

## 7.8 SPECIAL REPORT OF THE STATUTORY AUDITORS ON REGULATED AGREEMENTS AND COMMITMENTS

*This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users. This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Shareholders of COFACE S.A.,

In our capacity as statutory auditors of your company, we present to you our report on regulated agreements and commitments.

Our responsibility is to report to the shareholders, based on the information provided to us, the main terms and conditions as well as the reasons justifying the appropriateness for your company of the agreements and commitments that have been disclosed to us or that have been identified while carrying out our work. We are neither required to comment on whether they are relevant or justified nor to seek to identify any undisclosed agreements or commitments. According to the provisions of Article R.225-31 of the French Commercial Code (*Code de commerce*), it is the

responsibility of Shareholders to determine whether the agreements and commitments are appropriate and should be approved.

In addition, it is our responsibility, where applicable, to report to the information required by Article R.225-31 of the French Commercial Code relating to the performance, during the year under review, of the agreements and commitments already approved by the Shareholders' Meeting.

We performed those procedures that we considered necessary to comply with the professional guidance issued by the French National Auditing Body (*Compagnie nationale des commissaires aux comptes*) relating to the type of engagement. These procedures consisted of verifying the information provided to us was consistent with the relevant documents.

### Agreements and commitments to be submitted for approval to the shareholder's meeting

#### Agreements and commitments authorized during the last financial year

Pursuant to Article L.225-40 of the French Commercial Code, we were advised of the following agreements and commitments, entered into during the year under review, which received the prior authorization of your Board of Directors.

#### Issuance of guarantees as part of the factoring business

##### *Nature and purpose:*

Coface Finanz GmbH and Coface Poland Factoring Sp.z.o.o benefit from multi-currency credit lines with several banks including Natixis. COFACE S.A. is a joint guarantor for its factoring subsidiaries and thus guarantees the repayment of these lines of credit.

As the issuance dates of these guarantees are not aligned with those of the Boards of Directors, it seemed preferable to request the Board of Directors to authorize COFACE S.A. to issue guarantees within the limit of a global ceiling rather than to seek authorization on a case-by-case basis.

This authorization was granted by the Board of Directors at its meeting of December 19, 2017 for an amount of €452,000,000, of which €150,000,000 to Natixis.

This amount was increased by €100,000,000 at the Board meeting on July 25, 2018.

To cope with the unexpected increase in subsidiaries' liquidity needs in the coming year; the guarantee envelope was raised to €784 million at the Board of Directors meeting on December 18, 2018, of which €150 million was allocated to Natixis.

##### *Terms and conditions:*

Guarantors are paid by Coface Poland Factoring Sp.z.o.o. and Coface Finanz GmbH up to 0.20% of the guaranteed amount. As at December 31, 2018, the commitments did not result in any financial flows between COFACE S.A. and Natixis.

##### *Reasons for his interest in the company:*

In the interest of autonomy from Natixis, and with the aim of diversifying the sources of financing of the factoring activity in Germany and Poland, COFACE S.A. wished to replace a number of bilateral lines with both financing lines historically provided by Natixis.

##### *Persons concerned:*

Natixis is a shareholder of COFACE S.A. and holds 42.14% of the capital of the company as of December 31, 2018.

In addition, Natixis and COFACE S.A. have a common corporate officer in the person of François Riahi (Chairman of the Board of COFACE S.A. and Chief Executive Officer of Natixis).

#### Tripartite liquidity agreement with Oddo BHF and Natixis on June 28, 2018

##### *Nature and purpose:*

As part of the authorization given by the shareholders' meeting on June 2, 2014 and renewed on May 18, 2015, May 19, 2016, May 17, 2017 and May 16, 2018, for consecutive periods of eighteen months, the Board of Directors of COFACE S.A. has decided to authorize the purchase by the company of its own shares.

### Terms and conditions:

A liquidity agreement was signed on June 26, 2014 with Natixis, for a period of one-year renewable by tacit agreement. In this context, Coface authorizes Natixis to purchase COFACE S.A. shares for €5 million against the payment of an annual fee of €40,000 excluding taxes. This contract was renewed in 2015, 2016 and 2017 and the amount was reduced to €3 million in November 2017.

As part of its partnership with Oddo BHF, Natixis transferred equity intermediation activities to Oddo BHF, while maintaining the commercial relationship and the responsibility for market surveillance services. In this context, COFACE S.A. has signed a tripartite liquidity agreement with Oddo BHF and Natixis on 28 June 2018. The financial conditions remain unchanged. The remuneration is collected by Natixis on behalf of Oddo BHF, to whom it is entirely repaid.

The expense for COFACE S.A. for the 2018 financial year is €40,000

### Reasons justifying its appropriateness for the company:

This agreement is intended to animate the market, to ensure the liquidity of the security and / or to allocate shares to staff members in particular.

### Persons concerned:

Natixis is a shareholder of COFACE S.A. and holds 41.24% of the capital of the company at December 31, 2018. In addition, Natixis and COFACE S.A. have a common corporate officer in the person of François Riahi (Chairman of the Board of Directors of COFACE S.A. and Chief Executive Officer of Natixis).

As this agreement has been tacitly renewed and given the time constraints of the directors, this agreement was approved by the Board of Directors of COFACE S.A. on July 25, 2018.

## Agreements and commitments already approved by the shareholder's meeting

### Agreements and commitments authorised in prior years that continued to be implemented during the year under review

Pursuant to Article R.225-30 of the French Commercial Code, we have been informed that the execution of the following agreements and commitments, already approved by the Shareholders' Meeting in previous financial years, has continued during of the past financial year.

#### "Club deal" syndicated loan for back-up lines to finance the factoring business with commercial paper

##### Nature and purpose:

Coface Finanz GmbH has a commercial paper program of €650,000,000 to refinance its factoring business. Until July 2017, Coface Finanz GmbH also benefited from six bilateral back-up credit lines for an aggregate amount of €650,000,000. These lines were granted by BNP, BRED, CACIB, HSBC, Société Générale and Natixis, in favor of COFACE S.A.

In July 2017, these bilateral credit lines in "back-up" were replaced by a simplified syndicated loan in «club deal» format for a total amount of €700,000,000 from that date, with the same six banks than when setting up the previous bilateral back-up credit lines. As a result, the commercial paper program has been raised to €650,000,000 in June 2018.

##### Terms and conditions:

The credit of €700,000,000 has a maturity of 3 years, renewable twice for a period of one year.

Natixis participates in these credit lines for €150,000,000, and its remuneration is as follows:

- ◆ €183,750 of estimated annual cost of non-use of the line of credit, giving rise to an expense recorded in respect of the 2018 financial year of €1,875,792, this amount being the same for the four lenders in the Tier1 category at the convention;

At the express request of the banks, to the extent that Natixis participates in the credit of €150,000,000, the agreement has been treated as a regulated agreement. It was authorized by the Board of Directors on July 27, 2017. This agreement replaced the one previously authorized for the implementation of a back-up line by Natixis signed on October 3, 2015.

### Reasons justifying its appropriateness for the company:

- ◆ Centralise the management of these "back-up" lines.
- ◆ Introduce an additional line in the event of a liquidity crisis.

### Persons concerned:

Natixis is a shareholder of COFACE S.A. and holds 42.14% of the capital of the company as of December 31, 2018.

#### Compagnie Française d'Assurance pour le Commerce Extérieur's guarantee for COFACE S.A. of payment of the subordinated debt

##### Nature, purpose and reasons justifying its appropriateness for the company:

On March 27, 2014, COFACE S.A. issued a subordinated debt in the form of bonds for a nominal amount of €380,000,000.

In order to improve the rating of COFACE S.A.'s subordinated debt issuance and thus its price, Compagnie Française d'Assurance pour le Commerce Extérieur issued a guarantee that improved the rating of the issuance by 2 grades (As a reminder, the issuance was rated Baa1 / A by Moody's and Fitch while without this guarantee, the rating would have been Baa3 / BBB).

This guarantee was authorized by the Board of Directors on February 14, 2014.

##### Terms and conditions:

The price of the guarantee was thus set at 0.2% based on the total amount, representing a financial expense of €760,000 in respect of the 2018 financial year for COFACE S.A.

**Persons concerned:**

COFACE S.A. holds 99.99% of the capital of Compagnie Française d'Assurance pour le Commerce Extérieur at December 31, 2018.

COFACE S.A. and Compagnie Française d'Assurance pour le Commerce Extérieur have a joint representative in the person of Xavier Durand (Chief Executive Officer of COFACE S.A. and Chairman and Chief Executive Officer of Compagnie Française d'Assurance pour le Commerce Extérieur).

**Severance pay for Mr. Xavier Durand****Nature and purpose:**

Mr. Xavier Durand would benefit, in the event of termination of his term of office, from severance pay of an amount equal to two years' salary (fixed and variable compensation).

The reference salary used for the fixed portion would be the salary for the current year at the date of termination of his position.

The reference salary for the variable portion would be the average of the variable shares received for the last three years preceding the termination date (or of the two years concerned since taking office in case of departure before December 31, 2018).

**Terms and conditions:**

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

1. Achievement of at least 75% of the average annual objectives during the three financial years preceding the departure; and
2. The Group's combined ratio after reinsurance is at most 95% on the average for the three financial years preceding the departure.

If only one of the two conditions above have been met, 50% of the compensation shall be due. If none of the above conditions have been fulfilled, no compensation shall be due.

No compensation shall be paid by the Company if the corporate term is ended at Mr. Durand's initiative or in the event of termination for serious misconduct or gross negligence.

**Persons concerned:**

Mr. Xavier Durand, Chief Executive Officer of COFACE S.A.

Paris-La Défense, on April 2, 2019

The Statutory Auditors

**French original signed by**

Deloitte & Associés  
Jérôme Lemierre  
Partner

KPMG S.A.  
Régis Tribout  
Partner