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PRESENTATION OF THE COFACE GROUP

1.1 HISTORY OF THE GROUP

COFACE SA ("the Company") is the holding company of the Coface Group ("the Group"). It performs its activities through its primary operating subsidiary, Compagnie française d'assurance pour le commerce extérieur, and its subsidiaries. The key dates in its history are described below.

1.1.1 Creation and changes to shareholding structure

1946

Compagnie française d'assurance pour le commerce extérieur was created by decree in 1946 and established in 1948 to support French foreign trade. It is the source of the Group as it exists today. Its first shareholders – insurance companies, banks and other financial establishments – were primarily controlled by the French State. Following the privatisation of a large number of these companies in the 1980s, the French government's indirect holdings gradually decreased.

1994

With the privatisation of SCOR (a result of the privatisation of UAP), its major shareholder, most of the capital of Compagnie française d'assurance pour le commerce extérieur became private, but Coface continued to manage State guarantees on behalf of the French State.

2000

Compagnie française d'assurance pour le commerce extérieur was listed on the primary market of the Paris Stock Exchange by its shareholders.

2002

Natexis Banques Populaires, established through the acquisition by the Caisse centrale des banques populaires of Natexis, which resulted from the merger of the Group's two original shareholders (Banque française du commerce extérieur and Crédit national), acquired 35.26% of the Compagnie française d'assurance pour le commerce extérieur share capital from SCOR and became its majority shareholder, owning 54.4% of the share capital.

2006

After Compagnie française d'assurance pour le commerce extérieur was delisted from the Paris Stock Exchange in 2004, it became a wholly owned subsidiary of Natixis, the entity born out of the merger between Natexis Banques Populaires and Ixis CIB. Natixis is the financing, asset management and financial services bank of Groupe BPCE, one of the leading French banking groups, which was created by the merger of the Banques Populaires and Caisses d'Epargne in 2009.

2009 and 2010

The Company strengthened its equity through two capital increases, fully subscribed by Natixis, for €50 million and €175 million respectively, in view of maintaining the Group's solvency margin in the sharp economic slowdown at that time.

2014

On June 27, the Company launched an initial public offering (IPO) on Compartment A of the Euronext Paris regulated market. The offering concerned a total of 91,987,426 shares, representing 58.65% of its capital and voting rights.

2018

The Company proceeded with two share buyback programmes, of €30 million and €15 million respectively, under the second pillar of the Fit to Win strategic plan, with the aim of improving the capital efficiency of its business model.

2019

On June 24, the Euronext Expert Indices Committee included COFACE SA in the SBF120, the flagship index of the Paris Stock Exchange. This was thanks to the improved liquidity of Coface securities and an increase in its market capitalisation.

2020

On February 25, Natixis announced the sale of 29.5% of the capital of COFACE SA to Arch Capital Group Ltd ("Arch"). Completion of the transaction was subject to obtaining all the required regulatory authorisations. At December 31, Natixis' stake in the Company's capital remained at 42.20% pending the completion of the transaction.

On October 26, the company launched a €15 million share buyback programme. Through the Build to Lead strategic plan, Coface continues to improve the capital efficiency of its business model.

2021

On February 10, Natixis and Arch Capital Group announced that the sale of 29.5% of COFACE SA's shares had obtained all the necessary approvals. Following this transaction, Natixis' stake in the Company's capital stood at 12.7%.

2022

On January 6, Natixis announced the sale of its remaining stake in COFACE SA. This disposal represented approximately 10.04% of COFACE SA's share capital, or 15,078,095 shares. It was carried out by means of an accelerated bookbuild (ABB) at an average price of €11.55. As a result of this transaction, Natixis no longer holds any shares in COFACE SA.

Its average market capitalisation in 2022 was €1,645,669,576.

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1.1.2 The Group's international expansion

1992

- The Group adopted an international growth policy, acquiring various credit insurance companies and establishing new subsidiaries or branches. It started with the acquisition of an equity interest in La Viscontea, an Italian surety bond insurance and credit insurance company.
- This international growth policy was also based on the creation of the CreditAlliance network, in order to enter into various strategic partnerships, especially in emerging countries (located in Latin America, Asia and Africa).

1993

The Group acquired a stake in London Bridge Finance, a UK financial company providing credit insurance services. The Company's local branch, Coface LBF, has since taken over this business.

1996

The Group acquires an initial stake (later fully acquired by Coface) in Allgemeine Kredit, a German company providing domestic and export credit insurance solutions.

1997

The Group acquires an initial stake (later fully acquired by Coface) in Österreichische Kreditversicherung, the leading Austrian credit insurer.

2002

The Group took an equity interest in the portfolio of Continental in the United States.

2014

As part of its sales development, Coface reorganised its international network of partners, CreditAlliance, and renamed it Coface Partner, to draw on the strength of networks of larger scale than the Group's own commercial network.

2019

With the aim of achieving growth in new high-potential markets, Coface finalised the acquisition of PKZ, the leading provider of credit insurance in Slovenia, and created the Coface entity in Greece. In this way, Coface extended its business and strengthened its presence in key geographic regions For Trade.

2020

With the acquisition of GIEK Kredittforsikring AS, Coface strengthened its position in the Nordic market. This will increase services available to Norwegian exporters, allowing them to contribute more to the country's economic development.

2023

The Group acquires Rel8ed, a North American data analytics boutique. The acquisition brings new, rich data sets and analytics capabilities.

1.1.3 Strategy

2002

Until 2010, the Group was positioned as a multi-service player specialised in trade receivables management for companies.

2011-2013

In 2011, as part of the refocusing of its activities on its core business – credit insurance – the Group launched the Strong Commitment strategic plan and took around 80 far-reaching measures to clarify and optimise its business model around credit insurance. The implementation of this plan addressed three essential concerns:

(i) focusing on the fundamentals of credit insurance, its core business;

(ii) establishing the conditions for sustainable and profitable growth; and

(iii) implementing structured, flexible governance focused on innovation.

2015

- On July 29, 2015, the French State announced its decision to transfer the State guarantees management activity carried out by Coface to the Bpifrance group, and that it had reached an agreement with Compagnie française d'assurance pour le commerce extérieur on the financial terms of such transfer. The management of State export guarantees was a services business that Coface carried out on behalf of the French State.
- The amended French Finance Act of December 29, 2015 (No. 2015-1786) provided for the transfer of this activity no later than December 31, 2016. The December 29, 2016 Finance Act (No. 2016-1917, Articles 47 and 127) set the effective date of the transfer at January 1, 2017.

2016-2019

In the first half of 2016, the Group was faced with declining profitability. To respond to this volatile environment, Coface's management developed a three-year strategic plan, Fit to Win, with two ambitions:

(i) to become the most agile international credit insurer in the sector, and

(ii) to move its business model towards greater capital efficiency.

The strategic plan was completed successfully in 2019. Coface exceeded all the objectives set in the Fit to Win plan. The decline in the combined ratio to 77.7% for the 2019 financial year (better than the target of 83% through the cycle) was a perfect illustration of this.

In three years, turnover increased by 9% at constant FX and perimeter, to reach €1,481 million in 2019. Net income amounted to €146.7 million, with an annualised return on average tangible equity (RoATE) of 8.9% (9.1% excluding non-recurring items).

Coface improved its capital efficiency, obtaining approval of its partial internal model by the regulator, the ACPR.

In three years, €48 million in savings were achieved, surpassing the objective set in the strategic plan.

2020-2023

In 2020, Coface began a decisive step in its development by launching a new four-year strategic plan, “Build to Lead”.

Built on two pillars, it plans to strengthen the Group’s leadership in the credit insurance market by standing out with its expertise in risk and information services, while simplifying its operating model. The plan also aims to seize growth opportunities by developing adjacent activities that complement Coface’s long-standing credit insurance business, for example information services, surety bonds, Single Risk coverage and factoring.

Despite a highly volatile economic environment during 2020, 2021 and 2022, the Group continued to implement this strategic plan, investing in operational efficiency, service quality, technological resources and sales efficiency. These investments are bearing fruit as evidenced by the resilience of its core credit insurance business and growth in adjacent businesses such as information services and factoring.

Although Coface’s turnover declined slightly in 2020, the year of the global crisis caused by Covid-19, it achieved an excellent operating performance in 2021 and 2022. Throughout the period, and in challenging circumstances with a downturn followed by a sharp recovery in economic activity and the emergence of new risks (inflation, rising interest rates, international conflicts, etc.), Coface’s teams worked hard to continue supporting their clients and help them navigate this uncertain environment.

Coface’s commitment to supporting the economy is reflected in a significant increase in commitments (€666.9 billion at the end of 2022 versus €537.2 billion at end-2019) and the relevance of its services, which is illustrated in particular by a record level of customer retention (92.9 at end-2022).

1.2 PRESENTATION OF THE CREDIT INSURANCE MARKET AND THE COMPETITIVE ENVIRONMENT

1.2.1 Credit insurance market

The purpose of credit insurance is to protect a company against default on the payment of its trade receivables. It provides conditional insurance coverage on counterparties approved by the insurer. The solution offers two basic services: the prevention of debtor risks – by selecting and monitoring insured buyers – and the collection of unpaid receivables. In the classic form of the product, these two services are the main hallmarks of the expertise of sector players.

The Group’s principal activity concerns short term credit insurance (defined by risks of no more than 12 months), which is a market representing around €8 billion in premiums. The Group is also active in the medium term credit insurance market through its Single Risk offer. This is a global market which is often syndicated, with a value of some €1.8 billion of premiums. In 2022, the Single Risk business accounted for approximately 1.4% of the Group’s consolidated turnover.

The Group believes that the credit insurance sector has significant growth potential. The credit insurance penetration rate in the total volume of trade receivables worldwide remains very low, estimated at between 5% and 7%, which means that there is a genuine opportunity for conquering new markets. However, growth in the sector remains modest, at around 3%, and typically fluctuates between 0% (2016) and 5% (2005-2009, 2019) when driven by the global economy [(1)]. In 2020, however, the market contracted by more than 5% due to the economic crisis caused by Covid-19, which has given way to a strong recovery since 2021, strengthened by the effects of inflation in 2022.

Sector growth depends on several factors, which are sometimes contradictory:

- client acquisition by sector players (and conversely, the potential loss of clients);
- organic growth in turnover among credit insurance clients;
- price trends, either up or down;
- the risk selection policy by participants, up or down.

(1) The ICISA database only contains data on ICISA partners (participants and countries) and does not represent the entire credit insurance market.

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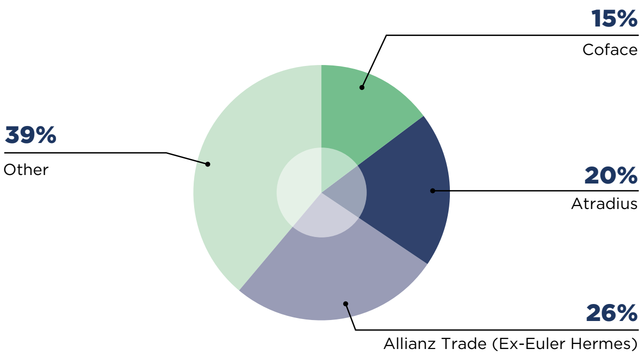
1.2.2 Competitive environment of the Coface Group

The global credit insurance market comprises three types of participants: global insurers, national or regional players and niche players.

There are three global insurers: Coface, Allianz Trade (formerly Euler-Hermes, a Belgian subsidiary of the Allianz group, which is listed on the Frankfurt stock exchange) and Atradius (a Dutch company belonging to Grupo Catalana Occidente, which is listed on the Madrid Stock Exchange). In 2021, these three insurers accounted for around 61% of the global market [(1)].

/ MARKET SHARE OF THE MAIN CREDIT INSURANCE PLAYERS – 2021



The other participants are national or regional players and some of them are derived from or are still public export insurance agencies. These include Sinosure (China), the largest by size, followed by Nexi (Japan), K-Sure (South Korea), EDC (Canada) and Cesce (Spain). There are also private local players, such as the German R+V.

Lastly, a growing number of participants tackle credit insurance with a niche strategy. This strategy allows them to partly bypass the high cost of establishing and maintaining a global debtor information database. These players generally delegate more broadly the selection of risks to policyholders that can demonstrate effective risk management; the insurer provides its financial strength to absorb shocks that exceed a significant deductible. Among the players in this segment, AIG (United States) is the largest in terms of credit insurance earned premiums.

1.3 PRINCIPAL ACTIVITIES

The Group's activities are mainly focused on credit insurance, which represented 89.8% of turnover in 2022. This entails providing businesses with solutions to protect them against the risk of client debtor insolvency in both their domestic and export markets.

The Group is also present in the factoring market, in Germany and in Poland, and in the surety bond market. In some countries, mainly in Central Europe and Israel, the Group has historically sold business information and debt collection products. In 2020, the Group decided to modernise its information offering to develop new markets. The new ICON sales portal has been launched and the activity has entered the acceleration phase, in line with the Group's strategic plan.

The Group generates its consolidated turnover of €1,812 million from approximately 100,000 [(2)] clients. Average annual income per client is less than €30,000 and is generated in very diversified business sectors and geographic regions.

The Group considers that it is not dependent on any individual policyholders. For the financial year ended December 31, 2022, the largest policyholder accounted for less than 1.2% of its consolidated turnover.

(1) Global market shares are calculated on the basis of gross short term credit insurance premiums, including markets under state monopoly, in 2021. Sources: i) Official market sources, often at the behest of regulators, and sometimes published by a consolidating organisation (for example, Latino Insurance in Latin America. ii) Published consolidated financial statements, when they show the share of gross credit insurance premiums. iii) ICISA data (www.icisa.org), consolidated and published by the association upon declaration by its members. iv) Group estimates, as a last resort.
(2) Companies with at least one active contract with Coface in our various business lines.

The following table shows the contribution of these activities to the Group's consolidated turnover at December 31 for the 2020-2022 period:

/ CONSOLIDATED TURNOVER BY BUSINESS LINE

(in thousands of euros and as a % of the Group total)	See also Section	DEC. 31, 2022 (in thousands of euros)	DEC. 31, 2022 (as a %)	DEC. 31, 2021 (in thousands of euros)	DEC. 31, 2021 (as a %)	DEC. 31, 2020 (in thousands of euros)	DEC. 31, 2020 (as a %)
Gross earned premiums – Credit		1,444,175	79.7%	1,242,767	79.3%	1,132,876	78.1%
Gross earned premiums – Single Risk		24,480	1.4%	15,839	1.0%	21,141	1.5%
Gross earned premiums – Credit insurance		**1,468,655**	**81.1%**	**1,258,606**	**80.3%**	**1,154,017**	**79.5%**
Fee and commission income (1)		**158,582**	**8.8%**	**140,691**	**9.9%**	**143,985**	**9.9%**
Other related benefits and services (2)		**39**	**0.0%**	**156**	**0.0%**	**102**	**0.0%**
Turnover from credit insurance	**1.3.1**	**1,627,276**	**89.8%**	**1,399,453**	**89.3%**	**1,298,104**	**89.5%**
Gross earned premiums – Surety bonds	**1.3.3**	**58,809**	**3.2%**	**54,031**	**3.4%**	**50,317**	**3.5%**
Financing fees		32,769	1.8%	26,409	1.7%	26,995	1.9%
Factoring fees		41,126	2.3%	39,712	2.5%	32,758	2.3%
Other		(3,601)	(0.2%)	(1,720)	(0.1%)	(1,302)	(0.1%)
Net income from banking activities (factoring)	**1.3.2**	**70,295**	**3.9%**	**64,400**	**4.1%**	**58,450**	**4.0%**
Business information and other services		49,269	2.7%	42,266	2.7%	34,523	2.4%
Receivables management		6,202	0.3%	7,708	0.5%	9,469	0.7%
Turnover from information and other services	**1.3.4**	**55,471**	**3.1%**	**49,974**	**3.2%**	**43,992**	**3.0%**
CONSOLIDATED TURNOVER	**NOTE 22**	**1,811,851**	**100.0%**	**1,567,858**	**100.0%**	**1,450,864**	**100.0%**

(1) Policy management costs.
(2) IPP commission – International policies commission; business contributors' commission.

1.3.1 Credit insurance and related services

Key figures

For the financial year ended December 31, 2022, credit insurance products and related services generated turnover of €1,627 million, accounting for 89.8% of the Group's consolidated turnover.

The following table shows the contribution of this business line to the Group's consolidated turnover during the 2020-2022 period (in thousands of euros and as a percentage of the Group's total).

SHARE OF CONSOLIDATED TURNOVER CREDIT INSURANCE (in thousands of euros and as a % of the Group total)	See also Section	DEC. 31, 2022 (in thousands of euros)	DEC. 31, 2022 (as a %)	DEC. 31, 2021 (in thousands of euros)	DEC. 31, 2021 (as a %)	DEC. 31, 2020 (in thousands of euros)	DEC. 31, 2020 (as a %)
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Other related benefits and services (2)		**39**	**0.0%**	**156**	**0.0%**	**102**	**0.0%**
TURNOVER FROM CREDIT INSURANCE	**NOTE 22**	**1,627,276**	**89.8%**	**1,399,453**	**89.3%**	**1,298,104**	**89.5%**

(1) Policy management costs.
(2) IPP commission – International policies commission; business contributors' commission.

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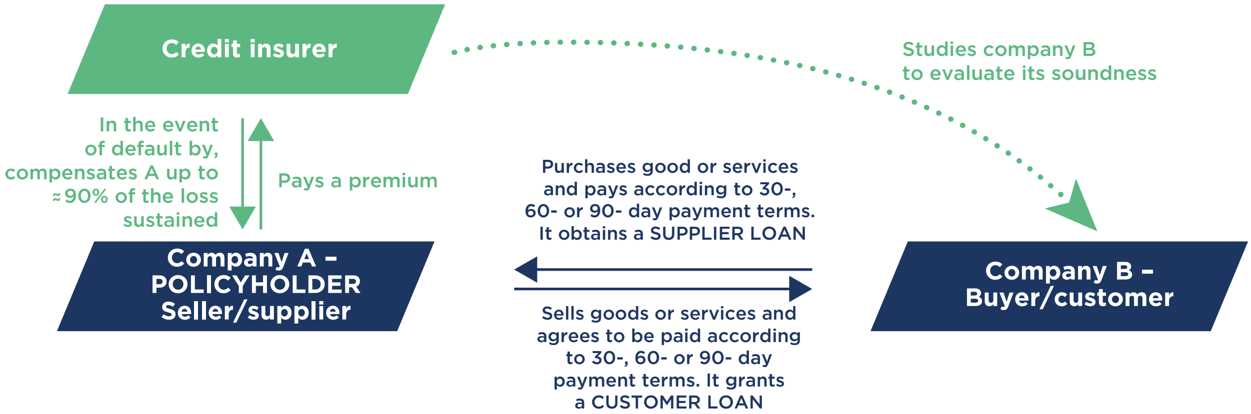
Description

Credit insurance allows a creditor (the seller/supplier), with a term commercial debt held on its debtor (the buyer/client), to ask an insurer to cover the risk of non-payment of the trade receivable, in exchange for payment of a premium. It is one of the key hedging instruments for the trade receivables of companies that grant payment terms to their clients.

The following diagram illustrates the credit insurance mechanism.



The service proposed by the Group to its policyholders entails much more than compensating the losses they sustain; it also includes preventing claims and providing assistance in developing a profitable and solvent clientele.

Preventing the risk of non-payment through credit insurance solutions requires collecting relevant, reliable and up-to-date information about debtors and their economic environment. Information held by the Group on debtor solvency is the basis for its credit insurance offerings. This information is used when making decisions on the coverage granted by its underwriters on a daily basis.

The Group grants complete or partial coverage, generally covering a portfolio of debtors (or a stream of business) of a given policyholder, as opposed to underwriting one insurance policy to cover a single debtor risk. Credit insurance policies are generally entered into for a period of one year with automatic renewal.

Within the context of these policies, the Group authorises each new debtor that is presented by the policyholder, and through the credit limit granted, establishes the maximum amount of risks it is prepared to accept for this debtor. It may reduce or cancel its credit insurance coverage at any time, sometimes subject to prior notice, for the future deliveries of goods or services by the policyholder to the debtor concerned, in order to reduce payment default risk. This reduction or cancellation allows the policyholder to be warned of if the Group's concerns with regard to that debtor's soundness increase.

In certain offers, the Group may give its policyholders some autonomy, depending on their expertise, in setting credit limits for outstanding receivables up to an amount provided for in their credit insurance policy.

In the event that a receivable is not paid by the debtor, the Group handles the recovery of unpaid receivables to limit the loss and release the policyholder from managing this dispute phase. As such, the policyholder preserves its commercial relations with its debtor as much as possible. The Group conducts negotiations and, if necessary, legal proceedings, to recover the amounts due.

By using credit insurance, companies secure their margins by insuring themselves against the financial impacts of an unpaid receivable, while benefiting from information tools regarding the solvency of their debtors and the collection of unpaid receivables. They also benefit from regular exchanges with the Group's sector and country specialists.

Detailed offer

Present directly through subsidiaries or branches and covering a geographical area that accounts for nearly 97% of the world's gross domestic product, the Group relies on its international network of local partners. Coface sells its credit insurance solutions and adjacent services in 100 countries, giving it critical mass and a geographical footprint spanning all continents. It is one of three global players in the credit insurance market.

The Group's primary credit insurance products

The Group has refocused and enhanced its range of solutions to adapt to the specific needs of identified market segments: SMEs, mid-market companies, large international corporations, financial institutions, clients of distribution partners.

The Group offers numerous credit insurance solutions which are harmonised at a global level; the main ones are described below.

PRODUCT	DESCRIPTION
TradeLiner	This is a flexible offering addressing the specific requirements and needs of each policyholder with a range of options and adaptable general terms and conditions. It is currently the central solution in the Group's product platform. TradeLiner has replaced most local offerings as it has been rolled out in the various markets – this rollout it nearly complete – and as historical portfolios in all markets continue to migrate to this new solution.
EasyLiner	EasyLiner is a range of contracts intended for small and medium enterprises (SMEs), which are often unfamiliar with the mechanisms and benefits of credit insurance solutions. This offering can be distributed online, under a custom brand if necessary, in the context of commercial partnership agreements.
GlobaLiner	GlobaLiner is a policy sold by Coface Global Solutions (CGS), which was launched in 2022. It is dedicated to the management of major international policyholders. This offering is based on a global organisation. It offers multinationals services and management and oversight tools tailored to their specific requirements (geographic fragmentation, multi-currency risks, consolidation of aggregate client receivables, etc.). To round out this offer, the GlobaLiner contractual framework provides large international policyholders with standardised flexible management of their various policies around the world.
CofaNet and other online services	CofaNet is the central internet portal that enables Coface's policyholders to manage their contracts. This multilingual portal is supplemented by a range of added-value services: ● Coface Dashboard: a tool providing client risk analyses and reports; ● *CofaMove*: a mobile app available on app stores, which includes the key features of *CofaNet*; ● CofaServe: Coface's API offer for policyholders, bringing credit insurance services to the heart of the client's information system.
Medium term insurance (Single Risk)	The Single Risk offering provides coverage for commercial and political risks in connection with operations that are time-specific, complex, for a high amount (generally greater than €5 million) and for which the credit term is between 12 months and seven years. It gives policyholders the possibility to cover a risk linked to an investment or a particular market, as opposed to credit insurance products, which cover the risks of unpaid receivables on their entire turnover (whole turnover policies).

Pricing of credit insurance offers

The pricing of credit insurance is generally reflected in the premiums. Related services are generally subject to specific pricing depending on policyholders' actual consumption of each service (number of clients monitored, number of debt collection files).

The Group considers the fair compensation of risk as an important issue. Accordingly, it has developed a pricing methodology within a proprietary computer tool (PEPS – past and expected profitability system) and associated commercial governance. The Group considers that it has a benchmark pricing methodology, including, for example, a risk-based analysis and cost-of-capital approach directly linked to the portfolio of insured risks and the capital allocated. Furthermore, adjustments and improvements are made routinely to ensure that the pricing methodology contributes to controlled and relevant underwriting in the various markets.

A separate methodology applied by a small team of experts is used for medium term Single Risk coverage, for which the default probabilities series are more limited.

Debtor solvency information at the centre of the Group's business

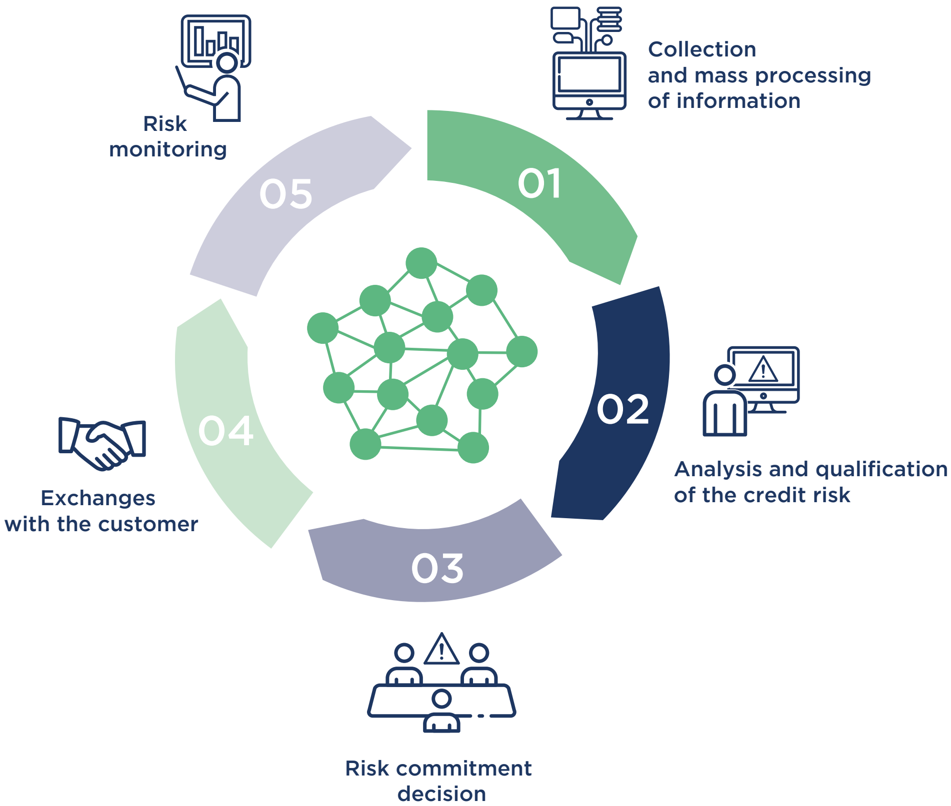
The Group's business essentially consists of the sale of insurance coverage or services relying on the acquisition and management of relevant, reliable and up-to-date information on debtors and their environment. The Group runs a network of 53 centres dedicated to collecting, processing and analysing financial and solvency information on all of the Group's debtor risks worldwide.

Information is key to every stage of the Group's risk monitoring process and is compiled within its ATLAS database [(1)]. It is first collected, specifically from some 100 information providers, for initial administrative processing. It is then analysed by the team of 340 credit analysts for the purpose of evaluating debtors according to the debtor risk assessment (DRA) scale, which is used by the entire Group. The risk underwriters use the DRA to decide on the amount of risk to be underwritten for each policyholder. This analysis is also based on various tools and methods, including several decision-making engines, conventional invoicing tools and algorithms such as artificial intelligence.

Lastly, this information, which is collected, enhanced, analysed and used by the Group, is updated regularly to allow tracking of debtor risks. Moreover, all of the Group's businesses rely on EASY, its debtor identification database, which facilitates communication between the Group and its partners and clients [(2)].

(1) *See Section 1.7.2 "Group applications and tools".*
(2) *See Section 1.7.2 "Group applications and tools".*

The following diagram illustrates the central place of information for the Group's activities:



The collection, use and preservation of reliable, updated and secure information constitutes a major issue for the Group, in order to:

- guide its pricing policy and enhance the quality of its credit insurance offerings;
- obtain, specifically at the local level due to its close proximity to the risk, microeconomic information on debtors and their economic environment, to support underwriting decisions under its risk management policy, while offering its policyholders a debtor risk-tracking solution;
- facilitate its receivables management and debt collection activity.

This policy also allows the Group to obtain macroeconomic information, which is analysed by the Economic Research Department's teams. These teams are distributed between head office and the Group's various regions, to ensure local coverage. They conduct studies internally for the Group's businesses, and externally for policyholders and the public (journalists, academics, prospective clients, banks, brokers, partners and so on). External production essentially takes the form of "panoramas" (country and sector risks, corporate defaults), which are published on its website (www.coface.com). Their purpose is to help businesses assess and prevent risks, and to make their decisions using the most relevant and recent information.

The following diagram illustrates the network of information on the Group's businesses:

53 centres dedicated to collecting, processing and analysing informations

3 shares service centres (back office)

50 "enriched" information centres

Under the previous strategic plan, Fit to Win, the Group allocated substantial investments to business information in order to improve risk management by both enhancing its local presence and adopting new technologies (artificial intelligence).

A harmonised risk underwriting process

The Group has established a harmonised process for all of its risk underwriters in 45 countries to strengthen and support the management of risks attached to its various businesses. The risk underwriting decision is, by default, made by the risk underwriter of the debtor's country, who is best placed to know the local economic environment. Where applicable, a second risk underwriter is able to adjust this initial decision upward or downward, because they are best qualified to determine the policyholder's business or strategic position. This organisation allows for proximity with both the debtor and policyholder, including for major export transactions. In all, approximately 10,000 risk underwriting decisions are made each day.

Risk underwriting decisions relating to Single Risk coverage are made by a dedicated team within the Group's Risk Underwriting Department.

To make their decisions, risk underwriters rely on the information collected, which is then subject to a summary internal analysis by the DRA (debtor risk assessment), the drafting and updating of which are carried out in line with debtor quality and the Group's commitments. They also use the weighted assessment of portfolio (WAP), a concise indicator that measures a policyholder's average debtor portfolio quality. Lastly, Coface has implemented detailed management of its risks, through 38 sectors and five different country risk levels (forming a matrix of 150 risk categories).

Risk underwriters:

- work in real time and as a network, thanks to the ATLAS risk centralisation system, a risk underwriting and management IT tool used by all Group entities [(1)];
- have no sales objective for the Group's products and services, and their compensation is in no way linked to their commercial impact. This is to ensure an impartial application of the Group's policies in terms of risk management;
- have underwriting authorities of up to €10 million according to their expertise, seniority and skills. For coverage beyond €10 million, they are required to abide by a double-signature procedure for decisions up to €40 million at the regional level. Decisions relating to coverage greater than €40 million and particularly sensitive cases are validated by the Group Risk Underwriting Department.

The new generation of risk underwriting decision-making engines used since 2019 has increased the instant response rate to 66%. This increase in the proportion of coverage resulting from decision-making engines allows underwriters to:

- free up more time for complex decisions,

(1) See Section 1.8.2 "Group applications and tools".

- manage the risk portfolio,
- manage disruption in business cycles, such as the 2008-2009 crisis or the Covid-19 pandemic in 2020.

Structured commercial underwriting

Commercial underwriting involves determining pricing components (premium, bonus and penalty rates), technical parameters (maximum credit term, cash outflow limits) and the appropriate clauses to match a policyholder's needs and risk profile. Commercial underwriting focuses on the contract, whilst risk underwriting deals with coverage of the buyers of the entity to be insured. The scope of coverage depends on the clauses applied. The two activities are therefore complementary. For this reason, the Group has a Commercial Underwriting Department that oversees commercial underwriting, risk underwriting, claims & collections and recovery.

Commercial underwriting is conducted at all levels of the Group (countries, regions and head office) in close collaboration with the risk underwriting teams.

This operational supervision complements the business lines, which together form the risk management system. It optimises the support provided to clients by ensuring we are more selective in the quality of debtors covered, that we verify the profitability of the underwritten businesses, and that technical expertise is better shared among the Group's underwriting centres.

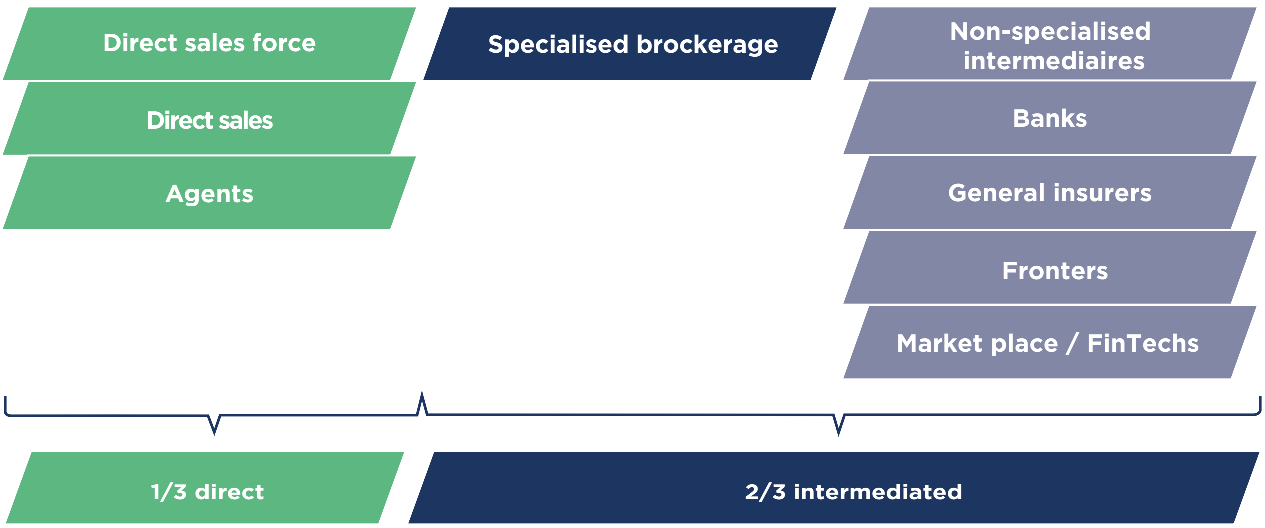
This business is governed by the Group's rules, which allocate delegation levels on the basis of the seniority and experience of the employees concerned. Beyond certain risk levels and according to the nature of the request, decisions are taken at the Group's headquarters, either by the Commercial Underwriting Department or by the Group Underwriting Committee.

The Group Underwriting Committee consists specifically of Group commercial underwriting, risk underwriting and commercial underwriting directors. This committee meets every day to review all commercial proposals for new business or policy renewals that exceed local delegations.

A multi-channel sales network strengthened by a large network of partners and business contributors

To market its credit insurance products and complementary services, the Group uses several distribution channels, the breakdown of which changes according to local markets. Specialised brokerage is largely dominant on the international scale, although in certain markets direct sales are historically more common.

The following diagram illustrates this multi-channel distribution model of the Group's service offerings. The breakdown between direct and indirect sales is expressed as a share of total collected premiums.



Fronters, who can also act as business contributors, are partner insurers who issue insurance policies on behalf of the Group in countries where it does not have a licence. With its network of partners, many of which are members of the Coface Partner network, the Group serves policyholders in some 40 countries in which it has no direct commercial presence or specific licence.

In terms of non-specialist contributors, banks are a key distribution channel, opening up new client bases, with better transformation rates for prospects.

1.3.2 Factoring

Key figures

For the financial year ended December 31, 2022, factoring represented €70 million, or 3.9% of the Group's consolidated turnover.

SHARE OF CONSOLIDATED TURNOVER FACTORING *(in thousands of euros and as a % of the Group total)*	See also Section	DEC. 31, 2022 *(in thousands of euros)*	DEC. 31, 2022 *(as a %)*	DEC. 31, 2021 *(in thousands of euros)*	DEC. 31, 2021 *(as a %)*	DEC. 31, 2020 *(in thousands of euros)*	DEC. 31, 2020 *(as a %)*
Financing fees		32,769	1.8%	26,409	1.7%	26,995	1.9%
Factoring fees		41,126	2.3%	39,712	2.5%	32,758	2.3%
Other		(3,601)	(0.2%)	(1,720)	(0.1%)	(1,302)	(0.1%)
NET INCOME FROM BANKING ACTIVITIES (FACTORING)	**NOTE 22**	**70,295**	**3.9%**	**64,400**	**4.1%**	**58,450**	**4.0%**

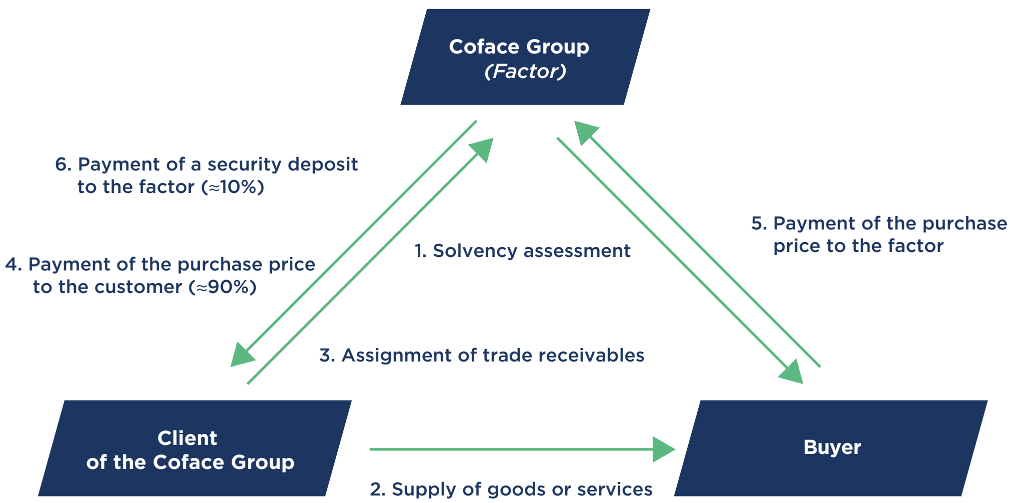
Description

Factoring is a financial technique whereby a factoring company (the factor) finances and, as applicable, manages the trade accounts of a company by acquiring its trade receivables. Depending on the type of factoring, in the event of an unpaid receivable, the loss may either remain at the expense of the factor, or it may be recovered from the company.

The Group's factoring offering allows businesses to fund their trade receivables and optimise their liquidity:

- by having immediate access to cash on the transfer of their receivables (subject to a security retention);
- by reducing their client risk, in the absence of recourse (by transferring non-payment and debt collection risks);
- by financing their growth without being held up by an increase in their working capital requirement.

The following diagram illustrates the factoring mechanism:



Factoring mitigates the risks associated with the financing of trade receivables, thanks to the analysis performed on the chosen counterparties, the evaluation of their solvency, and the recovery mechanisms for unpaid receivables. The Group offers such factoring solutions in Germany and Poland.

The Group combines its factoring business with its credit insurance expertise to offer the following products:

- factoring with recourse: a factoring product with recourse on the client in case of payment default;
- full factoring without recourse: a product combining factoring services and credit insurance. In the event of a claim, the client is covered by credit insurance for its unpaid invoices;
- in-house factoring with or without recourse: the client manages the relationship with its buyer, particularly in the case of a payment default, allowing it to preserve its business relationship;

- reverse factoring: the Group's client in this case is the buyer, who offers advance payment to its supplier through the factoring company;
- maturity factoring: a service derived from full factoring for which financing only occurs at the invoice due date (late payment protection).

Detailed offer [(1)]

The Group is active in the German and Polish markets.

In Germany, the factoring market expanded in relation to 2021, with €309 billion in factoring receivables in 2022.

The German factoring market is dominated by five players, which, according to the Coface Group's estimates, account for approximately 60% of the market: PB Factoring GmbH, Coface Finanz GmbH, BNP Paribas Factor GmbH, Targobank AG et Commerzfactoring (JV Commerzbank and Targobank).

In Poland, the factoring market was extremely dynamic, with growth of 35% in the first nine months of 2022. Coface Poland Factoring is the seventh largest provider with a market share of 7%.

The Polish factoring market is led by the following eight players, which share approximately 85% of the market (according to estimates by the Coface Group and the association of Polish factors): Pekao Faktoring, ING Commercial Finance, BNP Paribas Factoring, Santander Factoring, mFaktoring, Bank Millennium, Coface Poland Factoring and PKO Faktoring.

1.3.3 Bonding

Key figures

For the financial year ended December 31, 2022, bonding generated turnover of €59 million, or 3.2% of the Group's consolidated turnover, primarily in Italy.

SHARE OF CONSOLIDATED TURNOVER BONDING *(in thousands of euros and as a % of the Group total)*	See also Section	DEC. 31, 2022 *(in thousands of euros)*	DEC. 31, 2022 *(as a %)*	DEC. 31, 2021 *(in thousands of euros)*	DEC. 31, 2021 *(as a %)*	DEC. 31, 2020 *(in thousands of euros)*	DEC. 31, 2020 *(as a %)*
GROSS EARNED PREMIUMS – BONDING	**NOTE 22**	**58,809**	**3.2%**	**54,031**	**3.4%**	**50,317**	**3.5%**

Description

As a complement to its main credit insurance activities, the Group draws on its debtor risk management capabilities to offer bonding solutions in some countries (mainly in France, Italy, Germany, Austria, Romania and Spain) to meet the specific needs of companies in certain markets.

Bonding consists of a commitment to pay the beneficiary of the bond in the event of a default or breach by the bondholder of its contractual obligations. The coverage provided by a surety bond allows a corporate bondholder to reassure its commercial or financial partners, in order to postpone immediate payment and/or to avoid reducing its borrowing abilities. For the bondholder, these are off-balance sheet commitments. Furthermore, in certain sectors, a surety bond is needed to run a business or access specific markets.

The surety bonds issued by the Group have a fixed term (from a few weeks to a maximum of five years) and the associated risks can be shared among several market players (generally banks and insurers).

The Group selectively offers a range of specific surety bonds to help businesses obtain domestic or export contracts:

- **contract surety bonds:**
  - tender bonds (a guarantee for the buyer that a supplier taking part in a call for tenders will be able to offer the services announced in its response, if it wins the contract),
  - performance bonds (a guarantee for the buyer that the seller will execute the contract),
  - advance payment bonds (a commitment to return the advance paid by the buyer in the event that the seller does not pursue the contract),
  - holdback bond (a guarantee covering any faults occurring during the warranty period),
  - subcontracting bonds (to guarantee the payment of any subcontractors the company employs);
- **customs and excise bonds:** allow bearers to benefit from customs duties credits or even, in some markets, to cover amounts payable as indirect contributions or excise taxes, or to postpone the payment thereof;
- **environmental surety bonds:** cover expenses linked to monitoring a site, keeping a facility safe, any interventions in the event of accidents or pollution and the restoration of the site after the activity is discontinued;
- **legal bonds for temporary employment companies:** to cover the wages and social security contributions of temporary employees, in case the business becomes insolvent;
- **payment guarantees:** covering the amounts owed by the bondholder as payment for its purchases and services rendered by a beneficiary.

(1) Sources: (i) Factoring-Markt 2021: Trotz oder mit Corona starkes Wachstum | Deutscher Factoring Verband e.V.; (ii) Annual Factoring Data | Data & Statistics (euf.eu.com); (iii) http://www.faktoring.pl/eng/

Detailed offer

The global surety bond market is largely dependent on the regulatory framework of the various countries. It is therefore fragmented into national markets. Indeed, the local legal context determines the characteristics of the product as well as the requirements in terms of a mandatory surety bond, which makes it difficult to determine the scope of this market. In addition, the practice of certain business sectors or certain types of operations may also influence this market.

The Group estimates that this market represents between €10 billion and €15 billion in turnover, or more than the credit insurance market. Although this market largely dominated by banks, insurers rank second, with approximately €6 billion in turnover, mainly because they cannot access some national markets for regulatory reasons. This is the case in India and several countries in the Middle East and North Africa. According to the Coface Group's estimates, the world's largest market, the United States, accounts for approximately half of the global surety bond market. In Europe, Italy is by far the leading market, and in Asia, South Korea has the highest percentage of turnover from surety bonds issued.

1.3.4 Business information and other services

Key figures

As of December 31, 2022, this business line generated consolidated turnover of €55 million.

SHARE OF CONSOLIDATED TURNOVER BUSINESS INFORMATION AND OTHER SERVICES *(in thousands of euros and as a % of the Group total)*	See also Section	DEC. 31, 2022 *(in thousands of euros)*	DEC. 31, 2022 *(as a %)*	DEC. 31, 2021 *(in thousands of euros)*	DEC. 31, 2021 *(as a %)*	DEC. 31, 2020 *(in thousands of euros)*	DEC. 31, 2020 *(as a %)*
Business information and other services		49,269	2.7%	42,266	2.7%	34,523	2.4%
Receivables management		6,202	0.3%	7,708	0.5%	9,469	0.7%
TURNOVER FROM INFORMATION AND OTHER SERVICES	**NOTE 22**	**55,471**	**3.1%**	**49,974**	**3.2%**	**43,992**	**3.0%**

Description

Coface has a unique high added value database. This database draws on its recognised expertise in credit risk, including its analysis of companies' financial statements and in-depth knowledge of their payment behaviour, its economic research and forecasting models, and its use of data science to exploit the wealth of its data. Coface's teams use this infrastructure to make more than 10,000 credit decisions on a daily basis, helping its policyholders choose their business partners.

Thanks to the quality of its information, its global network, and its expertise in transforming raw data into value-added data, the Group is in a strong position to offer business information services. This activity, which has strong synergies with its core business line in credit insurance, has a digitalised business model and is based on partnerships. Coface has proven expertise in this area and is one of the leaders in business information in several countries (Israel, Poland, Romania).

The need for information in managing business relationships with customers or suppliers has intensified in recent years. Information is vital to anticipate the risks of non-payment by companies. Coface naturally meets a number of these needs with its trade credit insurance business, by offering access to:

- standard, global information, available fast;
- micro information (on a company's financial health) and macro information (sector information, country risk, etc.);
- high quality, constantly updated information;
- risk expertise that transforms information into decision-making.

This access is now available through Coface's information offering, which draws on its credit insurance strengths and processes.

It provides companies and financial institutions with a comprehensive sales decision support service, to meet three main needs:

- reporting: descriptive data (information reports, alerts, risk management dashboard, etc.);
- scoring: predictive data (scoring, buyer risk assessment, etc.);
- decision-making: bespoke data for decision-making (simple or advanced credit opinions, etc.).

The objective is to enable companies and financial institutions to manage their risk strategy more effectively as part of their business activity.

Detailed offer

The launch of the platform called ICON, developed by Coface under the new Build to Lead strategic plan, offers an innovative, digital, global solution for business information services.

ICON is accessible all over the world, 24 hours a day, 7 days a week, via the internet or through enhanced connectivity with client information systems via APIs.

A full range of services with easy-to-read indicators, adapted to the needs of businesses, is provided:

URBA

URBA (Universal Risk Business Assessment) incorporates all the products described below to give a 360° view of a company's situation. It has been launched gradually in the different regions since the end of 2022. Customers can access all ***URBA*** information and analyses via APIs or through a dynamic user interface. ***URBA*** contains portfolio management and corporate risk monitoring options.

Full Report

To obtain complete information about a company and carry out an in-depth risk analysis, the Full Report provides detailed financial data, a credit score, a recommended maximum credit amount and our assessment of the company on an eleven-point scale (from "Insolvency procedure/bankruptcy" to "Excellent risk"), the DRA, based on Coface's experience as a credit insurer.

Comprehensive reports are available in nearly 200 countries. A monitoring service is available to provide notifications when there are changes to one of the indicators identified as being key to tracking a company's risk (financial data, ownership, credit rating, etc.)

Snapshot Report

If an in-depth analysis such as the one available in the Full Report is not necessary, Coface offers an instant report that provides a summary of the key aspects needed to assess business partners, with fewer details. This report includes a quick rating ("Low", "Medium" or "High"), Coface's assessment and a maximum recommended credit limit.

Monitoring is also available for these reports: notifications are sent in the event of changes in a company's solvency, late payments, etc.

Debtor risk assessment (DRA)

With the debtor risk assessment, Coface determines a company's ability to meet its short term financial commitments. The DRA is produced using information available in the Group's single high added value database, on a scale of 0 to 10 (from "Insolvency/bankruptcy procedure" to "Excellent risk"). The DRA is used on a daily basis to monitor the Group's own credit insurance portfolio. A company's DRA takes into account its past assessments and its current default probability. Monitoring is also available on request.

Credit Opinions

Credit Opinions provide a recommended credit limit for a company. This is an effective way to assess the solvency of debtors, prospects, and any company with which the client is considering doing business. The Credit Opinion report includes the DRA and country risk assessment, thereby providing a holistic approach to a company's risk profile.

Two products based on credit opinions are available to meet various business needs:

- ***@Credit Opinion*** expressed as an index, for small business portfolios or high turnover portfolios, covering exposures up to €100,000;
- ***Advanced Opinion***, a specific recommended exposure amount.

Other products are also available:

Portfolio Insights and Selectio

Portfolio Insights and **Selectio** are interactive portfolio management tools that provide the client with in-depth information on the risk presented by all its trading partners (debtors, buyers, customers, etc.) wherever they are in the world, cross-referenced with Coface's expert macroeconomic assessments. **Selectio** is currently only available in Italy.

Economic Insights

Coface also provides its expertise in economic assessment to help its clients make the right strategic and operational decisions by anticipating the various risks affecting economies and sectors at the global level thanks to **Economic Insights**. This interactive platform enables risk monitoring in more than 160 countries and the main business sectors.

1.4 POSITIONING OF THE COFACE GROUP REGION BY REGION (1) (2)

Thanks to its leading international presence, the Group organises its business lines around seven geographic regions in which it sells its products:

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

Group activities in the Western Europe region

/ **AVAILABILITY OF THE GROUP'S OFFERING**

Key figures

The Group, which currently employs approximately 1,013 people in the Western Europe region, generated turnover of €359.6 million in this region, accounting for 19.8% of its total turnover for the financial year ended December 31, 2022.

Classification of countries and offering

The Group's activities in Western Europe are heavily oriented towards the sale of credit insurance policies. However, there are also certain local features, for example in France, where the Group also sells surety bonds and Single Risk policies. All countries in this region have significantly strengthened their information offering in line with the Build to Lead strategic plan.

Western European countries are mature credit insurance markets. The offering is mainly distributed via specialised credit insurance brokers. Large brokers use their own international distribution network or third-party distribution partners, particularly for international programmes. In France, Coface rounds out its distribution network with direct sales teams across France and is diversifying its multi-channel sales approach by developing partnerships with banks.

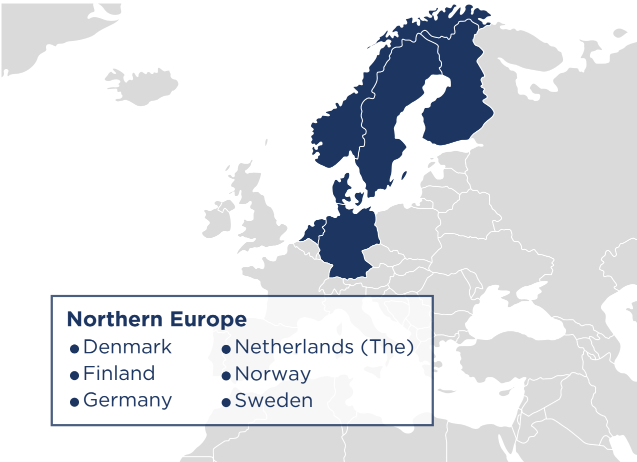
Marketing and strategy

In 2022, the region continued to develop its information offering. It also continued to improve the client experience in Credit Insurance.

(1) Headcount figures cover employees on permanent or fixed term contracts, excluding those who had permanently left the Company.
(2) Comments on regional results can be found in Section 3.3 "Comments on the results as at December 31, 2022"

Group activities in the Northern Europe region

/ AVAILABILITY OF THE GROUP'S OFFERING



Key figures

The Group, which currently employs approximately 699 people in the Northern Europe region, generated turnover of €372.2 million in this region, accounting for 20.5% of its total turnover for the financial year ended December 31, 2022.

Classification of countries and offering

The countries where the Group operates in this region are mature credit insurance markets. There is strong pricing pressure due to intense competition and the low company insolvency rate. However, payment defaults have begun to rise since Q3 2022. The effects of the pandemic led to a sharp rebound in client activity in 2022. Activity was also driven by inflation, which underpinned underlying insured turnover growth and hence premium growth. The Group mainly sells credit insurance services and related credit management solutions such as information services, Single Risk coverage and debt collection. In Germany, it also offers factoring and surety bonds.

Marketing and strategy

The Group's offering in this region is marketed through a combination of direct sales by its own sales teams and sales through its partners (brokers and banks).

The Group continues to invest in this region, with a focus on profitable growth. In Germany, Northern Europe's primary market, the core services were enhanced to best meet client needs, including a credit insurance offering tailored to partner banks. In 2022, a strong focus was placed on the development of the business information offering, which recorded strong growth, particularly in the large key accounts segment. The factoring strategy to provide financing solutions for M&A and cross-border transactions continues to confirm its effectiveness.

The creation of the "Nordics" platform strengthened the Group's presence in the region while promoting its growth in the Nordic markets. While the mainstays were Denmark and Sweden until 2019, the acquisition of Norwegian credit insurer GIEK Kredittforsikring in 2020 – now part of the Group – significantly expanded Coface's footprint in the region. In summer 2022, the launch of the Group's flagship credit insurance product "TradeLiner" marked a major and final step towards the integration of the Norwegian branch into the Group. There is also considerable growth potential in Finland with the recruitment of new talent to strengthen the local teams.

Although historically characterised by a broker-centred distribution model, the Group is successfully pursuing its multi-distribution business model in the Dutch market. The new information offering which has been rolled out has also enhanced the range of services offered to clients. In addition, the launch of factoring services in 2022 strengthens the Group's presence on the Dutch market. Marketing activities have been ramped up to make the brand more visible across the Netherlands.

Group activities in the Central and Eastern Europe region

/ AVAILABILITY OF THE GROUP'S OFFERING

Key figures

The Group, which currently employs approximately 995 people in the Central Europe region, generated turnover of €178.5 million in this region (with the biggest contributions coming from Austria, Poland, Romania and Russia), accounting for 9.9% of its total turnover for the financial year ended December 31, 2022.

Classification of countries and offering

In this region, the Group is the only supplier of integrated credit management solutions comprising credit insurance, business information and debt collection services for both insured and uninsured businesses. It offers factoring solutions in Poland, and, since 2022, surety bonds in Romania.

GDP growth rates in 2022 were solid, mainly driven by good first-half results. The war in Ukraine has since impacted the region's economies with rising energy and food prices and supply chain disruptions. Inflation reached double digits, limiting households' propensity to spend, while investment was limited by soaring financing costs. These developments are fuelling fears of recession and are maintaining inflationary pressure.

Marketing and strategy

The Group has the most extensive network in Central and Eastern Europe and the largest local footprint, offering services in 18 countries, directly or indirectly.

The Group's strategy in this region is built on the cornerstone of supporting the development of distribution, and growing while keeping risks under control.

As these emerging markets are stable in terms of credit insurance, the Group's strategy is to achieve sound growth while controlling risk. The strategy also involves diversifying the service offering, mainly through the systematic cross-selling of information services to policyholders. The Group successfully integrated PKZ, a company acquired in 2019, which was successfully transformed into the Group's Slovenian branch in autumn 2022. With this strategic acquisition, the Group strengthened its position on the Adriatic market, and clients now benefit from the full strength of the Group.

Group activities in the Mediterranean & Africa region

/ **AVAILABILITY OF THE GROUP'S OFFERING**

Key figures

The Group, which currently employs approximately 867 people in the Mediterranean and Africa region, generated turnover of €480.6 million in this region, accounting for 26.5% of its total turnover for the financial year ended December 31, 2022.

Classification of countries and offering

The Group sells credit insurance policies and surety bonds, as well as information and debt collection services.

In terms of credit insurance, this region has both emerging and mature markets (Italy, Greece, Spain and Portugal). The Group has unique geographic coverage in the credit insurance market in the region. It is directly present in eight countries and in a position to operate its business in Middle Eastern and African countries through partnerships with top-tier insurers. It applies its strategy through regional centres in Casablanca, Dubai, Madrid, Milan, Istanbul, Tel Aviv and Johannesburg tasked with coordinating the management of its establishments and partner networks. In Italy, Coface is a benchmark in the surety bond market.

In 2022, the Trade Information Offering experienced strong and promising growth in Italy and achieved encouraging results in Spain. In Israel, Coface BDI is the undisputed leader in the information market.

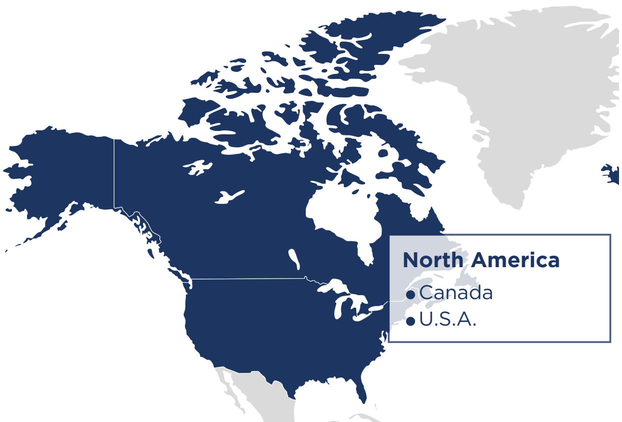
Marketing and strategy

According to the size and the configuration of markets in the region, the Group combines (i) sales through insurance intermediaries (brokers, agents) or partnerships with banks and (ii) direct sales. The relative contribution of the different channels varies significantly according to the specific characteristics of the market. While agents have a wide reach in Italy and Spain, brokers play a major role in Portugal, Turkey, the Gulf States, Saudi Arabia, and South Africa, and Israel and Morocco rely more on direct sales. In West African countries, the Group promotes credit insurance through partners (insurers, banks), to whom it supplies credit insurance contracts and back office services. The Group has competent qualified teams in Dubai and the Western and Central Africa region to establish agreements with local fronters and provide solutions in countries such as Senegal, Tunisia, Côte d'Ivoire, the Gulf countries and Saudi Arabia. Partnerships with banks were increasingly important in most countries in 2022.

In the three mature credit insurance markets of Italy, Spain and Portugal, the Group reported further substantial production and an exceptionally high level of client loyalty, while gradually adapting its premium rates and underwriting to the actual risk situation. This performance is the result of a sales strategy with a multi-channel distribution approach and efficient customer segmentation.

Group activities in the North America region

/ AVAILABILITY OF THE GROUP'S OFFERING



Key figures

The Group, which currently employs approximately 224 people in the North America region, generated turnover of €168.0 million in this region, accounting for 9.3% of its total turnover for the financial year ended December 31, 2022.

Classification of countries and offering

The Group directly issues credit insurance policies in the United States and in Canada, two markets that are under-penetrated in terms of credit insurance due to low product awareness. It mainly sells credit insurance services, as well as information and debt collection services. The Group also offers Single Risk coverage on a limited scale.

Marketing and strategy

The Group has completed the reorganisation of its distribution channels with a focus on being close to its clients. The process of bringing the sales teams in-house in order to improve sales efficiency is now complete. The Broker Connect team has established strong relationships with the main brokers. In the same vein, the Coface Global Solutions team serving large multinationals was strengthened.

The Group expanded its offering by launching credit insurance solutions including non-cancellable credit limits. This strengthens the Group's competitive position in the key accounts segment and allows it to fully cover the needs of its international broker partners.

To improve customer proximity, the Group has reorganised its distribution channels for credit insurance and expanded its offerings with solutions including non-cancellable credit limits and hybrid services. It has also adopted new standards to simplify operations, ensure internal efficiency and improve service quality and the customer experience.

The Group is also continuing to expand its business information offering.

Group activities in the Latin America region

/ AVAILABILITY OF THE GROUP'S OFFERING

Key figures

The Group, which currently employs approximately 452 people in the Latin America region, generated turnover of €101.6 million in this region, accounting for 5.6% of its total turnover for the financial year ended December 31, 2022.

Classification of countries and offering

The portfolio of products sold by the Group in the region essentially consists of credit insurance policies, but also includes debtor information and debt collection services.

Latin American GDP slowed in 2022 after a strong rebound in 2021. Inflation continued to accelerate throughout 2022, leading central banks to raise their key rates further. In contrast, activity in the region benefited from higher commodity prices.

In terms of credit insurance, countries in this region are considered high-risk markets with volatile economies. Credit insurance policies are sold directly in a dozen countries, the main ones of which are Argentina, Brazil, Chile, Colombia, Ecuador, and Mexico, and in other countries where policies are signed by partners.

The Group has dedicated enhanced information management teams in Argentina, Brazil, Chile, Colombia, Ecuador, Mexico and Peru (where one of the Group's three shared information management service centres is located – see Section 1.3.1. "Credit insurance and related services").

Marketing and strategy

Given the classification of this region's countries, the Group's strategy entails supporting the development of sales and growth by managing risks and focusing on developing the most profitable segments in specific countries.

The sales approach is based on targeted prospecting, by market and sector, with pricing and conditions adjusted to real risk profiles.

The Group's offer in this region is marketed by a combination of direct sales by its own sales teams and sales via its partners. In 2022, the region continued to develop its business information offering and focused on improving the customer experience in Credit Insurance. The strategy also consisted of diversifying the range of services, particularly through new information products for companies and the systematic cross-selling of information services to policyholders.

Group activities in the Asia-Pacific region

/ **AVAILABILITY OF THE GROUP'S OFFERING**

Key figures

The Group, which currently employs approximately 452 people in the Asia-Pacific region, generated turnover of €151.3 million in this region, accounting for 8.3% of its total turnover for the financial year ended December 31, 2022.

Classification of countries and offering

The Group has a direct presence in 14 markets: Australia, China, Hong Kong SAR, India, Indonesia, Japan, Malaysia, New Zealand, the Philippines, Singapore, South Korea, Taiwan, Thailand and Vietnam.

In terms of credit insurance, most countries in the region have high risk profiles – with the exception of Japan, South Korea, Singapore and Australia, which are economically mature markets.

The region offers business information and debt collection services. It also boasts a service centre in India which is used by the region and the Group for various back office and middle office services, including the processing of debtor information, the production of information reports and support for sales, IT and finance operations (see Section 1.3.1 "Credit insurance and related services").

Marketing and strategy

In Asia-Pacific, the Group distributes its products directly and through partnerships with insurers (fronters). The Group has branches with direct insurance licenses in Australia, Hong Kong SAR, Japan, New Zealand, Singapore and Taiwan, and has the largest partner network in the region, with 32 partners. Lastly, consistent with the Group's multi-channel strategy, the region has its own direct sales teams and also uses specialised brokers and banking partners to sell its offering.

The Group also has two specialist teams in the region – 'Japanese Solutions' and 'China Desk' – which provide international Japanese and Chinese companies with a single point of access to its services. In 2022, the Group also strengthened its organisation around the business information offering for non-insured segments.

1

1.5 GROUP STRATEGY

The Build to Lead – 2023 strategic plan launched in 2020 consolidated the successes of the Fit to Win plan by reinforcing Coface's expertise, synergies and agility. It aims to assert Coface's leadership in credit insurance by placing the client at the centre of the Coface strategy, while creating growth opportunities in adjacent activities offering significant synergies.

The Covid-19 health crisis and the resulting economic disruption confirm the importance of the ambitions of resilience, responsiveness in client service, and agility that are set out in the Build to Lead plan. These ambitions are upheld, while the priorities have been adjusted to take account of changes in the economic environment.

1.5.1 Ambitions and objectives of the Build to Lead strategic plan

The Build to Lead strategic plan aims to create the conditions for profitable and resilient long term growth for Coface. To do this, it relies on two guiding principles:

- strengthening the Group's leadership in the credit insurance market by placing its clients and partners at the heart of its strategy; and
- creating growth opportunities, in particular by developing adjacent activities that complement Coface's long-standing credit insurance business, for example information services, surety bonds, Single Risk coverage and factoring;

The Group will also continue to manage its capital more effectively so it can secure the resources needed to finance its growth.

As part of this plan, the Group is committed to four objectives throughout the cycle:

- return on average tangible equity (RoATE) of 9.5%;
- a combined ratio of 80%;
- a solvency ratio between 155% and 175%;
- a dividend payout target of at least 80% of net income.

1.5.2 Strengthening Coface's leadership in credit insurance

For Coface, being a leader is not a matter of size but of being the best in its field:

- in anticipating and managing risk;
- in providing effective solutions for its clients, meeting their needs as closely as possible.

This ambition has three priorities:

Continue to improve, simplify and digitalise the operating model

The Group is continuing to improve its operating model. This frees up time and energy to better meet client requirements, to stand apart for the quality of its service and to indirectly reduce its costs.

Improving quality of service and exceeding our clients' expectations

The Group is implementing service quality programmes to put the client at the centre of its actions. It is instilling a client-oriented mindset and practices drawing on exemplary executives and managers, training and incentives.

Simplifying products, operating processes and IT infrastructure

With its X-Liner product range (GlobaLiner, TradeLiner, EasyLiner and TopLiner), Coface offers simple, standardised and scalable solutions. Similarly, the Group is continuing to simplify and modernise its IT infrastructure and practices to improve efficiency and agility. It intends to improve its connectivity with its clients by developing application programming interfaces (APIs).

Putting innovation at the heart of our operations

Coface continues to innovate and is investing in data and technology to manage its risks, boost sales and improve operational efficiency.

Stand apart with its expertise in risk management and business information

Investing in risk management and information

This will increase the Group's resilience and reduce risk volatility. This expertise lies at the heart of Coface's value proposition and is a differentiating factor on the market.

Exploring the opportunities offered by new technologies

The digital revolution is significantly increasing the available sources of information and processing capacities. The Group is actively exploring the opportunities offered by new technologies to build sustainable leadership.

Aligning risk management and profitability through the partial internal model

Rolled out in 2021, the partial internal model enables:

- a dynamic allocation of capital based on anticipated losses for each exposure;
- better matching of the prices of our coverage with the corresponding risks thanks to more detailed risk management.

Create value through profitable growth

Coface wants to continue to achieve profitable growth by differentiating its approach by region and by client segment.

Tailoring the approach to specific markets

In "mature" markets where credit insurance has a high penetration rate and competition is intense, Coface invests in:

- maximising client retention;
- improving the operational efficiency of its sales forces; and
- coordinating its network of distribution partners.

In developed but 'under-penetrated' economies in terms of credit insurance, such as the United States or Japan, Coface aims to increase opportunities for contact with clients and prospects by adapting its offering and extending its distribution to different market segments.

In 'volatile risk' markets, the Group establishes a long term presence so it can seize profitable growth opportunities. To do this, Coface is reinforcing its knowledge of the local economic fabric, developing its local underwriting expertise and building long term relationships with local partners.

Segmenting the offering and marketing by type of client:

Coface adjusts its offer to the type of client:

- key accounts (CGS);
- mid-market customers;
- SMEs; and
- financial institutions.

The GlobaLiner offering for international groups provides standardised and scalable management of various policies around the world.

The TradeLiner offer for mid-market customers offers a standardised and scalable structure that meets the specific characteristics of different markets.

The EasyLiner offer for the SME segment includes easy-to-use digital client journeys and can be sold by partners, particularly banks.

The financial institutions segment is expanding particularly strongly, backed by dedicated sales and underwriting teams. Coface is expanding in this segment by strengthening relations with target financial institutions.

Strategic partnerships and external growth

Coface's global network is a major asset both in terms of risk management and in serving its clients abroad. Coface has continued its geographical expansion by stepping up its direct presence through acquisitions (Slovenia, Norway) and via partners.

The Group continues to seek out and develop strategic partnerships that allow it to diversify its client portfolio and strengthen its presence in regions where it sees growth potential and where it does not hold an operating licence.

1.5.3 Developing specialised adjacent activities that complement trade credit insurance

Coface wants to expand in adjacent activities that offer synergies with its trade credit insurance business and in which the Group has solid experience. This strategy aims to build up a portfolio of growth opportunities besides credit insurance and to diversify its risks. Coface has set aside capacity to finance this growth, possibly through external acquisitions.

Develop services, particularly through information services

Coface wants to draw on its strengths to develop a range of services offering synergies with credit insurance and with low capital requirements, in particular information about companies.

To do this, Coface intends to leverage the significant amount of data generated by its credit insurance business. Its constantly updated real time database covering 200 countries (600 people dedicated to collecting and entering data from external and internal sources) and its solid experience in data analysis and processing form the foundation of the Group's information services. Coface is investing in a comprehensive platform including access to data, a range of products focused on credit risk in the broad sense, systems for processing and delivering the offering, and dedicated sales teams. It is managing this expansion internally on high potential markets but does not rule out targeted acquisitions or partnerships.

Finalise the recovery of factoring

The Group offers factoring solutions in Germany and Poland. Coface has begun to restore growth to its business by expanding in high-potential and high-yield niches (particularly in international factoring and among investment funds).

Grow our surety bond, Single Risk and debt collection activities

Coface has established a client base in surety bonds and Single Risk coverage by leveraging its underwriting expertise and distribution capabilities. The Group plans to develop these activities in existing regions and enter new markets where it has existing strengths. A Group-wide department was created to accelerate growth and boost profitability. In addition, Coface continues to deploy its third-party debt collection business. To do this, it draws on its near global debt collection capabilities and its expertise in credit insurance.

1.5.4 A dynamic capital management model

The Group is constantly upgrading its business model to manage its capital more efficiently. Achieving an appropriate return on capital is a factor of long term competitiveness and a major driver of value creation for shareholders. The Solvency II prudential framework reinforces this focus on both regulatory and economic capital.

The Group's capital management policy meets two main objectives: maintaining the financial solidity provided to clients and financing its profitable growth. These targets are measured by its robust solvency ratio and a recurrent financial rating of at least A from the rating agencies.

At the same time, the Group has demonstrated its ability to use instruments that make its balance sheet more efficient (subordinated debt, share buyback programme). It also pursues an active strategy in terms of available reinsurance options.

Based on the partial internal model and stress tests performed during the own risk and solvency assessment (ORSA), the Group has established a comfort scale that was approved by the Board of Directors under the Build to Lead strategic plan. It aims to maintain a solvency ratio above 100% in the event of a crisis equivalent to that of 2008-2009, and takes into account the flexibility needed for its growth requirements.

A target coverage level of 165% with a comfort zone of between 155% and 175% is compatible with these targets over the period of the strategic plan.

The following chart shows the action plan to be implemented depending on where the Group's solvency ratio is positioned.

Coface comfort scale

Coface has also announced a policy of paying a dividend equal to or higher than 80% of net income, provided that its solvency remains in the target zone.

Coface was able to demonstrate its agility and resilience throughout 2022 in an uncertain economic environment. Strengthened by its corporate culture and a solid balance sheet, Coface is confidently continuing with the execution of its Build to Lead strategic plan, which is more relevant than ever.

1.6 GROUP ORGANISATION

The Group's organisation includes seven regions and functional departments. Each of the Group's seven regions is headed by a regional director who is a member of the Group Executive Committee.

This organisation, built on clearly defined responsibilities and transparent governance, aims to facilitate the implementation of the Group's strategic guidelines.

The organisational structure is based on:

- the Strategy and Development Department, headed by Thibault Surer, to which the Strategic Planning, Marketing & Innovation, Partnerships, Economic Research, Data Lab and Information teams report;
- the Commercial Underwriting Department, headed by Cyrille Charbonnel. This department comprises the Risk Underwriting, Claims & Collections and Recovery, and Commercial Underwriting Departments;
- the Commercial Department, led by Nicolas Garcia;
- the Audit Department, led by Nicolas Stachowiak;
- the Finance and Risk Department, headed by Phalla Gervais;
- the General Secretariat, led by Carole Lytton, which includes the Legal, Human Resources, Compliance and Communications Departments;
- the Business Technologies Department, headed by Keyvan Shamsa;
- the Operations Department, headed by Declan Daly.

Within the key functions (risk, actuarial, compliance and audit), the links between the head office and the regional departments are hierarchical in nature, in order to strengthen the coherence of the orientations of these functions at the level of the whole Group, and to ensure the independence of the proper execution of control activities. For other functions, functional ties are organised according to the principle of a strong matrix organisational structure.

The organisational chart below shows the executive organisation of Coface at December 31, 2022:

1.6.1 Strategy and Development Department

Led by Thibault Surer, the scope of this department includes:

- Strategic Planning, which is in charge of strategic planning, strategic research and the Group's development through external growth;
- Marketing & Innovation, which analyses competition (market studies), determines client segmentation, defines the Group's product and service offering and pricing, and leads the innovation/digitalisation strategy as well as projects in this area;
- the Partnership Department, in charge of developing and setting up new distribution and fronting agreements;
- Economic Research, which performs analysis and publishes macroeconomic research;
- the Data Lab, in charge of supporting modelling, innovation and digital transformation projects;
- Information, which aims to develop information services. It is tasked primarily with selecting and coordinating information providers and service centres to supply the databases used by risk underwriting teams.

1.6.2 Commercial Underwriting Department

Led by Cyrille Charbonnel, this department includes Commercial Underwriting, Claims & Collections and Recovery, Risk Underwriting, Risk Portfolio Management, and Special Risk Underwriting:

- Commercial Underwriting examines business decisions requiring head office approval and sets underwriting standards in contractual matters;
- Claims & Collections and Recovery is in charge of indemnification and debt collection procedures;
- Risk Underwriting defines and controls the credit risk underwriting policy and monitors its application. Specifically, it oversees the largest outstanding amounts, as well as the most at risk, and analyses the monthly reports on credit risk activity for the Group as a whole. In addition, it underwrites major risks and coordinates risk underwriting centres in the Group's seven regions;
- Risk Portfolio Management is in charge of analysing the effectiveness of risk management and implementing the measures necessary for its improvement, and is responsible for enhanced information (individual analyses of buyers) destined for risk underwriting;
- the Commercial Underwriting Department is supplemented by two offices responsible for monitoring specific risks: Single and Political Risk, and business conducted with financial institutions.

1.6.3 Commercial Department

Led by Nicolas Garcia, this department is tasked with structuring, organising and coordinating the Group's commercial activity. Its responsibilities extend to indirect and direct distribution networks and the client portfolio in our three segments: key accounts (CGS), mid-market (segment A, B and C) and financial institutions. This department includes:

- Mid-market and sales operations, which mainly coordinates mid-market sales (segments A, B and C), monitors sales and the Group's tools used by the Commercial Department (invoicing, contract management and reporting tools, etc.);
- Brokerage, in charge of structuring, the brokered sales strategy for all client segments, and coordinating the main international brokerage firms at Group level;
- Financial Institutions, in charge of implementing the strategy, sales and sales teams dedicated to this segment;
- Global Solutions, devoted to international key accounts, which handles strategy, the coordination and management of sales teams and quality of service in this segment.

1.6.4 Audit Department

Led by Nicolas Stachowiak, this department is in charge of internal audit function. In particular, it performs three levels of periodic controls in accordance with Solvency II requirements, and reports directly to the CEO, according to an audit plan approved by the Board of Directors.

1.6.5 Finance and Risk Department

Led by Phalla Gervais, this department, working with all the Group's operational departments and entities, is tasked with steering and monitoring the Group's financial performance in all the countries in which it does business.

It is responsible for:

a) accounting and taxation;

b) the publication of regulatory statements;

c) financial communications, investor relations and relations with rating agencies;

d) the establishment of balance sheet protection measures (particularly for reinsurance);

e) asset management, Group funding and purchasing.

In accordance with the new rules governing the insurance sector and the banking system, the actuarial function has been separated from the Risk Department and reports directly to Phalla Gervais:

- the Risk Department is in charge of supporting general management to ensure the Group's long term solvency and profitability, and of monitoring compliance with the requirements laid down by the Solvency II Directive. It includes the risk management and internal control functions as described in the Solvency II Directive;
- the Actuarial Department is responsible for analysing and processing the financial impacts of risk, and pricing, among other duties. It works on solvency modelling and provisioning under Solvency II (internal model).

1.6.6 General Secretariat

Led by Carole Lytton, the general secretariat includes the following functions:

- the Legal function, which advises all Group entities and defends the Group's interests with respect to third parties. It handles all aspects of the company's life and activity, with the exception of tax and employment law issues. The Legal Department, with the support of its network of correspondents in the Group's various regions, is in charge of the legal and regulatory watch, the compliance of insurance policies and of all products sold by the company with laws in France and abroad, and contracts with suppliers. It advises the departments in charge of compensation and participates in partnerships and acquisitions. The Legal Department is also responsible for the good governance of the Group's companies. As such, it acts as secretary of the board for French companies. The General Secretary is secretary of the Board of Directors of COFACE SA;
- the compliance function, which ensures the Group observes all the rules governing its activities in France and abroad; it sets rules governing the company's activities in terms of international sanctions, anti-money laundering, anti-corruption and personal data protection; it ensures compliance with the rules that govern the issuing of licences held by Group entities; it is responsible for the dissemination of these rules and their understanding by all employees, for the definition of level one compliance controls and the implementation of level two controls throughout the Group;
- Human Resources, which is in charge of providing change management support to general management and all employees. It manages human resources procedures and policies, and implements initiatives for talent and skills development, compensation and performance management;
- Communications, which defines and implements the Group's internal and external communications strategy, both in France and abroad. For internal communications, the teams contribute to change management and to furthering employees' understanding of the Group's strategy. For external communications, the teams are responsible for developing the Group's brand awareness and protecting its reputation. It carries out this task in liaison with general management;
- CSR, which implements applicable legislation, defines the company's strategy and submits it to the Board of Directors. It is also in charge of training employees on CSR issues and promoting knowledge within the company. It works with the support of other functions that are highly involved in this area, such as the Group Human Resources Department, the Group Compliance Department, the Finance and Risk Department and coordinates their work.

1.6.7 Business Technologies

Led by Keyvan Shamsa, this department has four units:

- a cross-business unit in charge of IT administration, architecture, data management, the deployment and management of the Group's shared IT resources, and security;
- a functional unit covering the Coface businesses, which conducts impact studies and supports the implementation of various IT projects for the Group and users;
- a unit in charge of infrastructure and operations;
- an international unit comprising the seven regions and providing coordination and consistency between the business, Business Technology matters and the regions.

1

1.6.8 Operations Department

Led by Declan Daly, this department is responsible for managing the client service and operational excellence programme as part of the Build to Lead strategy. It focuses on improving the client experience and implementing more efficient business processes. It is responsible for:

- the strategy and establishment of shared service centres;
- the client experience and business process management;
- the Transformation office, whose main responsibilities include the project portfolio, the operational management of major strategic projects related to the Build to Lead plan, Coface's transformation programme and change management;
- the implementation of the digitisation programme.

1.7 INFORMATION SYSTEMS AND PROCESSES

1.7.1 General introduction

The use of efficient, reliable and secure information systems is a major challenge for the Group in the context of its commercial offerings; the digital experience provided to its clients through its products and services is an important development focus. It is also equally important for its management, reporting and internal control procedures, since it provides a global perspective on the Group's activities, the completion of its strategic plans and its development, the management of its risks, and the follow-up given to internal and external audit report recommendations.

In recent years, the Group has focused on aligning its information systems with its strategic objectives, and modernising, unifying and securing its business data. This approach has continued under the new strategic plan, which affords great importance to the streamlining of processes and the automation of information systems. In accordance with its disaster recovery plan (DRP), all servers worldwide are hosted in two external data centres located in the Paris region in France, which will soon be supplemented with a third cold data storage solution. All data are backed up on a private cloud. These two sites combine the Group's information system equipment (servers, storage, backups, network and telecommunications equipment, security, etc.). In the event of a failure at one of these two sites, the other takes over in a completely transparent manner for all users. The "information systems" component of the DRP is tested twice a year.

The Group has chosen to ensure a high level of expertise and quality in data management, and has chosen open information systems, which allow it to keep abreast of the technological developments needed for its activities, through a range of applications consisting of internally developed applications and software packages.

Furthermore, the Group's information systems follow a quality process based on the ITIL (Information Technology Infrastructure Library) standard. Its development teams apply agile methods and an active certification process. As such, the Coface Group's information systems have been ISO 9001 certified since 2000 [(1)].

Overall, thanks to this new architecture, maintenance costs have fallen and security and the assurance of business continuity have improved. The Group is committed to investing in its information systems, particularly to support its commercial and innovation strategy, while also controlling related expenses and investments.

With the pandemic, information systems now extend to staff members' homes. In accordance with the business continuity plan (BCP), the Group has strengthened its resources to maintain the required level of security and availability outside the company's premises. This period was also an opportunity for criminals to develop their activities. The Group therefore decided to strengthen its security by increasing the resources allocated to both human and technical security. Processes were reviewed to ensure that security is taken into account, existing solutions were improved, and new ones have been added. This work has already proven effective in countering these ever-increasing attacks.

The Group has scaled operational infrastructure to deal with crisis situations such as Covid-19 and more generally to support the company with a mixed office/remote working model.

(1) ISO: founded in 1947, ISO (International Organisation for Standardisation) is the world's leading producer of voluntary international standards in almost all technological and economic domains. These standards establish quality specifications that are applicable to products, services and best practices in order to boost efficiency in all sectors of the economy.

1.7.2 Group applications and tools

The main applications and operational tools directly linked to the services the Group provides to its clients, and referred to in this Universal Registration Document, are described below.

APPLICATIONS	DESCRIPTION
ATLAS	ATLAS is the IT underwriting tool for the credit insurance business and for the risk underwriting management of all the Group's businesses, for all of its entities and a number of partners of the Coface Partner network. ATLAS incorporates all functions necessary for commercial underwriting and monitoring (receipt of coverage requests, automatic or manual underwriting, management and follow-up of the risk covered, as well as outstanding amounts and portfolios). It offers comprehensive management of debtor risks: the various risks are integrated, and outstanding amounts are managed and viewable. The quality of Group-level reporting and control procedures is thereby improved. This tool, which is accessible 24 hours a day, 7 days a week (excluding scheduled maintenance periods), contains access to information on more than 70 million businesses worldwide, thereby allowing a quick answer to any initial request for a credit limit. In addition, this tool offers an integrated view of the information contained in the Group's main risk analysis tools (ATLAS, EASY, ATLAS-INFO, WORKLIST, CUBE) and a link to these applications from a single portal.
COP (IMX) (Collection Overview Platform)	IMX is used by the Group for its debt management and collection and unpaid invoice management activities. It combines all tasks and reminders relating to a specific case and facilitates the communication and sharing of information among the Group's entities. This tool simplifies and harmonises the underlying processes and improves the accuracy of the data shared with clients around the world.
EASY	EASY is a centralised Group database and software tool which allows companies to be identified, regardless of their location in the world. It is linked to all Group applications which require access to such data, notably enabling users to: ● search and identify debtors; ● continuously manage the content and quality of information in the database (history of modifications); ● duplicate files and standardise data; ● cross-check debtors against anti-money laundering lists published by international institutions.
CofaNet	CofaNet is a secure online information flow management platform for the Group's policyholders. Using this platform, each policyholder can, in a few seconds, identify its debtors, check its covered receivables, declare claims, and track the indemnification of unpaid receivables. The platform also offers key services for the Group's various business lines. The version that had been in place since 2017 was completely revamped in 2020 to provide policyholders with optimised interfaces and pathways for a smoother and more intuitive browsing experience.
ICON	ICON (Information on Companies ONline) is an information services web platform that is also available to clients and partners via web-service interfaces (APIs). It is a multi-language, multi-currency tool available 24 hours a day, 7 days a week and gives instant access to information on any type of business in 195 countries. With ICON users can search for a company and receive information in different formats: ● information reports; ● credit scores; ● credit opinions; ● follow-up and monitoring. Other features, such as risk analysis on more than 160 countries and the main sectors of the economy, are also available.
Other Group tools	The Group also provides other IT tools used for its various businesses, such as NAVIGA for surety bond management, SONATA for Single Risk management, and MAGELLAN for factoring. INVOICING, an invoicing tool, and iNCA, a claims and collections management tool, are deployed in the Northern Europe and Central Europe regions and will be extended to the other regions of the world under the strategic plan. In addition, CofaServe, a set of APIs for policyholders and their brokers, puts credit insurance services at the heart of the information systems of both the client company and its broker.

1.8 THE GROUP'S REGULATORY ENVIRONMENT

The Group is governed by specific regulations in each of the countries in which it operates its insurance or factoring activities, either directly, or through branches, subsidiaries or partnerships. In some jurisdictions, the activity of business information and/or debt collection may also be regulated.

1.8.1 Credit insurance activities

General rules on oversight and control of the Group's activities

The French Insurance Code (*Code des Assurances*), notably in Book III thereof, provides that an insurance company holding an authorisation from a Member State that allows it to perform its activities in one or more classes of insurance, may exercise these same activities, directly or through branch offices, under the European passport.

As an insurance company, Compagnie française d'assurance pour le commerce extérieur is subject to the provisions of the French Insurance Code and European Union regulations, in particular Solvency II. The Company and its branches in the European Union are placed under the supervision of the Autorité de contrôle prudentiel et de résolution (ACPR), an independent administrative authority. It ensures that insurance undertakings are always able to meet their commitments to their policyholders through the application of appropriate internal policies and a sufficient level of own funds. In this respect, level two controls have been put in place since 2008. They mainly relate to:

- regulatory licences and authorisations;
- compliance with personal data protection regulations;
- the implementation of procedures to guarantee the confidentiality of data;
- governance rules;
- compliance with anti-money laundering and counter-terrorist financing legislation;
- the Know Your Customer obligations incumbent on insurance companies; and
- the effectiveness of reporting procedures.

The Company, as a holding company for an insurance group, is likewise subject to the ACPR's additional oversight as concerns compliance with the solvency standards (see Section 5.2.2 "Financial Risks").

In accordance with Articles L.322-4 and R.322-11-1 to R.322-11-3 of the French Insurance Code, any party, acting alone or in concert, that intends to increase or decrease its interest, directly or indirectly, in the share capital of the Company or Compagnie française d'assurance pour le commerce extérieur, such that the voting rights held by that party (or parties, in the case of a disposal or extension of interest made in concert) would go above or below the threshold of one tenth, one fifth, one third or one half of the voting rights in the Company or in Compagnie française d'assurance pour le commerce extérieur, is required to inform the ACPR of such plan and obtain its approval in advance. Pursuant to Article L.561-2 of the French Monetary and Financial Code, Compagnie française d'assurance pour le commerce extérieur is subject to the legislative mechanism relating to combating money laundering and the financing of terrorism. The current mechanism, codified under Title Six, Book V of the French Monetary and Financial Code, includes oversight of any practices whereby third parties would use insurance operations to engage in corruption or to reintroduce the proceeds of criminal offences into the legal economy. Transactions likely to be the result of an act of corruption, money laundering, or terrorism financing are analysed and, where applicable, result in a suspicious transaction report to TRACFIN (the French financial intelligence unit), which is the competent authority for these matters in France.

Following the entry into force in 2017 of the french law of December 9, 2016 on transparency, anti-corruption and the modernisation of economic life, known as the Sapin II law, the Group reviewed its internal procedures in order to verify their legal and regulatory compliance.

Prudential regime for insurance companies

The prudential regime for insurance companies, which applies to the Company as an insurance group as defined in Article L.356-1 5 of the French Insurance Code, comprises two aspects which govern their operation: a financial component on the one hand, and an accounting component on the other. The companies of the Group operating outside of the European Union are likewise subject to a prudential regime.

Financial aspect of the prudential regime for insurance companies

The regulations derived (i) from Directive No. 2009/138/EC of the European Parliament and of the Council of November 25, 2009 on the taking-up and pursuit of the business of insurance and reinsurance, transposed by ordinance and decree into the French Insurance Code in April and May 2015, and (ii) from its implementing texts, including the delegated regulations of the European Commission ("the Commission"), notably delegated Regulation (EU) 2015/35 supplementing the aforementioned directive, came into force on January 1, 2016 (together "Solvency II").

The aim of Solvency II is, in particular, to achieve better understanding of insurers' risks, and create a common system for all European Union members (see Section 5.2.2 "Financial risks").

In this context, Solvency II sets out rules relating to:

- the valuation of assets and liabilities;
- technical provisions;
- own funds;
- the Solvency Capital Requirement;
- the minimum capital requirement; and

- the investment rules that must be applied by insurance companies.

In this regard, the insurance entities located in the European Union are branches of the Company. This makes it possible to pool all these entities' assets and to leave only the minimum amount of cash required for operational requirements at the local level.

In other countries, regardless of the legal status of the entity concerned, the Group must comply with local regulations. To that end, the entities hold their asset portfolios and their cash locally in order to meet the asset-liability management and solvency requirements set by local regulators.

Accounting aspect of the prudential regime for insurance companies

In addition to the general accounting obligations enacted by Articles L.123-12 *et seq.* of the French Commercial Code, the Group is subject to specific accounting rules for insurance companies, which have been codified under Title IV, Book III of the French Insurance Code. In fact, the inversion of the production cycle that is specific to insurance activities, *i.e.* the fact of providing services with an actual cost that will only be known after the fact, justifies the existence of specific accounting rules for the companies that conduct these activities.

The Group's consolidated financial statements are prepared in application of IFRS rules including IFRS 4, phase 1. This standard requires that the references used for insurance contracts as defined by IFRS be a recognised set of accounting guidelines. The Group has thus adopted the French principles to show the accounting of the insurance contracts. The provision for equalisation is not accepted under IFRS, and was thus eliminated in the IFRS financial statements. Furthermore, the Group must apply IFRS 4, paragraph 14, and specifically proceed to conduct liability adequacy tests.

IFRS 4 on insurance contracts will be replaced by IFRS 17 on January 1, 2023. In addition, IFRS 9 on financial instruments traded on spot or derivatives markets will be applicable to insurance holding companies on January 1, 2023.

Regulations applicable to credit insurance policies signed by the Group

The policies issued in each of the countries where it is present comply with the corresponding country's regulations. In France, credit insurance policies issued by Coface are not subject to the provisions of the French Insurance Code but to those of the common law of contracts – with the exception of the provisions of Articles L.111-6 (major risks), L.112-2 (pre-contractual information), L.112-4 (content of insurance policies), L.112-7 (information to be provided when operating under the freedom to provide services) and L.113-4-1 (explanation due to the policyholder by the credit insurer upon termination of cover) of the French Insurance Code.

1.8.2 Factoring activities in Germany and Poland

Factoring is regulated as a financial service (and not as a banking activity) by the German banking law and is defined as the ongoing acquisition of receivables based on a master agreement, with or without recourse against the ceding company. As a financial service, as defined in German banking law, the factoring business is regulated and subject to oversight by the two German financial regulation authorities, the Deutsche Bundesbank and BaFin (the Federal Financial Supervisory Authority), which notably requires authorisation to conduct such activities.

In Poland, factoring activities that are performed within the context of the local Civil law scheme on the transfer of receivables are not specifically supervised, with the caveat that they are subject to Polish anti-money laundering regulations.

The law and regulations applicable to the Group's factoring activities in Germany and Poland do not impose any quantitative requirements in terms of regulatory capital or liquidity. At the Group level, regulatory capital requirements are calculated in accordance with the Basel regulations applicable to banking activities (see Section 3.4.2 "Group Solvency").

1.8.3 Business information and debt collection activities

Information and debt collection activities may be subject to specific regulation in some countries (*e.g.* Denmark, South Korea, etc.) and require a licence to carry out the activity or a declaration of the activity to the relevant local authority. Local legislation may regulate the exercise of these activities.

It should be noted that in terms of debt collection, although there is a restrictive framework, it mainly concerns the activity of collecting debts from private individuals and is not applicable to the collection of commercial debts or only partially.

BOARD OF DIRECTORS

STRUCTURE AND OPERATION

10

DIRECTORS

60%

INDEPENDENT DIRECTORS

50%

WOMEN DIRECTORS

95%

AVERAGE ATTENDANCE RATE
AT BOARD MEETINGS