationale des commissaires aux comptes) relating to this mission.

Agreements submitted for approval to the annual general meeting

Agreements authorised and entered into during the last financial year

In accordance with Article L.225-40 of the French Commercial Code (code de commerce), we have been informed of the agreements entered into during the past year which were subject to the prior authorisation of your Board of Directors.

Issuance of guarantees as part of the factoring business

Nature, purpose and reasons justifying the interest for the Company:

Coface Finanz GmbH and Coface Poland Factoring Sp.z.o.o benefit from multi-currency credit lines with several banks including Natixis. At the request of the banks, COFACE SA is a joint guarantor for its factoring subsidiaries and thus guarantees the repayment of these lines of credit.

As the issuance dates of these guarantees are not aligned with those of the Boards of Directors, it seemed preferable to request that the Board of Directors authorise COFACE SA to issue guarantees within the limit of a global ceiling rather than to seek authorisation on a case-by-case basis.

This authorisation was granted by the Board of Directors at its meeting of December 19, 2017 for an amount of €452,000,000, of which €150,000,000 was allocated to Natixis.

This amount was increased by €100,000,000 at its meeting of July 25, 2018.

To cope with the unexpected increase in subsidiaries' liquidity needs in 2019, the guarantee envelope was raised to €784,000,000 at its meeting of December 18, 2018, of which €150,000,000 was allocated to Natixis.

On December 17, 2019, the Board of Directors increased this authorisation to €800,000,000, taking into account an increase in activities planned for 2020.

On December 16, 2020, the Board of Directors maintained this authorisation at €800 million, of which €100 million (100,000,000) was allocated to Natixis.

Terms and conditions:

Guarantors are paid by Coface Poland Factoring Sp.z.o.o. and Coface Finanz GmbH up to 0.20% of the guaranteed amount. As at December 31, 2020, the commitments did not result in any financial flows between COFACE SA and Natixis.

Reasons justifying its interest for the Company:

In the interest of autonomy from Natixis, and with the aim of diversifying the sources of financing of the factoring activity in Germany and Poland, COFACE SA wished to replace a number of bilateral lines with both financing lines historically provided by Natixis.

Parties involved:

Natixis is a shareholder of COFACE SA and holds 42.2% of the capital of the Company at December 31, 2020. In addition, Natixis and COFACE SA have a joint corporate officer, Nicolas Namias.

Tripartite liquidity agreement between Oddo BHF and Natixis

Nature, purpose and reasons justifying the interest for the Company:

As part of the authorisation given by the shareholders' meeting on June 2, 2014 and renewed on May 18, 2015, May 19, 2016, May 17, 2017, May 16, 2018, May 16, 2019 and lastly May 14, 2020, for consecutive periods of eighteen months, the Board of Directors of COFACE SA has decided to authorise the purchase by the Company of its own shares.

Terms and conditions:

A liquidity agreement was signed on June 26, 2014 with Natixis, for a period of one year, renewable by tacit agreement.

In this context, Coface authorises Natixis to purchase COFACE SA shares for five million (5,000,000) euros against payment of an annual fee of forty thousand (40,000) euros excluding taxes. This amount was reduced to €3 million (3,000,000) in November 2017. This contract was renewed in 2015, 2016, 2017, 2018, 2019 and 2020.

As part of its partnership with Oddo BHF, Natixis transferred equity intermediation activities to Oddo BHF, while maintaining the commercial relationship and the responsibility for market surveillance services. In this context, COFACE SA signed a tripartite liquidity agreement with Oddo BHF and Natixis on June 28, 2018. The financial terms and conditions remain unchanged. The remuneration is collected by Natixis on behalf of Oddo BHF, to whom it is repaid in its entirety.

As this agreement is automatically renewed, this agreement was approved by the Board of Directors of COFACE SA on July 25, 2018, renewed by the Board of Directors of COFACE SA on July 25, 2019 and then July 29, 2020.

The charge for COFACE SA for financial year 2020 is €40,000 excluding taxes.

Reasons justifying its interest for the Company:

This agreement is intended to drive the market, to ensure the liquidity of the security and/or to allocate shares to staff members in particular.

Parties involved:

Natixis is a shareholder of COFACE SA and holds 42.2% of the capital of the Company at December 31, 2020. In addition, Natixis and COFACE SA have a joint corporate officer, Nicolas Namias.

Agreements already approved by the annual general meeting

Agreements authorised in prior years that continued to be implemented during the year under review

In accordance with Article R.225-30 of the French Commercial Code (code de commerce), we have been informed that the following agreements, already approved by the Annual General Meeting in previous years, continued to be implemented during the past year.

A "Club deal" syndicated loan for back-up lines to finance the factoring business with commercial paper on behalf of Coface Finanz GmbH

Nature and purpose:

COFACE SA benefits from a commercial paper programme totalling €650,000,000 at December 31, 2020 to refinance its factoring business. This programme is brokered by Natixis, BNP, BRED, CACIB and Société Générale on behalf of COFACE SA. Should the commercial paper market shut down, since July 2017 the Group has an unused simplified syndicated loan, under the "club deal" formula, for a total amount of €700,000,000. This syndicated loan was put in place with Natixis, BNP, BRED, CACIB, HSBC and Société Générale.

Terms and conditions:

The €700,000,000 loan has a maturity of 3 years, renewable twice for a period of one year. Natixis participates in the syndicated loan for €150,000,000.

Its remuneration is as follows:

- € 160,125 in expenses, recorded according to the cost of non-utilisation of the syndicated credit facility for financial year 2020. This amount is equal for the four Tier 1 lenders that are party to the agreement.

Parties involved:

Natixis is a shareholder of COFACE SA and holds 42.2% of the capital of the Company at December 31, 2020. In addition, Natixis and COFACE SA have a joint corporate officer, Nicolas Namias.

A guarantee of the Compagnie Française d'Assurance pour le Commerce Extérieur for COFACE SA for payment of the subordinated debt

Nature and purpose:

On March 27, 2014, COFACE SA issued a subordinated debt in the form of bonds for a nominal amount of €380 million (380,000,000).

Reasons justifying its interest for the Company:

In order to improve the rating of COFACE SA's subordinated debt issuance and thus its price, Compagnie Française d'Assurance pour le Commerce Extérieur issued a guarantee that improved the rating of the issuance by 2 notches (as a reminder, the issuance was rated Baa1 / A by Moody's and Fitch, while without this guarantee the rating would have been Baa3 / BBB).

This guarantee was authorised by the Board of Directors of COFACE SA on February 14, 2014.

Terms and conditions:

Remuneration conditions for this guarantee: the price of the guarantee was thus set at 0.2% based on the total amount, representing a financial expense of seven hundred and sixty thousand (760,000) euros in respect of the 2020 financial year for COFACE SA.

Parties involved:

COFACE SA holds 99.99% of the capital of Compagnie Française d'Assurance pour le Commerce Extérieur at December 31, 2019. COFACE SA and Compagnie Française d'Assurance pour le Commerce Extérieur have a joint representative, Xavier Durand (Chief Executive Officer of COFACE SA and Chairman and Chief Executive Officer of Compagnie Française d'Assurance pour le Commerce Extérieur).

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The Statutory Auditors

Paris La Défense, on March 30, 2021

French original signed by

Mazars	Deloitte & Associés
Jean-Claude Pauly	Jérôme Lemierre
Partner	Partner

8.4 STATUTORY AUDITORS' REPORT ON THE CAPITAL INCREASE RESERVED FOR EMPLOYEES ENROLLED IN A COMPANY SAVINGS PLAN

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Combined General Meeting of May 12, 2021 – Resolution No. 26

To the Annual General Meeting of COFACE SA,

In our capacity as statutory auditors of your company and in execution of the mission provided for in Articles L.225-135 et seq. of the French Commercial Code (code de commerce), we hereby present to you our report on the proposal to delegate authority to the Board of Directors to approve a capital increase via the issuance of ordinary shares with cancellation of preferential subscription rights, an operation on which you are called upon to vote.

This issue shall be reserved for current employees, former employees and eligible corporate officers of the Company and/or companies related to the Company as defined in Article L.225-180 of the French Commercial Code (code de commerce) and Article L.3344-1 of the French Labour Code (code du travail), members of a company savings plan.

The maximum nominal amount of the capital increase shall be limited to three million, two hundred thousand euros (€3,200,000), on the understanding that the nominal amount for any capital increase carried out in application of this delegation would be charged against the maximum limit set for capital increases in the fifteenth resolution of the Shareholders' Meeting of May 14, 2020 and that the maximum limit for this delegation would be the same as that of the twenty-seventh resolution submitted for approval by this Meeting.

The Board of Directors specifies in its report that unless it has the prior authorisation of the Shareholders' Meeting, the Board of Directors may not use this delegation of authority once a third party has filed a public offer for the Company's shares, and until the end of the offer period.

This capital increase is subject to your approval in accordance with the provisions of Articles L.225-129-6 of the French Commercial Code (code de commerce) and L.3332-18 et seq. of the French Labour Code (code du travail).

On the basis of its report, your Board of Directors proposes that you delegate it the authority, with the option to further delegate for a period of twenty-six months to approve a capital increase and to waive preferential subscription rights to the shares to be issued. Where appropriate, the board will be responsible for setting the final terms and conditions of this transaction.

The Board of Directors is responsible for preparing a report in accordance with Articles R.225-113 and R.225-114 of the French Commercial Code (code de commerce). Our role is to express an opinion on the fairness of the quantified information taken from the financial statements, on the proposal to cancel the preferential subscription right and on certain other information concerning the issue that is provided in this report.

We performed those procedures that we considered necessary to comply with the professional guidance issued by the French National Auditing Body (Compagnie nationale des commissaires aux comptes) relating to this mission. These procedures consisted in verifying the content of the Board of Directors' report on this transaction and the methods for determining the price of shares to be issued.

Subject to the subsequent review of the terms and conditions of the proposed capital increase, we have no matters to report on the methods for determining the issue price of the ordinary shares to be issued as outlined in the Board's report.

As the final terms and conditions of the capital increase are not yet determined, we express no opinion on these nor, consequently, on the proposal to waive the preferential subscription right made to you.

In accordance with Article R.225-116 of the French Commercial Code (code de commerce), we will prepare an additional report, where applicable, when this delegation is used by your Board of Directors.

The Statutory Auditors

Paris La Défense, on March 30, 2021

French original signed by

Mazars	Deloitte & Associés
Jean-Claude Pauly	Jérôme Lemierre
Partner	Partner

8.5 STATUTORY AUDITORS' REPORT ON THE CAPITAL INCREASE WITH CANCELLATION OF PREFERENTIAL SUBSCRIPTION RIGHTS

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Combined General Meeting of May 12, 2021 - Resolution No. 27

To the Annual General Meeting of COFACE SA,

In our capacity as statutory auditors of your company and in execution of the mission provided for in Articles L.225-135 et seq. of the French Commercial Code (code de commerce), we hereby present to you our report on the proposal to delegate authority to the Board of Directors to approve a capital increase via the issuance of ordinary shares with cancellation of preferential subscription rights, an operation on which you are called upon to vote.

This issue shall be reserved for one or more categories of beneficiaries

who have the characteristics below: (i) employees and/or corporate officers of the Company and/or companies related to the Company as defined in the provisions of Article L.225-180 of the French Commercial Code (code de commerce) and Article L.3344-1 of the French Labour Code (code du travail) and having their registered office outside France; (ii) one or more mutual fund or other entity under French or foreign law, regardless of whether or not they have legal personality, subscribing on behalf of persons referred in paragraph (i) above, and (iii) one or more financial establishments mandated by the Company to propose to those persons referred to in paragraph (i) above, a savings or shareholding scheme comparable to those proposed to the Company's employees in France;

The nominal amount of the capital increase likely to be carried out pursuant to this delegation may not exceed three million, two hundred thousand euros (€3,200,000) or the equivalent in any other currency or monetary unit established by reference to several currencies, on the understanding that the nominal amount of any capital increase carried out under this delegation will count towards the total nominal cap provided for capital increases in paragraph 2 of the fifteenth resolution of the Shareholders' Meeting of May 14, 2020 and that the cap for this resolution will be the same as for the twenty-sixth resolution.

The Board of Directors specifies in its report that unless it has the prior authorisation of the Shareholders' Meeting, the Board of Directors may not use this delegation of authority once a third party has filed a public offer for the Company's shares, and until the end of the offer period.

On the basis of its report, your Board of Directors proposes that you delegate it the authority, for a period of eighteen months to approve a capital increase and to waive preferential subscription rights to the ordinary shares to be issued. Where appropriate, the board will be responsible for setting the final terms and conditions of this transaction.

The Board of Directors is responsible for preparing a report in accordance with Articles R.225-113 and R.225-114 of the French Commercial Code (code de commerce). Our role is to express an opinion on the fairness of the quantified information taken from the financial statements, on the proposal to cancel the preferential subscription right and on certain other information concerning the issue that is provided in this report.

We performed those procedures that we considered necessary to comply with the professional guidance issued by the French National Auditing Body (Compagnie nationale des commissaires aux comptes) relating to this mission. These procedures consisted in verifying the content of the Board of Directors' report on this transaction and the methods for determining the price of shares to be issued.

Subject to the subsequent review of the terms and conditions of the capital increase that would be decided, we have no matters to report on the methods for determining the issue price of the ordinary shares to be issued as outlined in the Board's report.

As the final terms and conditions under which the capital increase would be carried out are not yet determined, we express no opinion on these nor, consequently, on the proposal to waive the preferential subscription right made to you.

In accordance with Article R.225-116 of the French Commercial Code (code de commerce), we will prepare an additional report, where applicable, when this delegation is used by your Board of Directors.

The Statutory Auditors

Paris La Défense, on March 30, 2021

French original signed by

Mazars	Deloitte & Associés
Jean-Claude Pauly	Jérôme Lemierre
Partner	Partner

8.6 STATUTORY AUDITORS' REPORT ON THE AUTHORISATION TO AWARD BONUS SHARES, WHETHER EXISTING OR TO BE ISSUED

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Combined General Meeting of May 12, 2021 - Resolution No. 28

To the Annual General Meeting of COFACE SA,

In our capacity as statutory auditors of your company and in execution of the mission provided for in Article L.225-197-1 of the French Commercial Code (code de commerce), we hereby present to you our report on the plan to authorise the award of bonus shares, whether existing or to be issued, to employees and corporate officers of the Company and companies related to the Company as defined in Article L.225-197-2 of the French Commercial Code (code de commerce), an operation on which you are called upon to vote.

The Board of Directors specifies in its report that:

- the total number of bonus shares awarded under this authorisation may not exceed 1% of the number of shares comprising the Company's share capital at the date of the Board of Directors' decision to grant them, and the cumulative nominal amount of any capital increases that may result from this authorisation will be deducted from the overall maximum limit provided for in paragraph 2 of the fifteenth resolution of the Shareholders' Meeting of May 14, 2020 or, where applicable, on the amount of any overall limit provided for by a similar resolution that may replace said resolution during the period during which this authorisation applies;
- the total number of bonus shares awarded by virtue of this authorisation to the Company's Executive Directors may not represent more than 20% of the bonus shares awarded under this authorisation;
- the final award of the shares may be subject, in part or in whole, to the achievement of performance conditions set by the Board of Directors, it being specified that the final allocation of bonus shares awarded to the Company's Executive Directors will be subject to the achievement of performance conditions set by the Board of Directors;
- unless it has the prior authorisation of the Shareholders' Meeting, the Board of Directors may not use this delegation of authority once a third party has filed a public offer for the Company's shares, and until the end of the offer period.

On the basis of its report, your Board of Directors proposes that you authorise it, for a period of thirty-eight months to award bonus shares, whether existing or to be issued.

The Board of Directors is responsible for preparing a report on this transaction that it wishes to carry out. Our role is to report, if applicable, our observations on the information provided to you with regard to the intended transaction.

We performed those procedures that we considered necessary to comply with the professional guidance issued by the French National Auditing Body (Compagnie nationale des commissaires aux comptes) relating to this mission. The procedures consisted in particular in verifying that the terms and conditions of the transaction and information in the Board of Directors' report comply with the provisions of the law.

We have no matters to report on the information provided in the Board of Directors' report on the intended transaction to authorise the award of bonus shares.

The Statutory Auditors

Paris La Défense, on March 30, 2021

French original signed by

Mazars	Deloitte & Associés
Jean-Claude Pauly	Jérôme Lemierre
Partner	Partner

COFACE SA

CORPORATE NAME

MEMORANDUM

& ARTICLES OF ASSOCIATION

SELECTED FINANCIAL INFORMATION

OVER 3 YEARS

FITCH - MOODY'S - AM BEST

RATING AGENCIES

9

ADDITIONAL INFORMATION

9.1 MEMORANDUM AND ARTICLES OF ASSOCIATION

9.1.1 Legal corporate name

The corporate name of the Company is "COFACE SA".

9.1.2 Location and registration number

The Company is registered in the Nanterre Trade and Companies Register under number 432 413 599.

9.1.3 Date of formation and duration

The Company was formed on August 7, 2000 for a term of 99 years as of the date of its registration in the Trade and Companies Register, save for early dissolution or extension.

9.1.4 Head office, legal form and applicable laws

Head office: 1, place Costes et Bellonte, 92270 Bois-Colombes, France.

Telephone number of head office: +33 (0)1 49 02 20 00.

Legal form and applicable laws: limited company *(société anonyme)* under French law with a Board of Directors.

9.1.5 Articles of Association

The Company's Articles of Association were prepared in compliance with the legal and regulatory provisions applicable to limited companies with a Board of Directors.

Corporate purpose (Article 2 of the Articles of Association)

The Company's purpose is to perform any civil or commercial operations involving moveable and real estate property and financial operations, to take all direct or indirect shareholdings and, in general, to perform any operations directly or indirectly relating to its corporate purpose.

Articles of Association relating to the management and administrative bodies – Rules of Procedure of the Board of Directors

(a) Articles of Association

Board of Directors (see also Section 2.1 "Composition and operation of the Board of Directors and its specialised committees")

Composition of the Board of Directors (Article 12 of the Articles of Association)

The Company is administered by a Board of Directors consisting of at least three (3) and at most eighteen (18) members.

Term of office – Age limit – Replacement (Article 12 of the Articles of Association)

Board members serve for a term of four years. In case of a vacancy owing to the death or resignation of one or more directors representing the shareholders, the Board of Directors may temporarily replace these members between two Shareholders' Meetings, in compliance with the terms of Article L.225-24 of the French Commercial Code. The Board must make temporary appointments within three months following the date of the vacancy if the number of directors falls below the minimum required by the Articles of Association, without however being lower than the legal minimum.

The number of directors who are aged 70 or over cannot exceed one third of the total number of serving directors. Should this proportion be exceeded, the oldest director shall be deemed to have resigned as of the end of the next Ordinary Shareholders' Meeting.

The term of office of a director expires at the end of the Ordinary Shareholders' Meeting called to approve the accounts for the previous financial year and is held in the year during which the director's term of office is due to expire.

If a director is appointed to replace another director during that director's term, they shall only serve for the remaining duration of their predecessor's term.

Directors may be re-elected without limitation, subject to legal and statutory provisions, in particular with regards to their age.

Directors are personally liable for fulfilling their mandate, in accordance with commercial laws.

Directors' shares (Article 12 of the Articles of Association)

Each director must hold at least 500 of the Company's shares.

Chairman of the Board of Directors (Article 13 of the Articles of Association)

The Board appoints a Chairman from among the individuals serving as members for a period which cannot exceed their term of office as director.

The Chairman can be re-elected.

The age limit for performing the duties of Chairman is set at 70. When a serving Chairman reaches this age, they are considered to have resigned at the Ordinary Shareholders' Meeting called to approve the financial statements for the financial year during the Chairman reaches this age.

The Chairman of the Board of Directors organises and directs the work of the Board of Directors and reports on it to the Shareholders' Meeting. They oversee the effective operation of the Company's corporate bodies and, in particular, ensures that the directors are in a position to fulfil their duties.

Should the Chairman be temporarily indisposed or in the event of their death, the statutory and regulatory provisions are applicable.

Should the Board consider it necessary, it may appoint one or more Vice-Chairmen from the directors, who will, in the order of their own appointment, chair Board meetings in the event that the Chairman is absent or indisposed.

In the event that the Chairman or Vice-Chairmen are absent or indisposed, the Board appoints, for each meeting, one of the members present to chair the proceedings.

The amount and procedures for the compensation of the Chairman and Vice-Chairmen are set by the Board of Directors.

Exercise of general management (see also Section 2.2 "Chief Executive Officer and Group general management specialised committees")

General management (Article 14 of the Articles of Association)

The general management of the Company is handled either by the Chairman of the Board of Directors, or by another individual appointed by the Board of Directors and bearing the title of Chief Executive Officer (CEO).

The Board appoints its Chairman and decides by a simple majority whether to grant them the powers of Chief Executive Officer (CEO) or whether to grant these powers to another person. This decision on whether the offices of Chairman and Chief Executive Officer (CEO) should be held by the same person or by two separate persons, as well as any subsequent change to this arrangement, shall remain in force until a decision is taken to the contrary by the Board of Directors, which may then decide, by a simple majority, to opt for the other arrangement for the exercise of general management. The Board of Directors of the Company keeps the shareholders and third parties informed about this change in accordance with applicable law.

Where general management is handled by the Chairman, the legal and statutory provisions of the Company's Articles of Association related to the Chief Executive Officer (CEO) apply to them.

Chief Executive Officer (CEO) (Article 15 of the Articles of Association)

The Board of Directors determines the duration of the Chief Executive Officer's (CEO) term and their compensation.

The age limit for performing the duties of Chief Executive Officer (CEO) is 65. Should a Chief Executive Officer (CEO) exceed this age limit, they are considered to have resigned at the Shareholders' Meeting called to approve the accounts for the financial year during which that CEO turned 65.

The Chief Executive Officer (CEO) is invested with the broadest powers to act under all circumstances on behalf of the Company. They exercise these powers within the limits of the corporate purpose and subject to those powers that the law expressly grants to Shareholders' Meetings and to the Board of Directors.

They represent the Company in its dealings with third parties. Provisions of the Articles of Association or decisions of the Board of Directors limiting the powers of the Chief Executive Officer (CEO) are unenforceable against third parties.

If the Chief Executive Officer (CEO) does not assume the duties of the Chairman of the Board of Directors and is not a director, they attend Board meetings in a consultative capacity.

Deputy Chief Executive Officer (Article 16 of the Articles of Association)

At the request of the Chief Executive Officer (CEO), the Board of Directors can appoint an individual to assist the CEO, with the title of Deputy Chief Executive Officer (Deputy CEO).

The Board of Directors determines the compensation of the Deputy CEO.

The age limit for performing the duties of Deputy CEO is 65. If a serving Deputy CEO attains this age, they are considered to have resigned at the Ordinary Shareholders' Meeting called to approve the accounts for the financial year in which they turned 65.

In collaboration with the CEO, the Board determines the scope and duration of the powers conferred upon the Deputy CEO. The Deputy CEO has the same powers vis-à-vis third parties as the CEO.

If the Deputy CEO is not a director, they attend Board meetings in a consultative capacity.

Operation of the Board of Directors (Article 18 of the Articles of Association)

The Board of Directors meets as often as required in the interests of the Company, and at least once per quarter.

Board meetings are convened by the Chairman. However, directors representing at least one third of the Board members may convene a meeting of the Board, detailing the agenda, if there has been no meeting for more than two months. Where the duties of CEO are not performed by the Chairman, the Chief Executive Officer may also ask the Chairman to convene a Board meeting to consider a fixed agenda. Board meetings are held either at the registered office or any other location indicated in the convening notice. The convening notice to attend is in the form of a simple letter or e-mail addressed to the Board members. If there is a degree of urgency, the convening notice may be given by any other appropriate means, including verbally.

Meetings of the Board of Directors are chaired by the Chairman of the Board of Directors or, should they be absent, by the oldest director present, or by one of the Vice-Chairmen, if there are any.

A director may appoint another director, by means of a letter, to represent them at a meeting of the Board of Directors.

Each director may have only one proxy vote during a given meeting by virtue of the foregoing paragraph.

The meeting can only pass resolutions if at least half of the serving directors are present.

Decisions are taken by means of majority voting by those directors present or represented.

In the event of a split vote, the director chairing the meeting has the casting vote.

In compliance with applicable statutory and regulatory provisions, the Board's Rules of Procedure may provide that directors who take part in a meeting *via* video conferencing or other means of telecommunication that meet the technical requirements set by the prevailing statutory and regulatory provisions are deemed to be present for the purposes of the calculation of quorum and majority.

The Board may appoint a secretary who may be, but need not be, one of its members.

At the suggestion of its Chairman, the Board may decide to form among its members, or with the involvement of persons who are not directors, committees or commissions in charge of looking into matters that it or its Chairman shall refer to them for assessment; these committees or commissions exercise their powers under its responsibility.

The minutes of each meeting shall state the names of the directors who are present or represented and the names of the directors who are absent, to act as evidence towards third parties.

Powers of the Board of Directors (Article 21 of the Articles of Association)

The Board of Directors determines the Company's business strategy and oversees its implementation. Subject to powers expressly assigned to the Shareholders' Meetings and within the limitations of the corporate purpose, the Board deliberates on all matters relating to the effective operation of the Company and decides on all matters that affect it. The Board of Directors carries out the inspections and verifications it considers necessary. The Chairman or the Chief Executive Officer must send each director all the documents and information needed to fulfil their duties.

The Rules of Procedure of the Board of Directors determine which decisions are to be submitted to the prior authorisation of the Board of Directors, in addition to those which must be submitted to it in accordance with the law.

Attendance fees (Article 19 of the Articles of Association)

Independently of all reimbursement of costs or allowances for particular services which may be granted, directors may receive remuneration recorded as overheads, in the form of directors' fees. The total amount of these fees is set by the Shareholders' Meeting. The Board of Directors divides the aforementioned remuneration among its members as it sees fit.

(b) Rules of Procedure of the Board of Directors

The Rules of Procedure of the Board of Directors specify, on the one hand, how the Board is organised and operates, its powers, rights and prerogatives and those of the committees it has established (see Article 4 "Creation of committees – Joint provisions" and Article 1.2 "Operations subject to the prior authorisation of the Board of Directors" for a description of the various committees established and the limits on the powers of general management) and, on the other hand, the terms of control and evaluation of its operations.

The Rules of Procedure of the Board of Directors may be consulted online in the "Investors/Governance" section of the corporate website at www.coface.com.

(c) Control and evaluation of the Board of Directors' operations

Article 2 of the Board of Directors' Rules of Procedure requires at least one third of members to be independent, pursuant to the Corporate Governance Code of listed companies (AFEP-MEDEF code), within the Board of Directors.

Pursuant to Article 2.3.2 of the Board of Directors' Rules of Procedure, a director is considered to be independent if they do not maintain a relationship of any kind whatsoever with the Company, management or the Coface Group, which could compromise the exercise of their free judgement or be of a nature to place them in conflict with the interests of management, the Company or the Coface Group.

The qualification of an independent member of the Board of Directors is discussed by the Nominations and Compensation Committee, which drafts a report on the matter for the Board. Each year, prior to publication of the Universal Registration Document, the Board of Directors examines the status of each director with respect to the independence criteria defined in Article 2.3.2 of the Board of Directors' Rules of Procedure, using the Nominations and Compensation Committee's report as a reference. The Board of Directors must provide the shareholders with the findings from its examination in the annual report and at the Shareholders' Meeting at which the directors are appointed.

In addition, in compliance with Article 3.5 of the Board of Directors' Rules of Procedure, at least once a year, an agenda item is devoted to evaluating the Board's operations, which is reported in the Company's annual report.

The Board of Directors is formally evaluated every three years. The evaluation is conducted by the Nominations and Compensation Committee, potentially with the assistance of an outside consultant (see Section 2.1.6 "Evaluation of the work of the Board of Directors").

Rights, privileges and restrictions attached to the shares

Form of shares (Article 8 of the Articles of Association)

The Company's shares shall either be registered or bearer shares, at the discretion of each shareholder.

Ownership of the Company's shares shall result from their registration in an account in the name of their holder in the registers kept by the Company or by a duly authorised intermediary.

Voting rights (Article 11 of the Articles of Association)

Each share grants its holder the right to vote and be represented at Shareholders' Meetings, in accordance with the law and the Articles of Association.

As an exception to the allocation of a double voting right for any share that has been fully paid up, as proven by registration in the name of the bearer for two years, pursuant to Article L.225-123, paragraph 3 of the French Commercial Code, each shareholder is entitled to the same number of votes as the number of shares that they own or represent.

Right to dividends and profits (Article 11 of the Articles of Association)

Each Company share grants its holder the right to a proportional share in any distribution of the Company's earnings, assets and liquidation profits.

The rights and obligations attached to the shares follow them when they change hands.

Ownership of a share automatically implies acceptance of the Articles of Association of the Company and the decisions duly taken by Shareholders' Meetings.

Shareholders shall only bear liability to the extent of the nominal value of each share they hold.

Whenever it is necessary to hold several shares in order to exercise a particular right, in the event of an exchange, grouping or allocation of shares, or as a result of an increase in or a reduction of the share capital, a merger or other corporate operation, the owners of single shares or of an insufficient number of shares may only exercise this right provided that they arrange to group together and to buy or sell any shares as may be required.

The joint owners of shares shall be represented at Shareholders' Meetings by one of their number or by a single representative. Should the parties involved fail to agree on the appointment of their representative, the latter shall be appointed by a court order issued pursuant to a petition filed by the first joint owner to do so.

Unless otherwise agreed and notified to the Company, in the event of the division of ownership of a share, the voting right belongs to the beneficial owner *(usufruitier)* at Ordinary Shareholders' Meetings and to the bare owner *(nu-propriétaire)* at Extraordinary or Special Shareholders' Meetings. However, in any event, the bare owner has the right to take part in all Shareholders' Meetings.

Payment of the dividend in shares (Article 24 of the Articles of Association)

The Shareholders' Meeting called to approve the accounts for the financial year has the authority to offer each shareholder the option to receive all or part of the dividend payout in the form of shares, in accordance with the legal conditions, or in cash. This option may also be granted in the case of interim dividends.

The procedures for dividend payments in cash are fixed by the Shareholders' Meeting or, alternatively, by the Board of Directors.

Preferential subscription right

The Company's shares benefit from a preferential subscription right to capital increases under the terms provided for by the French Commercial Code.

Limitation on voting rights

No statutory clause restricts the voting right attached to the shares.

Amendment of shareholders' rights (Article 23 of the Articles of Association)

The Extraordinary Shareholders' Meeting deliberates on all proposals emanating from the Board of Directors which entail modification to the Company's share capital or Articles of Association.

Shareholders' Meetings (Article 23 of the Articles of Association)

Powers

The shareholders take their decisions in Shareholders' Meetings which are designated as ordinary or extraordinary.

The Ordinary Shareholders' Meeting takes all decisions which do not entail modification to the Company's share capital or Articles of Association. In particular, it appoints, replaces, re-elects and dismisses directors. It also approves, rejects or corrects the accounts and decides on the breakdown and allocation of profits.

The Extraordinary Shareholders' Meeting deliberates on all proposals emanating from the Board of Directors which entail modification to the Company's share capital or Articles of Association.

Convening notice and meeting location

Shareholders' Meetings are convened as per the terms and conditions set forth in the law.

Meetings take place at the registered office or any other location indicated in the convening notice.

Access to and conduct of the meetings

All shareholders may take part in the Shareholders' Meetings in person or through a representative, in accordance with the prevailing regulations, upon presentation of suitable evidence of their identity and of their ownership of shares, in accordance with the applicable laws and regulations.

Shareholders who take part in a Shareholders' Meeting by video conferencing or other means of telecommunication or by remote transmission, including over the Internet, which enable them to be identified in accordance with the prevailing regulations, are deemed to be present for the purposes of calculating the quorum and the majority, subject to a decision by the Board of Directors to make use of such means of telecommunication and said decision being mentioned in the announcement or convening notice to attend the Shareholders' Meeting.

Any shareholder may vote remotely or appoint a proxy in accordance with the prevailing regulations, using a form drawn up by and sent to the Company, including by electronic means or remote transmission, if this is permitted by the Board of Directors. This form must be received by the Company in accordance with the regulatory requirements in order for it to be taken into consideration.

Chairmanship, committee, attendance sheet

Each Shareholders' Meeting is chaired by the Chairman of the Board of Directors or, in their absence, by a director appointed for that purpose by the Board.

Where the meeting is called by the Statutory Auditors or a legal officer, the meeting is chaired by the person or individuals issuing the notice to attend.

The duties of deputy returning officer *(scrutateur)* are performed by the two members present at the meeting who hold the largest number of shares and are willing to act in that capacity. The committee appoints the secretary, who is not necessarily a shareholder.

An attendance sheet is kept in accordance with statutory requirements.

Deliberations, minutes

Shareholders' Meetings deliberate subject to the quorum and majority requirements prescribed by law. Voting is on a one-share, one-vote basis.

Deliberations are recorded in minutes entered in a special register and signed by members of the committee.

Copies or extracts of the minutes are duly certified by the Chairman of the Board of Directors, the Chief Executive Officer, if they are a director, or the secretary of the meeting.

Shareholders' right to information

Each shareholder has the right to receive disclosure of the documents required to enable them to make an informed decision and to develop an informed opinion on the Company's management and operations. The Company has the obligation to make these documents available to or send them to shareholders.

The nature of these documents and the terms under which they must be sent or made available are set by law.

Statutory clauses likely to have an impact on a change in control

None.

Crossing of thresholds and identification of shareholders (Article 10 of the Articles of Association) (see also Section 7.3.4)

In compliance with prevailing laws and regulations, the Company may ask any duly empowered body or intermediary for any information about the identity of the holders of any securities that confer an immediate or deferred right to vote in its Shareholders' Meetings, as well as the number of securities they hold.

Any individual or legal entity that directly or indirectly holds, alone or in conjunction with others, 2% of the share capital or voting rights (calculated in accordance with the provisions of Articles L.233-7 and L.233-9 of the French Commercial Code and the provisions of the general rules of the Autorité des marchés financiers [French Financial Markets Authority, AMF]), or any multiple of this percentage, must notify the Company of the total number (i) of the shares and voting rights held directly or indirectly, alone or in conjunction with others, (ii) of the securities that provide deferred access to the share capital of the Company, held directly or indirectly, alone or in conjunction with others, and the voting rights potentially attached thereto, and (iii) of shares already issued that this party may acquire under an agreement or a financial instrument mentioned in Article L.211-1 of the French Monetary and Financial Code. This notification must take place by means of a letter sent by registered post with acknowledgement of receipt within four stock market days after the relevant threshold has been exceeded.

The obligation to inform the Company shall also apply, within the same timescales and on the same terms, whenever the shareholder's shareholding or voting rights fall to a level below any of the above-mentioned thresholds.

Should a shareholder fail to comply with the obligation to declare the fact that it has exceeded or fallen below the above-mentioned thresholds, then at the request of one or more shareholders who account for at least 2% of the share capital or voting rights of the Company, recorded in the minutes of the Shareholders' Meeting, the shares which exceed the fraction that should have been declared are deprived of their voting rights for a period of two years from the date on which notification is effectively sent.

The Company is entitled to inform the public and bring to the attention of the shareholders either the information it has been notified of, or any failure to comply with the above-mentioned obligation by the relevant party.

Specific clauses governing modifications to share capital

There is no specific stipulation in the Company's Articles of Association governing modifications to its capital.

Such capital may thus be increased, reduced or amortised in any manner authorised by law.

9.2 PERSONS RESPONSIBLE

9.2.1 Names and positions

9.2.1.1. Person responsible for the Universal Registration Document

Xavier Durand, Chief Executive Officer of COFACE SA

9.2.1.2. Person responsible for financial information

Carine Pichon, Chief Financial and Risk Officer

9.2.1.3. Person responsible for financial communication

Thomas Jacquet, Head of Investor Relations and Rating Agencies

9.2.2 Statement by the person responsible for the Universal Registration Document

I hereby declare that the information contained in this Universal Registration Document, to my knowledge, is true to fact and that no material aspects of such information have been omitted.

I hereby declare that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and are an accurate reflection of the assets, financial position and results of the Company and all consolidated companies, and that the management report in this Universal Registration Document presents an accurate picture of events, results and the financial position of the Company and all consolidated companies, and describes the principal risks and uncertainties that they face.

I have received a work completion letter from the Statutory Auditors indicating that they have verified the information about the financial position and the financial statements provided in this Universal Registration Document and have read the full document.

Paris, March 30, 2021

Xavier Durand

Chief Executive Officer

9.3 DOCUMENTS ACCESSIBLE TO THE PUBLIC

The documents relating to the Coface Group (memorandum, Articles of Association, Rules of Procedure, financial report, Board of Directors' reports, thresholds crossed, letters and other documents, individual and consolidated historical financial information for each of the two financial years preceding publication of this document) are partly included in this document and can be freely consulted at its head office, preferably by appointment.

In addition, under Solvency II, the Solvency and Financial Condition report (SFCR) for financial year 2019 which is aimed at the public, was filed with the ACPR on May 12, 2020 and published in the "Investor" section of the Company website www.coface.com. The next SFCR report, based on financial year 2020, will be published in April 2021 (subject to modification).

This Universal Registration Document is available in the "Investors" section of the Company website www.coface.com.

Copies of this document are available free of charge at the Company's head office.

Pursuant to Article 221-3 of the General Regulation of the Autorité des marchés financiers (French Financial Markets Authority – AMF), regulated information (defined in Article 221-1 of the General Regulation of the AMF) is published on the Company's website at www.coface.com.

Any person wishing to obtain additional information on the Group may request the documents without appointment and free of charge:

- **by post:**

Coface

Financial Communications – Investor Relations

1, place Costes et Bellonte, 92270 Bois-Colombes, France

- **by e-mail:**

investors@coface.com

Thomas Jacquet, Head of Investor Relations and Rating Agencies

Benoît Chastel, Investor Relations Officer

9.4 STATUTORY AUDITORS

9.4.1 Principal Statutory Auditors

Deloitte & Associés

6, place de la Pyramide

92908 Paris-La Défense Cedex, France

Represented by Jérôme Lemierre

Deloitte & Associés was appointed by the Company's Annual Shareholders' Meeting of May 16, 2019 for a period of six financial years until the close of the Annual Shareholders' Meeting to approve the accounts for the financial year ended December 31, 2024.

Deloitte & Associés is a member of Compagnie régionale des commissaires aux comptes de Versailles.

MAZARS SA

Tour Exaltis

61, rue Henri Regnault

92400 Courbevoie

Represented by Jean-Claude Pauly

Mazars SA was appointed by the Company's Shareholders' Meeting of May 14, 2020 for a period of six financial years until the close of the Annual Shareholders' Meeting to approve the accounts for the financial year ended December 31, 2025.

Mazars SA is a member of Compagnie régionale des commissaires aux comptes de Versailles.

9.5 SELECTED THREE-YEAR FINANCIAL INFORMATION

The tables below present extracts of income statements and consolidated financial statements for the financial years ended December 31, 2020, December 31, 2019 and December 31, 2018.

The financial information selected below must be read in conjunction with the consolidated financial statements in Chapter 4 and with the examination of the Group's financial position and results presented in Chapter 3 of this Universal Registration Document.

/ CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	2020	2019	2018
Gross written premiums	**1,273,767**	**1,327,635**	**1,263,364**
Premium refunds	(78,111)	(95,079)	(106,516)
Net change in unearned premium provisions	8,678	3,041	(14,240)
Gross earned premiums	**1,204,334**	**1,235,597**	**1,142,608**
Fee and commission income	143,985	140,115	132,418
Net income from banking activities	58,450	64,106	66,713
Income from services activities	44,094	41,270	42,995
Other turnover	**246,530**	**245,491**	**242,127**
Turnover	**1,450,864**	**1,481,088**	**1,384,735**
Claims expenses	**(623,653)**	**(536,247)**	**(504,509)**
Contract acquisition costs	(238,453)	(242,675)	(243,236)
Administrative costs	(261,807)	(274,784)	(241,136)
Other expenses from insurance activities	(60,971)	(70,739)	(82,556)
Expenses from banking activities, excluding cost of risk	(12,833)	(13,742)	(13,552)
Expenses from services activities	(81,608)	(75,198)	(77,739)
Operating expenses	**(655,672)**	**(677,138)**	**(658,219)**
Cost of risk	(100)	(1,804)	(2,122)
Underwriting income before reinsurance	**171,439**	**265,899**	**219,885**
Income and expenses from ceded reinsurance	(44,116)	(77,963)	(62,128)
Underwriting income after reinsurance	**127,322**	**187,936**	**157,757**
Investment income, net of management expenses (excluding finance costs)	26,903	36,940	51,124
CURRENT OPERATING INCOME	**154,225**	**224,876**	**208,881**
Other operating income and expenses	(13,787)	(6,000)	(4,974)
OPERATING INCOME	**140,438**	**218,876**	**203,907**
Finance costs	(21,740)	(21,385)	(17,681)
Share in net income of associates	0	0	592
Badwill	8,910	4,662	0
Income tax expense	(44,704)	(55,434)	(64,132)
CONSOLIDATED NET INCOME BEFORE NON-CONTROLLING INTERESTS	**82,904**	**146,719**	**122,686**
Non-controlling interests	-4	10	(353)
NET INCOME (GROUP SHARE)	**82,900**	**146,729**	**122,333**
Earnings per share *(in €)*	0.55	0.97	0.79
Diluted earnings per share *(in €)*	0.55	0.97	0.79

/ SIMPLIFIED CONSOLIDATED BALANCE SHEET

(in thousands of euros)	2020	2019	2018
Assets			
Intangible assets	230,852	220,844	220,675
Insurance business investments	2,982,945	2,990,686	2,833,613
Receivables arising from banking activities	2,326,941	2,346,710	2,509,047
Assignees' and reinsurers' share of liabilities related to insurance and financial contracts	603,453	450,367	425,398
Other assets	1,007,645	1,053,538	927,888
Cash and cash equivalents	400,969	320,777	302,419
TOTAL ASSETS	**7,552,804**	**7,382,922**	**7,219,040**

(in thousands of euros)	2020	2019	2018
Liabilities			
Group equity	1,998,308	1,924,472	1,806,249
Non-controlling interests	267	269	148
Total equity	**1,998,575**	**1,924,741**	**1,806,397**
Provisions for risks and charges	96,307	100,932	94,344
Financing liabilities	389,810	389,261	388,729
Lease liabilities	88,124	92,990	0
Liabilities relating to insurance contracts	1,804,092	1,827,219	1,746,379
Payables arising from banking sector activities	2,318,392	2,362,805	2,544,716
Other liabilities	857,504	684,974	638,475
TOTAL LIABILITIES	**7,552,804**	**7,382,922**	**7,219,040**

/ TURNOVER BY BUSINESS LINE AS AT DECEMBER 31, 2020

Consolidated turnover by business line *(in thousands of euros and as a% of the Group total)*	**See also Section**	**DEC. 31, 2020** ***(in €k)***	**DEC. 31, 2019** *(in €k)*	**DEC. 31, 2018** *(in €k)*
Gross earned premiums – Credit		1,132,876	1,164,752	1,068,404
Gross earned premiums – Single Risk		21,141	21,193	26,779
Gross earned premiums – Credit insurance		**1,154,017**	**1,185,945**	**1,095,183**
Fee and commission income (1)		**143,985**	**140,114**	**132,418**
Other related benefits and services (2)		**102**	**94**	**3,637**
Turnover from credit insurance activity	**1.3.1**	**1,298,104**	**1,326,153**	**1,231,238**
Gross earned premiums – Surety bonds	**1.3.3**	**50,317**	**49,652**	**47,425**
Financing fees		26,995	35,226	35,295
Factoring fees		32,758	30,304	32,416
Other		(1,302)	(1,424)	(998)
Net income from banking activities (factoring)	**1.3.2**	**58,450**	**64,106**	**66,713**
Business information and other services		34,523	31,108	28,550
Receivables management		9,469	10,069	10,809
Turnover from business information and other services	**1.3.4**	**43,992**	**41,177**	**39,359**
CONSOLIDATED TURNOVER	**NOTE 22**	**1,450,864**	**1,481,088**	**1,384,735**

In order to ensure greater consistency between the financial statements and the aggregates published and commented on in financial reporting, the Group is changing the presentation structure of its consolidated income statement. A detailed explanation is provided in the notes to the consolidated financial statements.

(1) Policy management costs.

(2) IPP commission – International policies commission; business contributors' commission.

TURNOVER BY REGION AS OF DECEMBER 31, 2020 [1]

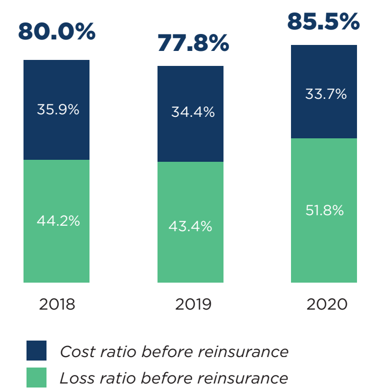
(in thousands of euros)	2020	2019	2018
Northern Europe	297,646	307,465	303,071
Western Europe	291,921	294,649	283,975
Central and Eastern Europe	143,081	148,078	133,843
Mediterranean and Africa	394,890	394,174	370,371
North America	136,519	138,474	126,502
Latin America	67,327	80,653	71,528
Asia-Pacific	119,478	117,593	95,447
TOTAL	**1,450,862**	**1,481,087**	**1,384,737**

Performance indicators

These operating ratios and the methodology for calculating them are defined in Section 3.7 "Key financial performance indicators".

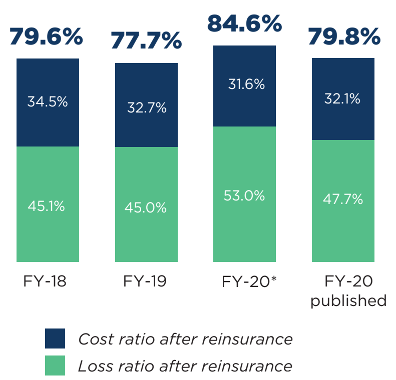
COMBINED RATIO BEFORE REINSURANCE

(as a%)



COMBINED RATIO AFTER REINSURANCE

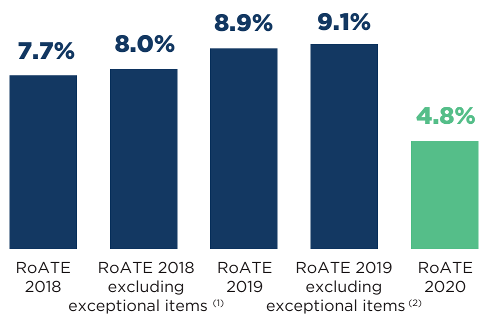
(as a%)



* FY-20 w/o schemes

ROATE

(as a%)



(1) Non-recurring items amounted to €(3.8)m and mainly including €10.6m of restructuring charges partially offset by reversals of provisions €7.5m.

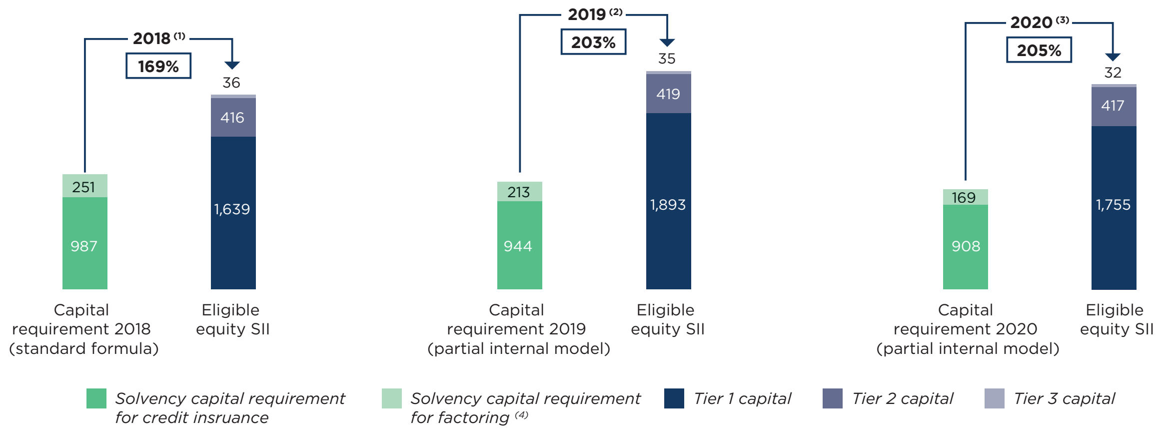
(2) Non-recurring items amounted to €(4.6)m and are mainly including €(4.0)m regulatory projects. €(5.3)m of restructuring charges partially offset by badwill for €4.7m.

Return on average tangible equity (RoATE) is computed as net income (Group share)/average book equity (Group share) net of intangible assets – see Section 3.4.3. "Return on equity".

(1) See details in Note 22

SOLVENCY RATIO

(as a%)



(1) End -2018 final solvency ratio stands at 169% (based on Coface's interpretation of Solvency an including a stricter estimate of SCR factoring in anticipation of the changes in the regulation). Not audited.
(2) End-2019 final solvency ratio stands at 203% (based on the interpretation by Coface of Solvency II and integrating a SCR Factoring estimated on the basis of the Standard Approach). Not audited.
(3) This estimated solvency ratio constitutes a preliminary calculation made according to Coface's interpretation of Solvency II regulations and using the Partial Internal Model. The result of the definitive calculation may differ from the preliminary calculation. The estimated solvency ratio is not audited.
(4) Calculated according to the RWA methodology used by Natixis

9.6 MAIN RATINGS OF THE COFACE GROUP AT FEBRUARY 28, 2021

The Company and some of its subsidiaries are assessed by well-known ratings agencies. The Company rating can vary from agency to agency.

At February 28, 2021, the main ratings for the Company and its principal operational subsidiary are as follows:

INSURER FINANCIAL STRENGTH RATING	AGENCY	RATING	OUTLOOK
Compagnie française d'assurance pour le commerce extérieur and its branches	Fitch Moody's AM Best	AA- A2 A	Negative Stable Stable

RATING FOR COFACE SA DEBT			
Long-term counterparty risk rating	Fitch Moody's	A+ Baa1	Negative Stable
Subordinated hybrid debt	Fitch Moody's	A- Baa1	Negative Stable
Short-term counterparty risk rating (commercial paper)	Fitch Moody's	F1 P-2	Negative Stable

The ratings shown above may be subject to revision or withdrawal at any time by the ratings agencies awarding them. None of these ratings represent an indication of past or future performance of Coface shares or debt issued by the Company and should not be used as part of an investment decision. The Company is not responsible for the accuracy and reliability of these ratings. The information is available and updated on the Company's website: http://www.coface.com/Investors/Ratings.

9.7 CROSS-REFERENCE TABLE

9.7.1 Universal Registration Document

This cross-reference table contains the items provided for in Annex I and II of Commission Delegated Regulation (EU) 2019/980 of March 14, 2019 and refers to the pages of this Universal Registration Document on which the information relating to each of these items is provided.

9.7.2 Annual financial report

This Universal Registration Document contains all the elements of the financial report as mentioned in Article L.451-1-2 of the French Monetary and Financial Code and Article 222-3 of the AMF General Regulation.

INFORMATION	PAGE
Parent company financial statements	200-212
Consolidated financial statements	132-199
Management report	See details in Section 9.7.3
Corporate governance report	See details in Section 9.7.4
Statement of the person responsible for the annual financial report	NA
Statutory Auditors' report on the annual financial statements	218-221
Statutory Auditors' report on the consolidated financial statements	214-217
Statutory Auditors' report on the corporate governance report	219

9.7.3 Management report

This Universal Registration Document contains all the elements of the management report as required under Articles L.225-100 *et seq.*, L.232-1, II and R.225-102 *et seq.* of the French Commercial Code.

INFORMATION	PAGE
An objective and exhaustive analysis of the development of the Company's business, results and financial position, in particular its debt situation, with respect to business volume and complexity	100-118
To the extent that it is necessary for the understanding of the development of the Company's business, results or position, financial key performance indicators and, if necessary, non-financial key performance indicators that concern the Company's specific activity, in particular information relating to environmental and personnel issues	119-129; Chapter 6
A description of the main risks and uncertainties with which the Company is faced	Chapter 5
Information about financial risks linked to the effects of climate change and presentation of the measures taken by the Company to mitigate these risks by adopting a low-carbon strategy in all aspects of its business	270-275
The main characteristics of internal control and risk management procedures set up by the Company relating to the preparation and processing of financial and accounting information	Chapter 5
When this is relevant for the evaluation of its assets, liabilities, financial position and profits or losses, indications on the Company's objectives and policy concerning the hedging of each principal category of planned transactions for which hedge accounting is used, as well as the Group's exposure to pricing, credit, liquidity and cash risks	Chapter 5
Corporate governance report	See details in Section 9.7.4

9.7.4 Corporate governance report

This Universal Registration Document contains all the elements of the corporate governance report as required under Article L.225-37 *et seq.* of the French Commercial Code.

INFORMATION	PAGE
Terms of office and duties of corporate officers	52-61; 74-76
Regulated agreements	334-335
Delegations concerning capital increases	294-300
Choice of one of the two methods of exercising general management	77-79
Composition and work of the Board of Directors	52-71
Diversity policy applied to the members of the Board of Directors	63-64
Limitations on the powers of the Chief Executive Officer (CEO)	73
Code of corporate governance	73
Means of shareholder participation in the Annual Shareholders' Meeting	345-346
Factors liable to have an effect in the event of a public offering (Article L.225-37-5 of the French Commercial Code)	304
Rules for the determining of and components of corporate officers' compensation	80-96; 308-323

9.7.5 Shareholders' Meeting

(Article L.225-100 *et seq.* of the French Commercial Code)

SUMMARY OF THE COMPANY'S POSITION DURING THE PAST FINANCIAL YEAR	PAGE
Company financial statements	200-212
Consolidated financial statements	132-199
Group management report	See details in Section 9.7.3
Corporate governance report	See details in Section 9.7.4
Usual first names and surnames of directors and executive officers, as well as the details of the other companies in which these persons exercise management, leadership, administration or supervisory roles (Articles L.225-115 and R.225-83 of the French Commercial Code)	52-61; 74-76
The draft resolutions proposed and the explanations of the reasons, as well as information concerning candidates for the Board of Directors, if applicable (Articles L.225-115 and R.225-83 of the French Commercial Code)	308-323; 324-333
A table of appropriation of income, specifying in particular the origin of the sums proposed for distribution (Article R.225-83 of the French Commercial Code)	308
Board of Directors' report on the draft resolutions proposed	308-323
Report of the Statutory Auditors on the annual financial statements (Article L.823-9 of the French Commercial Code)	218-221
Report of the Statutory Auditors on the consolidated financial statements (Article L.823-9 of the French Commercial Code)	214-217
Report of the Statutory Auditors on the corporate governance report (Article L.823-10 of the French Commercial Code) included in the Statutory Auditors' report on the annual financial statements	219
Report of the Statutory Auditors on regulated agreements and commitments (Articles L.225-40 and R.225-83 of the French Commercial Code)	334-335
Report of one of the Statutory Auditors, designated independent verifiers, on the consolidated corporate, environmental and societal information presented in the management report (Articles L.225-102-1 and R.225-105 of the French Commercial Code)	289-290

9.7.6 Information required by Article L.225-102-1 and Article R.225-105 of the French Commercial Code

This Universal Registration Document contains the information required by Articles L.225-102-1 and R.225-105 of the French Commercial Code. The following cross-reference table refers to the sections of the Universal Registration Document corresponding to the non-financial performance report.

NAME		PAGE
1 – Business model		**14-15**
2 – Presentation of principal risks		**257**
3 – Reasonable due diligence procedures and key performance indicators		**289-290**
4 – Corporate information		**258-270**
Article R.225-105-1-I1 a)	**a) Employment:**	
	• total headcount and breakdown of employees by gender, age and geographic zone	259-267
	• hiring and redundancy	261
	• compensation and its trends	269-270
Article R.225-105-1-I1 b)	**b) Work organisation:**	
	• working time organisation	258-259
	• absenteeism	NA
Article R.225-105-1-I1 c)	**c) Corporate relations:**	
	• occupational health and safety conditions	258-259
	• workplace accidents, particularly their frequency and seriousness, as well as professional illnesses	258-259
Article R.225-105-1-I1 d)	**d) Health and safety:**	
	• organisation of corporate dialogue, particularly information and personnel consultation procedures and negotiation procedures with staff	
	• review of collective bargaining agreements, particularly those relating to occupational health and safety	
Article R.225-105-1-I1 e)	**e) Training:**	
	• policies implemented for training, particularly those relating to environmental protection	267-268
	• total number of training hours	259. 267-268
Article R.225-105-1-I1 f)	**f) Equality of treatment:**	
	• measures taken to promote gender equality	265-270
	• measures taken to promote the employment and integration of people with disabilities	265-270
	• anti-discrimination policy	265-270
Article R.225-105-1-I1 g)	**g) Promotion and respect for the fundamental conventions of the International Labour Organization concerning:**	
	• respect of freedom of association and the right to collective bargaining	282-284
	• elimination of professional and employment discrimination	265-267
	• elimination of forced or mandatory labour	256; 283
	• effective abolition of child labour	256; 283
5 – Environmental information		**270-275**
Article R.225-105-1-I2 a)	**a) General environmental policy**	
	• organisation of the Company to take account of environmental issues and, where necessary, approaches to environmental assessment or certification	270
	• resources devoted to environmental risk and pollution prevention	NA
	• the amount of provisions and guarantees for environmental risks, provided this information does not cause serious prejudice to the Company in any current litigation	NA
	• the amount of provisions and guarantees for environmental risks, provided this information does not cause serious prejudice to the Company in any current litigation	NA

NAME		PAGE
Article R.225-105-1-I2 b)	**b) Pollution:**	
	• prevention, reduction or repair measures for discharges into the air, water and soil seriously affecting the environment	NA
	• consideration of any form of pollution specific to a business, particularly noise and light pollution	275
Article R.225-105-1-I2 c)	**c) Circular economy:**	
	i) Waste prevention and management:	
	• waste prevention, recycling and reuse measures, and other measures for recovering and eliminating waste	270
	• initiatives to combat food waste	288
	• land use	NA
	ii) Sustainable use of resources:	
	• water consumption and supply according to local constraints	270
	• consumption of raw materials and measures taken to improve efficiency in their use	NA
	• energy consumption, measures taken to improve energy efficiency and recourse to renewable energy	271
	• land use	NA
Article R.225-105-1-I2 d)	**d) Climate change**	
	• significant greenhouse gas emissions generated as a result of the Company's business, notably by use of the goods and services it produces	NA
	• measures taken to adapt to the consequences of climate change	NA
	• voluntary medium- and long-term targets set for reducing greenhouse gas emissions and measures implemented in this regard	271-275
Article R.225-105-1-I2 e)	**e) Protection of biodiversity: measures taken to preserve or restore biodiversity**	NA
6 – Societal information		**275-284**
Article R.225-105-1-I3 a)	**a) Company's commitments to sustainable development:**	
	• impact of Company's activity in terms of employment and local development	275
	• impact of Company's activity on local or neighbouring populations	NA
	• relations with the Company's stakeholders and the procedures for dialogue with these parties	258
	• partnership and corporate philanthropy	267
Article R.225-105-1-I3 b)	**b) Subcontracting and suppliers:**	
	• consideration of social and environmental issues in the purchasing policy	276
	• consideration of sub-contractors' and suppliers' social and environmental responsibility in the Company's relationship with them	276
Article R.225-105-1-I3 c)	**c) Fair practices: consumer health and safety measures**	282-284
7 - Anti-corruption information: anti-corruption measures		**256. 276. 282**
8 – Information related to human rights initiatives		
	a) Promotion of and respect for the fundamental conventions of the International Labour Organization concerning:	256. 266-267
	• respect of freedom of association and the right to collective bargaining	
	• elimination of professional and employment discrimination	
	b) Other human rights initiatives	282-284

9.8 INCORPORATION BY REFERENCE

The 2020 Universal Registration Document, by reference to the 2019 Universal Registration Document registered by the Autorité des marchés financiers (French Financial Markets Authority) on April 16, 2020 under number D.20-0302, incorporates the following items:

- "Overview of Coface" (all): pages 2 to 18;
- Chapter 3 (all): pages 85 to 116;
- Chapter 4 (all): pages 117 to 210.

The 2019 Universal Registration Document, by reference to the 2018 Universal Registration Document registered by the Autorité des marchés financiers (French Financial Markets Authority) on April 3, 2019 under number D.19-0261, incorporates the following items:

- "Overview of Coface" (all): pages 2 to 18;
- Chapter 3 (all): pages 85 to 116;
- Chapter 4 (all): pages 117 to 218.

9.9 GLOSSARY

This glossary is a sample of terms used in the credit insurance sector and is therefore not exhaustive. It does not contain all the terms used in this Universal Registration Document or all terms used in the credit insurance industry.

Accounting rate of return of financial assets excluding income from disposals: Investment income before income from equity securities, foreign exchange income and financial expense excluding capital gains or losses on disposals compared with the balance sheet total of financial assets excluding equity securities.

Accounting rate of return of financial assets: Investment income before income from equity securities, foreign exchange income and financial expenses compared with the balance sheet total of financial assets excluding equity securities.

Bonding: a credit transaction and not an insurance transaction, it is a written undertaking given to a creditor by a guarantor to fulfil a debtor's obligation in the event of the latter's default.

Bonus/Malus on claims: liquidation of provisions for claims and recoveries from years prior to the financial year with a positive or negative impact on the cost of benefits under insurance contracts for the current financial year.

Bonus/Malus on premiums: liquidation of provisions on premiums from years prior to the financial year with a positive or negative impact on premiums earned in the current financial year.

Broker: an independent intermediary who canvasses companies in order to offer them a credit insurance policy. Brokers advise policyholders during the implementation of the policy or agreement and in its day-today.

Business volume: declared value of customer turnover compared to the annualised premiums of the corresponding contracts.

Ceded claims/total claims (claims cession rate): weight of ceded claims in relation to total claims. Ceded claims correspond to the portion of claims Coface cedes to its reinsurers under reinsurance treaties entered into with them.

Cession rate of premiums (Ceded premiums/Gross earned premiums): weight of ceded premiums in relation to earned premiums. Ceded premiums correspond to the portion of earned premiums that Coface cedes to its reinsurers under reinsurance treaties entered into with them. Earned premiums correspond to the sum of written premiums and provisions for unearned premiums not yet written.

Claim: situation in which a risk is realized. This entitles the policyholder to compensation and triggers the compensation mechanism provided for in the credit insurance policy.

Claims paid: amount of claims paid by the insurer during the accounting year.

Claims paid: indemnities paid net of recoveries received, plus expenses incurred to manage them (claims management expenses).

Collection: extra-judicial and/or judicial procedure conducted by the Group to secure payment of a receivable by the debtor.

Combined ratio: represents the total expenses, including service margin, and total claims, divided by total earned premiums. Said differently, combined ratio corresponds to the sum of the cost ratio and the loss ratio.

Cost ratio: contract acquisition expenses, administration expenses and service margin as a proportion of earned premiums. The service margin corresponds to service revenues less other ordinary operating income and expenses. It can be in "gross terms" *i.e.* before reinsurance, or "net terms" which includes the reinsurance commission.

Credit insurance: a technique whereby a company protects itself against the risks of non-payment of its trade receivables.

Credit risk: the risk of a loss incurring due to a counterpart's deterioration of credit quality or its default.

Dividend: the portion of a company's earnings attributable to the shareholder. A distinction is made between the net dividend, *i.e.* the amount actually paid by the Company to the shareholder, and the gross dividend, which also includes the tax credit.

Earned premium: sum of gross written premiums and premium provisions: fraction of the premium issued during the accounting year or earlier, corresponding to the coverage of the risks covered during the accounting year in question.

Earnings per share (EPS): ratio calculated by dividing the net income for the year attributable to shareholders by the weighted average number of shares outstanding (basic EPS).

Economic rate of return of financial assets: Economic performance of the asset portfolio. Thus, the change in revaluation reserves for the year over the balance sheet total of financial assets is added to the accounting rate of return.

Factoring: all the services a Factor provides to companies, enabling them to outsource the management of their accounts receivable: Management of invoices, including collection of payments, protection against insolvency, financing, etc.

Fees and commission income: costs ancillary to the insurance contract corresponding to the remuneration of services related to credit insurance such as the costs of monitoring the credit limits issued to the insured on its buyers.

Incurred but not reported (IBNR): provision relating to claims not yet known but deemed probable.

Insolvency: legally recognized incapacity of the debtor to meet his or her commitments and, as such, to pay his or her debt.

Issued premium: amount of premium invoiced during the accounting year to cover the risks provided for in the contract.

Loss ratio: claims costs from all attachment years as a proportion of earned premiums. It can be in "gross terms" *i.e.* before reinsurance, or "net terms" which includes the part ceded to the reinsurers. It is the sum of the current year and previous year loss ratios.

Market capitalization: a company's stock market value. It is calculated by multiplying the share price by the number of shares comprising share capital.

Market risk: the risk of incurring losses due to changes in market prices or the parameters influencing these prices.

Net production balance: commercial performance indicator. Sum of annualised premiums relating to credit insurance policies newly written during the financial year and annualised premiums relating to policies cancelled during the same financial year.

Partial Internal Model: used to quantify the risks that Coface faces. In particular, it is used to calculate the Solvency Capital Requirement (SCR).

Premium: sum paid by the insured in return for the insurer's undertaking to cover the risks provided for in the contract.

Price effect: indicator of the evolution of policy pricing.

Provision for premiums to be issued: premiums relating to an accounting period that could not be invoiced during that period.

Recoveries: sums recovered by the insurer from the debtor (buyer in default of payment) after the claim has been compensated to the insured.

Reinsurance commission: the commission paid by the reinsurer to the ceding company on reinsurance agreements as compensation to place the business with the reinsurer and to cover the ceding company's acquisition expenses.

Reinsurance: transaction whereby an insurance company transfers risk with a third party (the reinsurer) against some of its risk that it has guaranteed, in exchange for the payment of a premium and receipt of commission.

Retention rate: ratio between the total value of contracts actually renewed and the total value of contracts to be renewed. This indicator is expressed in%.

RoATE – Return on average equity net of intangible assets: net profit (Group share) divided by average tangible equity (the period average of equity (Group share) restated for intangible assets).

Solvency II Ratio: an indicator that summarizes the capacity of the Company to face its commitments towards its clients, investors and other counterparts. Technically, it equals the Own Funds (more or less net assets measured at market value) divided by the Solvency II Capital Requirement (SCR).

Solvency II: an European regulatory reform of the insurance sector, modifying solvency requirements. The Solvency II Directive aims to create a harmonized, risk-orientated solvency regime resulting in capital requirements for (re) insurance companies that are more reflective of the risks they run.

Technical result: sum of the turnover, the claims costs, the operating expenses (acquisition costs, administrative expenses and service expenses) and the reinsurance result.

Turnover: sum of gross earned premiums and service revenues.

Unearned premium provisions: portion of premiums written during the accounting period relating to the coverage of risks covered for the period between the closing date of the accounting period and the expiry date of the contracts.

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