SFCR - Solvency and Financial Conditions Report **2019**

General comments

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

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

Forward-looking information

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

These forward-looking statements are based on data, assumptions and estimates that the Coface Group deems reasonable. They may evolve or be modified due to uncertainty linked, in particular, to the economic, financial, competitive or regulatory environment. Furthermore, the forward-looking statements contained in this report also involve risks, both known and unknown, uncertainty and other factors that, were they to occur, could affect the Coface Group's future results, performance and achievements. Such factors may include, in particular, changes in the economic and commercial climate as well as the risk factors presented in Chapter 5 of the Universal Registration Document filed with the Autorité des Marchés Financiers (French Financial Markets Authority - AMF) on April 16th, 2020 under number D.20-0302.

Risk factors

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

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

Clarifications relating to the presentation

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

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

Please note that COFACE SA forms the Coface Group ("COFACE SA" or "the Group"), accounted on a consolidated basis, Compagnie française d'assurance pour le commerce extérieur, an institution accounted on a solo basis, and PKZ, a subsidiary also accounted on a solo basis.

The Coface Group's general scope of consolidation is stated on page 14 of this document and the reader's attention is drawn to the following information:

- The quantitative information relating to COFACE SA was prepared in accordance with IFRS or Solvency II standards, as the case may be.
- In accordance with the regulations, Compagnie française d'assurance pour le commerce extérieur has no obligation to prepare consolidated financial statements and, as a result, the quantitative information in this document is provided on a statutory basis under French accounting standards, in respect of the business and under Solvency II standards for the prudential items.
- The quantitative information for Compagnie française d'assurance pour le commerce extérieur primarily comprises information relating to the parent holding company and to the 31 full-service branches listed in Appendix 1.
- The factoring business and credit insurance or services subsidiaries are not consolidated by Compagnie française d'assurance pour le commerce extérieur but at COFACE SA level: this, for the most part, explains the discrepancies in business revenue and results.
- External reinsurance activities are carried by Coface Re, an entity consolidated at COFACE SA level.
- PKZ is the only European insurance subsidiary of the group located outside France, and is subject to the solvency II regulations, hence its specific reference in this report.
- In the absence of a specific paragraph or note, the qualitative or quantitative information in this document is valid for both establishments.
- This report has not been reviewed by the Statutory Auditors of COFACE SA or Compagnie française d'assurance pour le commerce extérieur, although it has been approved by the respective Boards of Directors of COFACE SA and Compagnie française d'assurance pour le commerce extérieur.

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Summary

- **Business and performance**

The performance of the 2019 financial year allows Coface to achieve and even exceed the objectives of its Fit to Win strategic plan. Consolidated revenue, which amounted to €1,481.1 million, therefore grew by 5.9% compared to 2018 at constant scope and exchange rates. The net combined ratio is 77.7% below the 83% target across the cycle. The loss ratio improved by 0.1 point to 45.0% and the expense ratio decreased by 1.8 point to 32.7% compared to 2018. The Group ended the year with net income (Group share) up 20% to €146.7 million (compared to €122.3 million in 2018) and a return on equity of 9.1% after restatement of non-recurring items (8.1% target after capital model optimization). These results take into account the integration of Coface PKZ into the consolidated scope of the Group effective April 1, 2019.

Approval of the Coface SA partial internal model by the Prudential Control and Resolution Authority (Autorité de Contrôle Prudentiel et de Résolution) marks a crucial step in improving the capital efficiency of Coface, the second pillar of the Fit to Win plan. The Group is increasing the target solvency ratio, now included in a range between 155% and 175%.

Revenue of Compagnie française d'assurance pour le commerce extérieur, at €1,136.2 million, grew by 5% compared to 2018 at constant scope and exchange rates. The net loss ratio of Compagnie française d'assurance pour le commerce extérieur improved 5.9 points to 41.6%, and the net cost ratio fell by -5.6 points to 41.3%. Compagnie française d'assurance pour le commerce extérieur finished the year with a net income of €19.4 million, a decrease of 69.2% (compared to €62.8 million in 2018).

- **Acquisition of Coface PKZ**

On April 15, 2019, Coface announced the acquisition of 100% of the capital of SID - PKZ, leader in credit insurance in Slovenia (see A.1.5 Substantial transactions and significant events in 2019).
PKZ, the only European insurance subsidiary of the group located outside France, is a Slovenian institution governed by the Slovenian Insurance Code and is subject to prudential supervision by the Slovenian Insurance Supervisory Authority, AZN, Trg republike 3 Ljubljana.

COFACE PKZ delivered a good performance in 2019, with a net profit of €1.16 million for the financial year. The entity has a two-tier governance system, with a supervisory board and a board of directors. Coface PKZ's reinsurance program includes two quota shared treaties, one excess-loss treaty, and two optional treaties for unique risks. Coface PKZ's investment portfolio consists mainly of investments in government and corporate bonds, deposits, money market funds, equity funds and owner-occupied real estate.
An independent narrative report for the 2019 financial year was prepared and filed with AZN, the Slovenian regulator, on April 7, 2020.

- **Governance system**

The Coface Group has established clear governance based on the Board of Directors and its specialised committees (Audit and Accounting Committee, Risks Committee and Appointments and Compensation Committee) and internal risk committees. The risk management and control system is structured around the Coface Group Risks Committee, its specialised sub-committees and key functions.

The Group has set up a risk management system comprising three lines of defence:

- Level 1 operational controls assigned to the businesses;
- Level 2 permanent controls assigned to the Group Risk Department and the Group Compliance Department;
- Level 3 periodic controls assigned to the Group Audit Department.

- **Risk Profile**

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

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

- **Valuation for solvency purposes**

The Coface Group’s Solvency balance sheet was closed as at and for the year ended December 31, 2019 in line with Solvency II regulations. The Coface Group values its assets and liabilities based on a going concern assumption. The methods used to value the prudential balance sheet are the same as those used in 2018, allowing comparisons between changes in the major classes of assets and liabilities. This valuation of the assets of the Coface Group, since IFRS in Solvency II standards, is €4,632 million. The Company has total assets of €3,788 million.

As far as liabilities are concerned, the Group’s liabilities amounted to €1,997 million and Compagnie française d'assurance pour le commerce extérieur’s liabilities totalled €1,909 million.

- **Capital management**

In view of the approval of the partial internal model in 2019, the Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR) of the Group are defined using the partial internal model.

With a view to optimising equity capital, the Group has put a capital management policy in place, which is reviewed at least once a year.

Both Compagnie française d'assurance pour le commerce extérieur and Coface PKZ use the standard formula for calculating their Solvency Capital Requirements (SCR) and their Minimum Capital Requirements (MCR).

At December 31, 2019 the Group's solvency ratio is 203%.

The Solvency ratios for Compagnie française d'assurance pour le commerce extérieur and for Coface PKZ at December 31, 2019 are 288% and 234%, respectively.

The report on the solvency and financial position of Coface PKZ as at December 31, 2019 is published on the following website: https://www.coface-pkz.si/sl/dokumenti/poslovni-dokumenti
The English version is available at: https://www.coface-pkz.si/en/dokumenti/poslovni-dokumenti

/ A. BUSINESS AND PERFORMANCE

A. Business and performance

A.1 Business

A.1.1 General Introduction

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

COFACE SA is a public limited company (*société anonyme*) with share capital of €304,063,898 whose head office is located at 1 Place Costes et Bellonte, 92270 Bois-Colombes, France. It is registered on the Nanterre Trade and Companies Register under number 432 413 599.

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

Coface PKZ is a Slovenian company with share capital of €8,413,000 which head office is located at Davčna ulica 1, 1000 Ljubljana, Slovenia. It was entered in the register of companies on December 31, 2004 under number 1/39193/00, SRG 2004/12632, and is authorised to carry out insurance activities in the category of credit insurance, as well to carry out insurance activities related to the underwriting of reinsurance in the non-life insurance category.

PKZ, the only European insurance subsidiary of the group outside France, is a Slovenian institution governed by the Slovenian Insurance Code and subject to prudential supervision by the Slovenian Regulatory Authority.

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

COFACE SA and Compagnie française d'assurance pour le commerce extérieur are both governed by the French Insurance Code (Code des Assurances) and are subject to prudential supervision by the ACPR (French Prudential Supervision and Resolution Authority) located at 61 rue Taitbout in Paris (75009).

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

  - **Statutory auditors – COFACE SA**

Principal Statutory Auditors	Deloitte & Associés 6, place de la Pyramide 92908 Paris-La Défense cedex, France Represented by Jérôme Lemierre	KPMG SA EQHO- 2 Avenue Gambetta CS 60055 92066 Paris La Défense, France Represented by Régis Tribout
Alternate Statutory Auditors	BEAS 6, place de la Pyramide 92908 Paris-La Défense cedex, France Represented by Mireille Berthelot	KPMG AUDIT FS I Tour EQHO 2 avenue Gambetta CS 60055 92066 Paris La Défense, France Represented by Isabelle Goalec

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

Principal Statutory Auditors	Deloitte & Associés 6, place de la Pyramide 92908 Paris-La Défense cedex, France Represented by Jérôme Lemierre	KPMG SA EQHO- 2 Avenue Gambetta CS 60055 92066 Paris La Défense, France Represented by Régis Tribout
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➢ **Statutory auditors – PKZ**

Statutory Auditors	Deloitte revizija d.o.o., Dunajska cesta 165, Ljubljana. Slovenia Represented par Barbara Žibret Kralj

A.1.2 Holders of qualifying stakes in the company

- **COFACE SA**

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

	At Dec. 31st, 2019				At Dec. 31st, 2018		At Dec. 31st, 2017	
	Shares	%	Voting rights	%	Shares	Voting rights	Shares	Voting rights
Natixis	64,153,881	42.20 %	64,153,881	42.48%	64,853,881	64,853,881	64,853,881	64,853,881
Employees	382,256	0.37 %	382,256	0.37%	382,256	382,256	376,537	376,537
Public	86,062,884	56.77 %	86,062,884	57.15%	86,062,884	86,062,884	91,494,985	91,494,985
Independent holding (liquidity agreement and treasury share transactions)	1,000,752	0.66%	0	0.00%	2,600,240	0	522,829	0
Other	0	0%	0	0.00%	0	0	0	0
Total	**152,031,949**	**100%**	**151,031,197**	**100%**	**153,899,261**	**151,299,021**	**157,248,232**	**156,725,403**

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

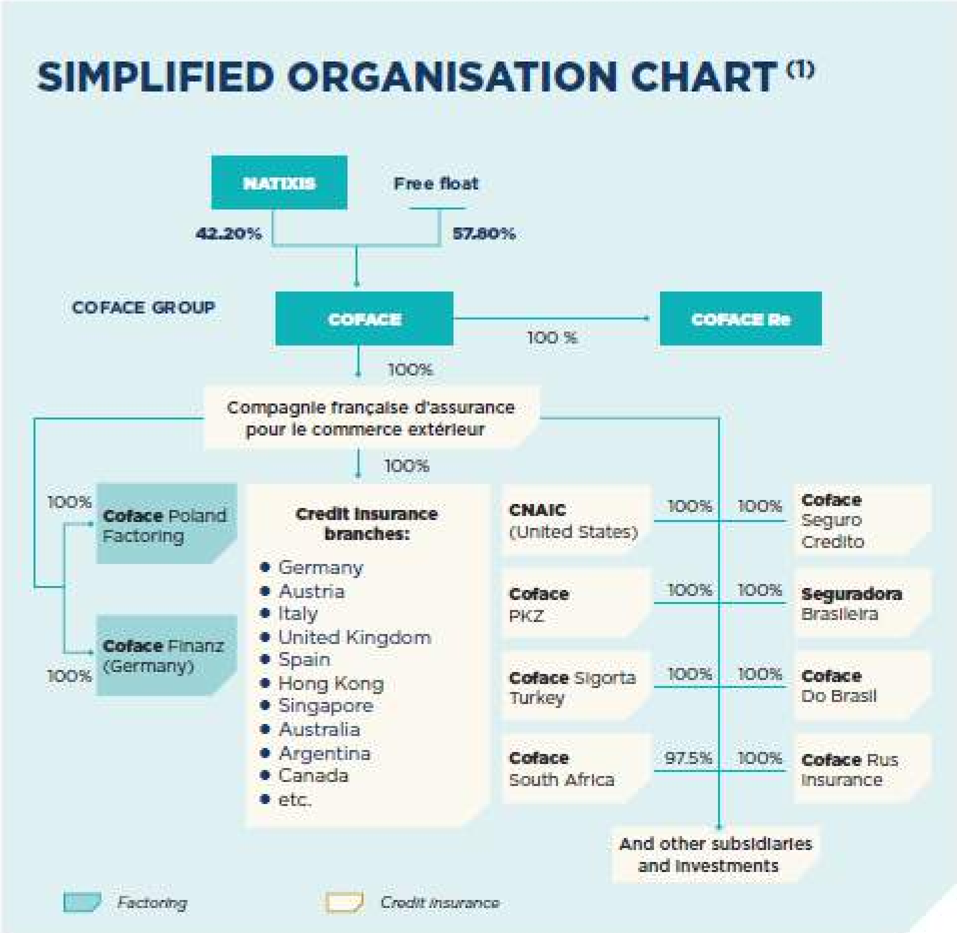
Compagnie française d'assurance pour le commerce extérieur is fully owned by COFACE SA.

- **PKZ**

Coface PKZ is fully owned by Coface SA since April 15, 2019.

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

The following diagram represents COFACE SA's legal structure and shows its material subsidiaries and branches (see Chapter 1 of the Universal Registration Document of the Coface Group).



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

The activity of the institutions is mainly focused on credit insurance, which accounted for 89.5% of COFACE SA's revenue in 2019 (see Note 22 "Revenue" in the 2019 Universal Registration Document). It consists in offering solutions to companies in order to protect them against the risk of financial default by their debtor clients, on both domestic and export markets.

In some countries, primarily in Central Europe, the Group markets information and recovery products without insurance or surety bond cover.

As a general rule, COFACE SA carries out its activities through branches, credit insurance subsidiaries, and two factoring subsidiaries, each fully owned, while the business of Compagnie française d'assurance pour le commerce extérieur is exclusively conducted through its 31 branches.

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

- Northern Europe
- Western Europe
- Central Europe
- Mediterranean & Africa
- North America
- Latin America

- Asia-Pacific

The Group operates in the factoring market in Germany and in Poland, as well as in the surety bond market.

A.1.5 Substantial transactions and significant events in 2019

- **Acquisition of SID – PKZ (Slovenia)**

On April 15, 2019, Coface SA announced the acquisition of 100% of the capital of SID - PKZ, the leader in credit insurance in Slovenia. The activities are now conducted under the new brand name "Coface PKZ". Created by SID Bank in 2005, SID - PKZ issued €14.3 million in gross premiums in 2018. This transaction had a neutral impact on the Group's solvency ratio. The closing of the work of the entry of Coface PKZ into the scope of the consolidated accounts resulted in the recognition of a negative goodwill (badwill) of €4.7 million in proceeds in the income statement. Coface PKZ's contribution (excluding badwill) to the group's net income as at December 31, 2019 is not significant.

- **Coface launches its credit insurance products in Greece**

Greece has implemented reforms that pave the way for a promising market for credit insurance. The opening of a local entity extends Coface's historically strong presence in the Mediterranean and Africa region, which accounts for 27% of the group's revenue in 2019. The impact of the new entity was not significant on the Group's financial statements in 2019.

- **Private placement of Coface South Africa**

Following the strategic partnership signed on November 16, 2018 and approved by the South African regulatory authorities in the second quarter of 2019, Coface South Africa, a South African subsidiary of Compagnie française d'assurance pour le commerce extérieur, opened its capital to 2.5% of South African investment fund B-BBEE Investment Holding Company, Identity Capital Partners (Pty) Ltd. This transaction will make it possible for Coface South Africa to expand its local footprint and brand, as well as show its drive to give more consideration to B-BBEE (Broad-Based Black Economic Empowerment). The opening of the capital of Coface South Africa can be increased by up to 25% over a 10-year period.

In addition, Coface has an option to purchase (call) the shares of these minority shareholders. The impact of this transaction on the accounts for financial year is not significant.

- **Minority shareholder buy-out of Brazilian subsidiary SBCE (Seguradora Brasileira C.E.)**

Compagnie française d'assurance pour le commerce extérieur bought the shares from minority shareholders in its Brazilian subsidiary, SBCE (Seguradora Brasileira C.E.). This 24.2% purchase was made to two local banks, each holding 12.1%. This operation is part of the Group's desire to streamline its presence in Brazil. The purchase of minority interests without change in the method of integration has no impact on net income and has an insignificant impact on equity capital.

- **Inclusion in the SBF 120 index**

The Euronext Scientific Council of Indices decided to include COFACE SA in the SBF 120 as of Monday, June 26, 2019. The SBF 120 is one of the leading indices of the Paris Stock Exchange, consisting of the top 120 stocks in terms of market capitalisation and liquidity. This inclusion follows the improvement of the liquidity of the Coface share and the increase of its market capitalisation, recognising the strengthening of its fundamentals since the implementation of the Fit to Win strategic plan.

- **Fitch confirms the AA rating of Coface with a stable outlook**

On July 10, 2019, rating agency Fitch Ratings confirmed Coface's financial strength rating (Insurer Financial Strength - IFS) at AA-. The outlook assigned to this score remains stable. The AA- financial strength rating, a stable outlook, was also confirmed for Coface North America Insurance Company and Coface Ré, two other Group insurance entities.

In its press release, the rating agency stresses that this confirmation "is mainly driven by Coface's very good economic model, its very strong financial profile (capitalisation and leverage), and its strong profitability".

Fitch believes that Coface's financial performance and results are "strong, backed by a cost-effective underwriting policy and effective risk management throughout the cycle".

- **Reduction of share capital by cancellation of treasury shares**

In its meeting of April 24, 2019, the Board of Directors of COFACE SA resolved to cancel the 1,867,312 shares acquired on October 25, 2018 under the share repurchase program, and consequently to reduce the company's share capital. As a result, COFACE SA's share capital is now €304,063,898, divided into 152,031,949 shares with a nominal value of €2 each.

- **Approval of the partial internal model**

On July 25, 2019, Coface SA filed its partial internal model file with the Authority for prudential and resolution control (ACPR, the French regulator) and on December 4, 2019 it received the authorisation to use the model for the calculation of its need for regulatory capital under solvency II as of December 31, 2019. The partial internal model of Coface was the subject of extensive discussions and reviews by the Group's supervisory authority since the launch of the pre-application phase in 2016. This model covers the credit insurance subscription module. The other modules (market risks, counterparty risk, operational risk) continue to use the parameters of the standard formula.

A.2 Underwriting performance

A.2.1 COFACE SA

COFACE SA's consolidated revenue rose by 5.9% at constant scope and exchange rates to €1,481.1 million in 2019 (+7.0% at current scope and exchange rates).

The constant scope and exchange rate variations shown for comparability purposes take into account the integration of Coface PKZ as a subsidiary in the COFACE SA scope as of April 1, 2019.

A more detailed description is available in Chapters 1.3 – Description of principal activities and 3.3 – Comments on income in the 2019 Universal Registration Document.

A.2.2 – "La Compagnie"

- **Revenue**

Revenue for Compagnie française d'assurance pour le commerce extérieur was €1,136.2 million, up by 5% compared to December 2018 at constant scope and exchange rates (+5% at current scope and exchange rates)

The following table illustrates the changes in revenue, for each business line, as at December 31, 2018 and 2019:

Revenue composition "La Compagnie" (in millions of euros)	As of Dec. 31		Change		
	2019	2018	as a %	as a %: at constant exchange	as a %: at constant scope and exchange rate
Premiums - direct business	940	898	4.7%	4.5%	4.5%
Premiums - inward reinsurance	183	169	8.6%	7.6%	7.6%
Written premiums	**1,124**	**1,067**	**5.3%**	**5.0%**	**5.0%**
Fee and Commission income	**12**	**10**	**25.4%**	**22.5%**	**22.5%**
Other technical products	0	2	-83.7%	-83.9%	-83.9%
Other technical products	**0**	**2**	**-83.7%**	**-83.9%**	**-83.9%**
Total Revenue	**1,136**	**1,078**	**5.4%**	**5.0%**	**5.0%**

Earned premiums were €1,123.6 million, an increase compared with 2018. Fees and commission income increased by 22.5% (at constant scope and exchange rates) to reach €12.3 million as at December 31, 2019. Lastly, other income totalled €0.3 million, down by 83.7% compared to December 2018.

- **Change in revenues by region**

The following table shows the changes in revenue of Compagnie française d'assurance pour le commerce extérieur for its seven geographical regions for the financial years ended December 31, 2018 and 2019:

Revenue composition "La Compagnie" (in millions of euros)	As of Dec. 31		Change			
	2019	2018	(in €m)	as a %	as a %: at constant exchange	as a %: at constant scope and exchange rate
Western Europe	261	248	14	5.5%	4.1%	4.1%
Northern Europe	221	216	6	2.7%	2.7%	2.7%
Central Europe	101	100	1	1.3%	1.4%	1.4%
Mediterranean & Africa	312	297	15	5.0%	4.7%	4.7%
Latin America	44	44	0	0%	11.5%	11.5%
North America	79	77	2	3.1%	1.3%	1.3%
Asia-Pacific	118	98	20	20.7%	17.5%	17.5%
Total Revenue	**1,136**	**1,078**	**58**	**5.4%**	**5.0%**	**5.0%**

All regions delivered an increase in revenue at constant scope and exchange rates.

In Western Europe, revenue rose 4.1% (5.5% at current scope and exchange rates). All trade indicators show progress with the exception of insured activities, which contract but remain clearly positive, particularly in France. All markets are reporting new growth production, and retention is at a record high.

In Northern Europe, revenue grew by 2.7% this year. Credit insurance revenue were up, in a context of strong new business recovery that compensates for a now limited customer activity. The pressure on prices is easing somewhat in Germany. Revenue from factoring continued to decline in a context of margin control.

Revenue from the Mediterranean & Africa region was up by 4.7% (5.0% at current scope and exchange rates). Business performance across the region was good thanks to good business dynamics. Thus, the progression of new business compensated for the slight decline in the retention rate, especially in Spain.

In Latin America, we saw a 11.5% increase in revenue at constant scope and exchange rates (-0.1% at current scope and exchange rates). The unfavourable impact of the foreign exchange rate was due to the continued marked depreciation of the Argentine peso. The region has benefited from the signing of major international contracts. This increase took place in a context of caution about risks (monetary and social turbulence).

In North America, revenue rose 1.3% (3.1% at current scope and exchange rates). In addition to a strong currency effect, the credit insurance portfolio expanded favourably, thanks to significant growth in retention and in new business. Single Risk policy production, however, was down.

Central Europe reported a 1.4% increase in revenue (1.3% at current scope and exchange rates). A new and growing production and resilient customer activity allowed the portfolio to continue to grow.

In the Asia-Pacific region, revenue rose by 17.5% (20.7% at current scope and exchange rates). The positive impact of the exchange rate is attributable to currencies tied to the US dollar. The strong development of the credit insurance portfolio in 2018 continued in 2019, with better retention.

- **Loss ratio**

The cost of claims of Compagnie Française d'Assurance pour le Commerce Extérieur was €482 millions, up 3.3% compared to 2018.

"La Compagnie"	**As of Dec. 31**		
(in millions of euros)	**2019**	**2018**	**Change (as a %)**
Claims expenses	**-482**	**-467**	**3.3%**
Earned premiums	1,124	1,067	5.3%
Loss ratio before reinsurance	**42.9%**	**43.8%**	**-0.9%**

The loss ratio before reinsurance and including expenses improved by 0.9 points, down from 43.8% in 2018 to 42.9% in 2019 despite a riskier global environment. Thus, the frequency of claims is up, even if their unit cost is lower than the previous year. The Group continues to benefit from rigorous management of past claims, which maintains a level of recoveries higher than the historical average.

- **Overheads**

Overhead "La Compagnie" (in millions of euros)	**As of Dec. 31**		**Change**	
	2019	**2018**	**as a %**	as a %: at constant scope and exchange rate
Internal overhead costs	-303	-301	0.5%	1.9%
of which claims handling expenses	*-25*	*-23*	7.6%	7.5%
of which internal investment management cos	-3	-3	1.2%	1.1%
Fees and commissions	-183	-189	-3.2%	-3.6%
Total overhead costs	**-486**	**-490**	**-0.9%**	**-0.2%**

Total overhead costs, which include costs of claims handling and of internal investment management, was slightly down by -0.2% at constant scope and exchange rates, from €490.2 million in 2018 to €485.7 million in 2019.

Contract acquisition commissions fell by -3.6% at constant scope and exchange rates (-3.2% at current scope and exchange rates), from €189.2 million in 2018 to €183.2 million in 2019. This progress can be compared to the increase in cost savings achieved by the internalisation of agents in North America.

Internal overhead costs, including claims handling costs and costs of internal investment management, grew 1.9% at constant scope and exchange rates (+0.5% at current scope and exchange rates), from €301 million to €308 million in 2018.

Personnel costs increased by 2.3% at constant scope and exchange rates (+2.9% at current scope and exchange rates), from €209.4 million in 2018 to €215.5 million in 2019. This growth is mainly due to the support of the salaries of agents that are now internalised in North America. High inflation, especially in Argentina, also imposes wage increases. Improved operational performance over the past two financial years resulted in a rise in variable pay and a larger allocation of payroll savings schemes (interest and participation), especially for the benefit of the French teams.

- **Underwriting income**

Gross reinsurance underwriting income fell by -€14.8 million (-8.7% compared to 2018), from €169.8 million in 2018 to €154.9 million in 2019. This decrease was caused by an increase in the claims ratio.

The cost of reinsurance fell by -18.6% in 2019, from €121.7 million in 2018 to €99.0 million in 2019.

"La Compagnie"	**As of Dec. 31**		
(in millions of euros)	**2019**	**2018**	**Change (as a %)**
Ceded premium	-558	-532	4.9%
Claims ceded	247	213	16.3%
Commissions paid by reinsurers	212	197	7.3%
Reinsurance Income	**-99**	**-122**	**-18.6%**

The increase in claims transferred to reinsurers explains the decrease in the cost of reinsurance.

A.3 Investment performance

A.3.1 Detailed results over the period

- **Changes in financial markets**

Economic growth slowed in 2019, whether in the US, the eurozone, or China. However, it has remained markedly positive. The uncertainties generated by the US-China trade conflict and the lack of visibility into Brexit have played an important role in this slowdown. At the end of the year, however, these risks had calmed. Central banks implemented further monetary easing, which was very positive for the equity markets, while bond yields fell sharply until the autumn before recovering some ground.

In the United States, the economy gradually slowed down in 2019. After a start to the year marked by the longest shutdown in history, it was the evolution of trade disputes between the United States and other countries that took centre stage. The Federal Reserve, concerned about the risks associated with these tensions, changed its tone and took a more accommodating stance, then lowered its key rate three times. As the year progressed, the economy slowed, but the labour market remained strong and wage growth continued at a moderate pace. As a result, consumption remained strong and supported growth. Inflation has recovered slightly. The year ended on a positive note with the announcement of an agreement on the trade front between the United States and China. In this context, US rates fell sharply to a low point end August before bouncing back. The US 10-year average rate rose from 2.7% at the beginning of the year to 1.5% in August, due to the slowdown in the global economy, before rebounding under the impetus of a more positive outlook for global economic growth, ending the year at levels close to 1.9%. In this context, stock markets increased sharply to +32% over the year.

In the eurozone, after a good start to the year, economic growth then weakened mainly as a result of international trade tensions, as well as fears linked to Brexit. The European Central Bank responded with new monetary accommodation measures. At the end of Q4, however, the environment improved due to the positive developments in the Brexit issue, the agreement on the outlines of a US-China trade agreement, and the stabilisation or rebound in most short-term economic indicators. From a political point of view, the main events, in addition to those related to Brexit, were a change of government in Italy, a new European Commission, and a new undecided election in Spain. As for interest rates, the German

10-year rate fell from 0.2% to -0.7% at the end of August, an all-time low, before ending the year at levels close to -0.2%, while the equity market ended the year at +25% in Europe.

With regard to emerging economies, GDP growth was slower in 2019, while there were still significant differences between countries. The persistence of trade tensions between the US and China and the slowdown in global trade contributed to the weakening of the business climate, the reduction of investments and exports from emerging countries. Part of the economic slowdown is due to slower growth in some major emerging economies, such as China, India, and Mexico, and recessions in some others, such as Turkey and Argentina, two idiosyncratic cases. In the face of this, emerging-market central banks have also taken more accommodating positions in an environment characterised by relatively low inflationary pressures.

- **Financial income from investments – COFACE SA**

➢ Development of the investment portfolio

Against this economic backdrop of falling interest rates, the Group, as part of its strategic allocation, reduced its exposure to developed market sovereign debt and money market products in favour of investment-grade corporate bonds and mainly investment-grade emerging market debt. These investments were all carried out in a strictly defined risk context; the quality of issuers, the sensitivity of issues, the dispersion of issuer statuses and geographical areas are the subject of specific rules defined in the different management mandates granted to the Group's dedicated managers.

The market value of the portfolio increased in financial year 2019 as a result of lower interest rates, tighter credit spreads, and a sharp rise in equity markets, in a context of central-bank support for prospects for slower growth and US-China geopolitical tensions. The following table shows the financial portfolio by main asset class:

Investment portfolio **COFACE SA** (in millions of euros)	**As of Dec. 31** **2019** ***(in €m)***	 ***(as a %)***	 **2018** ***(in €m)***	 ***(as a %)***
Investment property	236	8.3%	227	8.4%
Equities	175	6.1%	178	6.6%
Bonds	2,119	74.3%	1,777	66.0%
Loans, deposits and other financial investments	321	11.3%	511	19.0%
Total financial assets	**2,850**	**100%**	**2,692**	**100%**

➢ Investment portfolio income

Investment portfolio income **COFACE SA** (in millions of euro)	**As of Dec. 31** **2019**	 **2018**	 **Change**
Equities	6.6	5.5	20.0%
Fixed-income products	39.8	30.9	28.8%
Investment property	8.4	9.0	-6.7%
Total Investment portfolio	**54.8**	**45.4**	**20.7%**
Of which outsourcing, depreciation and reversal of provision	10.1	*4.7*	*114.9%*
Associated and non-consolidated companies	-4.7	3.1	-251.6%
Net foreign exhange gains and derivatives	-5.3	7.8	-167.9%
Financial and investment charges	-7.8	-5.2	50.0%
Total	**37.0**	**51.1**	**-27.6%**

After income from investments in companies, foreign exchange and derivatives income, financial and investment charges, the Group's financial income for 2019 was €37 million.

As a result of the increase in revaluation reserves on the investment portfolio, impacted mainly by the fall in interest rates and the rise in the equity market, the economic rate of return on financial assets was +5.0% in 2019 compared with -0.2% over the same period in 2018.

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

➢ Development of the investment portfolio

The portfolio of Compagnie française d'assurance pour le commerce extérieur has followed the same evolution as the Group's allocation portfolio, namely an increase in the credit pocket coupled with a decrease in sovereign debt in developed markets and monetary products.

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

Investment portfolio "La Compagnie" (in millions of euros)	As of Dec. 31			
	2019		2018	
	(in €m)	*(as a %)*	*(in €m)*	*(as a %)*
Investment property	189	8.0%	188	8.4%
Equities	144	6.1%	143	6.4%
Bonds	1,599	67.6%	1,342	59.8%
Loans, deposits and other financial investments	432	18.3%	572	25.5%
Total financial assets	**2,364**	**100%**	**2,244**	**100%**

➢ Investment portfolio income

Compagnie française d'assurance pour le commerce extérieur's financial income amounted to €57.9 million in 2019, versus €76.1 million in 2018. It included €35 million in revenue from holdings, compared to €24.6 million last year.

Investment portfolio income "La Compagnie" (in millions of euros)	As of Dec. 31		
	2019	2018	Change
Investment income	89.0	72.2	16.8
Gains on investment realization	38.7	79.9	-41.3
Total revenue	**127.7**	**152.1**	**-24.4**
Financial charges	-17.1	-16.7	-0.3
Investment management	-3.0	-3.0	0.0
Accumulated impairment - investments	-12.3	-12.2	-0.1
Other investment charges	-2.5	-2.5	0.0
Losses on investment realization	-34.8	-41.5	6.7
Total expenses	**-69.8**	**-76.0**	**6.2**
Financial result	**57.9**	**76.1**	**-18.3**

This income is not in line with Group income, due mainly to the differences in scope of consolidation and standards.

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

Furthermore, French accounting standards do not allow a detailed breakdown of dedicated funds, unlike the IFRS standards for the Group.

A.3.2 Impact on equity

- **COFACE SA**

The two tables below show the impact on equity at December 31, 2019 and, for comparison purposes, at December 31, 2018:

COFACE SA *(in millions of euros)*	**Investments instruments**	**Reserves - gains and losses not reclassifiable to**	**Income tax**	**Revaluation reserves attributable to**	**Non-controlling interests**	**Revaluation reserves**
At January 1, 2019	**116,607**	**-30,314**	**-1,836**	**84,457**	**-122**	**84,335**
Fair value adjustment on available-for-sale financial assets reclassified to income	-8,926		1,606	-7,320	-1	-7,321
Faire value adjustment on available-for-sale financial assets recognisez in equity	107,131		-21,793	85,338	6	85,344
Change in reserves - gains and losses not reclassificable to income (IAS 19R)		-4,386	1,157	-3,229	0	-3,229
Transactions with shareholds	0		0	0	0	0
At December 31, 2019	**214,812**	**-34,700**	**-20,866**	**159,246**	**-117**	**159,129**

COFACE SA *(in millions of euros)*	**Investments instruments**	**Reserves - gains and losses not reclassifiable to**	**Income tax**	**Revaluation reserves attributable to**	**Non-controlling interests**	**Revaluation reserves**
At January 1, 2018	**153,988**	**-32,137**	**-20,808**	**101,043**	**-121**	**100,922**
Fair value adjustment on available-for-sale financial assets reclassified to income	1,913		-1,227	686	0	686
Faire value adjustment on available-for-sale financial assets recognisez in equity	-39,294		20,627	-18,667	-1	-18,668
Change in reserves - gains and losses not reclassificable to income (IAS 19R)		1,823	-428	1,395	0	1,395
Transactions with shareholds	0		0	0	0	0
At December 31, 2018	**116,607**	**-30,314**	**-1,836**	**84,457**	**-122**	**84,335**

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

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

A.3.3 Securitization

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

Indeed, as at December 31, 2019, no institution has investments in securities issued as part of a securitisation in its financial portfolio.

A.4 Income from other activities

A.4.1 Other income and expenses

- **COFACE SA**

Other operating income and expenses totalled -€6.0 million and mainly break down as follows:

- for other operating income:
  - capital gains as a result of the sale of the Milan office building for €2.3 million (classified as commercial real estate);
- for other operating costs:
  - grants to provisions for restructuring, for €5.3 million;
  - charges net of reversals of provisions related to the Fit to Win strategic plan for €1.3 million.

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

Extraordinary income and expenses amounted to -€304 thousand at December 31, 2019.

Non-recurring income included:

- a reversal of excess depreciation for €3,921 thousand.
- the capital gain of the sale of the commercial building in Milan at Coface Italy for €2,312 thousand

Extraordinary expenses are composed of expenses related to:

- other provisions for restructuring, for €6,184 thousand
- net restructuring charges related to the Fit to Win strategic plan for €304 thousand.

A.4.2 Rental Agreements

- **Operating leases**

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

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

- **COFACE SA**

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

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

Charges due to leasing agreements Coface SA (in millions of euros)	As of Dec. 31		
	2019	2018	Change
Charges due to leasing of offices	28.1	29.8	-1.6
Charges due to IT costs	13.8	13.9	-0.1
Total	**41.9**	**43.6**	**-1.7**

Rental office expenses declined between 2018 and 2019. The decline was due on the one hand to the renegotiation of the historic lease in France, of which 2019 was the first year of full effect.

On the other hand, IFRS 16 replaced IAS 17 in 2019. Assets financed through leasing or finance leases and now through operating leases are presented in the consolidated financial statements as if they had been acquired directly through financial debt. As a result, the standard requires all leases in the form of a right of use on the leased asset to be recorded in fixed assets on the balance sheet and financial debts for rents and other payments to be made throughout the duration of the lease to be recorded in liabilities on the balance sheet. In the income statement, the rent charge previously recognised in full under general expenses is now recognised in part as a depreciation expense and in part as financial income. The most significant impact relates to recognising the operating leases for the Group's registered offices. COFACE SA applies the exception provided for in 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 USD 5,000).

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

The table below sets out Compagnie française d'assurance pour le commerce extérieur's rental expenses:

Charges due to leasing agreements "La Compagnie" (in millions of euros)	**As of Dec. 31**		
	2019	**2018**	**Change**
Charges due to leasing of offices	21.3	23.3	-2.0
Charges due to IT costs	12.5	13.4	-0.9
Total	**33.7**	**36.7**	**-2.9**

The downward impact of the first-time adoption of IFRS 16 is more significant for Compagnie française d'assurance pour le commerce extérieur, due to the greater weighting of France.

IT expenses also fell more sharply for Compagnie française d'assurance pour le commerce extérieur, as the scope of the consolidation effect resulting from the acquisition of Coface PKZ did not apply to it.

- **Financial leases**

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

A.5 Other information

No other material information is to be made publicly available.

/ B. GOVERNANCE SYSTEM

B Governance system

B.1 General information on the system of governance

B.1.1 Governance structure

- **COFACE SA's governance structure**

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

➤ **The Board of Directors**

Until its meeting on February 5, 2020, the Board of Directors was made up of 11 members, of which 58.3% were women and 41.7% were independent[1]:

- Mr François Riahi, Chairman
- Mr Jean Arondel
- Mrs Nathalie Bricker
- Mr Éric Hémar
- Mr Daniel Karyotis
- Mrs Isabelle Laforgue
- Mrs Nathalie Lomon
- Mrs Sharon MacBeath
- Mrs Marie Pic Paris
- Mrs Isabelle Rodney
- Mrs Anne Sallé-Mongauze
- Mr Olivier Zarrouati

Detailed information on the operation and governance of the Board of Directors is provided in paragraph 2.1 - Composition and operation of the Board of Directors and its specialised committees of the 2019 Registration Document.

➤ **Financial Statements and Audit Committee**

On the date of this report, the Financial Statements and Audit Committee was composed of Mr Éric Hémar (Chairman), Mrs Isabelle Laforgue and Mrs Marie Pic Paris.

Two-thirds of the members of the Financial Statements and Audit Committee are independent members of the Board of Directors. The recommendation of the AFEP-MEDEF Code, according to which this committee must have a majority of independent members, has thus been complied with.

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

The role of the Financial Statements and Audit Committee is to ensure the follow-up of matters concerning the preparation and verification of accounting and financial information, in order to facilitate the Board of Directors' duties of control and verification. In this regard, the Committee issues opinions and/or recommendations to the Board of Directors.

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

a) Follow-up on the process of preparing the financial information;

[1] *Since the Company is controlled by Natixis as defined in Article L. 233-3 of the French Commercial Code, the recommendation of Article 8.3 of the AFEP-MEDEF Code, under which at least one-third of this committee must be independent members, was met.*

b) Follow-up on the control of the external audit of financial statements;
c) Selection and renewal of the Statutory Auditors;
d) Approval of the provision by the Statutory Auditors of services other than account certification;
e) Internal audit
f) Annual budget.

The opinions and recommendations of the Financial Statements and Audit Committee will be written in a report, one copy of which will be addressed to all members of the Financial Statements and Audit Committee and another, if required, by the Chairman to the directors of the Company.

More details are available in the 2019 Registration Document in the paragraph on the Financial Statements and Audit Committee in Section 2.1.8 – Specialised committees set up by the Board of Directors.

➢ Risk Committee

At the date of this report, the Risk Committee consists of Ms Nathalie Lomon (Chairman), Ms Isabelle Rodney and Ms Anne Sallé-Mongauze.

The duty of the Risk Committee is to ensure the effectiveness of the risk management and monitoring systems, ensure the existence and effectiveness of operational internal control, review the compliance of reports sent to the regulator, monitor the Group's capital requirements management, and monitor the implementation of recommendations from internal audits of areas under its responsibility. The Risk Committee carries out all of these duties in order to facilitate the Board of Directors' duties of control and verification. In this regard, the Committee issues opinions and/or recommendations to the Board of Directors.

Accordingly, the Risk Committee, in particular, exercises the following principal functions:

a) Ensures that risk management systems are running effectively;
b) Reviews all regulatory reports relating to the Company;
c) Monitors changes in prudential regulations;
d) Follows up on the Group's capital requirements;
e) Monitors the internal control system
f) Reviews items related to the partial internal model

More details are available in the 2019 Registration Document in the paragraph on the Risk Committee in Section 2.1.8 – Specialised committees set up by the Board of Directors.

➢ Nominations and Compensation Committee

As at the date of this report, the Appointments and Compensation Committee consisted of Mr Olivier Zarrouati (Chairman), Ms Sharon MacBeath and Mr François Riahi. As required by the AFEP-MEDEF Code, it is mainly composed of independent members.

Detailed information on its composition, powers, operations and activity is set out in the paragraph on the Nominations and Compensation Committee in Section 2.1.8 – Specialised committees set up by the Board of Directors in the 2019 Registration Document.

➢ Chief Executive Officer and Group General Executive Committee

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

- Pierre Bevierre, Human Resources Director
- Nicolas de Buttet, Transformation Office Director

- Cyrille Charbonnel, Underwriting and Claims Director
- Nicolas Garcia, Commercial Director
- Carole Lytton, General Secretary
- Carine Pichon, Chief Financial and Risk Officer
- Keyvan Shamsa, Business Technology Director
- Thibault Surer, Strategy and Business Development Director

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

Compagnie française d'assurance pour le commerce extérieur is governed by a Board of Directors. As at December 31, 2019, the Board of Directors comprised seven Board members appointed by the Ordinary Shareholders' Meeting and four Board members representing employees. They are as follows:

- Mr Xavier Durand, Chairman
- NATIXIS, represented by Mrs Nathalie Bricket, then as of the Board meeting of December 20, 2019, by Mrs Teresa Mora Grenier
- Mr Cyrille Charbonnel
- Mr Peter Esmann, employee Board member
- Mrs Marguerite Fougereux, employee Board member
- Mrs Doris Kukla, employee Board member
- Mr Daniel Louis
- Mr André-Jean Olivier
- Mrs Cécile Paillard
- Mr Avelino Pereira, employee Board member
- Mrs Carine Pichon

At its meeting of February 15, 2016, the Board of Directors reaffirmed a governance model in which the functions of Chairman of the Board of Directors and Chief Executive Officer are carried out by the same person.

- **Description of the key functions**

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

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

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

It also defines the following four key functions:

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

Each key function is under the authority of the Chief Executive Officer or the effective 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 the function's area of responsibility. This right is enshrined in the Board of Directors' internal rules.

Heads of key functions have the appropriate professional qualifications, know-how and experience to manage the business soundly and prudently; their reputation and integrity are of a high standard (see paragraph 0).

Key functions are free from influences that might compromise their ability to perform the tasks that are incumbent upon them in an objective, loyal and independent manner.

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

Regional audit, risk and compliance functions report to managers in charge of these functions at Group level. Similarly, subject to compliance with local regulations, there is the same hierarchical relationship for each function between the country and regional managers. Further details are provided on each key function in a specific paragraph.

B.1.2 Significant change in governance during the period

In 2019, there was no significant change in governance.

- **Changes in governance**

  ➢ **Appointments to Coface's Board of Directors**

At its meeting on March 27, 2019, COFACE SA's Board of Directors co-opted Nathalie Bricker, Chief Financial Officer of Natixis, as a new non-independent director.

At its meeting on October 23, 2019, COFACE SA's Board of Directors co-opted Marie Pic-Paris, Chairman of Banque Populaire Rives de Paris, as a new non-independent director. She replaces Jean-Paul Dumortier, who leaves the Board due to the end of his six-year term at the Banque Populaire Rives de Paris.

The Board of Directors is composed of 12 members: seven members are non-independent directors, while five members are independent directors.

  ➢ **Appointment to Coface's Executive Committee**

On March 11, 2019, Oscar Villalonga joined Coface as Chief Executive Officer of the North America Region. He joins the Executive Committee and reports to Xavier Durand, Chief Executive Officer of the Group.

B.1.3 Policy on compensation and other employee benefits

The remuneration policy is a key instrument in implementing COFACE SA's strategy.
It seeks to attract, motivate and retain the best talent. It encourages individual and collective performance and seeks to be competitive in the market, while respecting the Group's financial balance.

It is respectful of prevailing regulations and ensures internal fairness and professional equality, in particular between men and women. It incorporates social and environmental issues into its thinking.

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

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

The regulatory framework, the general principles and the specific provisions applicable to the regulated population and to the company's representatives (Chief Executive Officer and Directors) are set out in a full and transparent manner in the 2019 Universal Registration Document in Chapters 2.3 (Compensation and benefits paid to managers and corporate officers) and 7.6 (Draft resolutions on the compensation policy and compensation of the Chief Executive Officer and directors submitted to the Combined Shareholders' Meeting).

- **Compensation of members of the Board of Directors of COFACE SA**

The rules on the compensation of members of the Board of Directors are currently set out in the policy on allocating directors' attendance fees. The overall budget for directors' attendance fees allocated to Board members for 2019 amounts to €450,000, split between the Board of Directors, the Financial Statements and Audit Committee, the Risk Committee and the Nominations and Compensation Committee.

Note: In accordance with the provisions of the Pacte law, which came into force in November 2019, the attendance fee policy will be replaced by the director compensation policy starting in January 2020. It is proposed to maintain the components and amounts shown below.

➢ **The Board of Directors**

For members of the Board of Directors, the policy for allocating directors' attendance fees is determined as follows:

- Fixed component: €8,000 per year (*pro rata* for the term of office);
- Variable component: €3,000 per meeting, capped at six meetings.

➢ **Financial Statements and Audit Committee**

For members of the Financial Statements and Audit Committee, the policy for allocating directors' attendance fees is determined as follows:

	Fixed component (pro rata to the term of office)	Variable component (per meeting, capped at six meetings)
Chairman	€ 17,000	€ 3,000
Committee Members	€ 5,000	€ 2,000

➢ **Risk Committee**

For members of the Risk Committee, the policy for allocating directors' attendance fees is determined as follows:

	Fixed component (pro rata to the term of office)	Variable component (per meeting, capped at six meetings)
Chairman	€ 17,000	€ 3,000
Committee Members	€ 5,000	€ 2,000

➢ **The Nominations and Compensation Committee**

For members of the Nominations and Compensation Committee, the policy for allocating directors' attendance fees is determined as follows:

	Fixed component (pro rata to the term of office)	Variable component (per meeting, capped at five meetings)
Chairman	€ 8,000	€ 3,000
Committee Members	€ 3,000	€ 2,000

- **Compensation of members of the Board of Directors of Compagnie française d'assurance pour le commerce extérieur**

The amount allocated to the Board of Directors is €50,000. The shareholding policy and Compagnie française d'assurance pour le commerce extérieur's policy is that directors' attendance fees should not be allocated to management representatives who carry out Board member functions in the Group's companies. Only board members who represent employees should receive these allowances. The allocation policy is €500 per meeting, with that sum being increased to €1,000 in the event of actual attendance.

This policy is the same as for the previous reference period.

B.1.4 Information on significant transactions

For both COFACE SA and Compagnie française d'assurance pour le commerce extérieur, no significant transaction with shareholders, persons exercising significant influence on the company or members of the administrative, management or supervisory body took place in 2019.

B.2 Fit and Proper

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

B.2.1 Fit

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

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

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

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

B.2.2 Proper

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

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

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

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

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

The Company's fit and proper policy was approved by COFACE SA's Board of Directors on December 17, 2019 and by the Company's Board of Directors on December 20, 2019.

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

B.3.1 Risk Management

Within the framework of the Group's activity, risk taking translates the search for business opportunities and the will to develop 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 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, iii) control of compliance by all operating entities with the Group rules enacted in order to manage the operations related risks.

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 controlled; ii) operations and behaviours are in accordance with the decisions made by the corporate bodies, and comply with the laws, regulations, values and internal rules of the Group; as concerns more specifically financial information and management, they aim to ensure that they accurately reflect the Group's position and business; and that iii) these operations are carried out with a concern for effectiveness and an efficient use of resources.

Lastly, this system provides managers with access to 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.

The internal control and risk management mechanism is composed of:

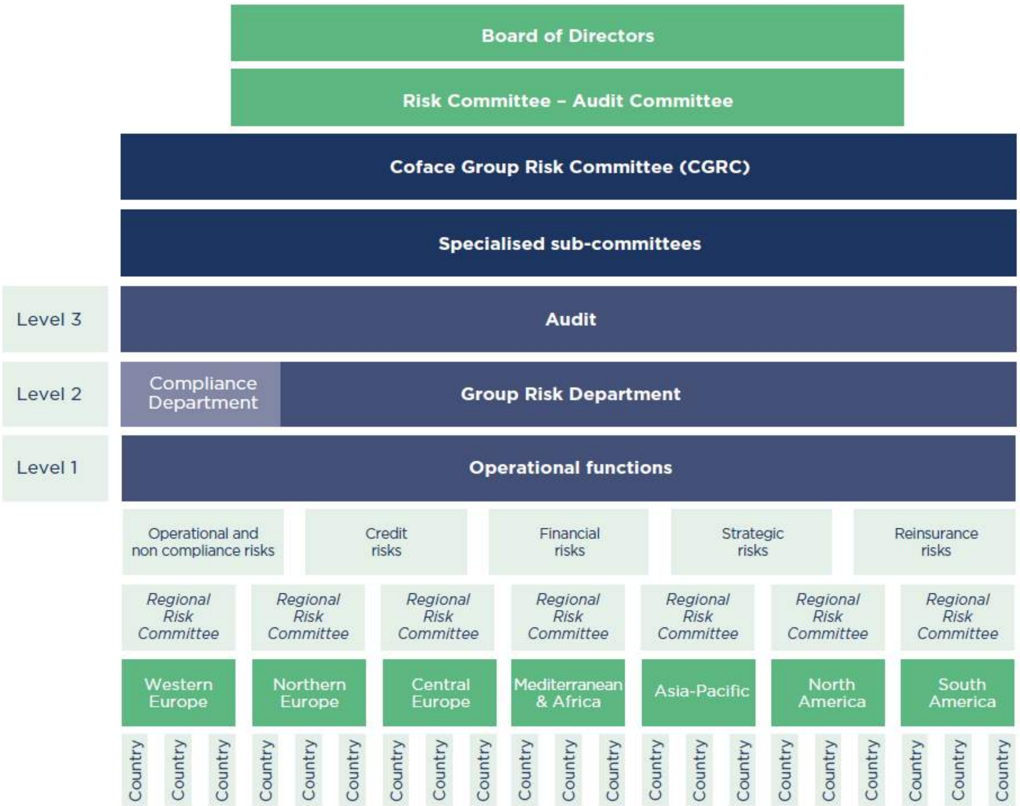
- a governance structure designed to allow supervision and appropriate management of the Group's activities; and
- management structures and control mechanisms designed to enable the Group's directors to gain a clear understanding of the main risks to which the Group is exposed, and to hold the necessary tools for their analysis and prevention.

- **Governance structure**

The Group has implemented a risk management and control system that is based on a clear governance supported by a dedicated organisation based on key functions.

Since 2018, it has introduced changes in its governance by creating a risk committee, which reports to the Board of Directors, whose missions are described in paragraph 2.1.8 of the Universal Registration Document. The risk management and control system now relies on the Board of Directors, a Risk Committee, an Audit Committee, a Nominations and Compensation Committee, the Coface Group Risk Committee (CGRC) and specialised committees that define the Group's strategy, review and approve risk policies, and identify, measure and manage identified risks based on risk appetite limits and indicators.

The governance system is also structured around first level operational committees and second level supervisory committees. The Coface Group Risk Committee (CGRC) is the second level lead committee that relies on specialised sub-committees covering different scopes or categories of risks as described in the following diagram.



Like the CGRC, the regional risk committees meet quarterly and combine the Group Risk Department with the Group Compliance Department.

- **Management structures and control mechanisms**

The management structures and control mechanisms are based on the CGRC. It is chaired by the Chief Executive Officer and meets at least every quarter. Its composition and tasks are detailed in the Management structure and control mechanisms paragraph in Chapter 5.1 - Risk management and internal control of the 2019 Universal Registration Document.

- **Governance of the Partial Internal Model**

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

The partial internal model follow-up committee ensures that the model works properly by overseeing the production, development and approval processes of the model and by approving proposals to the CGRC.

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

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

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

- **Identification and control of risks**

The Group's risk management system is intended to ensure the proper functioning of all of the company's activities and processes, via management and supervision of the risks identified. This system is based on the CGRC.

➢ **Identification of risks**

The Group has identified five main types of risk: strategic risks, credit risks, financial risks, operational and non-compliance risks and lastly reinsurance risks.

Strategic risks

Strategic risk arises from the Group's businesses and activities worldwide. It may be defined as the risk impacting on our earnings and our solvency by way of changes in conditions, poor strategic decisions or the incorrect application of such decisions intended to address changes in market conditions.

Changes in market conditions may, for example, be connected to regulatory or prudential changes or to the intermediation model implemented within the Group.

Credit risks

Credit risk is defined as the risk of loss, due to non-payment by a debtor, of a receivable due to a policyholder of the Group.

Credit risk may be aggravated due to the concentration of our exposures (countries, sectors, debtors, etc.). Traditionally, we distinguish between frequency risk and catastrophe risk:

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

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

Operational risks and non-compliance

Operational risk is defined as a risk of direct or indirect losses, due to an inadequacy or failure regarding procedures and persons in all areas of activity, internal systems or external events including risks of internal and external fraud.

Operational risk also includes the concept of legal risk, such as the risk of dependency. The Group considers that it does not depend on any trademarks, patents or licences whatsoever for its business activity or its profitability. As a matter of fact, in the context of its activity of marketing credit insurance solutions and additional services, the Group does not hold any patents. The corporate name “Coface” is protected by trademark registration, including in France. In the context of its activities, the Group has registered a number of trademarks, logos and domain names worldwide.

Non-compliance risk is defined as the risk of non-compliance with laws, regulations or the Group's internal policies and rules that may lead to sanctions, financial losses and damage to the Group's reputation (image risk).
This risk is the risk of legal, administrative or disciplinary sanctions, significant financial loss or damage to reputation resulting from failure to comply with provisions specific to banking and financial activities, whether they are of a legislative or regulatory nature, or whether national or European that are directly applicable or whether they amount to professional and ethical standards or instructions from the actual executive officers decided on, in particular, in application of the guidelines of the supervisory body.

Financial risks

Financial risks covers all risks associated with the management of assets and liabilities. They include: interest rate risk, currency risk, liquidity risk, equity risk, real estate risk, spread risk and counterparty risk:

- interest rate risk results from the sensitivity in the value of assets, liabilities and financial instruments to changes affecting the interest rate curve or the volatility of interest rates;
- currency risk results from the sensitivity in the value of assets, liabilities and financial instruments to changes affecting the level or volatility of foreign exchange rates;
- liquidity risk results from the inability to deal with contractual or contingent payment obligations;
- equity risk results from the sensitivity in the value of assets, liabilities and financial instruments to changes affecting the level or volatility of the market value of equities;
- real estate risk results from the sensitivity in the value of assets, liabilities and financial instruments to changes affecting the level or volatility of the market value of property assets;
- spread risk results from the sensitivity in the value of assets, liabilities and financial instruments to changes affecting the level or volatility of credit margins ("spreads") compared with the risk-free interest rate curve;
- counterparty risk results from the unexpected default, or deterioration in credit status, of the company’s counterparties or debtors.

Reinsurance risks

Given its risk appetite, COFACE SA and Compagnie française d'assurance pour le commerce extérieur reinsure themselves against the extreme risks they may encounter.

Reinsurance generates four types of risks:

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

B.3.2 Procedure for the own risk and solvency assessment

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

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

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

Furthermore, the ORSA is integrated into the strategic decisions made by COFACE SA and Compagnie française d'assurance pour le commerce extérieur as a risk appetite management tool. An assessment of the overall solvency requirement carried out in the context of the ORSA allows solvency to be analysed on a consolidated basis and on a solo basis over the projection horizon following a major shock (similar to the 2008 crisis). The overall solvency requirement allows the Solvency range communicated in the strategic plan, which expresses the Group's risk appetite, to be defined and monitored.

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

B.4 Internal control system

B.4.1 Internal control

The internal-control system is based on the same functions as the risk management system, and is designed to verify the implementation of the rules and principles defined for the risk management system. Details of the mechanism can be found in the paragraph on the Internal control system in Chapter 5.1.2 - Organisation of the 2019 Universal Registration Document.

B.4.2 Compliance function

The compliance function consists of verifying compliance of operations with the rules and of ensuring the control of operational activities. The function is performed by the Group Compliance Department, which reports to the Corporate Secretary.

The compliance function is particularly in charge of implementing procedures to ensure that the Company complies at all times with legislation applicable to itself and of checking that the implementation is effective. In this respect, it ensures that the level one controls relating to compliance are properly implemented by the businesses, it defines and performs level two controls and issues recommendations intended to correct any shortcomings highlighted during such controls.

It provides advice on all issues relating to compliance with legislative, regulatory and administrative provisions associated with access to insurance activities and the practice thereof.

B.5 Internal audit function

- **Organisation of the internal audit function**

COFACE SA's internal audit function is incorporated in the periodic control mechanism of Natixis, its reference shareholder, and of the BPCE Group.

The Coface Group's internal audit department is placed under the responsibility of the Group Director, who is also in charge of the key internal audit function. It reports hierarchically to the Group Chief Executive Officer and functionally to the Natixis Internal Audit Director. He/she attends to the Group General Executive Committees, without decision-making powers. The Group Audit Department is in particular in charge of auditing Head Office, regional and local entity functions. It is organised in the following manner:

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

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

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

- **Independence of the internal audit function**

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

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

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

B.6 Actuarial function

The actuarial function is performed by the Director of the Actuarial Department for COFACE SA who reports to the Chief Financial Officer since July 1, 2016.

The actuarial function has direct access to the Boards of Directors to carry out its assignments.

In accordance with the requirements of the Solvency II European directive, the actuarial function is responsible for the following activities:

- coordinating the calculation of technical provisions;
- guaranteeing that the appropriate methodologies, underlying models and assumptions are used to calculate technical provisions;
- assessing if sufficient and high-quality data is used in calculating technical provisions;
- comparing the best estimates to empirical observation;
- informing the Board of Directors, management body or supervisory body of the reliability and appropriateness of the calculation of technical provisions;
- supervising the calculation of technical provisions in the instances referred to in Article 82
- issuing an opinion on the overall commercial underwriting policy;
- issuing an opinion on the appropriateness of the measures taken with regard to reinsurance
- helping set up the risk management system mentioned in Article 44.

COFACE SA is a Group within which the Actuarial Department is integrated into the various decision-making processes, ranging from commercial underwriting to reinsurance through provisioning.
The actuarial report will consist, for 2019, of three separate reports:

- An actuarial report on provisioning;
- An actuarial report on reinsurance;
- An actuarial report on commercial underwriting.

B.7 Outsourcing

In accordance with the regulations relating to the outsourcing of important or critical operations, in 2016, the Company enacted a Group policy in this area that was updated in 2017, 2018 and 2019, intended to identify so-called "important or critical" operations and to set out:

(i) the fundamental principles on the use of outsourcing;
(ii) the standard terms of any contract providing such outsourcing and also;
(iii) the control procedures pertaining to the operations and functions outsourced in this manner.

More details are available in paragraph 6.3.3 – Subcontracting and suppliers of the 2019 Universal Registration Document.

B.8 Other information

No other material information is to be made publicly available.

/ C. RISK PROFILE

C Risk profile

C.1 Underwriting risk

C.1.1 Exposure

The Group's main business line is credit insurance. The Group also carries out factoring activities in Germany and Poland. Assessment of the credit risk associated with these activities form an essential part of its business.

Credit risk may be aggravated due to the concentration of our exposures (countries, sectors, debtors, etc.). Traditionally, we distinguish between frequency risk and catastrophe risk:

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

The quality and reliability of the information on the solvency of debtors are essential for managing the pricing policy and the underwriters' decision-making process. The Group, as with other players in the market, cannot exclude that it will face, in certain markets, difficulties in obtaining reliable and accurate information or debtor solvency data from the service providers that it may use.

Any lack of information or insufficiently reliable information on a debtor or the environment in which it operates, or even any delay in the provision of this information, is likely to distort assessments and appraisals, and therefore the Group's estimation of the risks of potential claim. Such risks relating to solvency assessments could have a material adverse effect on its business, financial position, operating results, solvency margin and prospects.

Furthermore, if the credit insurance or the factoring products, which it develops and sells, are intended to meet the needs of policyholders (or customers in the case of factoring activities) and their evolution in terms of coverage, the Group owes itself to manage risks in terms of exposure and therefore profitability. An incorrect assessment of the solvency of debtors (and, in the case of factoring activities and surety, of the Group's clients) to underwriting, and for the credit insurance during the product's life or even at the time of its renewal, is of a nature to involve a poor match between the premium, the commitments made and the management made of it by the Group, and therefore to generate a risk of potentially significant loss.

C.1.2 Risk mitigation techniques

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

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

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

These claims may also be limited by "disbursement limits". This means a compensation cap for each policy expressed as a percentage of premiums (30 times the premium for example). For 2019, excess of loss treaties as well as the annual stop-loss treaty have not been triggered.

C.1.3 Risk concentration

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

Concerning risks on major debtors, a specific body periodically monitors the cumulative risks of more than €500 million on a debtor or a group of debtors and these are then subject to coverage by the Group's XS[2] reinsurance programme.

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

[2] Excess of loss

C.2 Market risk

C.2.1 Exposure

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

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

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

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

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

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

- The monthly investment committee: deals with the evolution of financial markets and the detailed review of the Group's investments. Macroeconomic scenarios and underlying risk factors are presented by the manager together with an analysis of the investment strategies and possible tactical recommendations;
- the half-yearly risk committee: is dedicated to the coverage and management of risks, in relation with the manager's services. It therefore covers investment risks (market risk, spread risk (including counterparties and derivatives), liquidity risk) and operational risks. These risks are considered in particular with regard to the meaning given to them by the Solvency II Directive;
- The quarterly ALM Committee is responsible for ensuring that all interest rate, liquidity and exchange rate risks are effectively identified, measured, managed and controlled, across all COFACE's businesses and geographical areas.

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

The Group's investment policy, reviewed twice a year, focuses in particular on strategic asset allocation, asset classes and products eligible for investment, target portfolio maturity, management of any hedges and policy on management of the Group's income. The allocation defined each year is based on analysis of the liabilities, simulations and stress on the returns/risks behaviours of the various asset classes in the portfolio and on the compliance with defined parameters associated with the Group's business and commitments: target sensitivity, use of shareholders' equity, maximum loss in line with the behaviour of financial markets, quality and liquidity of the investment portfolio.

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

As an insurance company, the Group retains an allocation predominantly focused on fixed-income instruments offering more recurrent and stable revenues[3].

Investment Portfolio	**As of Dec. 31**			
COFACE SA	**2019**		**2018**	
(in millions of euros; at fair value)	***(in €m)***	***(as a %)***	***(in €m)***	***(as a %)***
Investment property	236	8.3%	227	8.4%
Equities	175	6.1%	178	6.6%
Bonds	2,119	74.3%	1,777	66.0%
Loans, deposits and other financial investmen	321	11.3%	511	19.0%
Total financial assets	**2,850**	**100%**	**2,692**	**100%**

Investment Portfolio	**As of Dec. 31**			
La Compagnie	**2019**		**2018**	
(in millions of euros)	***(in €m)***	***(as a %)***	***(in €m)***	***(as a %)***
Investment property	189	8.0%	188	8.4%
Equities	144	6.1%	143	6.4%
Bonds	1,599	67.6%	1,342	59.8%
Loans, deposits and other financial investmen	432	18.3%	572	25.5%
Total financial assets	**2,364**	**100%**	**2,244**	**100%**

As at December 31, 2019, bonds accounted for 74.3% of the Group's total investment portfolio. The same observation can be made at the level of Compagnie française d'assurance pour le commerce extérieur where the bond portfolio represented the largest part of the investment portfolio (67.6%), while allocations in equities and property remained substantially similar to those of the Group.

Within the framework of the defined strategic allocation, the Group has reduced its exposure to developed market sovereign debt and money market products in favour of investment grade corporate bonds and mainly investment grade emerging market debt.

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

[3] *The figures shown may differ from those in the 2019 Universal Registration Document. This difference is explained by an introduction to the Solvency II standards in this document and an introduction to the IFRS standards in the 2019 Universal Registration Document.*

Specific limits applied to the whole investment portfolio are also defined in terms of the portfolio's rating, counterparty and country limits. A regular follow-up is carried out on the credit portfolio's liquidity, the evolution of spreads and the Group's cumulative exposure to the main asset/liability exposures. Hedging operations are finally carried out where appropriate: they are systematic on foreign exchange risk and discretionary on interest rate and spread risks. As at December 31, 2019, part of the sovereign bond portfolio is hedged using interest rate futures.

As at December 31, 2018 and 2019, the main features of the bond portfolio were as follows:

Distribution by geographic zone of the bond portfolio COFACE SA *(in millions of euros)*	**As of Dec. 31**			
	2019		**2018**	
	(in €m)	***(as a %)***	***(in €m)***	***(as a %)***
Asia	294	13.9%	249	14.0%
Emerging countries	267	12.6%	165	9.3%
Europe outside the eurozone	192	9.1%	132	7.4%
North America	430	20.3%	397	22.4%
Eurozone	925	43.7%	833	46.9%
Others	12	0.6%	-	0.0%
Total	**2,119**	**100%**	**1,777**	**100%**

The investment portfolio is primarily exposed to developed countries in the eurozone and in North America. Exposures to Greek sovereign debt remain at zero. In 2019, the Group continued to increase its international diversification, particularly in emerging countries, to take advantage of higher rates of return, to track the various increases in rates or reduce the cost of foreign exchange hedging.

The breakdown by geographical area over the scope of consolidation of Compagnie française d'assurance pour le commerce extérieur remained in line with that of the group with a strong leaning towards the eurozone (43.8%).

Distribution by geographic zone of the bond portfolio La Compagnie *(in millions of euros)*	**As of Dec. 31**			
	2019		**2018**	
	(in €m)	***(as a %)***	***(in €m)***	***(as a %)***
Asia	281	17.6%	233	17.4%
Emerging countries	185	11.6%	122	9.1%
Europe outside the eurozone	123	7.7%	100	7.5%
North America	306	19.1%	254	18.9%
Eurozone	700	43.8%	632	47.1%
Others	4	0.2%	-	0.0%
Total	**1,599**	**100%**	**1,342**	**100%**

The interest rate risk carried by the Group on its financial portfolio was limited, since the maximum sensitivity authorised on the bond asset class was intentionally capped at 4[4]. As at December 31, 2019, the bond portfolio's sensitivity stood at 3.9 for the Group and 4.1 for Compagnie française d'assurance pour le commerce extérieur.

Subsidiaries or branches whose financial statements are drawn up in euros and who underwrite in other currencies must comply with the same principles of congruity (matching between assets and liabilities denominated in a currency other than the one used as reference in the issuance of accounting statements). On an exceptional basis, open positions in other currencies may be hedged. The Group does not make foreign currency investments for speculative purposes.

[4] *A bond's sensitivity measures its impairment loss in the event of an increase in interest rates. Therefore, a bond with a sensitivity of 4 will see its market value fall by 4% if interest rates increase by 1%.*

The majority of the Group's investment instruments are denominated in euros. Exposure to foreign exchange risk in respect of the investment portfolios is limited: as at December 31, 2019, over 72% of investments were therefore denominated in euros.

Breakdown by currency in the investment portfolio COFACE SA *(in millions of euros)*	**As of Dec. 31**			
	2019		**2018**	
	(in €m)	***(as a %)***	***(in €m)***	***(as a %)***
EUR	2,061	72.3%	1,980	73.6%
USD	342	12.0%	322	12.0%
Other (<3%)	450	15.8%	390	14.5%
Total	**2,850**	**100%**	**2,692**	**100%**

For Compagnie française d'assurance pour le commerce extérieur, we find the same high exposures to the EUR (68.7%) and the USD (14.1%).

Breakdown by currency in the investment portfolio La Compagnie *(in millions of euros)*	**As of Dec. 31**			
	2019		**2018**	
	(in €m)	***(as a %)***	***(in €m)***	***(as a %)***
EUR	1,625	68.7%	1,535	68.4%
USD	332	14.1%	322	14.3%
Other (<3%)	407	17.2%	388	17.3%
Total	**2,364**	**100%**	**2,244**	**100%**

C.2.2 Risk mitigation techniques

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

These transactions are carried out exclusively for hedging purposes and in strict compliance with the regulations applicable to insurance companies. The nominal value 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 the assets actually held in the portfolio.

As at December 31, 2018, Compagnie française d'assurance pour le commerce extérieur and Coface Re were partially hedged against the risk of an interest rate hike and the risk of a fall in the equity markets. The first hedge was based on the exposure of the investment portfolio to the rates of German government bonds through futures; this hedge was discontinued during the first quarter of 2019. The second aims to hedge the equity exposure of the investment portfolio, particularly through the money long-term put options. The level and management of these hedges are defined and reviewed depending on the market conditions and management of the levels of unrealised gains and losses at the monthly Investment Committees meetings between the Group's management and the manager of the Amundi investment platform.

C.2.3 Sensitivity to risk

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

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

It is desirable for results to be representative of the various risks relating to investments made but, like any quantitative analysis, they present limitations associated with the data and models used.
The tables below show that, at December 31, 2019, the sensitivity of the portfolio, excluding the effect of the equity hedge put in place, was virtually stable for equities but higher for bonds, as the market value increased for this asset class.

Sensitivity of the portfolio to changes in stock and bond markets as of December 31, 2019

Sensitivity of the portfolio to changes in equity and bond markets COFACE SA *(in millions of euros)*	**As of Dec. 31, 2019**			
	Market value	**Impact of a 100bps rise in interest rates**	**Impact of a 10% fall in equity markets**	**Impact of a 20% fall in equity markets**
Bonds	2,119	-82.6	0.0	0.0
Equities	175	0.0	-17.5	-35.0
Total	**2,294**	**-82.6**	**-17.5**	**-35.0**

Sensitivity of the portfolio to changes in equity and bond markets La Compagnie *(in millions of euros)*	**As of Dec. 31, 2019**			
	Market value	**Impact of a 100bps rise in interest rates**	**Impact of a 10% fall in equity markets**	**Impact of a 20% fall in equity markets**
Bonds	1,599	-66.3	0.0	0.0
Equities	144	0.0	-14.4	-28.9
Total	**1,743**	**-66.3**	**-14.4**	**-28.9**

Sensitivity of the portfolio to changes in stock and bond markets as of December 31, 2018

Sensitivity of the portfolio to changes in equity and bond markets COFACE SA *(in millions of euros)*	**As of Dec. 31, 2018**			
	Market value	**Impact of a 100bps rise in interest rates**	**Impact of a 10% fall in equity markets**	**Impact of a 20% fall in equity markets**
Bonds	1,777	-62.5	0.0	0.0
Equities	178	0.0	-17.8	-35.6
Total	**1,954**	**-62.5**	**-17.8**	**-35.6**

Sensitivity of the portfolio to changes in equity and bond markets La Compagnie *(in millions of euros)*	**As of Dec. 31, 2018**			
	Market value	**Impact of a 100bps rise in interest rates**	**Impact of a 10% fall in equity markets**	**Impact of a 20% fall in equity markets**
Bonds	1,342	-49.4	0.0	0.0
Equities	143	0.0	-14.3	-28.6
Total	**1,485**	**-49.4**	**-14.3**	**-28.6**

To the extent that shares and bonds are accounted for in the available-for-sale category, sensitivity would have an impact on “other comprehensive income”, to which shareholders’ equity is sensitive. Unrealised gains and losses on these financial securities have no impact on the net income, except for any impairment recorded. In the event of a sale, the resulting profit or loss would have an effect on the operating result in the income statement.

C.3 Credit risk

C.3.1 Exposure

As stated above in the context of the defined strategic allocation, COFACE SA and Compagnie française d'assurance pour le commerce extérieur have reduced their exposure to the sovereign debt of the main issuers on financial markets in favour of investment-grade corporate bonds. The non-sovereign share therefore increased by 6.3% for the Group and 5.2% for Compagnie française d'assurance pour le commerce extérieur.

Breakdown by type of debt in the bond portfolio COFACE SA (in millions of euros)	As of Dec. 31			
	2019		2018	
	(in €m)	(as a %)	(in €m)	(as a %)
Sovereign	1,017	48.0%	964	54.3%
Non-sovereign	1,102	52.0%	813	45.7%
Total	**2,119**	**100%**	**1,777**	**100%**

Breakdown by type of debt in the bond portfolio La Compagnie (in millions of euros)	As of Dec. 31			
	2019		2018	
	(in €m)	(as a %)	(in €m)	(as a %)
Sovereign	738	46.2%	690	51.4%
Non-sovereign	861	53.8%	652	48.6%
Total	**1,599**	**100%**	**1,342**	**100%**

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

The bond portfolios of the Group and Compagnie française d'assurance pour le commerce extérieur remain primarily invested in rated companies and countries rated in investment grade category[5]. The breakdown by rating for Compagnie française d'assurance pour le commerce extérieur is very similar to that of the Group with a significant proportion on bonds having AA-A and BBB ratings.

Breakdown by rating of the bond portfolio COFACE SA (in millions of euros)	As of Dec. 31			
	2019		2018	
	(in €m)	(as a %)	(in €m)	(as a %)
AAA	246	11.6%	285	16.0%
AA - A	928	43.8%	755	42.5%
BBB	776	36.6%	588	33.1%
BB - B	167	7.9%	148	8.4%
< CCC	2	0.1%	-	0.0%
Total	**2,119**	**100%**	**1,777**	**100%**

Breakdown by rating of the bond portfolio La Compagnie (in millions of euros)	As of Dec. 31			
	2019		2018	
	(in €m)	(as a %)	(in €m)	(as a %)
AAA	179	11.2%	191	14.2%
AA - A	672	42.0%	574	42.7%
BBB	617	38.6%	464	34.5%
BB - B	129	8.1%	114	8.5%
< CCC	1	0.1%	-	0.0%
Total	**1,599**	**100%**	**1,342**	**100%**

[5] *According to Standard & Poor's rating classification, all bonds rated at minimum BBB- are considered investment grade, and bonds with a rating of less than or equal to BB+ are considered to be high yield.*

Furthermore, investments in corporate bond securities represent 52% of the Group bond portfolio and are concentrated over 90% on companies of investment grade quality. For Compagnie française d'assurance pour le commerce extérieur, corporate bond securities represent 53.8% of the bond portfolio and are concentrated over 90% on companies of investment grade quality.

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

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

One finds mainly sovereign exposures and Groups recognised worldwide.

C.3.2 Risk mitigation techniques

Within the introduction of its investment policy, the Group has defined specific limits applying to the whole investment portfolio in terms of rating of the portfolio, limits by counterparties and countries. A regular follow-up is carried out on the credit portfolio's liquidity, the evolution of spreads and the Group's cumulative exposure to the main asset/liability exposures. Hedging operations can also be carried out in a discretionary basis on the spread risk. However, as at December 31, 2019 the portfolio of the Group and of Compagnie française d'assurance pour le commerce extérieur were not party to any.

C.4 Liquidity risk

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

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

C.4.1 Exposure

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

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

Liquidity risk is monitored through analysis by the Group treasury department providing cash flow availabilities and forecasts from the various entities across the whole scope of consolidation. Such data is the subject of constant analyses allowing to manage liquidities for purposes of monetary needs or financial investments in the event of recurring excess liquidities.

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

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

Breakdown by maturity of the bond portfolio	**As of Dec. 31**			
COFACE SA	**2019**		**2018**	
(in millions of euros)	***(in €m)***	***(as a %)***	***(in €m)***	***(as a %)***
<1 year	443	20.9%	316	17.8%
1 year < > 3 years	568	26.8%	594	33.4%
3 years < > 5 years	439	20.7%	418	23.5%
5 years < > 10 years	572	27.0%	415	23.4%
>10 years	97	4.6%	33	1.9%
Others	0	0.0%	0	0.0%
Total	**2,119**	**100%**	**1,777**	**100%**

47.7% of securities in the bond portfolio had a maturity of less than three years as at December 31, 2019.

An insurance company’s liquidity position is assessed by standards that measure the company’s ability to meet its financial obligations.

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

Breakdown by maturity of the bond portfolio	**As of Dec. 31**			
La Compagnie	**2019**		**2018**	
(in millions of euros)	***(in €m)***	***(as a %)***	***(in €m)***	***(as a %)***
<1 year	324	20.3%	222	16.5%
1 year < > 3 years	390	24.4%	436	32.5%
3 years < > 5 years	332	20.7%	311	23.2%
5 years < > 10 years	464	29.0%	341	25.4%
>10 years	89	5.5%	33	2.4%
Others	0	0.0%	0	0.0%
Total	**1,599**	**100%**	**1,342**	**100%**

For Compagnie française d'assurance pour le commerce extérieur, 44.4% of securities in the bond portfolio had a maturity of less than three years as at December 31, 2019.

C.4.2 Risk mitigation techniques

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

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

C.4.3 Sensitivity to risk

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

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

C.5 Operational risk

Operational risk is defined as a risk of direct or indirect losses, due to an inadequacy or failure regarding procedures and persons in all areas of activity, internal systems or external events including risks of internal and external fraud.

Non-compliance risk is defined as the risk of non-compliance with laws, regulations or the Group's internal policies and rules that may lead to sanctions, financial losses and damage to the Group's reputation (image risk).

Various tools are used to control operational risks:

- mapping of operational risks
- centralisation of incidents and losses
- business continuity plans (PCA) where regular assessment of relevance and effectiveness (tests) makes it possible to plan for business interruption scenarios
- indicators that monitor the level of risk, in keeping with Coface’s risk appetite
- the internal control system regularly measures the comprehensiveness and effectiveness of mechanisms in place via the Level 2 control plan.

Managing and reducing operational risks relies on a Level 1 and Level 2 control plan, which covers all the Group’s entities. All of the controls, the anomalies revealed and related action plans is managed within a single software programme (ENABLON), which was rolled out to all Group entities. The management of risks and controls is carried out at the level of each legal entity in order to ensure compliance with the requirements of regulators at “Solo” and “Group” level.

More details on the measurement of operational risks are included in the “Operational Risks” paragraph of Chapter 5.1.3 – Defining and measuring risks of the 2019 Universal Registration Document.

C.6 Other material risks

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

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

C.6.1 Reputational risk

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

The Group has developed a mechanism to reduce this risk in particular through a code of ethics and a code of conduct together with clear rules on internal and external communication. Reputational risk is also mitigated by the control mechanism put in place within the Compliance function.

C.6.2 Strategic risk

Strategic risk arises from the Group's businesses and activities worldwide. It may be defined as the risk impacting on our earnings and our solvency by way of changes in conditions, poor strategic decisions or the incorrect application of such decisions intended to address changes in market conditions. Changes in market conditions may, for example, be connected to regulatory or prudential changes or to the intermediation model implemented within the Group.

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

C.6.3 Emerging risks

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

C.7 Other information

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

C.7.1 Sensitivity to financial factors

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

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

The sensitivities of the SCR coverage ratio to rates, spread and equity factors are also monitored on a regular basis in capital management committee and presented to investors. The results communicated to the markets show the low sensitivity of the Solvency ratio to instantaneous market shocks as at December 31, 2019:

Central scenario	190%[1]
+ 100 basis points interest rates	183%
+ 100 basis points Spreads	184%
-25% shares	187%

1] The solvency ratio communicated to the market on February 5, 2020 is an estimated ratio.

C.7.2 Sensitivity to other risk factors

The sensitivity of the SCR to a fluctuation of +1% in premiums, +1% in the investment portfolio, or +10% in dividends is less than 2%.

In the context of the ORSA process, the sensitivity of the coverage ratio to factors relating to underwriting risk (evolution of the ratio for losses, earned premiums, reinsurance assignment rates), or to other specific factors (tax rate, cost ratio, etc.) is measured.

C.7.3 Scenarios measuring the sensitivity to risks

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

For example, the scenario replicating the 2008 crisis on the Group’s current portfolio stresses the market and underwriting risks in combination, by replicating the markets and claims deviations observed in 2008. In this same scenario, the impacts on the portfolio’s liquidity, the reinsurance structure and the loss of revenue are also taken into account. The assessment produced at the time of the 2019 ORSA has made it possible to ensure that the solvency of COFACE SA and Compagnie française d'assurance pour le commerce extérieur was not compromised by this scenario.

/ D. VALUATION FOR SOLVENCY PURPOSES

D Valuation for solvency purposes

D.1 Assets

D.1.1 Intangible assets

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

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

D.1.2 Investments

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

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

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

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

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

Change in investment portfolio	**As of Dec. 31**		
COFACE SA (in millions of euros)	**2,019**	**2,018**	**Change**
Property (other than for own use)	0.3	0.3	- 0.0
Equities	132.6	102.5	30.1
Equities - listed	120.1	*90.1*	*30.0*
Equities - unlisted	12.5	*12.3*	*0.2*
Bonds	2,119.0	1,776.5	342.5
Government Bonds	1,016.5	*963.8*	*52.7*
Corporate Bonds	1,102.5	*812.7*	*289.8*
Collective Investments Undertakings	519.1	737.5	- 218.4
Property	235.5	*226.2*	*9.3*
Equities	42.3	*75.3*	*- 33.0*
Bonds and Cash	241.3	*436.0*	*- 194.7*
Derivatives	5.6	2.7	2.9
Deposits other than cash equivalents	72.2	72.5	- 0.3
Other loans and mortgages	1.6	-	1.6
Total investment portfolio	**2,850.4**	**2,691.9**	**158.5**

The market value of COFACE SA's portfolio increased by €158.5 million in 2019 due to the rise in both sovereign and corporate bonds. This increase is linked to the fall in interest rates and the compression of spreads but is nevertheless mitigated by the decline in money market products.

Change in investment portfolio	**As of Dec. 31**		
La Compagnie *(in millions of euros)*	**2,019**	**2,018**	**Change**
Property (other than for own use)	0.3	0.3	- 0.0
Equities	102.5	85.3	17.2
Equities - listed	90.0	*73.0*	*17.0*
Equities - unlisted	12.5	*12.3*	*0.2*
Bonds	1,598.5	1,342.0	256.5
Government Bonds	737.9	*690.2*	*47.7*
Corporate Bonds	860.7	*651.7*	*209.0*
Collective Investments Undertakings	436.9	610.2	- 173.3
Property	188.6	*187.3*	*1.3*
Equities	41.8	*57.5*	*- 15.7*
Bonds and Cash	206.5	*365.3*	*- 158.8*
Derivatives	4.5	2.2	2.3
Deposits other than cash equivalents	37.6	16.7	20.9
Other loans and mortgages	183.8	187.4	- 3.6
Total investment portfolio	**2,364.2**	**2,244.1**	**120.1**

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

D.1.3 Interests

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

In 2019, changes in securities held by Compagnie française d'assurance pour le commerce extérieur were mainly due to:

- The acquisition of Coface PKZ shares for €23.5 million,
- Changes in restated net assets amounting to €29 million for various equity holdings.

COFACE SA *(in millions of euros)*	As of Dec. 31 2019	 2018	 Change
Holdings in related undertakings, including participations	94.0	88.1	5.8

La Compagnie *(in millions of euros)*	As of Dec. 31 2019	 2018	 Change
Holdings in related undertakings, including participations	302.9	221.2	81.7

D.1.4 Receivables

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

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

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

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

COFACE SA *(in millions of euros)*	31/12/2019	31/12/2018	Change
Insurance and intermediaries receivables	261.3	265.7	- 4.4
Reinsurance receivables	48.4	25.9	22.6
Total insurance end reinsurance receivables	**309.8**	**291.5**	**18.2**

La Compagnie *(in millions of euros)*	31/12/2019	31/12/2018	Change
Insurance and intermediaries receivables	204.4	217.4	- 12.9
Reinsurance receivables	49.9	29.4	20.5
Total insurance end reinsurance receivables	**254.4**	**246.7**	**7.6**

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

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

COFACE SA *(in millions of euros)*	As of Dec. 31 2019	 2018	 Change
Receivables (trade, not insurance)	662.8	658.5	4.4

La Compagnie *(in millions of euros)*	As of Dec. 31 2019	 2018	 Change
Receivables (trade, not insurance)	183.1	168.9	14.2

D.1.5 Cash and cash equivalents

Cash and cash equivalents are mainly composed of UCITS, bonds and bank deposits, which increased over the 2019 financial year for the Group.

COFACE SA	As of Dec. 31		
(in millions of euros)	2019	2018	Change
Cash and cash equivalents	285.4	260.9	24.5

La Compagnie	As of Dec. 31		
(in millions of euros)	2019	2018	Variation
Cash and cash equivalents	167.1	182.9	-15.8

D.1.6 Other assets

- **Goodwill**

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

- **Deferred acquisition expenses**

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

- **Deferred tax assets**

For significant deferred tax assets: information on the origin of the recognition of the deferred tax assets with the amount and maturity date, as applicable, of deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax asset is recognised in the balance sheet.

The impact of deferred taxes is noted in the prudential balance sheet on the differences between the tax balance sheet and the statutory balance sheet as well as on all restatements that reconcile statutory accounts with prudential accounts.

The main restatements on which a deferred tax asset is recorded are as follows:

- recording of employee-related commitments under the IAS19 revised method;
- cancellation of the equalisation reserve;
- cancellation of intangible assets;
- cancellation of deferred acquisition expenses;
- adjustment of subordinate debt to market value;
- recording of best estimates and the risk margin;
- the differences between the statutory balance sheet and tax balance sheet.

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

COFACE SA	As of Dec. 31		
(in millions of euros)	2019	2018	Change
Deferred tax assets	67.1	75.7	-8.6

The timetable for deferred tax assets as at December 31, 2019 is as follows:

Deferred tax assets timetable COFACE SA (in millions of euros)	At December 31, 2019			
	less than 1 year	between 1 and 4 years	more than 5 years	TOTAL
Total deferred tax assets	**54.5**	**4.8**	**7.9**	**67.1**

The main component of deferred tax assets involves changes in the revaluation of investments as well as the impact of the Best Estimate for claims.
Unused tax losses for which no deferred tax asset is recorded in the balance sheet as at December 31, 2019 came to €206 million over the Group scope of consolidation.

La Compagnie *(in millions of euros)*	As of Dec. 31		
	2019	2018	Change
Deferred tax assets	71.0	56.7	14.3

The timetable for deferred tax assets as at December 31, 2019 in the solo accounts is as follows:

Deferred tax assets timetable La Compagnie (in millions of euros)	At December 31, 2019			
	less than 1 year	between 1 and 4 years	more than 5 years	TOTAL
Total deferred tax assets	**54.7**	**14.5**	**1.8**	**71.0**

The increase in deferred tax assets in the solo financial statements is mainly due to the change in other temporary differences and the deferred tax netting rule (IAS 12).
Unused tax losses for which no deferred tax asset is recorded in the balance sheet as at December 31, 2019 totalled €98 million over Compagnie française d'assurance pour le commerce extérieur's scope of consolidation.

- **Tangible assets for own use**

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

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

COFACE SA *(in millions of euros)*	As of Dec. 31		
	2019	2018	Change
Property, plant & equipment held for own use	141.2	74.2	67.0

La Compagnie *(in millions of euros)*	As of Dec. 31		
	2019	2018	Change
Property, plant & equipment held for own use	121.4	72.5	48.9

D.2 Technical provisions

There are two types of technical provisions: provisions for claims and provisions for premiums, to witch are added a separately calculated risk margin under solvency II.
The best estimate of provisions for premiums is valued using the entity* product cross-tabulation, by adapting the simplified method described in the April 2014 technical specifications.
Regarding the best estimate for provisions for claims, this is produced separately on the various products. The Chain Ladder, Bornhuetter-Ferguson and Loss Ratio actuarial methods were used on the basis of accounting triangles (premiums, charges and settlements) in order to determine the best estimate for the technical reserves.
The risk margin determined in accordance with the Solvency II standard as for the cost of liquidation of capital needs. It is calculated directly after reinsurance.
The technical provisions in the financial statements are valued with a quantile level greater than 90% while it is the expectancy that is used in the prudential balance sheet. The methods for assessment of technical reserves have not been significantly changed since the previous financial year.
The only significant business line for the Group or Compagnie française d'assurance pour le commerce extérieur is the "Credit and surety insurance" line.
The aggregated results at the end of 2019 are given below, for best estimates and the margin for risk.

D.2.1 Best estimates

Best estimate (in millions of euros)	**As of Dec. 31**		
	2019	**2018**	**Change**
Group	832	811	20
La Compagnie	762	777	-16

Reinsurance recoverables (in millions of euros)	**As of Dec. 31**		
	2019	**2018**	**Change**
Group	216	206	10
La Compagnie	317	336	-18

With regard to the BE for claims, calculations of ULR not marked-up (*Best Estimate*) and marked-up (for IFRS) are calculated separately:

- by the entities: a local valuation is approved by the local Provisioning Committee and reviewed at the regional level by a dedicated committee
- by the Group Actuarial Department: following an economic expectations committee involving the operational divisions (Commercial Underwriting, Litigation and Commercial) and the Marketing, Management Control, Risks, Economic Studies and Actuarial Departments, a valuation is made by the Provisioning team of the Group Actuarial Department and validated by the Group Actuarial Director

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

D.2.2 Risk margin

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

Risk Margin (in millions of euros)	**As of Dec. 31**		
	2019	**2018**	**Change**
Group	75	97	-22
La Compagnie	61	62	-1

D.3 Other liabilities

D.3.1 Provisions other than technical reserves

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

Provisions for risks and charges excluding provisions for pensions and other benefits COFACE SA (in millions of euros)	**As of Dec. 31**		
	2019	**2018**	**Change**
Provision for litigation	3	3	-1
Provision for risk on subsidiaries	18	15	3
Provisions for restructuring	10	10	-1
Provision for taxes (excludind IS)	1	1	0
Other risk provisions	3	1	2
Total provisions other than technical provisions	**34**	**31**	**3**

Provisions for risks and charges excluding provisions for pensions and other benefits La Compagnie (in millions of euros)	**As of Dec. 31**		
	2019	**2018**	**Change**
Provision for litigation	2	2	0
Provision for risk on subsidiaries	11	8	2
Provisions for restructuring	9	10	-1
Provision for taxes (excludind IS)	0	1	0
Other risk provisions	3	4	-1
Total provisions other than technical provisions	**25**	**26**	**-1**

The changes for liabilities and charges varied little between 2018 and 2019.

D.3.2 Provisions for pensions and other benefits

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

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

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

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

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

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

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

- the present value of future benefits, corresponding to the present-day value of all benefits to be paid out. This present-day value is mainly based on:
  - the known characteristics of the population concerned,
  - the benefits to be paid out (end of career allowances, long-service awards, etc.),
  - the probabilities of occurrence of each event,
  - the evaluation of each of the factors entering into calculation of the benefits (changes in salaries, etc.),
  - the interest rates making it possible to work out future benefits at the date of the evaluation;
- the present value of benefits for services performed with projection of salaries, determined using the projected unit credit method, which spreads the actuarial value of the benefits over the service lives of the employees.

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

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

COFACE SA (in millions of euros)	As of Dec. 31		
	2019	**2018**	**Change**
Pension benefit obligations	64	60	4

La Compagnie (in millions of euros)	As of Dec. 31		
	2019	**2018**	**Change**
Pension benefit obligations	60	56	4

D.3.3 Deferred tax liabilities

The origin of the recording of deferred tax liabilities and the amount and maturity date, as applicable, of the deductible temporary differences.

The impact of deferred taxes is noted in the prudential balance sheet on the differences between the tax balance sheet and the statutory balance sheet as well as on all restatements that reconcile statutory accounts with prudential accounts.

The main restatements on which a deferred tax liability is recognised are as follows:

- cancellation of the equalisation reserve in the statutory accounts;
- recording of technical provisions: best estimate and risk margin;
- bringing financial assets and buildings used in the business up to market value;
- the differences between the statutory balance sheet and tax balance sheet.

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

COFACE SA (in millions of euros)	**As of Dec. 31**		
	2019	**2018**	**Change**
Deferred tax liabilities	212	199	13

The timetable for deferred tax liabilities as at December 31, 2019 for the Group is as follows:

Deferred tax liabilities timetable COFACE SA (in millions of euros)	**At December 31, 2019**			
	less than 1 year	**between 1 and 4 years**	**more than 5 years**	**TOTAL**
Total deferred tax liabilities	183	10	19	212

Increases in Group deferred tax liabilities are mainly due to improvements in the loss ratio, which results in a reduction in the level of provisioning. Among the S2 restatements, the main component of deferred tax liabilities involves the cancellation of technical provisions.

La Compagnie (in millions of euros)	**As of Dec. 31**		
	2019	**2018**	**Change**
Deferred tax liabilities	132	169	-37

The timetable for deferred tax liabilities as at December 31, 2019 for Compagnie française d'assurance pour le commerce extérieur is as follows:

Deferred tax liabilities timetable La Compagnie (in millions of euros)	**At December 31, 2019**			
	less than 1 year	**between 1 and 4 years**	**more than 5 years**	**TOTAL**
Total deferred tax liabilities	126	3	3	132

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

D.3.4 Financial debt owed to non-credit institutions

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

COFACE SA (in millions of euros)	**As of Dec. 31**		
	2019	**2018**	**Change**
Debts owed to non-credit institutions	439	448	-10

La Compagnie (in millions of euros)	**As of Dec. 31**		
	2019	**2018**	**Change**
Debts owed to non-credit institutions	-	-	-

The solo scope of consolidation did not include COFACE SA, the holding company that issues the commercial papers. In addition, the debt was not recognised on the balance sheet of Compagnie française d'assurance pour le commerce extérieur.

D.3.5 Payables arising from insurance and reinsurance operations

Ceded deferred acquisition costs are cancelled on the same principle as for gross deferred acquisition costs. In accordance with the Solvency II principles, deferred acquisition costs are considered to be worthless in the prudential balance sheet and their value is therefore reduced to zero.

Ceded earned premiums not yet written are reclassified into ceded underwriting provisions. Future premiums include a proportion of expenses that are covered by such acquisition costs, and which are recognised in the calculation of technical reserves using a Best Estimate.

COFACE SA (in millions of euros)	**As of Dec. 31**		
	2019	**2018**	**Change**
Insurance & intermediaries payables	66	61	5
Reinsurance payables	62	51	11
Total liabilities from insurance and resinsurance	**128**	**112**	**16**

La Compagnie (in millions of euros)	**As of Dec. 31**		
	2019	**2018**	**Change**
Insurance & intermediaries payables	54	56	-2
Reinsurance payables	52	40	12
Total liabilities from insurance and resinsurance	**106**	**96**	**10**

D.3.6 Subordinated liabilities

Financial liabilities are recognised at fair value.

COFACE SA (in millions of euros)	**As of Dec. 31**		
	2019	**2018**	**Change**
Subordinated liabilities	419	416	3

La Compagnie (in millions of euros)	**As of Dec. 31**		
	2019	**2018**	**Change**
Subordinated liabilities	346	344	2

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

D.3.7 Other payables

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

COFACE SA (in millions of euros)	**As of Dec. 31**		
	2019	**2018**	**Change**
Payables (trade, not insurance)	425	311	114

La Compagnie (in millions of euros)	**As of Dec. 31**		
	2019	**2018**	**Change**
Payables (trade, not insurance)	369	263	106

The significant change between the two financial years mainly relates to the recognition of rental liabilities for €92 million following the first-time application of IFRS 16 "Leases" in 2019.

D.4 Alternative valuation methods

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

D.5 Other information

No other material information is to be made publicly available.

/ E. CAPITAL MANAGEMENT

E Capital management

E.1 Own funds

E.1.1 Own funds management policy

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

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

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

The capital management policy mainly deals with the following points:

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

E.1.2 Structure and quality of own funds

- **COFACE SA**

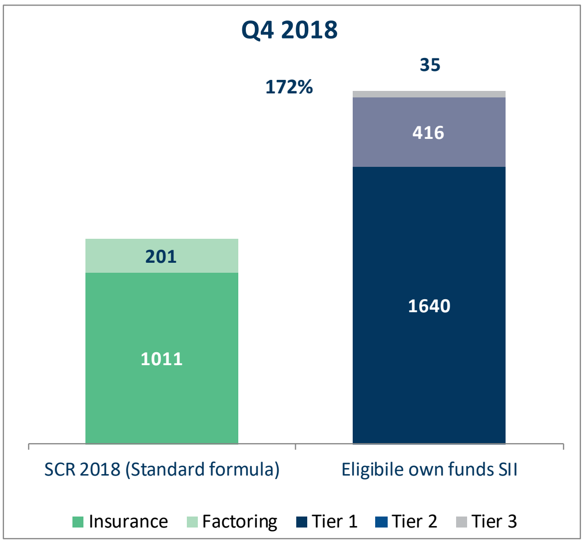
In accordance with regulations, as at December 31, 2019, the Coface Group calculated its available own funds necessary for complying with two levels of capital requirements: minimum capital requirement, MCR, and solvency capital requirement, SCR (see Chapter E.2.).

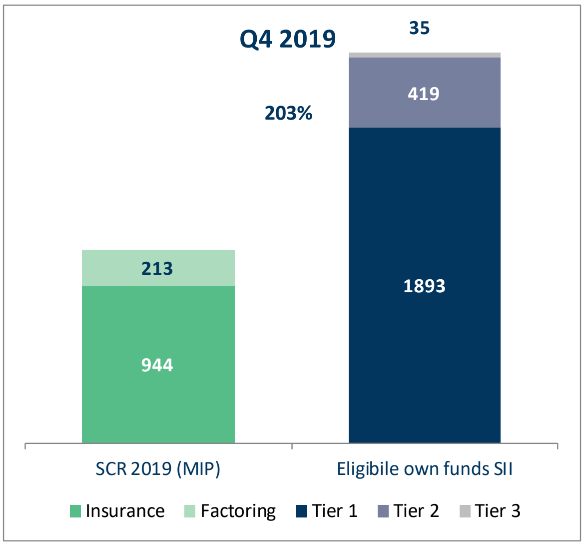
For insurance activities, in accordance with the Solvency II regulations that came into force on January 1, 2016, the Group calculated the Solvency Capital Requirement (SCR) as of December 31, 2019 using its partial internal model, introduced by European Directive No. 2009/138/EC.

For factoring activities, the Group has deferred its capital requirements under the standard approach of banking regulations since December 31, 2019. It should be noted that local regulators in Germany and

Poland (the only countries in which the Group conducts its factoring activities) do not impose equity requirements on factoring companies.

As at December 31, 2019, the Group meets the capital requirements, which amounts to €1,158 million in respect of SCR, as represented in the following chart.





The own funds available to cover the SCR amounted to €2,347 million as at December 31, 2019. In accordance with the Solvency II directive, own funds are classified into three categories or "tiers". This classification is based on their quality, which is assessed by reference to their availability, their degree of subordination and their duration or permanence. The breakdown is as follows:

- ***Tier 1:*** €1,893 million (81% of available own funds), corresponding to the net amount of assets in the Group's prudential balance sheet minus the amount of own funds classified in the other two categories
- ***Tier 2:*** €419 million (19% of available own funds), corresponding to the value of the subordinated debt where the eligibility to this category of own funds is justified by the application of Article 308 *ter* (10) of Directive 2014/51/EU. A summary of the main characteristics of this subordinated debt is set out below:

Subordinated debt Tier 2 Caracteristics	
Issuer	COFACE SA
Guarantor	"La Compagnie"
Type of guarantee	Joint Guarantee
Instrument	Subordinated debt eligible in Tier 2 own funds guarantee in the context of the transitional measures referred to in Article 308b 10 of Directive 2014/51 / EU
Maturity	10 ans w/o amortissement
Issue date	Mars 27, 2014
Maturity date	Mars 27, 2024
Loan payment obligation	In case of non-compliance of the SCR
Coupon carry option	In case of non-compliance of the SCR occurring during the period preceding the payment of interest
Issue amount	EUR 380m
Guarantor rating	A2 / AA- (MOODY'S / FITCH) - IFS
Issuer rating	BAAA1 / A (MOODY'S / FITCH)
Coupon	4.125% Annual fixed
ISIN	FR0011805803

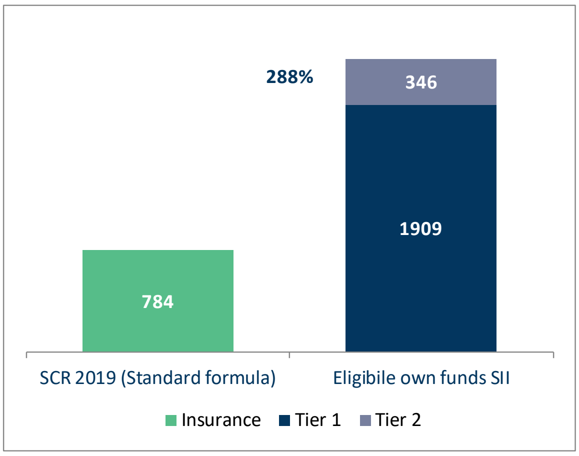
- ***Tier 3:*** €35 million (2% of available own funds), representing the proportion of Solvency II own funds made up of the sum of each tax entity’s net deferred tax assets, after implementation of the eligibility test for those net deferred taxes at the local level.

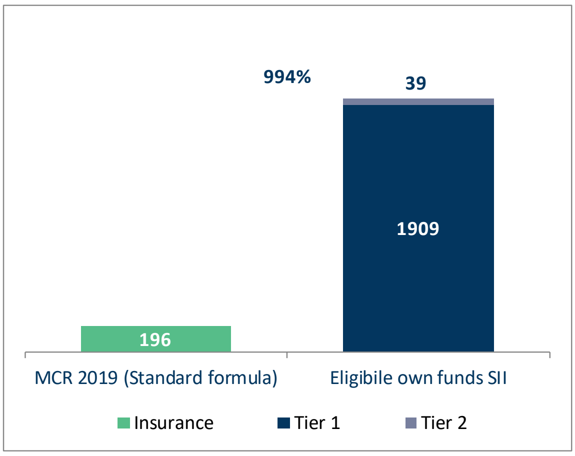
For more information on this section, please see the corresponding section in QRT 23.01 (see Appendix F.2).

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

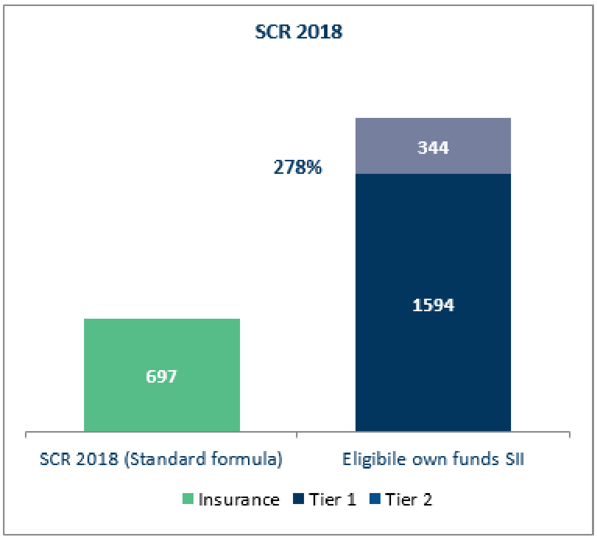
In accordance with regulations, as at December 31, 2018 and 2019, Compagnie française d'assurance pour le commerce extérieur calculated, according to the standard formula, its available own funds necessary to meet the requirements with two levels of capital requirements: the minimum capital requirement and the solvency capital requirement, SCR (see Chapter E.2.).

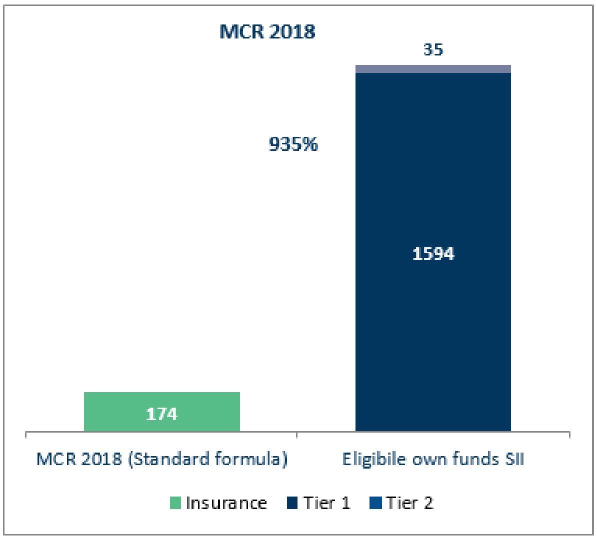
As at December 31, 2019:





As at December 31, 2018:





As at December 31, 2019, Compagnie française d'assurance pour le commerce extérieur met the capital requirements, which amounted to €196 million for MCR and €784 million in respect of SCR, as represented in the above chart.

The own funds available to cover the MCR amounted to €1,948 million as at December 31, 2019. In accordance with the Solvency II directive, own funds are classified into three categories or "tiers". This classification is based on their quality, which is assessed by reference to their availability, their degree of subordination and their duration or permanence.

As at December 31, 2019, the breakdown of own funds available for covering the MCR was as follows:

- ***Tier 1:*** €1,909 million (98% of available own funds), corresponding to the net amount of assets in the prudential balance sheet minus the amount of own funds classified in the other two categories.
- ***Tier 2:*** €39 million (2% of available own funds), which corresponds to the portion of the subordinated loan taken out by COFACE SA eligible to cover the MCR (i.e. 20% of €196 million). The total value of this subordinated loan is €346 million and its classification as "Tier 2" own funds is justified as transitional by Article 308 *ter* (10) of Directive 2014/51/EU. The features of the subordinated loan correspond to those of the subordinated debt issued by COFACE SA (see table above).

The own funds available for coverage of the SCR at December 31, 2019 amount to €2,255 million, made up as follows:

- ***Tier 1:*** €1,909 million (85% of available own funds), as indicated in the previous paragraph;
- ***Tier 2:*** €346 million (16% of available own funds), corresponding to the total value of the subordinated loan indicated in the previous paragraph.

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

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

E.1.3 Basic own funds

At December 31, 2019, Coface SA's and Compagnie française d'assurance pour le commerce extérieur's own funds are exclusively made up of basic own funds, pursuant to Solvency II standard criteria.

E.1.4 Ancillary own funds

At December 31, 2019, Coface SA and Compagnie française d'assurance pour le commerce extérieur do not have ancillary own funds.

E.1.5 Availability of own funds

In accordance with article 330 of delegated regulation (EU) 2015/35, the Coface Group is introducing a test in order to determine the availability, at Group level, of the eligible own funds of affiliated companies. As a first step, the test consists on determining the surplus of each entity's Solvency II own funds above and beyond its SCR then, as a second step, comparing that surplus with the total of own fund items available for the Group's requirements:

- As soon as the surplus of an entity's own funds can be entirely represented by fungible and transferable own fund items, no adjustment of the Group's own funds is considered for this entity.
- Otherwise, the proportion of the surplus not represented by fungible and transferable items gives rise to an adjustment in the Group's own funds. At December 31, 2019, the amount of this adjustment amounted to €68.9 million.

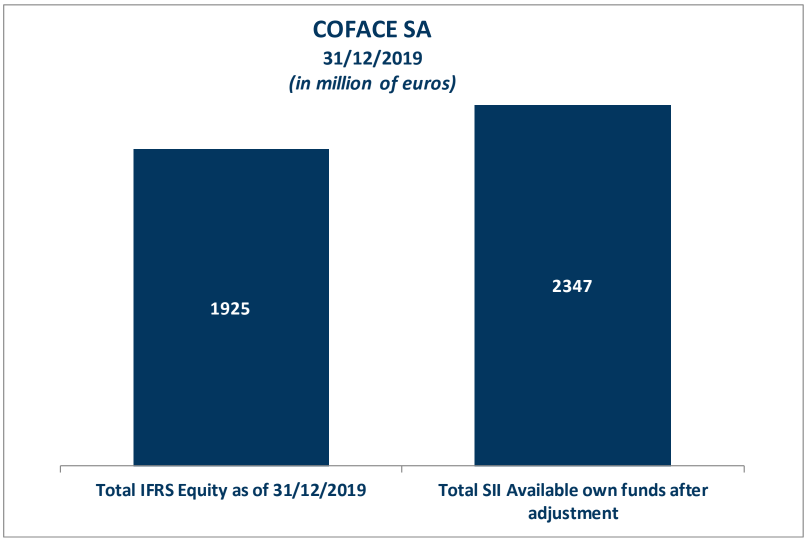
E.1.6 Absorption of losses by capital

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

E.1.7 Reconciliation reserve

- **COFACE SA**

The following chart illustrates the difference between the Group's own funds that are eligible to cover the solvency capital requirement at December 31, 2019 and the consolidated own funds as shown in the Group's financial statements.



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

The Group's eligible Solvency II equity was €2,347 million at December 31, 2019.

Eligible own funds at December 31, 2019 included:

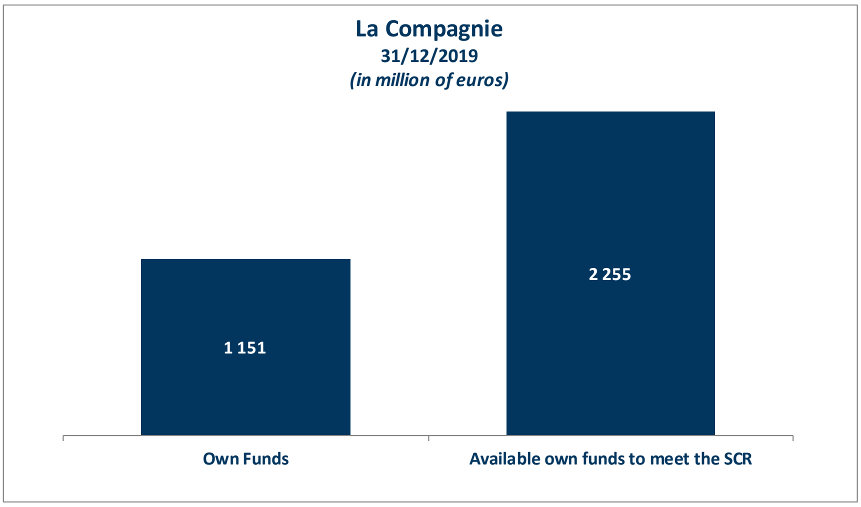
- Share capital of €304 million
- Issue premiums relating to share capital for €810 million
- A reconciliation reserve[6] of €692 million classified as Tier 1

Regarding the breakdown of shareholders' equity, the analysis of the nature of original own funds has led to their classification for the most part as Tier 1. The subordinated debt issued in the form of bonds by COFACE SA in March 2014, rose to €419 million at December 31, 2019 and is classified as Tier 2 by applying the so-called "grandfathering" mechanisms set out in point 10 of Article 308 ter of the Solvency II Directive.

Finally, unavailable own funds were assessed at €68.9 million at December 31, 2019.

COFACE SA Board of Directors will not propose any payment of dividends for the closing year 2019 at the Shareholders' meeting.

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



The amount of eligible Solvency II shareholders' equity was €2,255 million at December 31, 2019.

Eligible own funds at December 31, 2019 included:

- Share capital for €137.1 million,
- Issue premiums relating to share capital for €627.4 million
- A reconciliation reserve[7] of €1,144.5 million classified as Tier 1.

Regarding the breakdown of shareholders' equity, the analysis of the nature of original own funds has led to their classification for the most part as Tier 1. Furthermore, a subordinated loan with COFACE SA for €346 million is classed as Tier 2:

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[6] *The reconciliation reserve as presented in the statement (S.23.01.t - ex OF-B1Q) is defined as shareholders' equity excluding capital and premiums relating to capital, after deducting dividends to be paid.*

[7] *The reconciliation reserve as presented in the statement (S.23.01.s - ex OF-B1Q) is defined as shareholders' equity excluding capital and premiums relating to capital, after deducting dividends to be paid.*

- On March 27, 2014, COFACE SA issued subordinated debt, in the form of bonds, for a nominal amount of €380 million. These securities are irrevocably and unconditionally guaranteed on a subordinated basis by Compagnie française d'assurance pour le commerce extérieur
- A joint surety was issued by Compagnie française d'assurance pour le commerce extérieur on March 25, 2014, for €380 million, to investors in COFACE SA subordinated bonds and lasting until the liquidation of any commitment to investors. This is a subordinated surety falling under off-balance sheet commitments. It is recognised in off-balance sheet commitments in Compagnie française d'assurance pour le commerce extérieur's corporate financial statements and is taken into account in the counterparty default risk type 1 SCR.
- Concomitantly, COFACE SA granted an intra-group subordinated loan to Compagnie française d'assurance pour le commerce extérieur maturing on March 26, 2024 (10 years) at an annual interest rate of 4.125% (payment due on each anniversary). The amount of subordinated debt amounts to €324 million in the statutory accounts. This was €346 million in the Solvency II accounts due to discounting the debt.

The Board of Directors of *la Compagnie* has planned not to propose dividends for the financial year 2019, at the Shareholders'meeting.

E.1.8 Additional ratios

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

E.2 Solvency capital requirement and minimum capital requirement

E.2.1 Annual requirements

- **Standards used**

The calculations[8] were made in line with the most recent specifications in effect (the Commission's delegated EU regulation 2015/35 of October 10, 2014) in the SAS IRM software which enabled the Coface Group to generate the QRTs in XBRL format. Calculations for the partial internal model scope were made in line with specifications described in the approval file.

The risk-free rate curve used is the curve, without volatility adjustment, published by EIOPA applicable at the end of December 2019.

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

- **SCR**

The Group SCR at December 31, 2019 and 2018 breaks down as follows:

COFACE SA	As of Dec. 31	
(in millions of euros)	**2019**	**2018**
SCR Global (1)	**1,158**	**1,213**
Insurance SCR	944	1,011
Financial institution SCR	213	201
Own funds eligible (2)	**2,347**	**2,091**
Consolidated SII ratio (3) = (2)/(1)	**203%**	**172%**
Total Risk (1)+(2)+(3)	**1,146**	**1,315**

Compagnie française d'assurance pour le commerce extérieur’s SCR at December 31, 2019 and 2018 breaks down as follows (the amount of own funds does not take into account the adjustment for unavailable own funds):

La Compagnie	As of Dec. 31	
(in millions of euros)	**2019**	**2018**
SCR Global (1)	**784**	**697**
Insurance SCR	784	697
Financial institution SCR	0	0
Own funds eligible (2)	**2,255**	**1,938**
Consolidated SII ratio (3) = (2)/(1)	**288%**	**278%**
SII insurance ratio	288%	278%
MCR	**196**	**174**

E.2.2 Calculation methods used

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

- **Non-life risk**

➢ **Premium and reserve risk**

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

➢ **Volume of reserves**

The volume of reserves used when calculating the own funds requirement is equal to the Best Estimate for reserves calculated in the balance sheet, from which the portion corresponding to the provision for profit-sharing is deducted. In fact, this item plays a counter-cyclical role, in the sense that a sudden increase in the loss ratio will generally tend to reduce profit-sharing. As such, it does not appear to be cost effective to consider it to be part of a volume at risk in the event of a rise in the loss ratio.

➢ **Premium volumes**

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

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

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

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

➢ Aggregation of premium and reserve risk

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

- 12% applied to the volume of premiums
- 19% applied to the volume of reserves

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

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

Indeed, it should be recalled that:

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

➢ Catastrophe risk

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

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

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

➢ Description of the external reinsurance programme

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

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

➢ Surrender risk

In accordance with Article 118 of the European Commission delegated regulation EU 2015/35 of October 10, 2014, Compagnie française d'assurance pour le commerce extérieur measures winding up SCR at €6.5 million at the end of 2019.

➢ Aggregation of Non-life risk

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

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

- **Market risk**

➢ Organization

For financial assets, COFACE SA and Compagnie française d'assurance pour le commerce extérieur use the PICIM platform managed by Amundi to supply SAS IRM. The service is intended to provide COFACE SA and Compagnie française d'assurance pour le commerce extérieur with portfolio inventories enhanced with unitary SCR characteristics and calculations per instrument at December 31, 2019. The PICIM portfolio represents over 96% of the investment portfolio excluding equity investments and operating property.

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

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

➢ Classification of securities

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

➢ Look-through of funds

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

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

- **Equity risk**

Regarding equities held in portfolio, COFACE SA decided not to use the "grandfathering equity" clause for 2019, as in 2018.

- **Property risk**

The scope of consolidation on Property SCR consists of 20.6% operating property, 0.3% investment property and 79.1% supports whose underlying assets are property assets.

- **Default risk**

The calculation of Counterparty Default SCR was fine-tuned in 2017 to better assess counterparty risk and is based on the provisions ceded to the Group's reinsurers at their Best Estimate value (market value) minus the amount of financial sureties (cash deposits, pledges of securities or letters of credit) provided by reinsurers for the Company's benefit.

- **Simplifications used**

- **Capacity for absorption by deferred taxes**

For Compagnie française d'assurance pour le commerce extérieur, we calculated the adjustment related to the capacity to absorb shock via deferred taxes (SCR adjustment) on the basis of the net deferred tax liability position for each entity limited to a maximum capacity assessed as (BSCR_2019 + Operational SCR_2019)*Tax rate_2019. Entities in a net deferred tax asset position have a zero SCR adjustment.

This adjustment does not take the notional deferred tax asset position into account for each entity.

- **Problems and difficulties encountered**

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

- the possibility of reducing exposure at any time without waiting until the end of the policy;
- disbursement limits.

- **COFACE SA**

The calculation method for COFACE SA is described below.

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

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

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

$$SCR_{Non\ life,Credit} = -\mathbb{V}aR_{0.5\%}[Technical\_Result]$$

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

- **Non-life risk**

  - **Premium, reserve and natural disaster risk**

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

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

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

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

  - **Description of the external reinsurance programme**

The Coface Group's external reinsurance is intended to cover catastrophe risk and the risk of recession. Catastrophe risk is addressed by means of quota share treaties and two excess of loss treaties (by debtor and by country).
Risk of recession is addressed by quota share treaties and the stop-loss treaty against the disproportionate change in the frequency of claims.

  - **Lapse risk**

In accordance with Article 118 of the European Commission delegated regulation EU 2015/35 of October 10, 2014, COFACE SA measures winding-up SCR at €9.2 million at the end of 2019.

  - **Aggregation of Non-life risk**

Premium, reserve and natural disaster risks of the other insurance activities are calculated using the standard formula and estimate non-life underwriting risk (excluding disposal) of other insurance activities. The capital requirement for non-life underwriting risks (excluding winding up) of COFACE's insurance activities is obtained by aggregating the requirement of its credit insurance activities (measured using the partial internal model) and the requirement of the insurance activities excluding credit (measured using the standard formula) using a correlation coefficient calibrated on historical data. The winding-up risk for all products is estimated then combined with a correlation of 0% in accordance with regulatory provisions.

Lastly, diversification between premium, reserve and natural disaster risks from the partial internal model is simulated within the projection model through Gaussian copulas.

- **Market risk**

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

- **Default risk**

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

- **Simplifications used**

  - **Capacity for absorption by deferred taxes**

For COFACE SA and Compagnie française d'assurance pour le commerce extérieur, we calculated the adjustment related to the capacity to absorb shock via deferred taxes (SCR adjustment) on the basis of the net deferred tax liability position for each entity limited to a maximum capacity assessed as (BSCR_2019 + Operational SCR_2019)*Tax rate_2019. Entities in a net deferred tax asset position have a zero SCR adjustment.

This adjustment does not take the notional deferred tax asset position into account for each entity.

E.2.3 Minimum capital requirement

The minimum capital requirement is calculated as follows:
$MCR = \max(MCR_{combined}; AMCR)$

or:

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

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

The combined minimum capital requirement is calculated as follows:
$MCR_{combined} = \min(\max(MCR_{linear}; 0.25*SCR); 0.45*SCR)$

or:

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

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

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

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

Details of the calculation of the minimum capital requirement ratio		**As of Dec. 31**	
La Compagnie *(in millions of euros)*		**2019**	**2018**
A	Technical provisions without risk margin for non-life insurance and reinsurance obligations after deducting amounts recoverable under reinsurance contracts	444.3	441.8
B	Net written premium	565.8	535.2
C	Solvency Capital Requirement - SCR	784.4	696.7
D=0,25*C	0,25*Solvency Capital requirement	196.1	174.2
E=0,45*C	0,45*Solvency Capital requirement	353.0	313.5
F	Risk factor relating to the technical provisions for the credit-insurance segment α	17.7%	17.7%
G	Risk factor for premiums issued for credit-insurance segment β	11.3%	11.3%
H=(A*F)+(B*G)	Non-life Minimum Capital Requiement	**142.6**	**138.7**
I=H	Linear Minimum Capital Requirement	142.6	138.7
J	Non-life AMCR level (absolute threshold)	2.2	2.2
K	**Combined MCR =min(max(I;0,25*C);0,45*C)**	**196.1**	**174.2**
Global MCR	MCR=max (K;J)	196.1	174.2

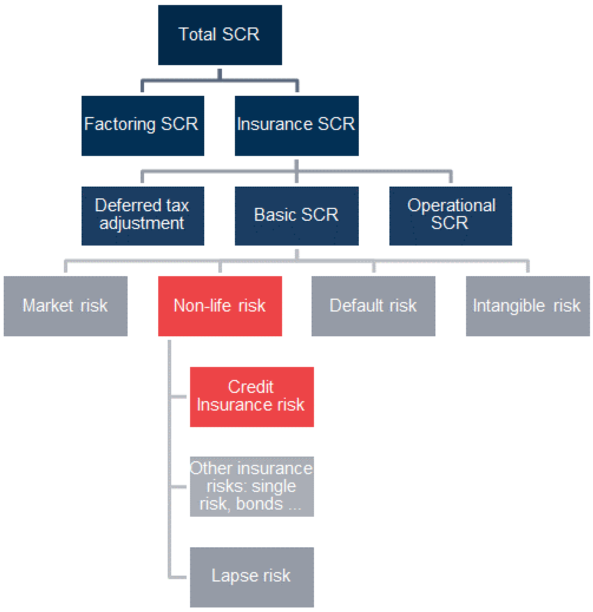
E.3 Use of the duration-based equity risk sub-module to calculate the solvency capital requirement

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

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

- **COFACE SA**

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



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

$$SCR_{Non-life,Credit} = -\mathbb{V}aR_{0.5\%}[Technical\_Result]$$

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

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

- Claims for the current year (settlements, claim management fees and provisions),
- Administrative, sales and marketing expenses,
- Reinsurance balance.

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

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

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

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

During the 2019 financial year, neither COFACE SA nor Compagnie française d'assurance pour le commerce extérieur failed to comply with the minimum capital requirement or the solvency capital requirement.

E.6 Other information

The beginning of the year has been marked by conditions of major uncertainty linked to the coronavirus epidemic. The global nature of this epidemic will affect Coface's business in the vast majority of the countries where it is located.

On the date of filing this document, it is still difficult to assess its tangible effects on the Group. However, it appears that the epidemic, by its magnitude and duration, will have an impact on certain risk factors described in this document. This list includes, but is not limited to, the following main risks likely to be impacted:

- Credit Risk

Although, in the first quarter of 2020, there is no sign of any appreciable increase in unpaid receivables, Coface anticipates that the economic slowdown due to the coronavirus could lead to a very significant rise in corporate failures at various levels, depending on the countries and business sectors, and that it is not possible to quantify this at the moment.

Progressing actions initiated in 2019, Coface has conducted a number of credit limit reduction actions since the beginning of 2020, targeted by country, sector and client.

- Risk on premiums collected

The global economic slowdown will necessarily impact, to an extent that is impossible to estimate at this stage, the business of Coface's clients, based on which the amount of the premium is calculated. 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.

Finally, the containment measures imposed in many countries where Coface is present have a very negative impact on its commercial activity resulting in a probable decrease in turnover.

- Risk related to the investment portfolio

On the date of writing this document, the balanced allocation of the asset portfolio combined with the policy of a very significant increase in money market investments (around 22% of the portfolio compared to 7% at the end of 2019) and the reduced exposures to risky assets (including emerging debt and high-yield equities in particular) increased the liquidity of the portfolio. The revaluation reserves of the portfolio have been significantly reduced by approximately €100 million since 31 December 2019. At 31 March 2020, the amount of unrealised losses was - €12.3 million. Market trends in the coming months are not predictable and the financial portfolio is therefore exposed to future deterioration.

- Liquidity risk – Factoring business requirements

For financing its factoring business, Coface has particularly relied on cash derived from an issue of commercial paper for an amount of €650 million, accompanied by back-up lines concluded with a number of banks and a securitisation programme of factoring receivables in Germany for an overall package of €1,100 million. The current crisis has led to the commercial paper market drying up. However, it must be noted that the abrupt contraction of the economy causes a decrease in the need for refinancing. It is also likely that some contracts will not be renewed due to an increase in the number of client failures.

Initiatives have also been taken to reduce the need for refinancing. In the event that a temporary liquidity gap nevertheless appears, Coface would use the back-up structure for a limited period (bank guarantee).

- Risks related to hedging the Group’s Solvency (SCR ratio)

To date, Coface has noted that the fall in the amount of unrealised gains in its portfolio has resulted in an eight-point drop in its solvency ratio. The solvency trajectory will also depend in large part on the progress of claims observed, which cannot be anticipated at this stage. At this stage, the scenarios and indicators that support stress tests result in ratios that are in line with the sensitivities previously communicated by Coface.

A deterioration in the economy and claims significantly greater than the shocks observed in 2008, in proportions never before seen, could nevertheless lead to greater deterioration of the hedging ratio.

- Rating risk

In the current context, Moody's has confirmed the A2 rating of Coface together with a negative outlook. For its part, Fitch placed the AA- rating under negative supervision. The confirmation of the rating reflects the agency’s confidence in the resilience of Coface and, more broadly, in that of the sector. Future changes will depend on maintaining this rating.

- Operational risks

The near-general deployment of remote working has been carried out in good conditions and enables sufficient activity to be maintained to meet the needs of our clients. In this context, business continuity could be affected in the event of a temporary failure of IT systems or an increase in the number of employees affected by the pandemic. Business continuity plans focus on maintaining essential activities for our clients, including requests for credit limit management and the indemnification of unpaid receivables. The massive use of Home Office if it were to last, would lead to an increase in the risk linked to technological dependence and in particular the cyber-technological risk.

/ F. APPENDICES

F Appendices

F.1 Details of parent company-subsidiary relationships

Pays	Entité	Méthode de Consolidation	Pourcentages Contrôle 31/12/2019	Pourcentages Intérêt 31/12/2019	Pourcentages Contrôle 31/12/2018	Pourcentages Intérêt 31/12/2018
Europe du Nord						
Allemagne	Coface, Niederlassung in Deutschland (ex Coface Kreditversicherung)	-	Succursale*		Succursale*	
Allemagne	Coface Finanz GMBH	Globale	100,00%	100,00%	100,00%	100,00%
Allemagne	Coface Debitorenmanagement GMBH	Globale	100,00%	100,00%	100,00%	100,00%
Allemagne	Coface Rating Holding GMBH	Globale	100,00%	100,00%	100,00%	100,00%
Allemagne	Coface Rating GMBH	Globale	100,00%	100,00%	100,00%	100,00%
Allemagne	Kisselberg KG	Globale	100,00%	100,00%	100,00%	100,00%
Allemagne	Fct Vega (Fonds de titrisation)	Globale	100,00%	100,00%	100,00%	100,00%
Pays Bas	Coface Nederland Services	Globale	100,00%	100,00%	100,00%	100,00%
Pays-Bas	Coface Nederland	-	Succursale*		Succursale*	
Danemark	Coface Danmark	-	Succursale*		Succursale*	
Suède	Coface Sverige	-	Succursale*		Succursale*	
Europe de l'Ouest						
France	COFACE SA	Société Mère	100,00%	100,00%	100,00%	100,00%
France	Compagnie française d'assurance pour le commerce extérieur	Globale	100,00%	100,00%	100,00%	100,00%
France	Cofinpar	Globale	100,00%	100,00%	100,00%	100,00%
France	Cogeri	Globale	100,00%	100,00%	100,00%	100,00%
France	Fimipar	Globale	100,00%	100,00%	100,00%	100,00%
France	Fonds Colombes 2	Globale	100,00%	100,00%	100,00%	100,00%
France	Fonds Colombes 2 bis	Globale	100,00%	100,00%	100,00%	100,00%
France	Fonds Colombes 3	Globale	100,00%	100,00%	100,00%	100,00%
France	Fonds Colombes 3 bis	Globale	100,00%	100,00%	100,00%	100,00%
France	Fonds Colombes 3 ter	Globale	100,00%	100,00%	100,00%	100,00%
France	Fonds Colombes 3 quater	Globale	100,00%	100,00%	100,00%	100,00%
France	Fonds Colombes 4	Globale	100,00%	100,00%	100,00%	100,00%
France	Fonds Colombes 5 bis	Globale	100,00%	100,00%	100,00%	100,00%
France	Fonds Colombes 6	Globale	100,00%	100,00%	100,00%	100,00%
Belgique	Coface Belgium Services	Globale	100,00%	100,00%	100,00%	100,00%
Belgique	Coface Belgique	-	Succursale*		Succursale*	
Suisse	Coface Suisse	-	Succursale*		Succursale*	
Suisse	Coface Ré	Globale	100,00%	100,00%	100,00%	100,00%
Suisse	Fonds Lausanne 2	Globale	100,00%	100,00%	100,00%	100,00%
Suisse	Fonds Lausanne 2 bis	Globale	100,00%	100,00%	100,00%	100,00%
Suisse	Fonds Lausanne 3	Globale	100,00%	100,00%	100,00%	100,00%
Suisse	Fonds Lausanne 3 bis	Globale	100,00%	100,00%	100,00%	100,00%
Suisse	Fonds Lausanne 5	Globale	100,00%	100,00%	-	-
Suisse	Fonds Lausanne 6	Globale	100,00%	100,00%	100,00%	100,00%
Grande-Bretagne	Coface UK Holdings	Globale	100,00%	100,00%	100,00%	100,00%
Grande-Bretagne	Coface UK Services	Globale	100,00%	100,00%	100,00%	100,00%
Grande-Bretagne	Coface UK	-	Succursale*		Succursale*	
Irlande	Coface Ireland	-	Succursale*		Succursale*	

Pays	Entité	Méthode de Consolidation	Pourcentages			
			Contrôle 31/12/2019	Intérêt 31/12/2019	Contrôle 31/12/2018	Intérêt 31/12/2018
Europe Centrale						
Autriche	Coface Austria Kreditversicherung Service GmbH	Globale	100,00%	100,00%	100,00%	100,00%
Autriche	Coface Central Europe Holding AG	Globale	100,00%	100,00%	100,00%	100,00%
Autriche	Compagnie francaise d´assurance pour le Commerce Exterieur SA Niederlassung Austria	-	Succursale*		Succursale*	
Hongrie	Compagnie francaise d´assurance pour le commerce extérieur Hungarian Branch Office	-	Succursale*		Succursale*	
Pologne	Coface Poland Credit Management Services Sp. z o.o.	Globale	100,00%	100,00%	100,00%	100,00%
Pologne	Coface Poland Factoring Sp. z o.o.	Globale	100,00%	100,00%	100,00%	100,00%
Pologne	Compagnie francaise d'assurance pour le commerce exterieur Spółka Akcyjna Oddział w Polsce	-	Succursale*		Succursale*	
République	Compagnie francaise d'assurance pour le commerce exterieur organizační složka Česko	-	Succursale*		Succursale*	
Roumanie	Coface Romania CMS	Globale	100,00%	100,00%	100,00%	100,00%
Roumanie	Compagnie francaise d'assurance pour le commerce exterieur S.A. Bois - Colombes – Sucursala Bucuresti	-	Succursale*		Succursale*	
Roumanie	Coface Technologie - Roumanie	-	Succursale*		Succursale*	
Slovaquie	Compagnie francaise d´assurance pour le commerce extérieur, pobočka poisťovne z iného členského štátu	-	Succursale*		Succursale*	
Slovénie	Coface PKZ	Globale	100,00%	100,00%	-	-
Lithuanie	Compagnie Francaise d'Assurance pour le Commerce Exterieur Lietuvos filialas	-	Succursale*		Succursale*	
Bulgarie	Compagnie Francaise d'Assurance pour le Commerce Exterieur SA – Branch Bulgaria	-	Succursale*		Succursale*	
Russie	CJSC Coface Rus Insurance Company	Globale	100,00%	100,00%	100,00%	100,00%
Méditerranée et Afrique						
Italie	Coface Italy (Succursale)	-	Succursale*		Succursale*	
Italie	Coface Italia	Globale	100,00%	100,00%	100,00%	100,00%
Israël	Coface Israel	-	Succursale*		Succursale*	
Israël	Coface Holding Israel	Globale	100,00%	100,00%	100,00%	100,00%
Israël	BDI – Coface (business data Israel)	Globale	100,00%	100,00%	100,00%	100,00%
Afrique du Sud	Coface South Africa	Globale	97,50%	97,50%	100,00%	100,00%
Afrique du Sud	Coface South Africa Services	Globale	100,00%	100,00%	100,00%	100,00%
Espagne	Coface Servicios España,	Globale	100,00%	100,00%	100,00%	100,00%
Espagne	Coface Iberica	-	Succursale*		Succursale*	
Portugal	Coface Portugal	-	Succursale*		Succursale*	
Grèce	Coface Grèce	-	Succursale*		Succursale*	
Turquie	Coface Sigorta	Globale	100,00%	100,00%	100,00%	100,00%
Amérique du Nord						
Etats-Unis	Coface North America Holding Company	Globale	100,00%	100,00%	100,00%	100,00%
Etats-Unis	Coface North America	Globale	100,00%	100,00%	100,00%	100,00%
Etats-Unis	Coface Services North America	Globale	100,00%	100,00%	100,00%	100,00%
Etats-Unis	Coface North America Insurance company	Globale	100,00%	100,00%	100,00%	100,00%
Canada	Coface Canada	-	Succursale*		Succursale*	
Amérique Latine						
Mexique	Coface Seguro De Credito Mexico SA de CV	Globale	100,00%	100,00%	100,00%	100,00%
Mexique	Coface Holding America Latina SA de CV	Globale	100,00%	100,00%	100,00%	100,00%
Brésil	Coface Do brasil Seguros de Credito SA	Globale	100,00%	100,00%	100,00%	100,00%
Brésil	Seguradora Brasileira De Credito Interno SA (SBCE)	Globale	100,00%	100,00%	75,82%	75,82%
Chili	Coface Chile SA	Globale	100,00%	100,00%	100,00%	100,00%
Chili	Coface Chile	-	Succursale*		Succursale*	
Argentine	Coface Argentina	-	Succursale*		Succursale*	
Equateur	Coface Ecuador	-	Succursale*		Succursale*	
Asie Pacifique						
Australie	Coface Australia	-	Succursale*		Succursale*	
Hong-Kong	Coface Hong Kong	-	Succursale*		Succursale*	
Japon	Coface Japon	-	Succursale*		Succursale*	
Singapour	Coface Singapour	-	Succursale*		Succursale*	
Taïwan	Coface Taiwan	-	Succursale*		Succursale*	

*Succursale de Compagnie française d'assurance pour le commerce exterieur

F.2 Quantitative reports

Public Disclosure QRTs are listed in euros.

- **S.02.01.01 Balance sheet – COFACE SA (1/2)**

S.02.01.02
Balance sheet

Assets		Solvency II value
		C0010
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	0,01
Deferred tax assets	R0040	67 134 572,49
Pension benefit surplus	R0050	.
Property, plant & equipement held for own use	R0060	141 234 785,98
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	2 942 750 557,15
Property (other than for own use)	R0080	288 000,00
Participations and related undertakings	R0090	93 960 230,13
Equities	R0100	132 595 355,40
Equities - listed	R0110	120 097 747,00
Equities - unlisted	R0120	12 497 608,40
Bonds	R0130	2 119 032 341,69
Government Bonds	R0140	1 016 539 445,52
Corporate Bonds	R0150	1 102 492 896,17
Structured notes	R0160	.
Collateralised securities	R0170	.
Collective Investments Undertakings	R0180	519 069 262,65
Derivatives	R0190	5 578 233,34
Deposits other than cash equivalents	R0200	72 227 133,94
Other investments	R0210	.
Assets held for index-linked and unit-linked contracts	R0220	.
Loans and mortgages	R0230	1 647 122,00
Loans on policies	R0240	.
Loans and mortgages to individuals	R0250	.
Other loans and mortgages	R0260	1 647 122,00
Reinsurance recoverables from:	R0270	215 894 379,86
Non-life and health similar to non-life	R0280	215 894 379,86
Non-life excluding health	R0290	215 894 379,86
Health similar to non-life	R0300	.
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	.
Health similar to life	R0320	.
Life excluding health and index-linked and unit-linked	R0330	.
Life index-linked and unit-linked	R0340	.
Deposits to cedants	R0350	5 480 228,00
Insurance and intermediaries receivables	R0360	261 325 955,61
Reinsurance receivables	R0370	48 441 805,50
Receivables (trade, not insurance)	R0380	662 829 463,24
Own shares (held directly)	R0390	.
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	.
Cash and cash equivalents	R0410	285 436 081,76
Any other assets, not elsewhere shown	R0420	.
Total assets	R0500	4 632 174 951,60

S.02.01.01 Balance sheet – COFACE SA (2/2)

S.02.01.02

Balance sheet

Liabilities		Solvency II value C0010
Technical provisions – non-life	**R0510**	906 974 214,48
Technical provisions – non-life (excluding health)	**R0520**	906 974 214,48
Technical provisions calculated as a whole	**R0530**	0,00
Best Estimate	**R0540**	831 512 813,77
Risk margin	**R0550**	75 461 400,71
Technical provisions - health (similar to non-life)	**R0560**	.
Technical provisions calculated as a whole	**R0570**	.
Best Estimate	**R0580**	.
Risk margin	**R0590**	.
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	.
Technical provisions - health (similar to life)	**R0610**	.
Technical provisions calculated as a whole	**R0620**	.
Best Estimate	**R0630**	.
Risk margin	**R0640**	.
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	.
Technical provisions calculated as a whole	**R0660**	.
Best Estimate	**R0670**	.
Risk margin	**R0680**	.
Technical provisions – index-linked and unit-linked	**R0690**	.
Technical provisions calculated as a whole	**R0700**	.
Best Estimate	**R0710**	.
Risk margin	**R0720**	.
Other technical provisions	**R0730**	
Contingent liabilities	**R0740**	.
Provisions other than technical provisions	**R0750**	33 615 878,99
Pension benefit obligations	**R0760**	64 364 730,95
Deposits from reinsurers	**R0770**	3 333 352,00
Deferred tax liabilities	**R0780**	211 506 191,81
Derivatives	**R0790**	1 717 295,00
Debts owed to credit institutions	**R0800**	0,07
Financial liabilities other than debts owed to credit institutions	**R0810**	438 728 654,00
Insurance & intermediaries payables	**R0820**	65 711 331,25
Reinsurance payables	**R0830**	62 415 764,71
Payables (trade, not insurance)	**R0840**	425 301 898,76
Subordinated liabilities	**R0850**	418 856 683,00
Subordinated liabilities not in BOF	**R0860**	.
Subordinated liabilities in BOF	**R0870**	418 856 683,00
Any other liabilities, not elsewhere shown	**R0880**	2 629 895,01
Total liabilities	**R0900**	2 635 155 890,03
Excess of assets over liabilities	**R1000**	1 997 019 061,57

- ## S.02.01.02 Balance sheet – "*La Compagnie*" (1/2)

S.02.01.02

Balance sheet

Assets		**Solvency II value**
		C0010
Goodwill	**R0010**	
Deferred acquisition costs	**R0020**	
Intangible assets	**R0030**	0,00
Deferred tax assets	**R0040**	70 950 753,11
Pension benefit surplus	**R0050**	.
Property, plant & equipement held for own use	**R0060**	121 355 476,83
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	2 483 246 275,79
Property (other than for own use)	**R0080**	288 000,00
Participations and related undertakings	**R0090**	302 908 598,35
Equities	**R0100**	102 515 353,00
Equities - listed	**R0110**	90 017 745,00
Equities - unlisted	**R0120**	12 497 608,00
Bonds	**R0130**	1 598 549 765,25
Government Bonds	**R0140**	737 858 178,23
Corporate Bonds	**R0150**	860 691 587,02
Structured notes	**R0160**	.
Collateralised securities	**R0170**	.
Collective Investments Undertakings	**R0180**	436 908 160,66
Derivatives	**R0190**	4 491 308,34
Deposits other than cash equivalents	**R0200**	37 585 090,19
Other investments	**R0210**	.
Assets held for index-linked and unit-linked contracts	**R0220**	.
Loans and mortgages	**R0230**	183 825 386,99
Loans on policies	**R0240**	.
Loans and mortgages to individuals	**R0250**	.
Other loans and mortgages	**R0260**	183 825 386,99
Reinsurance recoverables from:	**R0270**	317 469 911,60
Non-life and health similar to non-life	**R0280**	317 469 911,60
Non-life excluding health	**R0290**	317 469 911,60
Health similar to non-life	**R0300**	.
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	.
Health similar to life	**R0320**	.
Life excluding health and index-linked and unit-linked	**R0330**	.
Life index-linked and unit-linked	**R0340**	.
Deposits to cedants	**R0350**	6 994 855,00
Insurance and intermediaries receivables	**R0360**	204 426 138,65
Reinsurance receivables	**R0370**	49 931 081,72
Receivables (trade, not insurance)	**R0380**	183 137 119,57
Own shares (held directly)	**R0390**	.
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	.
Cash and cash equivalents	**R0410**	167 060 752,68
Any other assets, not elsewhere shown	**R0420**	0,00
Total assets	**R0500**	3 788 397 751,94

- **S.02.01.02 Balance sheet – "*La Compagnie*" (2/2)**

S.02.01.02

Balance sheet

Liabilities		Solvency II value C0010
Technical provisions – non-life	**R0510**	822 842 071,68
Technical provisions – non-life (excluding health)	**R0520**	822 842 071,68
Technical provisions calculated as a whole	**R0530**	0,00
Best Estimate	**R0540**	761 773 756,21
Risk margin	**R0550**	61 068 315,47
Technical provisions - health (similar to non-life)	**R0560**	.
Technical provisions calculated as a whole	**R0570**	.
Best Estimate	**R0580**	.
Risk margin	**R0590**	.
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	.
Technical provisions - health (similar to life)	**R0610**	.
Technical provisions calculated as a whole	**R0620**	.
Best Estimate	**R0630**	.
Risk margin	**R0640**	.
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	.
Technical provisions calculated as a whole	**R0660**	.
Best Estimate	**R0670**	.
Risk margin	**R0680**	.
Technical provisions – index-linked and unit-linked	**R0690**	.
Technical provisions calculated as a whole	**R0700**	.
Best Estimate	**R0710**	.
Risk margin	**R0720**	.
Other technical provisions	**R0730**	
Contingent liabilities	**R0740**	.
Provisions other than technical provisions	**R0750**	24 875 010,00
Pension benefit obligations	**R0760**	59 961 900,07
Deposits from reinsurers	**R0770**	13 918 421,56
Deferred tax liabilities	**R0780**	131 702 028,09
Derivatives	**R0790**	1 603 146,00
Debts owed to credit institutions	**R0800**	0,00
Financial liabilities other than debts owed to credit institutions	**R0810**	0,00
Insurance & intermediaries payables	**R0820**	53 997 439,69
Reinsurance payables	**R0830**	52 278 716,23
Payables (trade, not insurance)	**R0840**	369 456 127,48
Subordinated liabilities	**R0850**	346 107 891,00
Subordinated liabilities not in BOF	**R0860**	.
Subordinated liabilities in BOF	**R0870**	346 107 891,00
Any other liabilities, not elsewhere shown	**R0880**	2 629 895,01
Total liabilities	**R0900**	1 879 372 646,81
Excess of assets over liabilities	**R1000**	1 909 025 105,13

- **S.05.01.02 Premiums, claims and expenses by line of business – COFACE SA (1/2)**

S.05.01.02

Premiums, claims and expenses by line of business

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**												Line of business for: **accepted non-proportional reinsurance**				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written																		
Gross - Direct Business	**R0110**	R0110-C0010	R0110-C0020	R0110-C0030	R0110-C0040	R0110-C0050	R0110-C0060	R0110-C0070	R0110-C0080	1 148 543 891,29	R0110-C0100	R0110-C0110	R0110-C0120					1 148 543 891,29
Gross - Proportional reinsurance accepted	**R0120**	R0120-C0010	R0120-C0020	R0120-C0030	R0120-C0040	R0120-C0050	R0120-C0060	R0120-C0070	R0120-C0080	97 146 191,07	R0120-C0100	R0120-C0110	R0120-C0120					97 146 191,07
Gross - Non-proportional reinsurance accepted	**R0130**													R0130-C0130	R0130-C0140	R0130-C0150	R0130-C0160	R0130-C0200
Reinsurers' share	**R0140**	R0140-C0010	R0140-C0020	R0140-C0030	R0140-C0040	R0140-C0050	R0140-C0060	R0140-C0070	R0140-C0080	350 572 510,27	R0140-C0100	R0140-C0110	R0140-C0120	R0140-C0130	R0140-C0140	R0140-C0150	R0140-C0160	350 572 510,27
Net	**R0200**	R0200-C0010	R0200-C0020	R0200-C0030	R0200-C0040	R0200-C0050	R0200-C0060	R0200-C0070	R0200-C0080	895 117 572,10	R0200-C0100	R0200-C0110	R0200-C0120	R0200-C0130	R0200-C0140	R0200-C0150	R0200-C0160	895 117 572,10
Premiums earned																		
Gross - Direct Business	**R0210**	R0210-C0010	R0210-C0020	R0210-C0030	R0210-C0040	R0210-C0050	R0210-C0060	R0210-C0070	R0210-C0080	1 148 330 054,08	R0210-C0100	R0210-C0110	R0210-C0120					1 148 330 054,08
Gross - Proportional reinsurance accepted	**R0220**	R0220-C0010	R0220-C0020	R0220-C0030	R0220-C0040	R0220-C0050	R0220-C0060	R0220-C0070	R0220-C0080	99 230 897,88	R0220-C0100	R0220-C0110	R0220-C0120					99 230 897,88
Gross - Non-proportional reinsurance accepted	**R0230**													R0230-C0130	R0230-C0140	R0230-C0150	R0230-C0160	R0230-C0200
Reinsurers' share	**R0240**	R0240-C0010	R0240-C0020	R0240-C0030	R0240-C0040	R0240-C0050	R0240-C0060	R0240-C0070	R0240-C0080	353 453 756,68	R0240-C0100	R0240-C0110	R0240-C0120	R0240-C0130	R0240-C0140	R0240-C0150	R0240-C0160	353 453 756,68
Net	**R0300**	R0300-C0010	R0300-C0020	R0300-C0030	R0300-C0040	R0300-C0050	R0300-C0060	R0300-C0070	R0300-C0080	894 107 195,30	R0300-C0100	R0300-C0110	R0300-C0120	R0300-C0130	R0300-C0140	R0300-C0150	R0300-C0160	894 107 195,30

- ## S.05.01.02 Premiums, claims and expenses by line of business – COFACE SA (2/2)

S.05.01.02

Premiums, claims and expenses by line of business

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**												Line of business for: **accepted non-proportional reinsurance**				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Claims incurred																		
Gross - Direct Business	**R0310**	R0310-C0010	R0310-C0020	R0310-C0030	R0310-C0040	R0310-C0050	R0310-C0060	R0310-C0070	R0310-C0080	441 388 033,58	R0310-C0100	R0310-C0110	R0310-C0120					441 388 033,58
Gross - Proportional reinsurance accepted	**R0320**	R0320-C0010	R0320-C0020	R0320-C0030	R0320-C0040	R0320-C0050	R0320-C0060	R0320-C0070	R0320-C0080	35 626 113,15	R0320-C0100	R0320-C0110	R0320-C0120					35 626 113,15
Gross - Non-proportional reinsurance accepted	**R0330**													R0330-C0130	R0330-C0140	R0330-C0150	R0330-C0160	R0330-C0200
Reinsurers' share	**R0340**	R0340-C0010	R0340-C0020	R0340-C0030	R0340-C0040	R0340-C0050	R0340-C0060	R0340-C0070	R0340-C0080	139 326 705,26	R0340-C0100	R0340-C0110	R0340-C0120	R0340-C0130	R0340-C0140	R0340-C0150	R0340-C0160	139 326 705,26
Net	**R0400**	R0400-C0010	R0400-C0020	R0400-C0030	R0400-C0040	R0400-C0050	R0400-C0060	R0400-C0070	R0400-C0080	337 687 441,47	R0400-C0100	R0400-C0110	R0400-C0120	R0400-C0130	R0400-C0140	R0400-C0150	R0400-C0160	337 687 441,47
Changes in other technical provisions																		
Gross - Direct Business	**R0410**	R0410-C0010	R0410-C0020	R0410-C0030	R0410-C0040	R0410-C0050	R0410-C0060	R0410-C0070	R0410-C0080	R0410-C0090	R0410-C0100	R0410-C0110	R0410-C0120					R0410-C0200
Gross - Proportional reinsurance accepted	**R0420**	R0420-C0010	R0420-C0020	R0420-C0030	R0420-C0040	R0420-C0050	R0420-C0060	R0420-C0070	R0420-C0080	R0420-C0090	R0420-C0100	R0420-C0110	R0420-C0120					R0420-C0200
Gross - Non- proportional reinsurance accepted	**R0430**													R0430-C0130	R0430-C0140	R0430-C0150	R0430-C0160	R0430-C0200
Reinsurers' share	**R0440**	R0440-C0010	R0440-C0020	R0440-C0030	R0440-C0040	R0440-C0050	R0440-C0060	R0440-C0070	R0440-C0080	R0440-C0090	R0440-C0100	R0440-C0110	R0440-C0120	R0440-C0130	R0440-C0140	R0440-C0150	R0440-C0160	R0440-C0200
Net	**R0500**	R0500-C0010	R0500-C0020	R0500-C0030	R0500-C0040	R0500-C0050	R0500-C0060	R0500-C0070	R0500-C0080	R0500-C0090	R0500-C0100	R0500-C0110	R0500-C0120	R0500-C0130	R0500-C0140	R0500-C0150	R0500-C0160	R0500-C0200
Expenses incurred	**R0550**	R0550-C0010	R0550-C0020	R0550-C0030	R0550-C0040	R0550-C0050	R0550-C0060	R0550-C0070	R0550-C0080	498 227 821,00	R0550-C0100	R0550-C0110	R0550-C0120	R0550-C0130	R0550-C0140	R0550-C0150	R0550-C0160	498 227 821,00
Other expenses	**R1200**																	R1200-C0200
Total expenses	**R1300**																	498 227 821,00

- **S.05.01.02 Premiums, claims and expenses by line of business – "*La Compagnie*" (1/2)**

S.05.01.02

Premiums, claims and expenses by line of business

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**												Line of business for: **accepted non-proportional reinsurance**				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	Total
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written																		
Gross - Direct Business	**R0110**	R0110-C0010	R0110-C0020	R0110-C0030	R0110-C0040	R0110-C0050	R0110-C0060	R0110-C0070	R0110-C0080	936 708 252,45	R0110-C0100	R0110-C0110	R0110-C0120					936 708 252,45
Gross - Proportional reinsurance accepted	**R0120**	R0120-C0010	R0120-C0020	R0120-C0030	R0120-C0040	R0120-C0050	R0120-C0060	R0120-C0070	R0120-C0080	182 918 225,03	R0120-C0100	R0120-C0110	R0120-C0120					182 918 225,03
Gross - Non-proportional reinsurance accepted	**R0130**													R0130-C0130	R0130-C0140	R0130-C0150	R0130-C0160	R0130-C0200
Reinsurers' share	**R0140**	R0140-C0010	R0140-C0020	R0140-C0030	R0140-C0040	R0140-C0050	R0140-C0060	R0140-C0070	R0140-C0080	552 990 909,10	R0140-C0100	R0140-C0110	R0140-C0120	R0140-C0130	R0140-C0140	R0140-C0150	R0140-C0160	552 990 909,10
Net	**R0200**	R0200-C0010	R0200-C0020	R0200-C0030	R0200-C0040	R0200-C0050	R0200-C0060	R0200-C0070	R0200-C0080	566 635 568,38	R0200-C0100	R0200-C0110	R0200-C0120	R0200-C0130	R0200-C0140	R0200-C0150	R0200-C0160	566 635 568,38
Premiums earned																		
Gross - Direct Business	**R0210**	R0210-C0010	R0210-C0020	R0210-C0030	R0210-C0040	R0210-C0050	R0210-C0060	R0210-C0070	R0210-C0080	940 206 510,66	R0210-C0100	R0210-C0110	R0210-C0120					940 206 510,66
Gross - Proportional reinsurance accepted	**R0220**	R0220-C0010	R0220-C0020	R0220-C0030	R0220-C0040	R0220-C0050	R0220-C0060	R0220-C0070	R0220-C0080	183 375 127,58	R0220-C0100	R0220-C0110	R0220-C0120					183 375 127,58
Gross - Non-proportional reinsurance accepted	**R0230**													R0230-C0130	R0230-C0140	R0230-C0150	R0230-C0160	R0230-C0200
Reinsurers' share	**R0240**	R0240-C0010	R0240-C0020	R0240-C0030	R0240-C0040	R0240-C0050	R0240-C0060	R0240-C0070	R0240-C0080	556 965 716,09	R0240-C0100	R0240-C0110	R0240-C0120	R0240-C0130	R0240-C0140	R0240-C0150	R0240-C0160	556 965 716,09
Net	**R0300**	R0300-C0010	R0300-C0020	R0300-C0030	R0300-C0040	R0300-C0050	R0300-C0060	R0300-C0070	R0300-C0080	566 615 922,15	R0300-C0100	R0300-C0110	R0300-C0120	R0300-C0130	R0300-C0140	R0300-C0150	R0300-C0160	566 615 922,15

- ## S.05.01.02 Premiums, claims and expenses by line of business – "*La Compagnie*" (2/2)

S.05.01.02

Premiums, claims and expenses by line of business

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**												Line of business for: **accepted non-proportional reinsurance**				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Claims incurred																		
Gross - Direct Business	**R0310**	R0310-C0010	R0310-C0020	R0310-C0030	R0310-C0040	R0310-C0050	R0310-C0060	R0310-C0070	R0310-C0080	425 312 579,33	R0310-C0100	R0310-C0110	R0310-C0120					425 312 579,33
Gross - Proportional reinsurance accepted	**R0320**	R0320-C0010	R0320-C0020	R0320-C0030	R0320-C0040	R0320-C0050	R0320-C0060	R0320-C0070	R0320-C0080	78 545 568,58	R0320-C0100	R0320-C0110	R0320-C0120					78 545 568,58
Gross - Non-proportional reinsurance accepted	**R0330**													R0330-C0130	R0330-C0140	R0330-C0150	R0330-C0160	R0330-C0200
Reinsurers' share	**R0340**	R0340-C0010	R0340-C0020	R0340-C0030	R0340-C0040	R0340-C0050	R0340-C0060	R0340-C0070	R0340-C0080	244 937 188,60	R0340-C0100	R0340-C0110	R0340-C0120	R0340-C0130	R0340-C0140	R0340-C0150	R0340-C0160	244 937 188,60
Net	**R0400**	R0400-C0010	R0400-C0020	R0400-C0030	R0400-C0040	R0400-C0050	R0400-C0060	R0400-C0070	R0400-C0080	258 920 959,31	R0400-C0100	R0400-C0110	R0400-C0120	R0400-C0130	R0400-C0140	R0400-C0150	R0400-C0160	258 920 959,31
Changes in other technical provisions																		
Gross - Direct Business	**R0410**	R0410-C0010	R0410-C0020	R0410-C0030	R0410-C0040	R0410-C0050	R0410-C0060	R0410-C0070	R0410-C0080	R0410-C0090	R0410-C0100	R0410-C0110	R0410-C0120					R0410-C0200
Gross - Proportional reinsurance accepted	**R0420**	R0420-C0010	R0420-C0020	R0420-C0030	R0420-C0040	R0420-C0050	R0420-C0060	R0420-C0070	R0420-C0080	R0420-C0090	R0420-C0100	R0420-C0110	R0420-C0120					R0420-C0200
Gross - Non- proportional reinsurance accepted	**R0430**													R0430-C0130	R0430-C0140	R0430-C0150	R0430-C0160	R0430-C0200
Reinsurers' share	**R0440**	R0440-C0010	R0440-C0020	R0440-C0030	R0440-C0040	R0440-C0050	R0440-C0060	R0440-C0070	R0440-C0080	R0440-C0090	R0440-C0100	R0440-C0110	R0440-C0120	R0440-C0130	R0440-C0140	R0440-C0150	R0440-C0160	R0440-C0200
Net	**R0500**	R0500-C0010	R0500-C0020	R0500-C0030	R0500-C0040	R0500-C0050	R0500-C0060	R0500-C0070	R0500-C0080	R0500-C0090	R0500-C0100	R0500-C0110	R0500-C0120	R0500-C0130	R0500-C0140	R0500-C0150	R0500-C0160	R0500-C0200
Expenses incurred	**R0550**	R0550-C0010	R0550-C0020	R0550-C0030	R0550-C0040	R0550-C0050	R0550-C0060	R0550-C0070	R0550-C0080	301 821 969,57	R0550-C0100	R0550-C0110	R0550-C0120	R0550-C0130	R0550-C0140	R0550-C0150	R0550-C0160	301 821 969,57
Other expenses	**R1200**																	R1200-C0200
Total expenses	**R1300**																	301 821 969,57

- **S.05.02.01 Premiums, claims and expenses by country – COFACE SA**

S.05.02.01

Premiums, claims and expenses by country

		Home Country	Country (by amount of gross premiums written) - non-life obligations					Total for top 5 countries and home country (by amount of gross premiums written) - non-life obligations
		C0010	C0020	C0020	C0020	C0020	C0020	C0070
	R0010		IT	DE	US	ES	GB	
		C0080	C0090	C0090	C0090	C0090	C0090	C0140
Premiums written								
Gross - Direct Business	R0110	167 190 514,00	179 351 381,00	159 472 230,00	107 869 730,85	92 635 773,00	45 064 950,21	751 584 579,06
Gross - Proportional reinsurance accepted	R0120	4 659 813,60			0,00			4 659 813,60
Gross - Non-proportional reinsurance accepted	R0130	70 124,00			0,00			70 124,00
Reinsurers'share	R0140	69 869 261,00	40 766 108,00	42 999 320,99	27 929 273,71	23 808 498,00	7 288 793,00	212 661 254,70
Net	R0200	102 051 190,60	138 585 273,00	116 472 909,01	79 940 457,14	68 827 275,00	37 776 157,21	543 653 261,96
Premiums earned								
Gross - Direct Business	R0210	170 067 874,00	180 620 924,00	157 463 257,00	105 744 390,43	92 230 524,00	46 258 297,11	752 385 266,54
Gross - Proportional reinsurance accepted	R0220	5 074 828,53			0,00			5 074 828,53
Gross - Non-proportional reinsurance accepted	R0230	290 271,44			0,00			290 271,44
Reinsurers'share	R0240	69 867 395,00	39 800 843,00	42 548 579,55	26 741 433,56	23 803 785,00	13 560 863,00	216 322 899,11
Net	R0300	105 565 578,97	140 820 081,00	114 914 677,45	79 002 956,87	68 426 739,00	32 697 434,11	541 427 467,40
Claims incurred								
Gross - Direct Business	R0310	51 743 641,00	78 666 731,00	56 460 603,00	51 113 150,98	37 278 998,00	22 680 708,25	297 943 832,23
Gross - Proportional reinsurance accepted	R0320	2 266 891,37			0,00			2 266 891,37
Gross - Non-proportional reinsurance accepted	R0330	0,00			0,00			0,00
Reinsurers'share	R0340	19 172 178,00	20 989 657,00	18 287 591,00	14 462 994,00	10 324 577,00	7 224 349,00	90 461 346,00
Net	R0400	34 838 354,37	57 677 074,00	38 173 012,00	36 650 156,98	26 954 421,00	15 456 359,25	209 749 377,60
Changes in other technical provisions								
Gross - Direct Business	R0410	R0410-C0080	R0410-C0090	R0410-C0090	R0410-C0090	R0410-C0090	R0410-C0090	R0410-C0140
Gross - Proportional reinsurance accepted	R0420	0,00			0,00			0,00
Gross - Non- proportional reinsurance accepted	R0430	0,00			0,00			0,00
Reinsurers'share	R0440	R0440-C0080	R0440-C0090	R0440-C0090	R0440-C0090	R0440-C0090	R0440-C0090	R0440-C0140
Net	R0500	0,00			0,00			0,00
Expenses incurred	R0550	83 867 457,77	64 761 776,00	74 348 765,62	53 221 052,81	33 602 694,00	15 282 883,75	325 084 629,95
Other expenses	R1200							R1200-C0140
Total expenses	R1300							325 084 629,95

- ## S.05.02.01 Premiums, claims and expenses by country – "*La Compagnie*"

S.05.02.01
Premiums, claims and expenses by country

		Home Country	Country (by amount of gross premiums written) - non-life obligations					Total for top 5 countries and home country (by amount of gross premiums written) - non-life obligations
		C0010	C0020	C0020	C0020	C0020	C0020	C0070
	R0010		IT	DE	ES	GB	NL	
		C0080	C0090	C0090	C0090	C0090	C0090	C0140
Premiums written								
Gross - Direct Business	R0110	167 190 514,00	179 351 381,00	159 472 230,00	92 635 773,00	46 620 002,52	43 205 246,00	688 475 146,52
Gross - Proportional reinsurance accepted	R0120	4 659 813,60	0,00	0,00	0,00			4 659 813,60
Gross - Non-proportional reinsurance accepted	R0130	70 124,00	0,00	0,00	0,00			70 124,00
Reinsurers'share	R0140	5 820 608,00	213 648,00	289 513,00	114 322,00	1 144 533,00	980 484,00	8 563 108,00
Net	R0200	166 099 843,60	179 137 733,00	159 182 717,00	92 521 451,00	45 475 469,52	42 224 762,00	684 641 976,12
Premiums earned								
Gross - Direct Business	R0210	170 067 874,00	180 620 924,00	157 463 257,00	92 230 524,00	47 827 413,50	43 144 502,00	691 354 494,50
Gross - Proportional reinsurance accepted	R0220	5 074 828,53	0,00	0,00	0,00			5 074 828,53
Gross - Non-proportional reinsurance accepted	R0230	290 271,44	0,00	0,00	0,00			290 271,44
Reinsurers'share	R0240	5 820 608,00	295 503,00	291 233,00	119 035,00	1 191 714,00	984 177,00	8 702 270,00
Net	R0300	169 612 365,97	180 325 421,00	157 172 024,00	92 111 489,00	46 635 699,50	42 160 325,00	688 017 324,47
Claims incurred								
Gross - Direct Business	R0310	71 648 857,00	90 755 777,75	72 415 076,00	50 783 026,25	26 989 592,11	21 958 601,50	334 550 930,61
Gross - Proportional reinsurance accepted	R0320	2 266 891,37	0,00	0,00	0,00			2 266 891,37
Gross - Non-proportional reinsurance accepted	R0330	0,00	0,00	0,00	0,00			0,00
Reinsurers'share	R0340	470 110,00	848 823,00	104 340,00	95 397,00	955 058,00	152 857,00	2 626 585,00
Net	R0400	73 445 638,37	89 906 954,75	72 310 736,00	50 687 629,25	26 034 534,11	21 805 744,50	334 191 236,98
Changes in other technical provisions								
Gross - Direct Business	R0410	R0410-C0080	R0410-C0090	R0410-C0090	R0410-C0090	R0410-C0090	R0410-C0090	R0410-C0140
Gross - Proportional reinsurance accepted	R0420	0,00	0,00	0,00	0,00			0,00
Gross - Non- proportional reinsurance accepted	R0430	0,00	0,00	0,00	0,00			0,00
Reinsurers'share	R0440	R0440-C0080	R0440-C0090	R0440-C0090	R0440-C0090	R0440-C0090	R0440-C0090	R0440-C0140
Net	R0500	0,00	0,00	0,00	0,00			0,00
Expenses incurred	R0550	12 106 611,15	80 287 293,00	79 075 499,00	36 968 116,00	19 357 733,77	18 937 153,00	246 732 405,92
Other expenses	R1200							R1200-C0140
Total expenses	R1300							246 732 405,92

- ## S.17.01.02 Non-life technical provisions – "*La Compagnie*"

S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance	Total Non-Life obligation
		Credit and suretyship insurance	
		C0100	C0180
Technical provisions calculated as a whole	**R0010**	.	.
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	**R0050**	.	.
Technical provisions calculated as a sum of BE and RM			
Best estimate			
Premium provisions			
Gross	**R0060**	26 157 032,01	26 157 032,01
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	-4 991 636,22	-4 991 636,22
Net Best Estimate of Premium Provisions	**R0150**	31 148 668,23	31 148 668,23
Claims provisions			
Gross	**R0160**	735 616 723,62	735 616 723,62
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	322 461 546,96	322 461 546,96
Net Best Estimate of Claims Provisions	**R0250**	413 155 176,66	413 155 176,66
Total Best estimate - gross	**R0260**	761 773 755,62	761 773 755,62
Total Best estimate - net	**R0270**	444 303 844,88	444 303 844,88
Risk margin	**R0280**	61 068 315,17	61 068 315,17
Amount of the transitional on Technical Provisions			
Technical Provisions calculated as a whole	**R0290**	.	.
Best estimate	**R0300**	.	.
Risk margin	**R0310**	.	.
Technical provisions - total			
Technical provisions - total	**R0320**	822 842 070,79	822 842 070,79
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	317 469 910,74	317 469 910,74
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	505 372 160,05	505 372 160,05

• S.19.01.01 Non-life insurance claims information – "*La Compagnie*" (1/4)

S.19.01.21

Non-life Insurance Claims Information

Accident year / Underwriting year	**Z0020**	Z-Z0020

Gross Claims Paid (non-cumulative)

(absolute amount)

		Development year										
Year		**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**
Prior	**R0100**											-7 983 070,00
N-9	**R0160**	52 895 220,00	207 126 650,00	64 418 480,00	9 321 050,00	6 376 300,00	3 537 610,00	8 663 740,00	9 431 680,00	-3 248 300,00	-4 116 450,00	
N-8	**R0170**	64 112 350,00	372 201 250,00	94 794 260,00	28 705 220,00	28 473 670,00	-18 071 140,00	-12 467 520,00	-2 838 700,00	-4 201 280,00		
N-7	**R0180**	118 174 240,00	303 377 700,00	98 542 150,00	7 458 290,00	3 691 870,00	12 582 100,00	2 702 110,00	4 717 220,00			
N-6	**R0190**	80 166 970,00	282 772 700,00	66 770 070,00	30 686 420,00	3 182 750,00	-4 521 830,00	-5 593 100,00				
N-5	**R0200**	84 670 470,00	306 531 960,00	135 529 170,00	31 588 290,00	2 551 810,00	-7 168 010,00					
N-4	**R0210**	57 089 790,00	278 507 420,00	84 677 620,00	9 481 730,00	-11 127 730,00						
N-3	**R0220**	70 148 560,00	243 641 670,00	92 697 170,00	28 782 780,00							
N-2	**R0230**	52 477 910,00	233 067 180,00	87 371 870,00								
N-1	**R0240**	63 861 550,00	248 768 890,00									
N	**R0250**	62 300 520,00										

- **S.19.01.01 Non-life insurance claims information – "*La Compagnie*" (2/4)**

	In Current year	Sum of years (cumulative)
	C0170	C0180
R0100	-7 983 070,00	-7 983 070,00
R0160	-4 116 450,00	354 405 980,00
R0170	-4 201 280,00	550 708 110,00
R0180	4 717 220,00	551 245 680,00
R0190	-5 593 100,00	453 463 980,00
R0200	-7 168 010,00	553 703 690,00
R0210	-11 127 730,00	418 628 830,00
R0220	28 782 780,00	435 270 180,00
R0230	87 371 870,00	372 916 960,00
R0240	248 768 890,00	312 630 440,00
R0250	62 300 520,00	62 300 520,00
R0260	391 751 640,00	4 057 291 300,00

- **S.19.01.01 Non-life insurance claims information – "*La Compagnie*" (3/4)**

Gross undiscounted Best Estimate Claims Provisions

(absolute amount)

Year		Development year										
		0	1	2	3	4	5	6	7	8	9	10
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100											33 714 961,73
N-9	R0160	R0160-C0200	R0160-C0210	R0160-C0220	R0160-C0230	R0160-C0240	R0160-C0250	R0160-C0260	R0160-C0270	4 898 626,13	796 274,75	
N-8	R0170	R0170-C0200	R0170-C0210	R0170-C0220	R0170-C0230	R0170-C0240	R0170-C0250	R0170-C0260	4 099 081,04	5 192 773,87		
N-7	R0180	R0180-C0200	R0180-C0210	R0180-C0220	R0180-C0230	R0180-C0240	R0180-C0250	46 884 377,77	27 263 687,72			
N-6	R0190	R0190-C0200	R0190-C0210	R0190-C0220	R0190-C0230	R0190-C0240	11 947 993,83	4 982 355,33				
N-5	R0200	R0200-C0200	R0200-C0210	R0200-C0220	R0200-C0230	706 591,96	6 156 986,34					
N-4	R0210	R0210-C0200	R0210-C0210	R0210-C0220	36 742 882,11	24 532 268,50						
N-3	R0220	R0220-C0200	R0220-C0210	86 689 158,56	41 973 159,77							
N-2	R0230	R0230-C0200	200 829 025,38	81 131 386,89								
N-1	R0240	317 951 282,48	199 318 078,81									
N	R0250	311 838 205,67										

- **S.19.01.01 Non-life insurance claims information – "*La Compagnie*" (4/4)**

	Year end (discounted data)
	C0360
R0100	33 834 134,67
R0160	800 687,19
R0170	5 219 917,14
R0180	27 375 779,70
R0190	5 196 617,31
R0200	6 470 512,41
R0210	24 069 285,24
R0220	41 991 797,76
R0230	81 014 006,31
R0240	198 348 516,27
R0250	311 295 469,60
R0260	735 616 723,62

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

S.23.01.22
Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector						
Ordinary share capital (gross of own shares)	**R0010**	304,063,898.00	304,063,898.00		.	
Non-available called but not paid in ordinary share capital at group level	**R0020**	0.00	0.00		0.00	
Share premium account related to ordinary share capital	**R0030**	810,419,792.00	810,419,792.00		.	
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	**R0040**	.	.		.	
Subordinated mutual member accounts	**R0050**	.		.	.	.
Non-available subordinated mutual member accounts at group level	**R0060**	0.00		0.00	0.00	0.00
Surplus funds	**R0070**	.	.			
Non-available surplus funds at group level	**R0080**	.	.			
Preference shares	**R0090**	.		.	.	.
Non-available preference shares at group level	**R0100**	.		.	.	.
Share premium account related to preference shares	**R0110**	.		.	.	.
Non-available share premium account related to preference shares at group level	**R0120**	0.00		0.00	0.00	0.00
Reconciliation reserve	**R0130**	843,794,593.99	843,794,593.99			
Subordinated liabilities	**R0140**	418,856,683.00		.	418,856,683.00	.
Non-available subordinated liabilities at group level	**R0150**	0.00		0.00	0.00	0.00
An amount equal to the value of net deferred tax assets	**R0160**	38,740,777.58				38,740,777.58
The amount equal to the value of net deferred tax assets not available at the group level	**R0170**	3,570,112.52				3,570,112.52
Other items approved by supervisory authority as basic own funds not specified above	**R0180**	0.00	0.00	0.00	0.00	0.00
Non available own funds related to other own funds items approved by supervisory authority	**R0190**	0.00	0.00	0.00	0.00	0.00
Minority interests (if not reported as part of a specific own fund item)	**R0200**	.	.	.	.	.
Non-available minority interests at group level	**R0210**	0.00	0.00	0.00	0.00	0.00
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own						
Own funds from the financial statements that shall not be represented by the reconciliation	**R0220**					
Deductions						
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	**R0230**	213,452,589.00	213,452,589.00	.	.	.
whereof deducted according to art 228 of the Directive 2009/138/EC	**R0240**	.	.	.	.	
Deductions for participations where there is non-availability of information (Article 229)	**R0250**	.	.	.	.	.
Deduction for participations included by using D&A when a combination of methods is used	**R0260**	.	.	.	.	.
Total of non-available own fund items	**R0270**	68,944,836.06	65,374,723.54			3,570,112.52
Total deductions	**R0280**	282,397,425.06	278,827,312.54	.	.	3,570,112.52

- **S.23.01.04 Own funds – COFACE SA (2/3)**

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Total basic own funds after deductions	**R0290**	2,133,478,319.51	1,679,450,971.45	0.00	418,856,683.00	35,170,665.06
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	**R0300**	.			.	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	**R0310**	.			.	
Unpaid and uncalled preference shares callable on demand	**R0320**	.			.	.
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	**R0330**	.			.	.
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	**R0340**	.			.	
Letters of credit and guarantees other than under Article 96(2) of the Directive **2009/138/EC**	**R0350**	.			.	.
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0360**	.			.	
Supplementary members calls - other than under **first subparagraph** of Article 96(3) of the Directive **2009/138/EC**	**R0370**	.			.	.
Non available ancillary own funds at group level	**R0380**	.			.	.
Other ancillary own funds	**R0390**	.			.	.
Total ancillary own funds	**R0400**	.			.	.
Own funds of other financial sectors						
Credit institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies – total	**R0410**	.	.	.	.	
Institutions for occupational retirement provision	**R0420**	.	.	.	.	.
Non regulated entities carrying out financial activities	**R0430**	213,452,589.00	213,452,589.00	.	.	
Total own funds of other financial sectors	**R0440**	213,452,589.00	213,452,589.00	.	.	.
Own funds when using the D&A, exclusively or in combination of method 1						
Own funds aggregated when using the D&A and combination of method	**R0450**	.	.	.	.	.
Own funds aggregated when using the D&A and combination of method net of IGT	**R0460**	.	.	.	.	.
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	**R0520**	2,133,478,319.51	1,679,450,971.45	0.00	418,856,683.00	35,170,665.06
Total available own funds to meet the minimum consolidated group SCR	**R0530**	2,098,307,654.45	1,679,450,971.45	0.00	418,856,683.00	
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	**R0560**	2,133,478,319.51	1,679,450,971.45	0.00	418,856,683.00	35,170,665.06
Total-eligible own funds to meet the minimum consolidated group SCR	**R0570**	1,737,327,524.75	1,679,450,971.45	0.00	57,876,553.30	
Minimum consolidated Group SCR	**R0610**	289,382,766.48				

- ## S.23.01.04 Own funds – COFACE SA (3/3)

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Ratio of Eligible own funds to Minimum Consolidated Group SCR	**R0650**	6.00				
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	**R0660**	2,346,930,908.51	1,892,903,560.45	0.00	418,856,683.00	35,170,665.06
Group SCR	**R0680**	1,157,531,065.92				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	**R0690**	2.03				
		C0060				
Reconciliation reserve						
Excess of assets over liabilities	**R0700**	1,997,019,061.57				
Own shares (held directly and indirectly)	**R0710**	.				
Foreseeable dividends, distributions and charges	**R0720**	0.00				
Other basic own fund items	**R0730**	1,153,224,467.58				
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	0.00				
Other non available own funds	**R0750**	.				
Reconciliation reserve	**R0760**	843,794,593.99				
Expected profits						
Expected profits included in future premiums (EPIFP) - Life business	**R0770**					
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**					
Total Expected profits included in future premiums (EPIFP)	**R0790**					

- ## S.23.01.01 Own funds – "*La Compagnie*" (1/2)

S.23.01.01 Own funds		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of						
Ordinary share capital (gross of own shares)	**R0010**	137,052,417.00	137,052,417.00		.	
Share premium account related to ordinary share capital	**R0030**	627,437,165.00	627,437,165.00		.	
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	**R0040**	.	.		.	
Subordinated mutual member accounts	**R0050**	.		.	.	.
Surplus funds	**R0070**	.	.			
Preference shares	**R0090**	.		.	.	.
Share premium account related to preference shares	**R0110**	.		.	.	.
Reconciliation reserve	**R0130**	1,144,535,523.13	1,144,535,523.13			
Subordinated liabilities	**R0140**	346,107,891.00		.	346,107,891.00	.
An amount equal to the value of net deferred tax assets	**R0160**	.				.
Other own fund items approved by the supervisory authority as basic own funds not specified above	**R0180**	.	.	.	.	.
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	**R0220**					
Deductions						
Deductions for participations in financial and credit institutions	**R0230**	.	.	.	.	.
Total basic own funds after deductions	**R0290**	2,255,132,996.13	1,909,025,105.13	.	346,107,891.00	.
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	**R0300**	.			.	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	**R0310**	.			.	
Unpaid and uncalled preference shares callable on demand	**R0320**	.			.	.
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	**R0330**	.			.	.
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	**R0340**	.			.	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	**R0350**	.			.	.
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0360**	.			.	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0370**	.			.	.
Other ancillary own funds	**R0390**	.			.	.

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

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Total ancillary own funds	**R0400**	.			.	.
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	2,255,132,996.13	1,909,025,105.13	.	346,107,891.00	.
Total available own funds to meet the MCR	**R0510**	2,255,132,996.13	1,909,025,105.13	.	346,107,891.00	
Total eligible own funds to meet the SCR	**R0540**	2,255,132,996.13	1,909,025,105.13	0.00	346,107,891.00	0.00
Total eligible own funds to meet the MCR	**R0550**	1,948,244,366.42	1,909,025,105.13	0.00	39,219,261.29	
SCR	**R0580**	784,385,225.71				
MCR	**R0600**	196,096,306.43				
Ratio of Eligible own funds to SCR	**R0620**	2.88				
Ratio of Eligible own funds to MCR	**R0640**	9.94				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	**R0700**	1,909,025,105.13
Own shares (held directly and indirectly)	**R0710**	.
Foreseeable dividends, distributions and charges	**R0720**	0.00
Other basic own fund items	**R0730**	764,489,582.00
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	0.00
Reconciliation reserve	**R0760**	1,144,535,523.13
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**	
Total Expected profits included in future premiums (EPIFP)	**R0790**	

S.25.01.22 SCR - For groups using the standard formula and partial internal model – COFACE SA (1/2)

S.25.02.22

Solvency Capital Requirement - for groups using the standard formula and partial internal model

Unique number of component	Components description	Calculation of the Solvency Capital Requirement	Amount modelled
C0010	C0020	C0030	C0070
1	Market Risk	324 456 055,02	0,00
2	Counterparty Default Risk	115 709 144,87	0,00
5	Non-Life Underwriting Risk	705 343 058,10	631 062 062,59
7	Operational Risk	37 426 828,56	0,00
9	Loss-Absorbing Capacity of Deferred Taxes	-101 492 755,74	0,00

• S.25.01.22 SCR - For groups using the standard formula and partial internal model – COFACE SA (2/2)

S.25.02.22

Solvency Capital Requirement - for groups using the standard formula and partial internal model

Calculation of Solvency Capital Requirement		C0100
Total undiversified components	R0110	1 081 442 330,82
Diversification	R0060	-137 363 853,90
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	944 078 476,92
Capital add-ons already set	R0210	0,00
Solvency capital requirement for undertakings under consolidated method	R0220	1 157 531 065,92
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	
Amount/estimate of the overall loss-absorbing capacity ot deferred taxes	R0310	
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirement for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirement for matchingadjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	
Method used to calculate the adjustment due to RFF/MAP nSCR aggregation	R0450	R0450-C0100
Net future discretionary benefits	R0460	R0460-C0100
Minimum consolidated group solvency capital requirement	R0470	289 382 766,48
Information on other entities		
Capital requirement for other financial sectors (Non-insurance capital requirements)	R0500	213 452 589,00
Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	R0510	.
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	R0520	
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non-regulated entities carrying out financial	R0530	213 452 589,00
Capital requirement for non-controlled participation requirements	R0540	
Capital requirement for residual undertakings	R0550	
Overall SCR		
SCR for undertakings included via D and A	R0560	
Solvency capital requirement	R0570	1 157 531 065,92

- **S.25.01.21 SCR - For undertakings on standard formula – "*La Compagnie*"**

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
Market risk	R0010	325 376 571,86		
Counterparty default risk	R0020	138 235 228,47		
Life underwriting risk	R0030	.	R0030-C0090	R0030-C0100
Health underwriting risk	R0040	.	R0040-C0090	R0040-C0100
Non-life underwriting risk	R0050	582 707 451,74	R0050-C0090	R0050-C0100
Diversification	R0060	-232 460 239,19		
Intangible asset risk	R0070	0,00		
Basic Solvency Capital Requirement	R0100	813 859 012,87		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	33 707 449,15
Loss-absorbing capacity of technical provisions	R0140	0,00
Loss-absorbing capacity of deferred taxes	R0150	-63 181 236,31
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	.
Solvency Capital Requirement excluding capital add-on	R0200	784 385 225,71
Capital add-on already set	R0210	.
Solvency capital requirement	R0220	784 385 225,71
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	.
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	.
Total amount of Notional Solvency Capital Requirement for ring fenced funds	R0420	0,00
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	0,00
Diversification effects due to RFF nSCR aggregation for article 304	R0440	0,00

S.28.01.01 MCR - Only life or only non-life insurance or reinsurance activity – "*La Compagnie*" (1/2)

S.28.01.01

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

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR_{NL} Result	**R0010**	142 571 539,04

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole provisions	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expenses and proportional reinsurance	**R0020**	.	.
Income protection insurance and proportional reinsurance	**R0030**	.	.
Workers' compensation insurance and proportional reinsurance	**R0040**	.	.
Motor vehicle liability insurance and proportional reinsurance	**R0050**	.	.
Other motor insurance and proportional reinsurance	**R0060**	.	.
Marine, aviation and transport insurance and proportional reinsurance	**R0070**	.	.
Fire and other damage to property insurance and proportional reinsurance	**R0080**	.	.
General liability insurance and proportional reinsurance	**R0090**	.	.
Credit and suretyship insurance and proportional reinsurance	**R0100**	444 303 844,88	565 750 075,15
Legal expenses insurance and proportional reinsurance	**R0110**	.	.
Assistance and proportional reinsurance	**R0120**	.	.
Miscellaneous financial loss insurance and proportional reinsurance	**R0130**	.	.
Non-proportional health reinsurance	**R0140**	.	.
Non-proportional casualty reinsurance	**R0150**	.	.
Non-proportional marine, aviation and transport reinsurance	**R0160**	.	.
Non-proportional property reinsurance	**R0170**	.	.

- **S.28.01.01 MCR - Only life or only non-life insurance or reinsurance activity – "*La Compagnie*" (2/2)**

S.28.01.01

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

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_L Result	**R0200**	.

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

Overall MCR calculation		C0070
Linear MCR	**R0300**	142 571 539,04
SCR	**R0310**	784 385 225,71
MCR cap	**R0320**	352 973 351,57
MCR floor	**R0330**	196 096 306,43
Combined MCR	**R0340**	196 096 306,43
Absolute floor of the MCR	**R0350**	2 200 000,00
Minimum Capital Requirement	**R0400**	196 096 306,43

- **S.32.01.01 Undertakings in the scope of the group – COFACE SA (1/6)**

S.32.01.22

Undertakings in the scope of the group

Identification code and type of code of the undertaking	Country	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority
C0020	C0010	C0030	C0040	C0050	C0060	C0070	C0080
LEI/213800HKUQBHEN7LHG17	GB	LEI	Coface UK Holdings Limited	Mixed financial holding company as defined in Art. 212 section1 [h] of Directive 2009/138/EC	Limited Company	Non-mutual	
LEI/213800LK258I58TRLP18	GB	LEI	Coface UK Services Ltd	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited Company	Non-mutual	
LEI/213800VWFVJ3PDANBK42	IL	LEI	Coface Holding Israel	Mixed financial holding company as defined in Art. 212 section1 [h] of Directive 2009/138/EC	e limited company	Non-mutual	
LEI/213800W324V1DP573Y92	IL	LEI	Business Data Information	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited Company	Non-mutual	
LEI/253400TQL1PRQT3MR535	RU	LEI	Coface RUS Insurance Company	Non-Life undertakings	d Joint-Stock Com	Non-mutual	CBR Banque de Russie (Tsentralniy Bank Rossiiskoy Federatsii)
LEI/259400PH0142SLBJFF94	PL	LEI	Coface Poland CMS	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Sp z o.o.	Non-mutual	
LEI/259400ZFRKNWZW6V1196	PL	LEI	Coface Poland Factoring	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	LLC	Non-mutual	
LEI/315700PF7WLOIKBF9N10	RO	LEI	Coface Romania CMS	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	SRL	Non-mutual	
LEI/4851000020C6NKQDP691	SI	LEI	Coface PKZ d.d.	Non-Life undertakings	blic limited compa	Non-mutual	Agencija za zavarovalni nadzor, 1000 Ljubljana, Trg republike 3
LEI/5299006D8U9HJM9FY889	DE	LEI	Coface Debitoren (ex-ADGC)	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	GmbH	Non-mutual	
LEI/529900CW8R9ZEIJNPH06	AT	LEI	Coface Services Austria	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	vate Limited Comp	Non-mutual	
LEI/529900F0GY4C443UEI96	DE	LEI	Coface Finanz (ex-AKCF)	Credit institutions, investment firms and financial institutions	GmbH	Non-mutual	BAFIN Bundesanstalt fur Finanzdienstleistungsaufsicht
LEI/529900HMUTQF2EKYEN39	DE	LEI	cofacerating.de GmbH	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	GmbH	Non-mutual	

- ## S.32.01.01 Undertakings in the scope of the group – COFACE SA (2/6)

S.32.01.22
Undertakings in the scope of the group

Identification code and type of code of the undertaking	Country	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority
C0020	C0010	C0030	C0040	C0050	C0060	C0070	C0080
LEI/529900OUQBJGH5QC4B66	AT	LEI	Coface Central Europe Holding	Mixed financial holding company as defined in Art. 212 section1 [h] of Directive 2009/138/EC	AG	Non-mutual	
LEI/529900UYKF95GQF4OK48	DE	LEI	Cofacerating-Holding GmbH	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	GmbH	Non-mutual	
LEI/529900VLW25U8Q4MI292	ZA	LEI	Coface South Africa Services (ex-CUAL)	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	ivate Company (LT	Non-mutual	
LEI/529900ZEEQUB7KU8UA23	ZA	LEI	Coface South Africa	Non-Life undertakings	Limited Company	Non-mutual	FSB Financial Services Board
LEI/5493000AP6VMDH674E08	US	LEI	:oface North America Holding Compan	Mixed-activity insurance holding company as defined in Art. 212 section1 [g] of Directive 2009/138/EC	Corporation	Non-mutual	
LEI/5493004XEO3BLC4SKV95	BR	LEI	Seguradora Brasileira C.E (SBCE)	Non-Life undertakings	SA	Non-mutual	SUSEP Superintendncia de Seguros Provados
LEI/5493007N150J79H7D539	CL	LEI	Coface Chile S.A. (Insurance)	Non-Life undertakings	SA	Non-mutual	SVS Superintendencia de Valores y Seguros de Chile
LEI/549300857WCY2W4VIX93	US	LEI	Coface North America Inc. (MGU)	Non-Life undertakings	Corporation	Non-mutual	
LEI/549300AE9J7SZR49FT70	BE	LEI	oface Belgium Services Holding (ex-RBI	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	SA	Non-mutual	
LEI/549300AH1830FZ5MTX33	US	LEI	Coface Services North America Inc.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Corporation	Non-mutual	
LEI/549300HBAICZQX96YF53	US	LEI	oface North America Insurance Compar	Non-Life undertakings	Corporation	Non-mutual	Commonwealth of Massachusetts NAIC
LEI/549300L2E9PESIFA5849	CH	LEI	Coface RE SA	Reinsurance undertakings	SA	Non-mutual	FINMA Eidgenossische Finanzmarktaufsicht
LEI/549300R49CJGOAHFN339	BR	LEI	Coface Do brasil Seguros de Credito	Non-Life undertakings	SA	Non-mutual	SUSEP Superintendencia de Seguros Provados

• S.32.01.01 Undertakings in the scope of the group – COFACE SA (3/6)

S.32.01.22

Undertakings in the scope of the group

Identification code and type of code of the undertaking	Country	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority
C0020	C0010	C0030	C0040	C0050	C0060	C0070	C0080
LEI/549300U436DACQWABG42	MX	LEI	Coface Holding America Latina S.A	Mixed-activity insurance holding company as defined in Art. 212 section1 [g] of Directive 2009/138/EC	SA de CV	Non-mutual	
LEI/549300VKNSGSISZ5SJ15	MX	LEI	Coface Seguro de Credito Mexico	Non-Life undertakings	SA de CV	Non-mutual	CNSF Comision Nacional de Seguros y Fianzas
LEI/724500ONKFNDI2RBKA16	NL	LEI	Coface Nederland Services B.V.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Dutch B.V.	Non-mutual	
LEI/789000TSX8QMK0QATY75	TR	LEI	Coface Sigorta	Non-Life undertakings	SA	Non-mutual	Treasury
LEI/815600C3B3BA64DC7A18	IT	LEI	Coface Italia	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	à a responsabilità l	Non-mutual	
LEI/95980046WUPXWLF53K62	ES	LEI	Coface Servicios Espana SL	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	SL	Non-mutual	
LEI/9695000CSKX9IHH4M509	FR	LEI	Cofinpar	Mixed-activity insurance holding company as defined in Art. 212 section1 [g] of Directive 2009/138/EC	SA	Non-mutual	
LEI/969500161CXOCK0NIW24	FR	LEI	Fimipar	Credit institutions, investment firms and financial institutions	SA	Non-mutual	Autorite de controle prudentiel et de resolution (ACPR)
LEI/96950025N07LTJYFSN57	FR	LEI	COFACE SA	Mixed-activity insurance holding company as defined in Art. 212 section1 [g] of Directive 2009/138/EC	SA	Non-mutual	Autorite de controle prudentiel et de resolution (ACPR)
LEI/9695007AC8Q2X70BLL23	FR	LEI	Coface Europe (ex-Coface SA)	Non-Life undertakings	SA	Non-mutual	Autorite de controle prudentiel et de resolution (ACPR)
LEI/969500IBHXHF6T3PBH48	FR	LEI	Cogeri	Other	SAS	Non-mutual	
SC/DE9	DE	Specific code	FCT VEGA	Special purpose vehicle authorized in accordance with Art. 211 of Directive 2009/138/EC	FCT	Non-mutual	AMF Autorite des marches financiers

- ## S.32.01.01 Undertakings in the scope of the group – COFACE SA (4/6)

S.32.01.22
Undertakings in the scope of the group

	Criteria of influence				
Identification code and type of code of the undertaking	% capital share	% used for the establishment of consolidated accounts	% voting rights	Level of influence	Proportional share used for group solvency calculation
C0020	C0180	C0190	C0200	C0220	C0230
LEI/213800HKUQBHEN7LHG17	99,9952%	100,0000%	100,0000%	Dominant	100,0000%
LEI/213800LK258I58TRLP18	99,9952%	100,0000%	100,0000%	Dominant	100,0000%
LEI/213800VWFVJ3PDANBK42	99,9952%	100,0000%	100,0000%	Dominant	100,0000%
LEI/213800W324V1DP573Y92	99,9952%	100,0000%	100,0000%	Dominant	100,0000%
LEI/253400TQL1PRQT3MR535	99,9952%	100,0000%	100,0000%	Dominant	100,0000%
LEI/259400PH0142SLBJFF94	99,9952%	100,0000%	100,0000%	Dominant	100,0000%
LEI/259400ZFRKNWZW6V1196	99,9952%	100,0000%	100,0000%	Significant	100,0000%
LEI/315700PF7WLOIKBF9N10	99,9460%	100,0000%	99,9508%	Dominant	100,0000%
LEI/4851000020C6NKQDP691	99,9952%	100,0000%	100,0000%	Dominant	100,0000%
LEI/5299006D8U9HJM9FY889	99,9952%	100,0000%	100,0000%	Dominant	100,0000%
LEI/529900CW8R9ZEIJNPH06	99,9952%	100,0000%	100,0000%	Dominant	100,0000%
LEI/529900F0GY4C443UEI96	99,9952%	100,0000%	100,0000%	Dominant	100,0000%
LEI/529900HMUTQF2EKYEN39	99,9952%	100,0000%	100,0000%	Dominant	100,0000%
LEI/529900OUQBJGH5QC4B66	99,9952%	100,0000%	100,0000%	Dominant	100,0000%
LEI/529900UYKF95GQF4OK48	99,9952%	100,0000%	100,0000%	Dominant	100,0000%
LEI/529900VLW25U8Q4MI292	99,9952%	100,0000%	100,0000%	Dominant	100,0000%
LEI/529900ZEEQUB7KU8UA23	97,4953%	100,0000%	97,5000%	Dominant	100,0000%
LEI/5493000AP6VMDH674E08	99,9952%	100,0000%	100,0000%	Dominant	100,0000%
LEI/5493004XEO3BLC4SKV95	99,9951%	100,0000%	99,9999%	Dominant	100,0000%
LEI/5493007N150J79H7D539	99,9952%	100,0000%	100,0000%	Dominant	100,0000%
LEI/549300857WCY2W4VIX93	99,9952%	100,0000%	100,0000%	Dominant	100,0000%
LEI/549300AE9J7SZR49FT70	99,9952%	100,0000%	100,0000%	Dominant	100,0000%
LEI/549300AH1830FZ5MTX33	99,9952%	100,0000%	100,0000%	Dominant	100,0000%
LEI/549300HBAICZQX96YF53	99,9952%	100,0000%	100,0000%	Dominant	100,0000%
LEI/549300L2E9PESIFA5849	100,0000%	100,0000%	100,0000%	Dominant	100,0000%
LEI/549300R49CJGOAHFN339	99,9952%	100,0000%	100,0000%	Dominant	100,0000%
LEI/549300U436DACQWABG42	99,9952%	100,0000%	100,0000%	Dominant	100,0000%
LEI/549300VKNSGSISZ5SJ15	99,9952%	100,0000%	100,0000%	Dominant	100,0000%
LEI/724500ONKFNDI2RBKA16	99,9952%	100,0000%	100,0000%	Dominant	100,0000%
LEI/789000TSX8QMK0QATY75	99,9952%	100,0000%	100,0000%	Dominant	100,0000%
LEI/815600C3B3BA64DC7A18	99,9952%	100,0000%	100,0000%	Dominant	100,0000%
LEI/95980046WUPXWLF53K62	99,9952%	100,0000%	100,0000%	Dominant	100,0000%
LEI/9695000CSKX9IHH4M509	99,9952%	100,0000%	100,0000%	Dominant	100,0000%
LEI/969500161CXOCK0NIW24	99,9952%	100,0000%	100,0000%	Dominant	100,0000%
LEI/96950025N07LTJYFSN57	100,0000%	100,0000%	100,0000%	Dominant	100,0000%
LEI/9695007AC8Q2X70BLL23	99,9952%	100,0000%	99,9952%	Dominant	100,0000%
LEI/969500IBHXHF6T3PBH48	99,9952%	100,0000%	100,0000%	Dominant	100,0000%
SC/DE9	99,9952%	100,0000%	100,0000%	Dominant	100,0000%

• S.32.01.01 Undertakings in the scope of the group – COFACE SA (5/6)

S.32.01.22

Undertakings in the scope of the group

Identification code and type of code of the undertaking	Country	Legal Name of the undertaking	Criteria of influence					
			% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation
C0020	C0010	C0040	C0180	C0190	C0200	C0210	C0220	C0230
LEI/213800HKUQBHEN7LHG17	GB	Coface UK Holdings Limited	99,9952%	100,0000%	100,0000%		Dominant	100,0000%
LEI/213800LK258I58TRLP18	GB	Coface UK Services Ltd	99,9952%	100,0000%	100,0000%		Dominant	100,0000%
LEI/213800VWFVJ3PDANBK42	IL	Coface Holding Israel	99,9952%	100,0000%	100,0000%		Dominant	100,0000%
LEI/213800W324V1DP573Y92	IL	Business Data Information	99,9952%	100,0000%	100,0000%		Dominant	100,0000%
LEI/253400TQL1PRQT3MR535	RU	Coface RUS Insurance Company	99,9952%	100,0000%	100,0000%		Dominant	100,0000%
LEI/259400PH0142SLBJFF94	PL	Coface Poland CMS	99,9952%	100,0000%	100,0000%		Dominant	100,0000%
LEI/259400ZFRKNWZW6V1196	PL	Coface Poland Factoring	99,9952%	100,0000%	100,0000%		Significant	100,0000%
LEI/315700PF7WLOIKBF9N10	RO	Coface Romania CMS	99,9460%	100,0000%	99,9508%		Dominant	100,0000%
LEI/4851000020C6NKQDP691	SI	Coface PKZ d.d.	99,9952%	100,0000%	100,0000%		Dominant	100,0000%
LEI/5299006D8U9HJM9FY889	DE	Coface Debitoren (ex-ADGC)	99,9952%	100,0000%	100,0000%		Dominant	100,0000%
LEI/529900CW8R9ZEIJNPH06	AT	Coface Services Austria	99,9952%	100,0000%	100,0000%		Dominant	100,0000%
LEI/529900F0GY4C443UEI96	DE	Coface Finanz (ex-AKCF)	99,9952%	100,0000%	100,0000%		Dominant	100,0000%
LEI/529900HMUTQF2EKYEN39	DE	cofacerating.de GmbH	99,9952%	100,0000%	100,0000%		Dominant	100,0000%
LEI/529900OUQBJGH5QC4B66	AT	Coface Central Europe Holding	99,9952%	100,0000%	100,0000%		Dominant	100,0000%
LEI/529900UYKF95GQF4OK48	DE	Cofacerating-Holding GmbH	99,9952%	100,0000%	100,0000%		Dominant	100,0000%
LEI/529900VLW25U8Q4MI292	ZA	Coface South Africa Services (ex-CUAL)	99,9952%	100,0000%	100,0000%		Dominant	100,0000%
LEI/529900ZEEQUB7KU8UA23	ZA	Coface South Africa	97,4953%	100,0000%	97,5000%		Dominant	100,0000%
LEI/5493000AP6VMDH674E08	US	Coface North America Holding Company	99,9952%	100,0000%	100,0000%		Dominant	100,0000%
LEI/5493004XEO3BLC4SKV95	BR	Seguradora Brasileira C.E (SBCE)	99,9951%	100,0000%	99,9999%		Dominant	100,0000%
LEI/5493007N150J79H7D539	CL	Coface Chile S.A. (Insurance)	99,9952%	100,0000%	100,0000%		Dominant	100,0000%
LEI/549300857WCY2W4VIX93	US	Coface North America Inc. (MGU)	99,9952%	100,0000%	100,0000%		Dominant	100,0000%
LEI/549300AE9J7SZR49FT70	BE	Coface Belgium Services Holding (ex-RBB)	99,9952%	100,0000%	100,0000%		Dominant	100,0000%
LEI/549300AH1830FZ5MTX33	US	Coface Services North America Inc.	99,9952%	100,0000%	100,0000%		Dominant	100,0000%
LEI/549300HBAICZQX96YF53	US	Coface North America Insurance Company	99,9952%	100,0000%	100,0000%		Dominant	100,0000%
LEI/549300L2E9PESIFA5849	CH	Coface RE SA	100,0000%	100,0000%	100,0000%		Dominant	100,0000%
LEI/549300R49CJGOAHFN339	BR	Coface Do brasil Seguros de Credito	99,9952%	100,0000%	100,0000%		Dominant	100,0000%
LEI/549300U436DACQWABG42	MX	Coface Holding America Latina S.A	99,9952%	100,0000%	100,0000%		Dominant	100,0000%
LEI/549300VKNSGSISZ5SJ15	MX	Coface Seguro de Credito Mexico	99,9952%	100,0000%	100,0000%		Dominant	100,0000%
LEI/724500ONKFNDI2RBKA16	NL	Coface Nederland Services B.V.	99,9952%	100,0000%	100,0000%		Dominant	100,0000%
LEI/789000TSX8QMK0QATY75	TR	Coface Sigorta	99,9952%	100,0000%	100,0000%		Dominant	100,0000%
LEI/815600C3B3BA64DC7A18	IT	Coface Italia	99,9952%	100,0000%	100,0000%		Dominant	100,0000%
LEI/95980046WUPXWLF53K62	ES	Coface Servicios Espana SL	99,9952%	100,0000%	100,0000%		Dominant	100,0000%
LEI/9695000CSKX9IHH4M509	FR	Cofinpar	99,9952%	100,0000%	100,0000%		Dominant	100,0000%
LEI/969500161CXOCK0NIW24	FR	Fimipar	99,9952%	100,0000%	100,0000%		Dominant	100,0000%
LEI/96950025N07LTJYFSN57	FR	COFACE SA	100,0000%	100,0000%	100,0000%		Dominant	100,0000%
LEI/9695007AC8Q2X70BLL23	FR	Coface Europe (ex-Coface SA)	99,9952%	100,0000%	99,9952%		Dominant	100,0000%
LEI/969500IBHXHF6T3PBH48	FR	Cogeri	99,9952%	100,0000%	100,0000%		Dominant	100,0000%
SC/DE9	DE	FCT VEGA	99,9952%	100,0000%	100,0000%		Dominant	100,0000%

- **S.32.01.01 Undertakings in the scope of the group – COFACE SA (6/6)**

S.32.01.22
Undertakings in the scope of the group

				Inclusion in the scope of Group supervision		Group solvency calculation
Identification code and type of code of the undertaking	Country	Type of code of the ID of the undertaking	Legal Name of the undertaking	[YES/NO]	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0020	C0010	C0030	C0040	C0240	C0250	C0260
LEI/213800HKUQBHEN7LHG17	GB	LEI	Coface UK Holdings Limited	Included into scope of group supervision		Method 1: Full consolidation
LEI/213800LK258I58TRLP18	GB	LEI	Coface UK Services Ltd	Included into scope of group supervision		Method 1: Full consolidation
LEI/213800VWFVJ3PDANBK42	IL	LEI	Coface Holding Israel	Included into scope of group supervision		Method 1: Full consolidation
LEI/213800W324V1DP573Y92	IL	LEI	Business Data Information	Included into scope of group supervision		Method 1: Full consolidation
LEI/253400TQL1PRQT3MR535	RU	LEI	Coface RUS Insurance Company	Included into scope of group supervision		Method 1: Full consolidation
LEI/259400PH0142SLBJFF94	PL	LEI	Coface Poland CMS	Included into scope of group supervision		Method 1: Full consolidation
LEI/259400ZFRKNWZW6V1196	PL	LEI	Coface Poland Factoring	Included into scope of group supervision		Method 1: Adjusted equity method
LEI/315700PF7WLOIKBF9N10	RO	LEI	Coface Romania CMS	Included into scope of group supervision		Method 1: Full consolidation
LEI/4851000020C6NKQDP691	SI	LEI	Coface PKZ d.d.	Included into scope of group supervision		Method 1: Full consolidation
LEI/5299006D8U9HJM9FY889	DE	LEI	Coface Debitoren (ex-ADGC)	Included into scope of group supervision		Method 1: Full consolidation
LEI/529900CW8R9ZEIJNPH06	AT	LEI	Coface Services Austria	Included into scope of group supervision		Method 1: Full consolidation
LEI/529900F0GY4C443UEI96	DE	LEI	Coface Finanz (ex-AKCF)	Included into scope of group supervision		Method 1: Adjusted equity method
LEI/529900HMUTQF2EKYEN39	DE	LEI	cofacerating.de GmbH	Included into scope of group supervision		Method 1: Full consolidation
LEI/529900OUQBJGH5QC4B66	AT	LEI	Coface Central Europe Holding	Included into scope of group supervision		Method 1: Full consolidation
LEI/529900UYKF95GQF4OK48	DE	LEI	Cofacerating-Holding GmbH	Included into scope of group supervision		Method 1: Full consolidation
LEI/529900VLW25U8Q4MI292	ZA	LEI	Coface South Africa Services (ex-CUAL)	Included into scope of group supervision		Method 1: Full consolidation
LEI/529900ZEEQUB7KU8UA23	ZA	LEI	Coface South Africa	Included into scope of group supervision		Method 1: Full consolidation
LEI/5493000AP6VMDH674E08	US	LEI	Coface North America Holding Company	Included into scope of group supervision		Method 1: Full consolidation
LEI/5493004XEO3BLC4SKV95	BR	LEI	Seguradora Brasileira C.E (SBCE)	Included into scope of group supervision		Method 1: Full consolidation
LEI/5493007N150J79H7D539	CL	LEI	Coface Chile S.A. (Insurance)	Included into scope of group supervision		Method 1: Full consolidation
LEI/549300857WCY2W4VIX93	US	LEI	Coface North America Inc. (MGU)	Included into scope of group supervision		Method 1: Full consolidation
LEI/549300AE9J7SZR49FT70	BE	LEI	Coface Belgium Services Holding (ex-RBB)	Included into scope of group supervision		Method 1: Full consolidation
LEI/549300AH1830FZ5MTX33	US	LEI	Coface Services North America Inc.	Included into scope of group supervision		Method 1: Full consolidation
LEI/549300HBAICZQX96YF53	US	LEI	Coface North America Insurance Company	Included into scope of group supervision		Method 1: Full consolidation
LEI/549300L2E9PESIFA5849	CH	LEI	Coface RE SA	Included into scope of group supervision		Method 1: Full consolidation
LEI/549300R49CJGOAHFN339	BR	LEI	Coface Do brasil Seguros de Credito	Included into scope of group supervision		Method 1: Full consolidation
LEI/549300U436DACQWABG42	MX	LEI	Coface Holding America Latina S.A	Included into scope of group supervision		Method 1: Full consolidation
LEI/549300VKNSGSISZ5SJ15	MX	LEI	Coface Seguro de Credito Mexico	Included into scope of group supervision		Method 1: Full consolidation
LEI/724500ONKFNDI2RBKA16	NL	LEI	Coface Nederland Services B.V.	Included into scope of group supervision		Method 1: Full consolidation
LEI/789000TSX8QMK0QATY75	TR	LEI	Coface Sigorta	Included into scope of group supervision		Method 1: Full consolidation
LEI/815600C3B3BA64DC7A18	IT	LEI	Coface Italia	Included into scope of group supervision		Method 1: Full consolidation
LEI/95980046WUPXWLF53K62	ES	LEI	Coface Servicios Espana SL	Included into scope of group supervision		Method 1: Full consolidation
LEI/9695000CSKX9IHH4M509	FR	LEI	Cofinpar	Included into scope of group supervision		Method 1: Full consolidation
LEI/969500161CXOCK0NIW24	FR	LEI	Fimipar	Included into scope of group supervision		Method 1: Adjusted equity method
LEI/96950025N07LTJYFSN57	FR	LEI	COFACE SA	Included into scope of group supervision		Method 1: Full consolidation
LEI/9695007AC8Q2X70BLL23	FR	LEI	Coface Europe (ex-Coface SA)	Included into scope of group supervision		Method 1: Full consolidation
LEI/969500IBHXHF6T3PBH48	FR	LEI	Cogeri	Included into scope of group supervision		Method 1: Full consolidation
SC/DE9	DE	Specific code	FCT VEGA	Included into scope of group supervision		Method 1: Adjusted equity method

F.3 Glossary

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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