4

FINANCIAL ITEMS

4.1 CONSOLIDATED FINANCIAL STATEMENTS

4.1.1 Consolidated balance sheet

Asset

(in thousands of euros)	NOTES	DEC. 31, 2022	DEC. 31, 2021
Intangible assets		**238,835**	**229,951**
Goodwill	1	155,960	155,529
Other intangible assets	2	82,876	74,423
Insurance business investments	**3**	**3,021,805**	**3,219,430**
Investment property	3	288	288
Held-to-maturity securities	3	1,842	1,833
Available-for-sale securities	3	2,902,405	3,115,154
Trading securities	3	26	15
Derivatives	3	10,330	10,458
Loans and receivables	3	106,914	91,683
Receivables arising from banking activities	**4**	**2,906,639**	**2,690,125**
Reinsurers' share of insurance liabilities	**17**	**508,881**	**512,187**
Other assets		**1,220,666**	**1,024,871**
Buildings used for operations purposes and other property, plant and equipment	6	94,613	105,809
Deferred acquisition costs	8	46,427	38,900
Deferred tax assets	19	88,755	58,345
Receivables arising from insurance and reinsurance operations	7	664,460	511,038
Trade receivables arising from service activities	8	50,062	59,489
Current tax receivables	8	66,612	75,682
Other receivables	8	209,736	175,609
Cash and cash equivalents	9	553,786	362,441
TOTAL ASSETS		**8,450,613**	**8,039,006**

Liability

(in thousands of euros)	NOTES	DEC. 31, 2022	DEC. 31, 2021
Equity attributable to owners of the parent		**1,960,465**	**2,141,041**
Share capital	10	300,360	300,360
Additional paid-in capital		723,501	810,420
Retained earnings		742,270	644,807
Other comprehensive income		(88,773)	161,638
Consolidated net income of the year		283,107	223,817
Non-controlling interests		**1,746**	**309**
Total equity		**1,962,211**	**2,141,351**
Provisions for liabilities and charges	**13**	**68,662**	**85,748**
Financing liabilities	**15**	**534,280**	**390,553**
Lease liabilities	**16**	**74,622**	**81,930**
Liabilities relating to insurance contracts	**17**	**2,056,267**	**1,859,059**
Payables arising from banking activities	**18**	**2,927,389**	**2,698,525**
Amounts due to banking sector companies	18	743,230	822,962
Amounts due to customers of banking sector companies	18	389,300	376,788
Debt securities	18	1,794,858	1,498,775
Other liabilities		**827,180**	**781,841**
Deferred tax liabilities	19	105,142	120,326
Payables arising from insurance and reinsurance operations	20	318,810	286,583
Current taxes payables	21	61,681	80,712
Derivatives	21	222	3,480
Other payables	21	341,326	290,739
TOTAL EQUITY AND LIABILITIES	**21**	**8,450,613**	**8,039,006**

4.1.2 Consolidated income statement

(in thousands of euros)	NOTES	DEC. 31, 2022	DEC. 31, 2021
Gross written premiums		*1,698,270*	*1,462,424*
Premium refunds		*(142,109)*	*(121,336)*
Net change in unearned premium provisions		*(28,697)*	*(28,451)*
Earned premiums	**22**	**1,527,464**	**1,312,637**
Fee and commission income		*158,582*	*140,691*
Net income from banking activities		*70,414*	*64,400*
Income from services activities		*55,510*	*50,130*
Other revenue	**22**	**284,506**	**255,221**
Revenue		**1,811,970**	**1,567,858**
Claims expenses	**23**	**(476,779)**	**(280,456)**
Policy acquisition costs	*24*	*(304,747)*	*(259,317)*
Administrative costs	*24*	*(314,460)*	*(270,990)*
Other insurance activity expenses	*24*	*(69,824)*	*(66,243)*
Expenses from banking activities, excluding cost of risk	*24/25*	*(14,331)*	*(13,103)*
Expenses from services activities	*24*	*(102,998)*	*(89,674)*
Operating expenses	**24**	**(806,361)**	**(699,327)**
Risk cost	**25**	**308**	**76**
UNDERWRITING INCOME BEFORE REINSURANCE		**529,138**	**588,150**
Income and expenses from ceded reinsurance	26	(146,610)	(314,288)
UNDERWRITING INCOME AFTER REINSURANCE		**382,529**	**273,862**
Investment income, net of management expenses (excluding finance costs)	27	40,105	42,177
CURRENT OPERATING INCOME		**422,634**	**316,039**
Other operating income and expenses	28	(9,116)	(3,177)
OPERATING INCOME		**413,518**	**312,862**
Finance costs		(29,605)	(21,477)
Share in net income of associates		0	0
Badwill		0	0
Income tax expense	29	(100,561)	(67,511)
CONSOLIDATED NET INCOME BEFORE NON-CONTROLLING INTERESTS		**283,352**	**223,874**
Non-controlling interests		(244)	(57)
NET INCOME FOR THE YEAR		**283,107**	**223,817**
Earnings per share (€)	31	1.90	1.50
Diluted earnings per share (€)	31	1.90	1.50

4.1.3 Consolidated statement of comprehensive income

(in thousands of euros)	NOTES	DECEMBER 31, 2022	DECEMBER 31, 2021
Net income of the period		**283,107**	**223,817**
Non-controlling interests		244	57
Other comprehensive income			
Currency translation differences reclassifiable to income		**5,170**	**4,956**
Reclassified to income		*0*	*0*
Recognised in equity		*5,170*	*4,956*
Fair value adjustments on available-for-sale financial assets	**3; 12; 19**	**(264,947)**	**10,252**
Recognised in equity – reclassifiable to income – gross		*(310,341)*	*23,488*
Recognised in equity – reclassifiable to income – tax effect		*54,626*	*(5,873)*
Reclassified to income – gross		*(12,861)*	*(9,185)*
Reclassified to income – tax effect		*3,629*	*1,822*
Fair value adjustments on employee benefit obligations	**3; 12; 19**	**9,310**	**1,622**
Recognised in equity – not reclassifiable to income – gross		*13,015*	*2,349*
Recognised in equity – not reclassifiable to income – tax effect		*(3,705)*	*(727)*
Other comprehensive income of the period, net of tax		**(250,467)**	**16,830**
TOTAL COMPREHENSIVE INCOME OF THE PERIOD		**32,884**	**240,704**
• attributable to owners of the parent		32,697	240,648
• attributable to non-controlling interests		187	56

4.1.4 Statement of changes in equity

(in thousands of euros)	NOTES	SHARE CAPITAL	PREMIUMS	CONSOLIDATED RESERVES	TREASURY SHARES
Equity at December 31, 2020		**304,064**	**810,420**	**671,939**	**(15,822)**
2020 net income to be appropriated				82,900	
Payment of 2020 dividends in 2021				(81,976)	
Total transactions with owners		**0**	**0**	**924**	**0**
December 31, 2021 net income					
Fair value adjustments on available-for-sale financial assets recognized in equity					
Fair value adjustments on available-for-sale financial assets reclassified to income statement					
Change in actuarial gains and losses (IAS 19R)					
Currency translation differences					
Cancellation of COFACE SA shares		(3,704)		(11,298)	
Treasury shares elimination					103
Free share plans expenses				465	
Transactions with shareholders and others				(1,504)	
Equity at December 31, 2021		**300,360**	**810,420**	**660,526**	**(15,719)**
2021 net income to be appropriated				223,817	
Payment of 2021 dividends in 2022			(86,868)	(137,161)	
Total transactions with owners		**0**	**(86,868)**	**86,656**	**0**
December 31, 2022 net income					
Fair value adjustments on available-for-sale financial assets recognized in equity	3; 12; 14; 19				
Fair value adjustments on available-for-sale financial assets reclassified to income statement	3; 12; 14; 19				
Change in actuarial gains and losses (IAS 19R)					
Currency translation differences					
Cancellation of COFACE SA shares				0	
Treasury shares elimination					(3,430)
Free share plans expenses				2,203	
Transactions with shareholders and others			(51)	12,035	
EQUITY AT DECEMBER 31, 2022		**300,360**	**723,501**	**761,421**	**(19,149)**

OTHER COMPREHENSIVE INCOME						
FOREIGN CURRENCY TRANSLATION RESERVE	RECLASSIFIABLE REVALUATION RESERVES	NON-RECLASSIFIABLE REVALUATION RESERVES	NET INCOME FOR THE PERIOD	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	NON-CONTROLLING INTERESTS	TOTAL EQUITY
(33,560)	**202,482**	**(24,115)**	**82,900**	**1,998,308**	**267**	**1,998,575**
			(82,900)			
				(81,976)	4	(81,980)
0	**0**	**0**	**(82,900)**	**(81,976)**	**(4)**	**(81980)**
			223,817	223,817	57	223,874
	17,106			17,106	1	17,107
	(7,363)			(7,363)	0	(7,363)
		1,622		1,622		1,622
4,958				4,958	(2)	4,956
				(15,002)		(15,002)
				103		103
				465		465
	508			(996)	(10)	(1,006)
(28,602)	**212,733**	**(22,493)**	**223,817**	**2,141,042**	**309**	**2,141,351**
			(223,817)			
				(224,029)	14	(224,043)
0	**0**	**0**	**(223,817)**	**(224,029)**	**(14)**	**(224,043)**
			283,107	283,107	244	283,351
	(255,684)			(255,684)	(32)	(255,716)
	(9,233)			(9,233)	0	(9,233)
		9,310		9,310		9,310
5,195				5,195	(25)	5,170
				(3,430)		(3,430)
				2,203		2,203
				11,984		13,248
(23,407)	**(52,184)**	**(13,183)**	**283,107**	**1,960,466**	**1,746**	**1,962,211**

4.1.5 Consolidated statement of cash flows

(in thousands of euros)	DEC.31, 2022	DEC.31, 2021
Net income for the period	**283,107**	**223,817**
Non-controlling interests	244	57
Income tax expense	100,561	67,511
Finance costs	29,605	21,477
Operating income (A)	**413,518**	**312,862**
+/- Depreciation, amortization and impairment losses	37,826	30,153
+/- Net additions to/reversals from technical provisions	189,509	106,475
+/- Unrealized foreign exchange income/loss	(17,082)	13,499
+/- Non-cash items	(33,311)	24,219
Total non-cash items (B)	***176,942***	***174,347***
Gross cash flows from operations (C) = (A) + (B)	***590,460***	***487,208***
Change in operating receivables and payables	(57,964)	(90,077)
Net taxes paid	(95,610)	(87,081)
Net cash related to operating activities (D)	***(153,575)***	***(177,157)***
Increase (decrease) in receivables arising from factoring operations	(224,891)	(366,695)
Increase (decrease) in payables arising from factoring operations	308,595	92,618
Increase (decrease) in factoring liabilities	(71,397)	290,984
Net cash generated from banking and factoring operations (E)	***12,307***	***16,907***
Net cash generated from operating activities (F) = (C + D + E)	**449,193**	**326,958**
Acquisitions of investments	(1,550,398)	(892,110)
Disposals of investments	1,449,816	693,32
Net cash used in movements in investments (G)	***(100,581)***	***(198,789)***
Acquisitions of consolidated subsidiaries, net of cash acquired	5,414	7,285
Disposals of consolidated companies, net of cash transferred	(0)	(0)
Net cash used in changes in scope of consolidation (H)	***5,414***	***7,285***
Acquisitions of property, plant and equipment and intangible assets	(32,241)	(17,166)
Disposals of property, plant and equipment and intangible assets	3,007	728
Net cash generated from (used in) acquisitions and disposals of property, plant and equipment and intangible assets (I)	***(29,234)***	***(16,438)***
Net cash used in investing activities (J) = (G + H + I)	**(124,401)**	**(207,942)**
Proceeds from the issue of equity instruments	(0)	(0)
Treasury share transactions	(3,430)	(14,886)
Dividends paid to owners of the parent	(224,029)	(81,976)
Dividends paid to non-controlling interests	(15)	(4)
Cash flows related to transactions with owners	***(227,474)***	***(96,866)***
Proceeds from the issue of debt instruments	297,012	(0)
Cash used in the redemption of debt instruments	(162,164)	0
Lease liabilities variations	(17,591)	(16,762)
Interests paid	(32,478)	(20,732)
Cash flows related to the financing of Group operations	***84,780***	***37,494***
Net cash generated from (used in) financing activities (K)	**(142,694)**	**(134,360)**
Impact of changes in exchange rates on cash and cash equivalents (L)	**9,248**	**(23,187)**
NET INCREASE IN CASH AND CASH EQUIVALENTS (F + J + K + L)	**191,345**	**(38,528)**
Net cash generated from operating activities (F)	449,193	326,958
Net cash used in investing activities (J)	(124,401)	(207,942)
Net cash generated from (used in) financing activities (K)	(142,694)	(134,360)
Impact of changes in exchange rates on cash and cash equivalents (L)	9,248	(23,187)
Cash and cash equivalents at beginning of period	**362,441**	**400,969**
Cash and cash equivalents at end of period	**553,786**	**362,441**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**191,345**	**(38,528)**

4.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS

BASIS OF PREPARATION

These IFRS consolidated financial statements of the Coface Group as at December 31, 2022 are established in accordance with the International Financial Reporting Standards (IFRS) as published by the IASB and as adopted by the European Union [(1)]. They are detailed in the note "Accounting principles".

The balance sheet is presented with comparative financial information at December 31, 2021. The income statement is presented with comparative financial information at December 31, 2021.

These IFRS consolidated financial statements for the year ended December 31, 2022 were reviewed by the Coface Group's Board of Directors on February 16, 2023.

SIGNIFICANT EVENTS

Governance evolution

In the Board of Directors

On May 17, 2022, during the Combined General Meeting, Laetitia Léonard-Reuter and Laurent Musy have been elected as independent directors for a term of four years. These appointments follow the expiration of the terms of office of Olivier Zarrouati and Éric Hémar, respectively.

Thus, at the close of the General Meeting, the Board of Directors is composed of ten members, five women and five men, the majority (six) of whom are independent directors.

In the Executive Committee

On May 2, 2022, Hugh Burke has been appointed as the CEO of Coface Asia-Pacific region, effective on April 1, 2022. He joins the Group Executive Committee and reports to Xavier Durand, Coface CEO. He takes over from Bhupesh Gupta.

On September 8, 2022, Matthieu Garnier, Group Information Services Director, joined the Group Executive Committee and will continue to report to Thibault Surer, Group Strategy & Development Director. This decision is part of our strategy to develop information services, one of the major pillars of our Build to Lead plan.

Natixis announces the sale of its residual stake in COFACE SA

On January 6, 2022, Natixis announced the sale of its remaining interest in COFACE SA. This sale represented approximately 10.04% of COFACE SA's share capital, or 15,078,095 shares. It was carried out by way of an ABB (accelerated book-building) at an average price of €11.55. Following this transaction, Natixis no longer held any shares in COFACE SA.

Anticipated impacts of the Ukraine crisis

The invasion of Ukraine by Russia on February 24, 2022 has triggered a war in Europe for the first time since the Second World War. This armed conflict and the numerous economic sanctions taken against Russia had serious economic, financial an inflationary consequences for the whole world.

In this context, Coface has adjusted its assessments of Russian, Belarusian and Ukrainian risks and reduced its exposure to these countries during 2022. The Group continues to monitor closely the situation on a daily basis and is constantly adjusting its underwriting policy to ensure compliance with international sanctions.

To date, and subject to any changes in the situation, this serious crisis has greatly increased uncertainty and volatility due to its multi-sector and multi-geographical impact.

Coface is not directly exposed to the countries in conflict through its investment portfolio.

Coface Russia Insurance's earned premiums will amount to €11.6 million in 2022 (*vs.* €12.5 million in 2021, *i.e.* 1% of the Group total) and this subsidiary contributed €25.8 million to the Group's total balance sheet in 2022 (*i.e.* 0.3% of the consolidated total balance sheet). Losses related to this conflict have increased but remain limited at the Group level.

The Group's exposure to Russian debtors has decreased from just under 1% of total exposure to 0.1% as at December 31, 2022.

Financial and non-financial rating agency

AM Best affirms Coface's main operating subsidiaries rating at A (Excellent) with a stable outlook

On April 7, 2022, the rating agency AM Best affirmed the A (Excellent) Insurer Financial Strength – IFS rating of Compagnie française d'assurance pour le commerce extérieur (la Compagnie), Coface North America Insurance Company (CNAIC) and Coface Re. The outlook for these ratings remain "stable".

MSCI upgrades COFACE SA's rating from AA to AAA.

On July 14, 2022, COFACE SA's rating was upgraded to "AAA" by the extra-financial rating agency MSCI, which analyzes the environmental, social and governance (ESG) practices of thousands of companies worldwide.

This places COFACE SA in the top 4% of companies in its industry ("Property & Casualty Insurance" category).

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

Moody's affirms Coface's ratings, changes outlook to positive

On October 11, 2022, the rating agency Moody's has confirmed the financial strength rating (Insurance Financial Strength Rating – IFSR) for Coface at A2. The agency has also changed the outlook for Coface to positive from stable.

Fitch affirms Coface AA- rating, with 'stable' outlook

On November 23, 2022, the rating agency Fitch affirmed Coface AA- Insurer Financial Strength (IFS) rating. The outlook remains stable.

Success of its debt management exercise

On September 21, 2022, COFACE SA announced the results of the tender offer to repurchase its guaranteed subordinated notes of an amount of €380,000,000 bearing a fixed interest rate of 4.125 per cent., due on March 27, 2024. The Company accepted the repurchase of a principal amount of €153,400,000 Notes validly tendered at a fixed purchase price of 103.625 per cent.

COFACE SA also announced the issuance on September 22, 2022 of €300,000,000 tier 2 notes bearing a fixed interest rate of 6.000 per cent., due on September 22, 2032.

Coface New Zealand: new branch opens

On April 4, 2022, Coface announced the opening of an office in New Zealand after the approval from the Reserve Bank of New Zealand. This is in line with its ambitions to grow in new high-potential markets.

According to the World Bank, the value of New Zealand's exports reached $50.5 billion in 2020. This market therefore offers significant potential to develop the credit insurance solutions and adjacent specialty services.

SCOPE OF CONSOLIDATION

Change in the scope of consolidation in 2022

First-time consolidation

During the year 2022, six entities that have been exclusively owned for several years were consolidated. These are Coface Services Greece, Coface Norden Services A/S, Coface Sverige Services AB, Coface Services Suisse, Coface Services Argentine et Coface Baltics Services. Coface Nouvelle-Zelande was créated in 2022 and afterward also integrated into the consolidation scope.

Exit from consolidation scope

There was no exit from the scope in 2022.

Merger

Coface Finance Israel was absorbed by Coface Coface Israel.

Coface PKZ subsidiary became a branch in 2022.

Change in interest percentage

Following a local ruling, the percentage of interest of South Africa moved from 97,5% to 75%.

Special purpose entities (SPE)

SPEs used for the credit insurance business

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

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

SPEs used for financing operations

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

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

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

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

SPEs used for investing operations

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

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

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

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

All of Coface entities are consolidated by full integration method.

			PERCENTAGE			
		CONSOLIDATION	CONTROL	INTEREST	CONTROL	INTEREST
COUNTRY	ENTITY	METHOD	DEC. 31, 2022	DEC. 31, 2022	DEC. 31, 2021	DEC. 31, 2021
Northern Europe						
Germany	Coface, Niederlassung in Deutschland (ex Coface Kreditversicherung)	-	Branch*		Branch*	
Germany	Coface Finanz GMBH	Full	100,00%	100,00%	100,00%	100,00%
Germany	Coface Debitorenmanagement GMBH	Full	100,00%	100,00%	100,00%	100,00%
Germany	Coface Rating Holding GMBH	Full	100,00%	100,00%	100,00%	100,00%
Germany	Coface Rating GMBH	Full	100,00%	100,00%	100,00%	100,00%
Germany	Kisselberg KG	Full	100,00%	100,00%	100,00%	100,00%
Germany	Fct Vega (Fonds de titrisation)	Full	100,00%	100,00%	100,00%	100,00%
Netherlands	Coface Nederland Services	Full	100,00%	100,00%	100,00%	100,00%
Netherlands	Coface Nederland	-	Branch*		Branch*	
Denmark	Coface Danmark	-	Branch*		Branch*	
Denmark	Coface Norden Services (Danmark Services)	Full	100,00%	100,00%	-	
Sweden	Coface Sverige	-	Branch*		Branch*	
Sweden	Coface Sverige Services AB (Sweden Services)	Full	100,00%	100,00%	-	
Norway	Coface Norway - SUCC (Coface Europe)	-	Branch*		Branch*	
Western Europe						
France	COFACE SA	Parent company	100,00%	100,00%	100,00%	100,00%
France	Compagnie française d'assurance pour le commerce extérieur	Full	100,00%	100,00%	100,00%	100,00%
France	Cofinpar	Full	100,00%	100,00%	100,00%	100,00%
France	Cogeri	Full	100,00%	100,00%	100,00%	100,00%
France	Fimipar	Full	100,00%	100,00%	100,00%	100,00%
France	Fonds Colombes 2	Full	0,00%	0,00%	0,00%	0,00%
France	Fonds Colombes 2 bis	Full	100,00%	100,00%	100,00%	100,00%
France	Fonds Colombes 3	Full	100,00%	100,00%	100,00%	100,00%
France	Fonds Colombes 3 bis	Full	100,00%	100,00%	100,00%	100,00%
France	Fonds Colombes 3 ter	Full	100,00%	100,00%	100,00%	100,00%
France	Fonds Colombes 3 quater	Full	100,00%	100,00%	100,00%	100,00%
France	Fonds Colombes 4	Full	100,00%	100,00%	100,00%	100,00%
France	Fonds Colombes 5 bis	Full	100,00%	100,00%	100,00%	100,00%
France	Fonds Colombes 6	Full	100,00%	100,00%	100,00%	100,00%
Belgium	Coface Belgium Services	Full	100,00%	100,00%	100,00%	100,00%
Belgium	Coface Belgique	-	Branch*		Branch*	
Switzerland	Coface Suisse	-	Branch*		Branch*	
Switzerland	Coface Services Suisse	Full	100,00%	100,00%	-	
Switzerland	Coface Ré	Full	100,00%	100,00%	100,00%	100,00%

Western Europe (2)						
Switzerland	Fonds Lausanne 2	Full	100,00%	100,00%	100,00%	100,00%
Switzerland	Fonds Lausanne 2	Full	100,00%	100,00%	100,00%	100,00%
Switzerland	Fonds Lausanne 2 bis	Full	100,00%	100,00%	100,00%	100,00%
Switzerland	Fonds Lausanne 3	Full	100,00%	100,00%	100,00%	100,00%
Switzerland	Fonds Lausanne 3 bis	Full	100,00%	100,00%	100,00%	100,00%
Switzerland	Fonds Lausanne 5	Full	100,00%	100,00%	100,00%	100,00%
Switzerland	Fonds Lausanne 6	Full	100,00%	100,00%	100,00%	100,00%
UK	Coface UK Holdings	Full	100,00%	100,00%	100,00%	100,00%
UK	Coface UK Services	Full	Branch*		Branch*	
UK	Coface UK	-	Branch*		Branch*	
Central Europe						
Austria	Coface Austria Kreditversicherung Service GmbH	Full	100,00%	100,00%	100,00%	100,00%
Austria	Coface Central Europe Holding AG	Full	100,00%	100,00%	100,00%	100,00%
Austria	Compagnie francaise d´assurance pour le Commerce Exterieur SA Niederlassung Austria	-	Branch*		Branch*	
Hungary	Compagnie francaise d´assurance pour le commerce extérieur Hungarian Branch Office	-	Branch*		Branch*	
Poland	Coface Poland Insurance Services	Full	100,00%	100,00%	100,00%	100,00%
Poland	Coface Poland Factoring Sp. z o.o.	Full	100,00%	100,00%	100,00%	100,00%
Poland	Compagnie francaise d'assurance pour le commerce exterieur Spółka Akcyjna Oddział w Polsce	-	Branch*		Branch*	
Czech Republic	Compagnie francaise d'assurance pour le commerce exterieur organizační složka Česko	-	Branch*		Branch*	
Romania	Coface Romania Insurance Services	Full	100,00%	100,00%	100,00%	100,00%
Romania	Compagnie francaise d'assurance pour le commerce exterieur S.A. Bois - Colombes – Sucursala Bucuresti	-	Branch*		Branch*	
Romania	Coface Technologie - Roumanie	-	Branch*		Branch*	
Slovakia	Compagnie francaise d´assurance pour le commerce extérieur, pobočka poisťovne z iného členského štátu	-	Branch*		Branch*	
Slovenia	Coface PKZ	-	Branch*		100,00%	100,00%
Lithuania	Compagnie Francaise d'Assurance pour le Commerce Exterieur Lietuvos filialas	-	Branch*		Branch*	
Lithuania	Coface Baltics Services	Full	100,00%	100,00%	-	
Bulgaria	Compagnie Francaise d'Assurance pour le Commerce Exterieur SA – Branch Bulgaria	-	Branch*		Branch*	
Russia	CJSC Coface Rus Insurance Company	Full	100,00%	100,00%	100,00%	100,00%
Mediterranean & Africa						
Italy	Coface Italy (Succursale)	-	Branch*		Branch*	
Italy	Coface Italia	Full	100,00%	100,00%	100,00%	100,00%
Israel	Coface Israel	-	Branch*		Branch*	
Israel	Coface Holding Israel	Full	100,00%	100,00%	100,00%	100,00%
Israel	Coface Finance Israel	-	0,00%	0,00%	100,00%	100,00%
Israel	BDI – Coface (business data Israel)	Full	100,00%	100,00%	100,00%	100,00%
South Africa	Coface South Africa	Full	75,00%	75,00%	97,50%	97,50%
South Africa	Coface South Africa Services	Full	100,00%	100,00%	100,00%	100,00%
Spain	Coface Servicios España,	Full	100,00%	100,00%	100,00%	100,00%
Spain	Coface Iberica	-	Branch*		Branch*	
Portugal	Coface Portugal	-	Branch*		Branch*	
Greece	Coface Grèce	-	Branch*		Branch*	
Greece	Coface Services Grèce	Full	100,00%	100,00%	-	
Turquey	Coface Sigorta	Full	100,00%	100,00%	100,00%	100,00%
North America						
United States	Coface North America Holding Company	Full	100,00%	100,00%	100,00%	100,00%
United States	Coface Services North America	Full	100,00%	100,00%	100,00%	100,00%
United States	Coface North America Insurance company	Full	100,00%	100,00%	100,00%	100,00%
Canada	Coface Canada	-	Branch*		Branch*	

Latin America						
Mexico	Coface Seguro De Credito Mexico SA de CV	Full	100,00%	100,00%	100,00%	100,00%
Mexico	Coface Holding America Latina SA de CV	Full	100,00%	100,00%	100,00%	100,00%
Mexico	Coface Servicios Mexico. S.A.DE C.V.	Full	100,00%	100,00%	100,00%	100,00%
Brazil	Coface Do Brasil Seguros de Credito	Full	100,00%	100,00%	100,00%	100,00%
Chile	Coface Chile SA	Full	100,00%	100,00%	100,00%	100,00%
Chile	Coface Chile	-	Branch*		Branch*	
Argentina	Coface Argentina	-	Branch*		Branch*	
Argentina	Coface Sevicios Argentina S.A	Full	100,00%	100,00%	-	
Ecuador	Coface Ecuador	-	Branch*		Branch*	
Asia-Pacific						
Australia	Coface Australia	-	Branch*		Branch*	
Hong-Kong	Coface Hong Kong	-	Branch*		Branch*	
Japan	Coface Japon	-	Branch*		Branch*	
Singapore	Coface Singapour	-	Branch*		Branch*	
New Zealand	Coface New Zealand Branch	-	Branch*		-	
Taiwan	Coface Taiwan	-	Branch*		Branch*	

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

ACCOUNTING PRINCIPLES

Applicable accounting standards

Pursuant to European regulation 1606/2002 of July 19, 2002, the consolidated financial statements of Coface as of December 31, 2022 are prepared in accordance with IAS/IFRS and IFRIC interpretations as adopted in the European Union and applicable at that date.

Standards applied since January 1, 2022.

Amendments related to IAS 16, IAS 37 and IFRS 3

The amendments related to IFRS 3 "Business Combinations", IAS 16 "Property, Plant and Equipment—Proceeds before Intended Use" and IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract", published on July 2, 2021, are applicable from January 1, 2022 with possible early application. This amendment had no impact on Coface's accounts.

Standards and amendments published but not yet effective

A number of new standards are effective for annual periods beginning after January 1, 2022 and earlier application is permitted. However, the Group has not early adopted the new standards in preparing its consolidated financial statements.

The Group will apply IFRS 17 and IFRS 9 for the first time on January 1, 2023. For insurance companies listed on the stock exchange, these standards will bring significant changes to the accounting for insurance and reinsurance contracts and financial instruments. However, the application of these standards is not expected to have a material impact on the Group's consolidated financial statements in the period of initial application.

A. Estimated impact of the adoption of IFRS 17

As requested by the standard, the Group will restate comparative information on adoption of IFRS 17. In that case, the date of transition will be January 1, 2022.

The Group has estimated the impact that the initial application of IFRS 17 will have on its consolidated financial statements. The total adjustment (after tax) to the Group's equity is an increase of €91 million at January 1, 2022, as summarised below.

(in millions of euro)	NOTE	JANUARY 1, 2022
Estimated increase (reduction) in the Group's equity		
Adjustments due to adoption of IFRS 17	**(B)(vi)**	**119**
Deferred tax impacts		(28)
Estimated impact of adoption of IFRS 17 after tax		**91**

B. IFRS 17 Insurance Contracts

IFRS 17, published on May 18, 2017, and amended on June 25, 2020, replaces IFRS 4 "Insurance Contracts" and is effective for annual periods beginning on or after January 1, 2023, with early adoption permitted.

i. Identifying contracts in the scope of IFRS 17

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts issued, reinsurance contracts and investment contracts with discretionary participating features, provided also insurance contracts are also issued.

When identifying contracts in the scope of IFRS 17, in some cases the Group will have to assess whether a set or series of contracts needs to be treated as a single contract and whether goods and services components have to be separated and accounted for under another standard. The Group does not expect changes arising from the application of these requirements.

ii. Level of aggregation

The standard requires a more detailed level of granularity in the calculations since it requires estimates by group of contracts, without classifying contracts issued more than one year apart in the same group – annual cohorts.

The optional "carve-out" introduced by the European Commission and allowing the annual cohort requirement to be waived, do not apply to the Group as no business is eligible.

Groups of contracts are determined by first identifying portfolios of contracts, each comprising contracts subject to similar risks and managed together. Coface has defined three portfolio: Trade Credit- Insurance business line, Single Risk business line and Bonding business line.

Each portfolio is then divided into annual cohorts (*i.e.* by year of issue) and each annual cohort into three groups:

- a group of contracts that are onerous on initial recognition (for which a loss component, if any, will be immediately recognized through profit and loss);
- a group of contracts that at initial recognition have a possibility of becoming onerous subsequently;
- a group with the remaining contracts in the portfolio.

Furthermore, IFRS 17 specifies that an entity is permitted to subdivide the groups in order to assess the profitability. Coface has defined 15 group of contracts on Trade Credit-Insurance, one group of contracts on Single Risk and one group of contracts on Bonding.

When a contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts may be added.

iii. Contract boundaries and coverage period

Under IFRS 17, the measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group. The period covered by the premiums within the contract boundary is the 'coverage period', which is relevant when applying a number of requirements in IFRS 17.

The Group considers that the requirements related to the contracts boundaries of insurance contracts are linked to the practical ability to reassess the risks of the policyholders at individual contract and those related to reinsurance contracts are linked to the practical ability for the reinsurer to terminate the reinsurance coverage. According to those requirements, IFRS 17 does not change the scope of cash flows to be included in the measurement of existing recognised contracts.

iv. Coverage period

The coverage period is defined as the period during which the entity provides coverage for insured events. IFRS 17 defines the insured event as "an uncertain future event covered by an insurance contract that creates insurance risk." The Group has defined the coverage period of Trade Credit-Insurance business line as the period from the beginning of the insurance policy until the potential default due date by the debtor towards the policyholder. In that case, the potential default due date has been defined as the contractual maximum credit period.

v. Measurement – Overview

IFRS 17 requires measurement model at current value, where the general model (or BBA) is based on the following "building block":

- the fulfilment cash flows (FCF), which comprise:
  - probability-weighted estimates of future cash flows,
  - an adjustment to reflect the time value of money (*i.e.* discounting) and the financial risks associated with those future cash flows,
  - and a risk adjustment for non-financial risk;
- the Contractual Service Margin (CSM). The CSM represents the unearned profit for a group of insurance contracts and will be recognized as the entity provides services in the future.

At the end of each subsequent reporting period the carrying amount of a group of insurance contracts is remeasured to be the sum of:

- the liability for remaining coverage, which comprises the FCF related to future services and the CSM of the group at that date; and
- the liability for incurred claims, which is measured as the FCF related to past services allocated to the group at that date.

In addition, a simplified measurement model called Premium Allocation Approach (PAA) is permitted for the measurement of the liability for remaining coverage if it provides a measurement that is not materially different from the general model or if the coverage period is one year or less.

The Group expects that it will apply the PAA to all the insurance and reinsurance portfolios, of which Trade Credit-Insurance representing the major part of its business as the resulting measurement of the asset for remaining coverage would not differ materially from the result of applying the general model.

vi. Measurement – PAA application

With the PAA, the liability for remaining coverage corresponds to premiums received at initial recognition less acquisition costs and amounts already recognized in profit and loss at the closing date. The Group does not elect the option to recognise insurance acquisition commissions cash flows as expenses when they are incurred but amortizes them over the coverage period.

Subsequently, the carrying amount of the liability for remaining coverage is increased by any further premiums received and decreased by the amount recognised as insurance revenue for services provided. If at any time before and during the coverage period, a group of contracts is or becomes onerous, then the Group will recognize a loss in profit or loss and increase the liability for remaining coverage.

The Group expects that the time between providing each part of the services and the related premium due date will be no more than a year. Accordingly, as permitted under IFRS 17, the Group will not adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

The general model remains applicable for the measurement of incurred claims. The future cash flows will be discounted (at current rates).

vii. Measurement – Significant judgements and estimates

ESTIMATES OF FUTURE CASH FLOWS

In estimating future cash flows, the Group will incorporate, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events.

The estimates of future cash flows will reflect the Group's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

When estimating future cash flows, the Group will take into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts will not be taken into account until the change in legislation is substantively enacted.

Cash flows within the boundary of a contract are those that relate directly to the fulfilment of the contract, including those for which the Group has discretion over its amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts. Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

The overheads will be attributed to acquisition activities, other fulfilment activities and other activities at local entity level using activity-based costing techniques. Cash flows attributable to acquisition and other fulfilment activities will be allocated to groups of contracts using methods that are systematic and rational and will be consistently applied to all costs that have similar characteristics.

DISCOUNT RATES

To determine the yield curve used to discount the cash flows, the standard describes two approaches:

- a "bottom-up" approach which consists in determining the discount rates by adjusting a liquid risk-free yield curve to reflect the differences between the liquidity characteristics of the financial instruments that underlie the rates observed in the market and the liquidity characteristics of the insurance;
- a "top-down" approach which consists in determining the discount rates for insurance contracts, based on a yield curve that reflects the current market rates of return implicit in a fair value measurement of a reference portfolio of assets but by adjusting that yield curve to eliminate any factors that are not relevant to the insurance contracts.

The Group will use the methodology of the "bottom-up" approach to determine the yield curves.

RISK ADJUSTMENTS FOR NON-FINANCIAL RISK

Risk adjustments for non-financial risk will be determined to reflect the compensation that the Group would require for bearing non-financial risk and its degree of risk aversion.

The risk adjustment for non-financial risk will be determined using the confidence level technique. The Group will apply this technique to the gross and calculate the amount of risk being transferred to the reinsurer by applying the reinsurance treaties conditions.

Applying a confidence level technique, the Group will estimate the probability distribution of the expected present value of the future cash flows from the contracts at each reporting date and calculate the risk adjustment for non-financial risk as the excess of the value at risk at the target confidence level over the expected present value of the future cash flows allowing for the associated risks over all future years.

viii. Presentation and disclosure

IFRS 17 will significantly change how insurance contracts and reinsurance contracts are presented and disclosed in the Group's consolidated financial statements.

Under IFRS 17, portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. All rights and obligations arising from a portfolio of contracts will be presented on a net basis; therefore, balances such as insurance receivables and payables and policyholder loans will no longer be presented separately. Any assets or liabilities recognized for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows) will also be presented in the same line item as the related portfolios of contracts.

In terms of presentation, the income and expenses of insurance and reinsurance contracts are broken down in the profit and loss into:

- an insurance service result, comprising insurance revenue (corresponding to the insurance service provided over the period) and insurance service expenses (*i.e.* incurred claims and other incurred insurance service expense); Amounts from reinsurance contracts will be presented separately; and
- insurance and reinsurance finance income or expenses.

The separate presentation of underwriting and financial results under IFRS 17 and IFRS 9 (see (C)) will provide added transparency about the sources of profits and quality of earnings.

INSURANCE SERVICE RESULT

For contracts measured using the PAA, insurance revenue is recognised based on an allocation of expected premium receipts to each period of coverage, which is based on the passage of time. The requirements in IFRS 17 to recognise insurance revenue over the coverage period will result in slower revenue recognition compared with the Group's current practice based on the contract duration.

Expenses that relate directly to the fulfilment of contracts will be recognised in profit or loss as insurance service expenses, generally when they are incurred. Expenses that do not relate directly to the fulfilment of contracts will be presented outside the insurance service result.

INSURANCE FINANCE INCOME AND EXPENSES

Under IFRS 17, changes in the carrying amounts of groups of contracts arising from the effects of the time value of money, financial risk and changes therein are generally presented as insurance finance income or expenses.

The Group intends to apply the option offered by IFRS 17 to disaggregate the insurance or reinsurance financial expenses between Income Statement and OCI (Other Comprehensive Income). The application of this option leads to the unwinding of discount in the Income Statement based on locked-in discount rates, while the difference between the valuation at current rates and locked-in rates due to changes in discount rates is presented in the OCI. This option allows also the reclassification in OCI of a part of the differences in FCF estimates due to variation of the financial hypothesis.

If the Group derecognises a contract as a result of a transfer to a third party or a contract modification, then any remaining amounts of accumulated OCI for the contract will be reclassified to profit or loss.

DISCLOSURE

IFRS 17 requires extensive new disclosures about amounts recognised in the financial statements, including detailed reconciliations of contracts, effects of newly recognised contracts and information on the expected CSM emergence pattern, as well as disclosures about significant judgements made when applying IFRS 17. There will also be expanded disclosures about the nature and extent of risks from insurance contracts, reinsurance contracts.

Disclosures will generally be made at a more granular level than under IFRS 4, providing more transparent information for assessing the effects of contracts on the financial statements.

ix. Transition

The Group is not concerned by the transition approaches from IFRS 4 to IFRS 17 as described by the standard because they do not apply to the Groups in PAA.

C. IFRS 9 Financial instruments

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. However, the Group has met the relevant criteria and has applied the temporary exemption from IFRS 9 for annual periods before January 1, 2023. Consequently, the Group will apply IFRS 9 for the first time on January 1, 2023 with no *pro forma* on prior periods in line with option given by the standard.

From 2018, IFRS 9 is already applied for the entities in the factoring business.

Classification

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 includes three principal measurement categories for financial assets – measured at amortised cost, FVOCI [(1)] and FVTPL [(2)]– and eliminates the previous IAS 39 categories of held-to-maturity investments, loans and receivables, and available-for-sale financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as measured at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as measured at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

(1) FVOCI: Fair Value through Other Comprehensive Income.
(2) FVTPL: Fair Value Through Profit and Loss.

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. In addition, on initial recognition the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Nevertheless, on initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. The election is made on an instrument-by-instrument basis.

Impact assessment

IFRS 9 will affect the classification and measurement of financial assets held by the Group at January 1, 2023 as follows:

- derivative assets and liabilities, which are classified as held-for-trading and measured at FVTPL under IAS 39, will also be measured at FVTPL under IFRS 9;
- debt investments that are classified as available-for-sale under IAS 39 may, under IFRS 9, be measured at FVOCI or FVTPL, depending on the particular circumstances;
- equity investments that are classified as available-for-sale under IAS 39 will be measured at FVTPL under IFRS 9. However, the current portfolio of equity investments is held for long- term strategic purposes and will be designated as at FVOCI on January 1, 2023; consequently, all fair value gains and losses will be reported in OCI, no impairment losses will be recognised in profit or loss, and no gains or losses will be reclassified to profit or loss on disposal of these investments;
- held-to-maturity investments measured at amortised cost under IAS 39 will be measured at FVOCI or amortised cost under IFRS 9;
- loans and receivables measured at amortised cost under IAS 39 will also be measured at amortised cost under IFRS 9.

As a majority of the Group's financial assets are measured at fair value both before and after transition to IFRS 9, the new classification requirements are not expected to have a material impact on the Group's total equity at January 1, 2023.

The Group's total equity is impacted only to the extent of any reclassifications between the amortised cost and fair value measurement categories.

Impairment

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (*i.e.* the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The key inputs into the measurement of ECL are the term structures of the PD, LGD and EAD. ECL for financial assets for which credit risk has not significantly increased are calculated by multiplying the 12-month PD by the respective LGD and EAD. Lifetime ECL are calculated by multiplying the lifetime PD by the respective LGD and EAD.

To determine lifetime and 12-month PDs, the Group will use the PD tables derived from Coface's credit score (DRA).

LGD (Loss Given Default) is the magnitude of the likely loss if there is a default.

The Group estimates LGD parameters based on historical indemnities and recovery rates of claims against defaulted counterparties.

The liabilities data has been used to model defaults on the assets side and the correspondence mapping between issuers on the assets side and debtors on the liabilities side is done by name of issuer, leading to almost a full coverage for corporate and banks counterparties.

For calibration and modeling purpose, the mapping between issuers and debtors in Coface database is carefully managed by the Investment Department as a preliminary step of the ECL (Expected Credit Loss) calculation. The selected segmentation is the geographical area and the sector of the counterparties. In the absence of robust statistical calibration results for the selected macroeconomic variable, the Group proposed to consider a constant and conservative LGD (*i.e.* independent of the scenario) for ECL calculation.

EAD represents the expected exposure in the event of a default. The Group will derive the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation, and prepayments. The EAD of a financial asset is its gross carrying amount at the time of default.

Impact assessment

The Group estimates that application of the IFRS 9 impairment requirements at January 1, 2023 will result in additional loss allowances. The recognition of additional loss allowances on adoption of IFRS 9 mainly relates to debt investments measured at FVOCI. There will be no impact on Group's total equity as the loss recognizes in the result will give rise to an equal and opposite gain in reserves (OCI); the recognition of loss allowances will not reduce the carrying amount of those investments, which will remain at their fair value.

The Group estimates that the application of the IFRS 9 impairment requirements to these investments will result in a non-significant transfer (before tax) from retained earnings to the fair value reserve at January 1, 2023.

Standards applied starting from January 1, 2023

The amendments related to IAS 1 "Disclosure of Material Accounting Policy Information" and IAS 8 "Definition of Accounting Estimates", published on March 3, 2022, are applicable from January 1, 2023 with possible early application. This amendment had no impact on Coface's accounts.

The amendments related to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction", published on August 12, 2022, are applicable from January 1, 2023 with possible early application. This amendment implied in Coface's accounts.

Consolidation methods used

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

Materiality is determined based on specific threshold and on a qualitative assessment of the relevance of each entity's contribution to the consolidated financial statement of Coface.

The main thresholds applicable are as follows:

- total balance sheet: €40 millions;
- technical result: €5 millions;
- net income: +/- €2 millions.

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

The consolidation methods applied are as follows:

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

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

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

Intercompany transactions

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

Non-current assets held for sale and discontinued operations

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

A sale is deemed to be highly probable if:

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

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

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

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

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

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

Year-end and accounting period

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

Foreign currency translation

Translation of foreign currency transactions

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

- monetary items are translated at closing rate;
- non monetary items evaluated at historical cost are translated at the exchange rate prevailing at the date of the transcation;
- non monetary items evaluated at fair value are translated at exchange rate at the date of which the fair value has been set.

Translation of the financial statements of subsidiaries and foreign branches

Coface's consolidated financial statements are presented in euros.

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

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

Hyperinflationary Economies

The application of IAS 29 "Financial Reporting in Hyperinflationary Economies" is required, as of July 1, 2018, for entities whose functional currency is Argentine Peso and, as of January 1, 2022, for the entity whose functional currency is Turkish Lira.

The Group has activities in Argentina and in Turkey.

Thus, the impact of the application of this standard is taken into account in the financial statements as of December 31, 2022.

General principles

The insurance business

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

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

However, IFRS 4:

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

The services business

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

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

The factoring business

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

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

IFRS 15 "Revenue from contracts with customers" standard is also applied for factoring business according the same rules as the service business.

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

Breakdown by function of insurance company expenses

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

Factoring companies

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

Other companies outside the insurance business and factoring business

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

Revenue

Consolidated revenue includes:

- premiums, corresponding to the compensation of the Group's commitment to cover the risks planned in their insurance policy: credit insurance (short term), Single Risk (medium term) and surety (medium term). The bond is not a credit insurance product because it represents a different risk nature (in terms of the underlying and the duration of the risk), but its remuneration takes the form of a premium; It responds to the definitions of insurance contracts given in IFRS 4;

- other revenues which include:
  - revenue from services related to credit insurance contracts ("fee and commission income"), corresponding to debtors' information services, credit limit monitoring, management and debt recovery. They are included in the calculation of the turnover of the credit insurance activity,
  - revenue from services which consist of providing customer access to credit and marketing information and debt collection services to clients without credit insurance contracts,
  - net income from banking activities are revenues from factoring entities. They consist mainly of factoring fees (collected for the management of factored receivables) and net financing fees (financing margin, corresponding to the amount of financial interest received from factoring customers, less interest paid on refinancing of the factoring debt). Premiums paid by factoring companies to insurance companies (in respect of debtor and ceding risk) are deducted from net banking income.

Consolidated revenue is analysed by country of invoicing (in the case of direct business, the country of invoicing is that in which the issuer of the invoice is located and for inward reinsurance, the country of invoicing is that in which the ceding insurer is located) and by business line (credit insurance, bonding, factoring, and information & other services).

Insurance operations

Earned premiums

Gross written premiums

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

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

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

Premium refunds

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

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

Reserves for unearned premiums

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

Gross earned premiums

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

Deferred acquisition costs

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

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

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

Contract service expenses

Paid claims

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

Claims provisions

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

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

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

Concerning bonding business, provisions are recorded for claims of which the Company concerned has been notified by the closing period. However, an additional provision is recorded based on a reserving guideline. This guideline is set for the four most recent attaching years. Regarding prior attaching years, this guideline is applicable until the guarantee is over. Its principle is based on a high level of risk that the guarantee could be called due to the principal (guaranteed) becoming insolvent, even if no related bonds have been called on. This additional provision is calculated based on the probability of default and the level of risk exposure.

Subrogation and salvage

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

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

Reinsurance operations

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

Inward reinsurance

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

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

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

Ceded reinsurance

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

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

Funds received from reinsurers are reported under liabilities.

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

Other operating income and expenses

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

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

Goodwill

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

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

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

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

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

Impairment tests on goodwill and intangible assets

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

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

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

The seven groups of CGUs are as follows:

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

Measuring groups of CGUs and performing goodwill impairment tests

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

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

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

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

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

Method used for measuring the value of Coface entities

Value in use: Discounted cash flow method

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

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

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

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

Fair value

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

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

Intangible assets

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

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

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

Property, plant and equipment

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

Coface has identified the following components of property assets:

Land	Not depreciated
Enclosed/covered structure	Depreciated over 30 years
Technical equipment	Depreciated over 15 years
Interior fixtures and fittings	Depreciated over 10 years

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

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

Financial assets

Except factoring companies, the Group classifies the financial assets under IAS 39.

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

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

Available-for-sale financial assets (AFS)

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

Financial assets held for trading

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

Held-to-maturity investments (HTM)

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

Financial assets at fair value through profit or loss

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

Loans and receivables

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

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

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

Fair value

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

Impairment test

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

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

Impairment indicators include the following:

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

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

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

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

Derivatives and hedging transactions

A derivative is a financial instrument (IAS 39):

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

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

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

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

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

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

Financing liabilities

This item mainly includes the subordinated debt.

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

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

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

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

Accounting treatment of debt issuance costs

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

Transaction costs include:

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

Transaction costs do not include:

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

Payables arising from banking sector activities

This item includes:

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

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

Receivables arising from factoring operations

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

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

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

The ECL calculation, introduced by IFRS 9, relies on calculation models using the internal ratings of debtors ("DRA" debtor risk assessment). The methodology for calculating depreciation ("ECL" expected credit loss) is based on the three main parameters: the probability of default "PD", the loss given default "LGD" and the amount of exposure in case of default "EAD" (exposure at default). The depreciation will be the product of the PD by the LGD and the EAD, over the lifetime of the receivables. Specific adjustments are made to take into account the current conditions and the prospective macroeconomic projections (forward looking).

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

Cash and cash equivalents

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

Provisions for liabilities and charges

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

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

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

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

Employee benefits

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

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

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

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

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

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

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

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

Stock options

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

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

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

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

Leases

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

- the right to have almost all economical benefits coming from the asset use;
- the right to decide the use of the asset.

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

The right of use is amortized linearly and the financial debt is amortized actuarially over the duration of the lease. The interest expenses on the financial debt and the amortization expenses of the right to use will be made distinctly to the income statement.

Income tax

Income tax expense includes both current taxes and deferred taxes.

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

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

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

Deferred taxes are recorded by the liability method for temporary differences between the carrying amount of assets and liabilities at each period-end and their tax base.

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

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

Receivables and payables denominated in foreign currencies

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

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

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

Segment information

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

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

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

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

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

Related parties

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

Estimates

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

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

The policies managed by the Coface Group's insurance subsidiaries meet the definition of insurance contracts set out in IFRS 4. In accordance with this standard, these contracts give rise to the recognition of technical provisions on the liabilities side of the balance sheet, which are measured based on Group principles pending the implementation of IFRS 17 in 2023 that deals with insurance liabilities.

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

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

NOTE 1 GOODWILL

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

Breakdown of goodwill by region:

(in thousands of euros)	DEC. 31, 2022	DEC. 31, 2021
Northern Europe	112,603	112,603
Western Europe	5,068	5,068
Central Europe	8,913	8,339
Mediterranean & Africa	22,868	23,374
North America	6,525	6,145
Latin America	(17)	(0)
TOTAL	**155,960**	**155,529**

The change in goodwill increased of €431 thousand; this increase is due to the consolidation of Coface Baltics Services and also to the change in exchange rates.

Impairment testing methods

Goodwill and shares in subsidiaries were tested for impairment losses at December 31, 2022. Coface performed the tests by comparing the value in use of the groups of cash-generating units (CGU) to which goodwill was allocated with their carrying amounts.

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

The main assumptions used to estimate the value in use of the groups of CGUs are a long-term growth rate of 2.0% for all entities and the weighted average cost of capital.

The table below summarizes the key assumptions used for goodwill impairment testing at December 31, 2022:

(in millions of euros)	NORTHERN EUROPE	WESTERN EUROPE	CENTRAL EUROPE	MEDITERRANEAN AND AFRICA	NORTH AMERICA
Cost of capital	10.2%	10.2%	10.2%	10.2%	10.2%
Perpetual growth rate	2.0%	2.0%	2.0%	2.0%	2.0%
Contribution to consolidated net assets	481.2	521.5	104.6	337.1	94.9

The assumptions used in December 2021 were:

(in millions of euros)	NORTHERN EUROPE	WESTERN EUROPE	CENTRAL EUROPE	MEDITERRANEAN AND AFRICA	NORTH AMERICA
Cost of capital	11.1%	11.1%	11.1%	11.1%	11.1%
Perpetual growth rate	1.5%	1.5%	1.5%	1.5%	1.5%
Contribution to consolidated net assets	583.4	473.7	207.7	321.4	71.0

Sensitivity analysis on valuations

Sensitivity analysis were performed on the valuations established for impairment testing. The following factors have been used:

- long-term growth rate sensitivity: the impairment tests were stressed for a 0.5-point decrease in the perpetual growth rate applied. The analysis showed that such a 0.5-point decrease would not have any impact on the outcome of the impairment tests and therefore on the Group's consolidated financial statements for the semester ended December 31, 2022;
- cost of capital sensitivity: the impairment tests were stressed for a 0.5-point increase in the cost of capital applied. The analysis showed that such a 0.5-point increase would not have any impact on the outcome of the impairment tests and therefore on the Group's consolidated financial statements for the semester ended December 31, 2022;
- cost and loss ratios sensitivities for the last two years of the business plan (2026 and 2027): The analysis showed that such a 1 at 2-point decrease would not have any impact on the outcome of the impairment tests and therefore on the Group's consolidated financial statements for the semester ended December 31, 2022.

CGUs valuations sensitivity to selected assumptions is shown in the following table:

Outcome of impairment tests

(in millions of euros)	NORTHERN EUROPE	WESTERN EUROPE	CENTRAL EUROPE	MEDITERRANEAN AND AFRICA	NORTH AMERICA
Contribution to consolidated net assets (1)	481.2	521.5	104.6	337.1	94.9
Value in use of CGU	988.0	1,066.0	380.9	831.4	172.5
Sensitivity: Long-term growth rate -0.5 point (2)	958.4	1,025.5	365.9	801.2	102.9
Sensitivity: WACC +0.5 point (2)	946.3	1,012.8	361.9	790.8	101.5
Sensitivity: Loss/Cost Ratio 2027 +1 point (2)	969.5	1,036.4	393.1	800.6	102.6
Sensitivity: Loss/Cost Ratio 2027 +2 points (2)	950.9	944.8	381.7	769.8	97.9

(1) The contribution to the consolidated Group's net assets corresponds to the book value.
(2) Sensitivity analysis were performed on the value in use of each CGU.

NOTE 2 OTHER INTANGIBLE ASSETS

(in thousands of euros)	DEC. 31, 2022 NET VALUE	DEC. 31, 2021 NET VALUE
Development costs and software	79,998	71,648
Purchased goodwill	2,480	2,529
Other intangible assets	397	246
TOTAL	**82,876**	**74,423**

	DEC. 31, 2022		
(in thousands of euros)	GROSS AMOUNT	AMORTISATION AND IMPAIRMENT	NET VALUE
Development costs and software	260,160	(180,162)	79,998
Purchased goodwill	4,119	(1,639)	2,480
Other intangible assets	2,816	(2,419)	397
TOTAL	**267,095**	**(184,219)**	**82,876**

	DEC. 31, 2021		
(in thousands of euros)	GROSS AMOUNT	AMORTISATION AND IMPAIRMENT	NET VALUE
Development costs and software	236,507	(164,859)	71,648
Purchased goodwill	4,072	(1,543)	2,529
Other intangible assets	2,930	(2,684)	246
TOTAL	**243,509**	**(169,086)**	**74,423**

The Group's intangible assets consist mainly of development costs (on several IT projects).
These investments amounted to €22.2 million in 2022 financial year compared to €14.4 million in 2021 financial year.

Change in the gross amount of intangible assets

(in thousands of euros)	DEC. 31, 2021	SCOPE ENTRY	INCREASES	DECREASES	CURENCY TRANSLATION VARIATION	DEC. 31, 2022
Development costs and software	236,507	1	25,627	(233)	(1,742)	260,160
Purchased goodwill	4,072	(0)	(0)	(0)	47	4,119
Other intangible assets	2,930	(0)	50	(5)	(158)	2,816
TOTAL	**243,509**	**1**	**25,677**	**(238)**	**(1853)**	**267,095**

(in thousands of euros)	DEC. 31, 2020	SCOPE ENTRY	INCREASES	DECREASES	CURENCY TRANSLATION VARIATION	DEC. 31, 2021
Development costs and software	22,6421	9	11,460	(3,900)	2,517	236,507
Purchased goodwill	3,680	(0)	(0)	(0)	392	4,072
Other intangible assets	2,944	(0)	20	(14)	(21)	2,930
TOTAL	**23,3045**	**9**	**11,480**	**(3,914)**	**2,888**	**243,509**

Change in accumulated amortisation and impairment of intangible assets

(in thousands of euros)	DEC. 31, 2021	SCOPE ENTRY	ADDITIONS	REVERSALS	CURENCY TRANSLATION VARIATION AND OTHER	DEC. 31, 2022
Accumulated amortization – development costs and software	(164,707)	(1)	(16,816)	176	1,330	(180,017)
Accumulated impairment – development costs and software	(150)	(0)	(0)	(0)	7	(143)
Total amortisation and impairment – development costs and software	**(164,859)**	**(1)**	**(16,816)**	**176**	**1,337**	**(180,160)**
Accumulated amortization – purchased goodwill	(1543)	-	59	(59)	(94)	(1,639)
Accumulated impairment – purchased goodwill	0	-	(0)	(0)	(0)	(0)
Total amortization and impairment – purchased goodwill	**(1,543)**	**0**	**59**	**(59)**	**(94)**	**(1,639)**
Accumulated amortization – other intangible assets	(2,683)	-	(99)	4	359	(2419)
Accumulated impairment – other intangible assets	0	-	(0)	(0)	(0)	(0)
Total amortization and impairment – other intangible assets	**(2,684)**	**(0)**	**(99)**	**4**	**359**	**(2,419)**
TOTAL	**(169,086)**	**(1)**	**(16,856)**	**121**	**1602**	**(184,219)**

NOTE 3 INSURANCE BUSINESS INVESTMENTS

3.1 Analysis by category

At December 31, 2022, the carrying amount of available-for-sale (AFS) securities amounted to €2,902,405 thousand, securities held for trading ("trading securities") came to €26 thousand and held-to-maturity (HTM) securities was €1,842 thousand.

As an insurance group, Coface's investment allocation is heavily weighted towards fixed-income instruments, guaranteeing it recurring and stable income.

The distribution of the bonds portfolio by rating at December 31, 2022 was as follows:

- bonds rated "AAA": 13.5%;
- bonds rated "AA" and "A": 49,8%;
- bonds rated "BBB": 32,1%;
- bonds rated "BB" and lower: 4,7%.

	December 31, 2022					Dec 31, 2021				
(in thousands of euros)	AMORTIZED COST	REVALU-ATION	NET VALUE	FAIR VALUE	UNREALIZED GAINS AND LOSSES	AMORTIZED COST	REVALU-ATION	NET VALUE	FAIR VALUE	UNREALIZED GAINS AND LOSSES
AFS SECURITIES	**2,985,841**	**(83,436)**	**2,902,405**	**2,902,405**		**2,876,416**	**238,738**	**3,115,154**	**3,115,154**	
Equities and other variable-income securities	105,390	64,703	170,093	170,093		191,074	194,077	385,151	385,151	
Bonds and government securities	2,669,385	(156,815)	2,512,570	2,512,570		2,489,251	28,029	2,517,280	2,517,280	
o/w direct investments in securities	*2,421,341*	*(158,218)*	*2,263,122*	*2,263,122*		*2,087,552*	*25,285*	*2,112,837*	*2,112,837*	
o/w investments in UCITS	*248,044*	*1,403*	*249,447*	*249,447*		*401,699*	*2,745*	*404,444*	*404,444*	
Shares in non-trading property companies	211,066	8,676	219,742	219,742		196,091	16,633	212,724	212,724	
HTM SECURITIES										
Bonds	1,842		1,842	2,015	173	1,833		1,833	2,421	588
FAIR VALUE THROUGH INCOME – TRADING SECURITIES										
Money market funds (UCITS)	26	0	26	26		15		15	15	
DERIVATIVES (POSITIVE FAIR VALUE)	**0**	**10,330**	**10,330**	**10,330**			**10,458**	**10,458**	**10,458**	
(derivatives negative fair value for information)		*(222)*	*(222)*	*(222)*			*(3,480)*	*(3,480)*	*(3,480)*	
LOANS AND RECEIVABLES	**106,914**		**106,914**	**106,914**		**91,683**		**91,683**	**91,683**	
INVESTMENT PROPERTY	**695**	**(407)**	**288**	**288**		**695**	**(407)**	**288**	**288**	
TOTAL	**3,095,319**	**(73,514)**	**3,021,805**	**3,021,978**	**173**	**2,970,642**	**248,788**	**3,219,430**	**3,220,019**	**588**

(in thousands of euros)	GROSS DEC. 31, 2022	IMPAIRMENT	NET DEC. 31, 2022	NET DEC. 31, 2021
AFS securities	**2,940,981**	**(38,575)**	**2,902,405**	**3,115,154**
Equities and other variable-income securities	202,695	(32,602)	170,093	385,151
Bonds and government securities	2,512,570		2,512,570	2,517,280
o/w direct investments in securities	*2,263,122*		*2,263,122*	*2,112,837*
o/w investments in UCITS	*249,447*		*249,447*	*404,444*
Shares in non-trading property companies	225,716	(5,974)	219,742	212,724
HTM securities				
Bond	1,842		1,842	1,833
Fair value through income – trading securities				
Money market funds (UCITS)	26		26	15
Derivatives (positive fair value)	**10,330**		**10,330**	**10,458**
(for information, derivatives with a negative fair value)	*(222)*		*(222)*	*(3,480)*
Loans and receivables	**106,914**		**106,914**	**91,683**
Investment property	**288**		**288**	**288**
TOTAL	**3,060,381**	**(38,575)**	**3,021,805**	**3,219,430**

Impairments

(in thousands of euros)	DEC. 31, 2021	ADDITIONS	REVERSALS	EXCHANGE RATE EFFECTS AND OTHER	DEC. 31, 2022
AFS securities	**38,187**	**730**	**(320)**	**(21)**	**38,575**
Equities and other variable-income securities	32,432	510	(320)	(21)	32,602
Bonds and government securities	(0)	(0)	(0)	(0)	(0)
Shares in non-trading property companies	5,754	220	0	0	5,974
Loans and receivables	**0**	**0**	**0**	**0**	**0**
TOTAL	**38,187**	**730**	**(320)**	**(21)**	**38,575**

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

Change in investments by category

	DEC. 31, 2021	DEC 31, 2022					
(in thousands of euros)	CARRYING AMOUNT	INCREASES	DECREASES	REVALUATION	IMPAIRMENT	OTHER MOVEMENTS	CARRYING AMOUNT
AFS securities	**3,115,154**	**1,461,272**	**(1,369,196)**	**(323,257)**	**(410)**	**18,841**	**2,902,405**
Equities and other variable-income securities	385,151	27,322	(113,154)	(131,422)	(190)	2,385	170,093
Bonds and government securities	2,517,280	1,402,171	(1,239,457)	(183,878)		16,456	2,512,570
Shares in non-trading property companies	212,724	31,779	(16,585)	(7,957)	(220)		219,742
HTM securities							
Bonds	1,833	10					1,842
Fair value through income – trading securities	**15**	**10**				**2**	**26**
Loans, receivables and other financial investments	**102,430**	**89,641**	**(74,397)**			**(140)**	**117,532**
TOTAL	**3,219,430**	**1,550,933**	**(1,443,592)**	**(323,257)**	**(410)**	**18,705**	**3,021,805**

The line Fair value though income – trading securities refers to monetary UCITS.

Derivatives

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

During 2022, most of the transactions carried out concerned systematic currency hedging *via* the conclusion of swaps or forward currency transactions for bonds issued mainly in USD and present in the investment portfolio.

Investments in equities were subject to systematic partial hedging through purchases of put options. The hedging strategy applied by the Group was aimed at protecting the portfolio against a sharp drop in the equities market in the euro zone. Portfolio equities being nowadays registered as OCI NR in accounting terms, this hedging strategy was cancelled and closed at the beginning of December.

Regarding the bond portfolio, *ad hoc* interest rate hedges were set up in 2022 by certain managers, in order to hedge the interest rate risk. A few *ad hoc* interest rate risk hedging operations have been implemented on negotiable debt securities in the monetary portfolio.

None of these transactions qualified for hedge accounting under IFRS as they were mainly currency transactions and partial market hedges.

3.2 Financial instruments recognised at fair value

The fair values of financial instruments recorded in the balance sheet are measured according to a hierarchy that categorises into three levels the inputs used to measure fair value. These levels are as follows:

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

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

- equities, bonds and government securities listed on organized markets, as well as units in dedicated mutual funds whose net asset value is calculated and published on a very regular basis and is readily available (AFS securities);
- government bonds and bonds indexed to variable interest rates (HTM securities);
- French units in money-market funds, SICAV (trading securities).

Level 2: Use of inputs, other than quoted prices for an identical instrument that are directly or indirectly observable in the market (inputs corroborated by the market such as yield curves, swap rates, multiples method, etc.).

Securities classified as level 2 represent 8% of the Group's portfolio. This level is used for the following instruments:

- unlisted equities;
- loans and receivables due from banks or clients and whose fair value is determined using the historical cost method.

Level 3: Valuation techniques based on unobservable inputs such as projections or internal data.

Securities classified as level 3 represent 10% of the Group's portfolio. This level corresponds to unlisted equities, investment securities and units in dedicated mutual funds, as well as investment property.

Breakdown of financial instrument fair value measurements as at December 31, 2022 by level in the fair value hierarchy

(in thousands of euros)	CARRYING AMOUNT	FAIR VALUE	LEVEL 1 FAIR VALUE DETERMINED BASED ON QUOTED PRICES IN ACTIVE MARKETS	LEVEL 2 FAIR VALUE DETERMINED BASED ON VALUATION TECHNIQUES THAT USE OBSERVABLE INPUTS	LEVEL 3 FAIR VALUE DETERMINED BASED ON VALUATION TECHNIQUES THAT USE UNOBSERVABLE INPUTS
AFS securities	**2,902,405**	**2,902,406**	**2,472,167**	**119,378**	**310,859**
Equities and other variable-income securities	170,093	170,093	78,951	23	91,117
Bonds and government securities	2,512,570	2,512,570	2,393,216	119,355	0
Shares in non-trading property companies	219,742	219,742			219,742
HTM securities					
Bonds	1,842	2,015	2,015		
Fair value through income – trading securities					
Money market funds (UCITS)	26	26	26		
Derivatives	**10,330**	**10,330**	**1,043**	**9,177**	**109**
Loans and receivables	**106,914**	**106,914**		**106,914**	
Investment property	**288**	**288**			**288**
TOTAL	**3,021,805**	**3,021,978**	**2,475,252**	**235,469**	**311,256**

Movements in Level 3 securities as at December 31, 2022

		GAINS AND LOSSES RECOGNIZED IN THE PERIOD		TRANSACTIONS FOR THE PERIOD					
(in thousands of euros)	AT DEC. 31, 2021	IN INCOME	DIRECTLY IN EQUITY	PURCHASES/ ISSUES	SALES/ REDEMP-TIONS	OTHER MOVEMENTS	CHANGES IN SCOPE OF CONSOLIDATION	EXCHANGE RATE EFFECTS	AT DEC. 31, 2022
AFS securities	**370,761**	**(730)**	**(74,617)**	**40,275**	**(27,154)**	**0**	**62**	**2,264**	**310,859**
Equities and other variable-income securities	158,036	(510)	(66,661)	8,495	(10,570)	0	62	2,264	91,117
Shares in non-trading property companies	212,724	(220)	(7,957)	31,779	(16,585)	0		0	219,742
Derivatives	**109**			**0**				**0**	**109**
Investment property	**288**	**0**	**0**		**(993)**	**993**			**288**
TOTAL	**371,159**	**(730)**	**(74,617)**	**40,275**	**(28,147)**	**993**	**62**	**2,264**	**311,256**

Breakdown of financial instrument fair value measurements as at December 31, 2021 by level in the fair value hierarchy

			LEVEL 1	LEVEL 2	LEVEL 3
(in thousands of euros)	CARRYING AMOUNT	FAIR VALUE	FAIR VALUE DETERMINED BASED ON QUOTED PRICES IN ACTIVE MARKETS	FAIR VALUE DETERMINED BASED ON VALUATION TECHNIQUES THAT USE OBSERVABLE INPUTS	FAIR VALUE DETERMINED BASED ON VALUATION TECHNIQUES THAT USE UNOBSERVABLE INPUTS
AFS securities	**3,115,154**	**3,115,154**	**2,613,799**	**130,593**	**370,761**
Equities and other variable-income securities	385,151	385,151	227,091	23	158,036
Bonds and government securities	2,517,280	2,517,280	2,386,710	130,570	0
Shares in non-trading property companies	212,724	212,724			212,724
HTM securities					
Bonds	1,833	2,421	2,421		
JVO – Trading					
OPCVM monétaires	15	15	15		
Derivatives	**10,458**	**10,458**	**9,876**	**473**	**109**
Loans and receivables	**91,683**	**91,683**		**91,683**	
Investment property	**288**	**288**			**288**
TOTAL	**3,219,430**	**3,220,019**	**2,626,111**	**222,749**	**371,158**

Movements in Level 3 securities as at December 31, 2021

		GAINS AND LOSSES RECOGNIZED IN THE PERIOD		TRANSACTIONS FOR THE PERIOD				
(in thousands of euros)	AT DEC. 31, 2020	IN INCOME	DIRECTLY IN EQUITY	PURCHASES/ ISSUES	SALES/ REDEMPTIONS	CHANGES IN SCOPE OF CONSOLIDATION	EXCHANGE RATE EFFECTS	AT DEC. 31, 2021
AFS securities	**386,055**	**(1,368)**	**9,995**	**2,385**	**(26,842)**	**(613)**	**1,149**	**370,761**
Equities and other variable-income securities	155,775	(222)	4,516	2,385	(4,954)	(613)	1,149	158,036
Shares in non-trading property companies	230,280	(1,146)	5,478	0	(21,888)		0	212,724
Derivatives	**109**			**0**			**0**	**109**
Investment property	**288**				**0**			**288**
TOTAL	**386,452**	**(1,368)**	**9,995**	**2,385**	**(26,842)**	**(613)**	**1,149**	**371,159**

SPPI Financial assets at December 31, 2022 (IFRS 9)

(in thousands of euros)	FAIR VALUE	FAIR VALUE VARIATION
Direct investments in securities – SPPI financial assets	2,241,059	(218,255)
Direct investments in securities – No SPPI financial assets	22,064	(3,385)
Direct investments in securities	**2,263,122**	**(221,640)**
Loans and receivables – SPPI financial assets	106,839	
Loans and receivables	**106,914**	**0**
Cash and cash equivalents – SPPI financial assets	553,786	
Cash and cash equivalents	**461,720**	**0**
SPPI FINANCIAL ASSETS	**2,901,684**	**(218,255)**
NO SPPI FINANCIAL ASSETS	**22,064**	**(3,385)**
TOTAL	**2,923,748**	**(221,640)**

(in thousands of euros)	GROSS VALUE	FAIR VALUE
SPPI financial assets without a low credit risk	**42,321**	**38,152**

NOTE 4 RECEIVABLES ARISING FROM BANKING ACTIVITIES

Breakdown by nature

(in thousands of euros)	DEC. 31, 2022	DEC. 31, 2021
Receivables arising from banking sector	2,906,639	2,690,125
Non-performing receivables arising from banking sector	28,189	34,440
Allowances for receivables arising from banking sector	(28,189)	(34,440)
TOTAL	**2,906,639**	**2,690,125**

Breakdown by age

Receivables arising from banking and other activities represent receivables acquired within the scope of factoring agreements.

They are recognised at cost within assets in the balance sheet and they are classified as level 1. Factoring receivables include both receivables whose future recovery is guaranteed by Coface and receivables for which the risk of future recovery is borne by the customer.

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

	DEC. 31, 2022					
		DUE				
(in thousands of euros)	NOT DUE	-3 MONTHS	3 MONTHS TO 1 YEAR	1 TO 5 YEARS	+5 YEARS	TOTAL
Receivables arising from banking and other activities	2,669,804	226,821	10,655	0	0	2,907,279
Non-performing receivables arising from banking and other activities	0	0	2,328	23,396	2,465	28,189
Allowances for receivables arising from banking and other activities	0	0	(2,328)	(23,396)	(2,465)	(28,189)
Total receivables arising from banking and other activities	**2,669,804**	**226,821**	**10,655**	**0**	**0**	**2,907,279**
Claims reserve as hedge for factoring receivables	(640)	0	0	0	0	(640)
TOTAL RECEIVABLES ARISING FROM BANKING AND OTHER ACTIVITIES AFTER CLAIMS RESERVES	**2,669,164**	**226,821**	**10,655**	**0**	**0**	**2,906,639**

	DEC. 31, 2021					
		DUE				
(in thousands of euros)	NOT DUE	-3 MONTHS	3 MONTHS TO 1 YEAR	1 TO 5 YEARS	+5 YEARS	TOTAL
Receivables arising from banking and other activities	2,235,811	453,181	587	1,194	34	2,690,808
Non-performing receivables arising from banking and other activities	0	0	1,134	22,794	10,513	34,440
Allowances for receivables arising from banking and other activities	0	0	(1,134)	(22,794)	(10,513)	(34,440)
Total receivables arising from banking and other activities	**2,235,811**	**453,181**	**587**	**1,194**	**34**	**2,690,808**
Claims reserve as hedge for factoring receivables	(683)	0	0	0	0	(683)
TOTAL RECEIVABLES ARISING FROM BANKING AND OTHER ACTIVITIES AFTER CLAIMS RESERVES	**2,235,811**	**453,181**	**587**	**1,194**	**34**	**2,690,125**

NOTE 5 INVESTMENTS IN ASSOCIATES

At December 31, 2022, there is no investment in associated companies.

NOTE 6 TANGIBLE ASSETS

(in thousands of euros)	DEC. 31, 2022 NET VALUE	DEC. 31, 2021 NET VALUE
Buildings used for operational purposes	15,677	19,542
Other property, plant and equipment	14,781	14,869
Right-of-use assets for lessees	64,154	71,398
TOTAL	**94,613**	**105,809**

	DEC. 31, 2022		
(in thousands of euros)	GROSS AMOUNT	AMORTISATION AND IMPAIRMENT	NET VALUE
Buildings used for operational purposes	82,984	(67,306)	15,677
Other property, plant and equipment	50,692	(35,911)	14,781
Right-of-use assets for lessees	137,657	(73,503)	64,154
TOTAL	**271,333**	**(176,720)**	**94,613**

	DEC. 31, 2021		
(in thousands of euros)	GROSS AMOUNT	AMORTISATION AND IMPAIRMENT	NET VALUE
Buildings used for operational purposes	85,281	(65,738)	19,542
Other property, plant and equipment	48,184	(33,315)	14,869
Right-of-use assets for lessees	125,797	(54,399)	71,398
TOTAL	**259,262**	**(153,452)**	**105,809**

Change in the gross amount of property, plant and equipment

(in thousands of euros)	DEC. 31, 2021	SCOPE ENTRY	INCREASES	DECREASES	CURRENCY TRANSLATION VARIATION AND OTHER	DEC. 31, 2022
Land used for operational purposes	7,140	(0)	(0)	(0)	(0)	7,140
Buildings used for operational purposes	78,141	(0)	(0)	(1,261)	(1,035)	75,844
Total buildings used for operational purposes	**85,281**	**(0)**	**(0)**	**(1,261)**	**(1,035)**	**82,984**
Operating guarantees and deposits	3,749	(0)	409	(282)	(351)	3,525
Other property, plant & equipment	44,436	116	4,301	(1,282)	(403)	47,168
Total tangilbe assets	**48,184**	**116**	**4,710**	**(1,564)**	**(754)**	**50,692**
Right-of-use assets for lessees – Equipment leasing	27,445	126	4,931	(0)	(252)	32,251
Right-of-use assets for lessees – Buildings leasing	98,352	136	6,857	(0)	62	105,406
Total Right-of-use	**125,797**	**262**	**11,788**	**(0)**	**(190)**	**137,657**
TOTAL	**259,262**	**378**	**16,498**	**(2,825)**	**(1,979)**	**271,333**

(in thousands of euros)	DEC. 31, 2020	SCOPE ENTRY	INCREASES	DECREASES	CURRENCY TRANSLATION VARIATION AND OTHER	DEC. 31, 2021
Land used for operational purposes	7,140	(0)	(0)	(0)	(0)	7,140
Buildings used for operational purposes	78,141	(0)	(0)	(0)	(0)	78,141
Right-of-use assets for lessees – Buildings leasing	92,588	501	4,341	(464)	1,386	98,352
Total buildings used for operational purposes	**177,869**	**501**	**4,341**	**(464)**	**1,386**	**183,633**
Operating guarantees and deposits	3,668	(0)	38	(20)	63	3,749
Other property, plant and equipment	45,665	331	4,209	(5,970)	201	44,436
Right-of-use assets for lessees – Equipment leasing	20,742	212	6,360	(6)	137	27,445
Total other property, plant and equipment	**70,075**	**543**	**10,607**	**(5,996)**	**401**	**75,629**
TOTAL	**247,943**	**1,044**	**14,948**	**(6,460)**	**1,787**	**259,262**

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

(in thousands of euros)	DEC. 31, 2021	SCOPE ENTRY	ADDITIONS	REVERSALS	CURRENCY TRANSLATION VARIATION AND OTHER	DEC. 31, 2022
Accumulated amortization – Building used for operational purposes	(65,738)	(0)	(1,679)	69	42	(67,306)
Accumulated impairment – Buildings used for operational purposes	(0)	(0)	(0)	(0)	(0)	(0)
Total buildings used for operational purposes	**(65,737)**	**(0)**	**(1,679)**	**69**	**42**	**(67,306)**
Accumulated amortization other property, plant & equipment	(33,127)	(80)	(3,562)	575	283	(35,911)
Accumulated impairment other property, plant & equipment	(188)	(0)	(0)	(0)	188	0
Total tangilbe assets	**(33,315)**	**(80)**	**(3,562)**	**575**	**471**	**(35,911)**
Accumulated amortization – Right-of-use assets for lessees – Equipment leasing	(17,032)	(27)	(6,107)	(142)	164	(23,144)
Accumulated amortization – Right-of-use assets for lessees – Buildings leasing	(37,366)	(2)	(12,552)	(542)	103	(50,359)
Accumulated impairment – Right-of-use assets for lessees – Equipment leasing		(0)	(0)	(0)	(0)	(0)
Total Right-of-use	**(54,399)**	**(29)**	**(18,659)**	**(684)**	**267**	**(73,503)**
TOTAL	**(153,451)**	**(109)**	**(23,900)**	**(40)**	**780**	**(176,720)**

(in thousands of euros)	DEC. 31, 2020	SCOPE ENTRY	ADDITIONS	REVERSALS	CURRENCY TRANSLATION VARIATION AND OTHER	DEC. 31, 2021
Accumulated amortization – Building used for operational purposes	(64,085)	(0)	(1,653)	(0)	(0)	(65,738)
Accumulated impairment – Right-of-use assets for lessees – Buildings leasing	(24,632)	(193)	(12,164)	25	(402)	(37,366)
Buildings used for operational purposes	**(88,717)**	**(193)**	**(13,817)**	**25**	**(402)**	**(103,105)**
Accumulated amortization other property, plant & equipment	(35,135)	(175)	(3,454)	5,782	(146)	(33,127)
Accumulated impairment other property, plant & equipment	(157)	(0)	(30)	(0)	(1)	(188)
Accumulated amortization – Right-of-use assets for lessees – Equipment leasing	(11,170)	(72)	(5,703)	6	(93)	(17,032)
Other property, plant and equipment	**(46,462)**	**(247)**	**(9,187)**	**5,788**	**(240)**	**(50,347)**
TOTAL	**(135,179)**	**(440)**	**(23,004)**	**5,813**	**(642)**	**(153,452)**

Market value of buildings used in the business

(in thousands of euros)	DEC. 31, 2022	DEC. 31, 2021
Carrying amount	15,677	19,542
Market value	68,678	73,332
UNREALISED GAINS	**53,001**	**53,790**

Buildings held by Coface Group do not represent any unrealised losses; no impairment is therefore recorded at December 31, 2022.

NOTE 7 RECEIVABLES ARISING FROM INSURANCE AND REINSURANCE OPERATIONS

Breakdown by nature

	DEC. 31, 2022			DEC. 31, 2021		
(in thousands of euros)	GROSS	PROVISION	NET	GROSS	PROVISION	NET
Receivables from policyholders and agents	345,234	(37,310)	307,924	306,927	(37,472)	269,455
Earned premiums not written	131,947		131,947	116,894		116,894
Receivables arising from reinsurance operations, net	224,810	(221)	224,589	124,910	(221)	124,689
TOTAL	**701,991**	**(37,531)**	**664,460**	**548,731**	**(37,693)**	**511,038**

Breakdown by age

	DEC. 31, 2022					
		DUE				
(in thousands of euros)	NOT DUE	-3 MONTHS	3 MONTHS TO 1 YEAR	1 TO5 YEARS	+5 YEARS	TOTAL
TOTAL RECEIVABLES ARISING FROM INSURANCE AND REINSURANCE OPERATIONS	**356,764**	**160,411**	**114,682**	**28,981**	**3,623**	**664,460**

	DEC. 31, 2021					
		DUE				
(in thousands of euros)	NOT DUE	-3 MONTHS	3 MONTHS TO 1 YEAR	1 TO 5 YEARS	+5 YEARS	TOTAL
TOTAL RECEIVABLES ARISING FROM INSURANCE AND REINSURANCE OPERATIONS	**373,406**	**79,808**	**48,025**	**9,313**	**487**	**511,038**

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

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

NOTE 8 OTHER ASSETS

(in thousands of euros)	DEC. 31, 2022	DEC. 31, 2021	VARIATION
Deferred acquisition costs	46,427	38,900	7,527
Trade receivables arising from other activities	50,062	59,489	(9,427)
Current tax receivables	66,612	75,682	(9,070)
Other receivables	209,736	175,609	34,127
TOTAL	**372,838**	**349,679**	**23,159**

The line "Other receivables" mainly includes:

- receivables in factoring entities towards credit-insurance entities for €26 million;
- loans granted to non-consolidated Coface entities for €26 million.

NOTE 9 CASH AND CASH EQUIVALENTS

(in thousands of euros)	DEC. 31, 2022	DEC. 31, 2021
Cash at bank and available	519,434	345,061
Cash equivalents	34,353	17,381
TOTAL	**553,786**	**362,441**

The increase in cash and cash equivalents is linked to the switch to IFRS 9 for financial investments: in order to allow for an optimal switch, the investment falls and new investments were not made at the end of the year.

These amounts are all available; no amounts are placed in escrow accounts

NOTE 10 SHARE CAPITAL

ORDINARY SHARES	NUMBER OF SHARES	PER VALUE	SHARE CAPITAL *(in €)*
At December 31, 2021	150,179,792	2	300,359,584
Cancellation of shares	(0)	2	(0)
At December 31, 2022	**150,179,792**	**2**	**300,359,584**
Treasury shares deducted	(1,116,118)	2	(2,232,236)
AT DECEMBER 31, 2022 (EXCLUDING TREASURY SHARES)	**149,063,674**	**2**	**298,127,348**

	DEC. 31, 2022		DEC. 31, 2021	
SHAREHOLDERS	NUMBER OF SHARES	%	NUMBER OF SHARES	%
Natixis	(0)	0.00%	15,078,051	10.12%
Arch Capital Group Ltd	44,849,425	30.09%	44,849,425	30.09%
Public	104,214,249	69.91%	89,104,806	59.79%
TOTAL EXCLUDING TREASURY SHARES	**149,063,674**	**100%**	**149,032,282**	**100%**

On January 6, 2022, Natixis sold its remaining stake in COFACE SA. This sale represented 10.12% of the share capital excluding treasury shares.

NOTE 11 SHARE-BASED PAYMENTS

Ongoing free share plans

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

PLAN	ALLOCATION DATE	NUMBER OF SHARES GRANTED	ACQUISITION PERIOD	ACQUISITION DATE	AVAILABILITY DATE	FAIR VALUE OF THE SHARE AT THE ALLOCATION DATE	NET EXPENSE FOR THE YEAR (IN €K)
Long-Term Incentive Plan 2019	Feb. 11, 2019	368,548	3 years	Feb. 14, 2022	Feb. 14, 2022	7.9	122
Long-Term Incentive Plan 2020	Feb. 05, 2020	312,200	3 years	Feb. 06, 2023	Feb. 06, 2023	11.4	950
Long-Term Incentive Plan 2021	Feb. 10, 2021	408,403	3 years	Feb. 12, 2024	Feb. 12, 2024	8.6	912
Long-Term Incentive Plan 2022	Feb. 05, 2022	320,849	3 years	Feb. 15, 2025	Feb. 15, 2025	11.7	913

Change in the number of free shares

PLAN	NUMBER OF FREE SHARES AT DEC. 31, 2021	NUMBER OF NEW FREE SHARE GRANTS IN 2022	NUMBER OF FREE SHARES CANCELLED IN 2022	NUMBER OF FREE SHARES ACQUIRED IN 2022	NUMBER OF SHARES TO BE ACQUIRED AT DEC. 31, 2022
Long-Term Incentive Plan 2019	359,868			(359,868)	(0)
Long-Term Incentive Plan 2020	309,650		(10,259)		299,391
Long-Term Incentive Plan 2021	403,403		(10,000)		393,403
Long-Term Incentive Plan 2022		320,849			320,849

The total number of shares allocated to the *Long-Term Incentive Plan 2022* amounts to 425,966 shares; only 405,105 shares were affected nominatively to beneficiaries including 320,849 shares and 84,256 performance units.

The free shares allocated under the LTIP 2019 plan were delivered to the beneficiaries.

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

Free shares under the *Long-Term Incentive Plan* are definitely granted based upon presence in the Group and performance achievement.

Measurement of free shares

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

The plans were measured on the assumptions below:

- discount rate corresponding to a risk-free rate on the plans' duration;
- income distribution rate set at 60%;

Based on these assumptions, a total of €2,897 thousand was expensed under the implemented plans at December 31, 2022.

NOTE 12 REVALUATION RESERVES

(in thousands of euros)	INVESTMENT INSTRUMENTS	RESERVES – GAINS AND LOSSES NOT RECLASSIFIABLE TO INCOME STATEMENT	INCOME TAX	REVALUATION RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT	NON-CONTROLLING INTERESTS	REVALUATION RESERVES
At January 1, 2022	**250,291**	**(30,652)**	**(29,399)**	**190,240**	**(115)**	**190,125**
Fair value adjustments on available-for-sale financial assets reclassified to income	(12,861)		3,629	(9,232)	(0)	(9,232)
Fair value adjustments on available-for-sale financial assets recognised in equity	(310,306)		54,623	(255,683)	(32)	(255,715)
Change in reserves – gains and losses not reclassificable to income statement (IAS 19R)		13,015	(3,705)	9,310	(0)	9,310
Transactions with shareholders	1		(0)	1	(1)	(0)
AT DECEMBER 31, 2022	**(72,875)**	**(17,637)**	**25,148**	**(65,364)**	**(148)**	**(65,512)**

(in thousands of euros)	INVESTMENT INSTRUMENTS	RESERVES – GAINS AND LOSSES NOT RECLASSIFIABLE TO INCOME STATEMENT	INCOME TAX	REVALUATION RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT	NON-CONTROLLING INTERESTS	REVALUATION RESERVES
At January 1, 2021	**235,988**	**(33,000)**	**(24,621)**	**178,367**	**(116)**	**178,251**
Fair value adjustments on available-for-sale financial assets reclassified to income	(9,184)		1,821	(7,363)	(0)	(7,363)
Fair value adjustments on available-for-sale financial assets recognised in equity	23,487		(5,873)	17,614	1	17,615
Change in reserves – gains and losses not reclassificable to income statement (IAS 19R)		2,348	(726)	1,622		1,622
Transactions with shareholders	(0)		(0)	(0)	(0)	(0)
AT DECEMBER 31, 2021	**250,291**	**(30,652)**	**(29,399)**	**190,240**	**(115)**	**190,125**

NOTE 13 PROVISIONS FOR LIABILITIES AND CHARGES

(in thousands of euros)	31/12/22	31/12/21
Provisions for disputes	1,985	2,275
Provisions for pension and other post-employment benefit obligations	46,222	61,473
Other provisions for liabilities and charges	20,455	22,000
TOTAL	**68,662**	**85,748**

(in thousands of euros)	DEC. 31, 2021	SCOPE ENTRY	ADDITIONS	REVERSALS (UTILISED)	REVERSALS (SURPLUS)	RECLASSI -FICATIONS	CHANGES IN OCI	CURRENCY TRANSLATION VARIATION	DEC. 31, 2022
Provisions for employee	2,023	(0)	124	0	(231)	15	(0)	41	1,972
Provisions for other disputes	252	(0)	16	0	0	(262)	(0)	9	15
Provisions for disputes	**2,275**	**(0)**	**140**	**0**	**(231)**	**(247)**	**0**	**49**	**1,985**
Provisions for pension	**61,473**	**(0)**	**3,404**	**(4,545)**	**(968)**	**0**	**(13,015)**	**(127)**	**46,222**
Provisions for liabilities	9,813	(0)	0	0	(1)	(0)	(0)	(0)	9,812
Provisions for restructuring	9,721	(0)	4,658	(5,587)	(1,544)	(0)	(0)	(0)	7,248
Provisions for for free share allocation plan	(0)	(0)	(0)	(0)	(0)			(0)	(0)
Provisions for taxes (excl. income taxes)	707	(0)	(0)	(0)	(0)	(0)	(0)	(55)	652
Other provisions for liabilities	1,759	(0)	999	(17)	(0)	(0)	(0)	1	2,742
Other provisions for liabilities and charges	**22,000**	**(0)**	**5,657**	**(5,604)**	**(1,544)**	**0**	**0**	**(54)**	**20,455**
TOTAL	**85,748**	**(0)**	**9,202**	**(10,149)**	**(2,743)**	**(247)**	**(13,015)**	**(132)**	**68,662**

(in thousands of euros)	DEC. 31, 2020	SCOPE ENTRY	ADDITIONS	REVERSALS (UTILISED)	REVERSALS (SURPLUS)	RECLASSI -FICATIONS	CHANGES IN OCI	CURRENCY TRANSLATION VARIATION	DEC. 31, 2021
Provisions for employee	1,815	(0)	336	(0)	(124)	(0)	(0)	(4)	2,023
Provisions for other disputes	328	(0)	175	(0)	(16)	(202)	(0)	(33)	252
Provisions for disputes	**2,143**	**(0)**	**512**	**(0)**	**(140)**	**(202)**	**(0)**	**(37)**	**2,275**
Provisions for pension	**63,619**	**136**	**4,069**	**(3,567)**	**(392)**	**0**	**(2,349)**	**(45)**	**61,473**
Provisions for liabilities	16,642	(0)	478	0	(7,513)	(0)	(0)	206	9,813
Provisions for restructuring	11,039	(0)	3,847	(2,882)	(2,302)	(0)	(0)	19	9,721
Provisions for for free share allocation plan	0	(0)	0	(0)	(0)	(0)	(0)	(0)	(0)
Provisions for taxes (excl. income taxes)	630	(0)	0	(0)	(0)	202	(0)	(125)	707
Other provisions for liabilities	2,235	(0)	25	(377)	(125)	0	(0)	1	1,759
Other provisions for liabilities and charges	**30,546**	**(0)**	**4,350**	**(3,259)**	**(9,939)**	**202**	**(0)**	**101**	**22,000**
TOTAL	**96,307**	**136**	**8,934**	**(6,826)**	**(10,471)**	**0**	**(2,349)**	**18**	**85,748**

Provisions for liabilities and charges mainly include provisions for pensions and other post-employment benefit obligations, provisions for restructuring and provisions for liabilities. The other provisions for liabilities are essentially made up of Italy (€2,6 million).

The main net change for the year is linked to provisions for pension (€15 million) including change in OCI (€13 million).

Provisions related to the strategic plan amounted to €6.4 million as of December 31, 2022. The net impact over the period corresponds to a €2.8 million reversal.

NOTE 14 EMPLOYEE BENEFITS

(in thousands of euros)	DEC. 31, 2022	DEC. 31, 2021
Present value of benefit obligation at January 1	***63,531***	***65,775***
Acquisitions/mergers/deconsolidations		
Current service cost	3,362	3,381
Interest cost	608	560
Actuarial (gains)/losses	(15,625)	(2,521)
Benefits paid	(3,530)	(3,859)
Acquisitions/mergers/deconsolidations	(0)	136
Other	(250)	60
Present value of benefit obligation at December 31	**48,095**	**63,532**
Change in plan assets		
Fair value of plan assets at January 1	***2,057***	***2,157***
Revaluation adjustments – Return on plan assets	(178)	193
Employee contributions	36	6
Employer contributions	2,794	2,754
Benefits paid	(2,839)	(3,053)
Other	(0)	(0)
Fair value of plan assets at December 31	**1,871**	**2,057**
Reconciliation		
Present value of benefit obligation at December 31	***48,095***	***63,532***
Fair value of plan assets	1,871	2,057
(Liability)/Asset recognised in the balance sheet at December	**(46,222)**	**(61,473)**
Income statement		
Current service cost	3,402	3,381
Benefits paid including amounts paid in respect of settlements	(0)	(0)
Interest cost	608	560
Interest income	(22)	(23)
Revaluation adjustments on other long-term benefits	(2,410)	(343)
Other	(250)	(46)
(Income)/Expenses recorded in the income statement	**1,329**	**3,530**
Changes recognised directly in equity not reclassifiable to income		
Revaluation adjustments arising in the year	(13,015)	(2,349)
Revaluation adjustments recognised in equity not reclassifiable to income	**(13,015)**	**(2,349)**

(in thousands of euros)	DEC. 31, 2022 FRANCE	GERMANY	AUSTRIA	ITALY	OTHER	TOTAL
Present value of benefit obligation at January 1	***12,588***	***23,806***	***17,660***	***4,210***	***5,268***	***63,531***
Acquisitions/mergers/deconsolidations	(0)	(0)	(0)	(0)	(0)	(0)
Current service cost	653	1,561	162	354	632	3,362
Interest cost	137	250	191	30	0	608
Actuarial (gains)/losses	(3,691)	(5,186)	(6,426)	(358)	36	(15,625)
Benefits paid	(484)	(1,761)	(1,041)	(50)	(194)	(3,530)
Other	(0)	(0)	(0)	(0)	(250)	(250)
Present value of benefit obligation at December 31	**9,202**	**18,670**	**10,545**	**4,186**	**5,491**	**48,095**
Change in plan assets						
Fair value of plan assets at January 1	***(0)***	***995***	***1,062***	***(0)***	***(0)***	***2,057***
Revaluation adjustments – Return on plan assets	(0)	(54)	(124)	(0)	(0)	(178)
Acquisitions/mergers/deconsolidations	(0)	0	0	(0)	(0)	0
Employee contributions	(0)	36	0	(0)	(0)	36
Employer contributions	(0)	1,763	1,031	(0)	(0)	2,794
Benefits paid	(0)	(1,797)	(1,041)	(0)	(0)	(2,839)
Other	(0)	0	0	(0)	(0)	0
Fair value of plan assets at December 31	**(0)**	**943**	**928**	**(0)**	**(0)**	**1,871**
Reconciliation						
Present value of benefit obligation at December 31	***9,202***	***18,670***	***10,545***	***4,186***	***5,491***	***48,095***
Fair value of plan assets	0	943	928	0	0	1,871
(Liability)/Asset recognised in the balance sheet at December	**(9,202)**	**(17,727)**	**(9,617)**	**(4,186)**	**(5,491)**	**(46,224)**
Income statement						
Current service cost	653	1,601	162	354	632	3,402
Past service cost	(0)	(0)	(0)	(0)	(0)	(0)
Benefits paid including amounts paid in respect of settlements	(0)	(0)	(0)	(0)	(0)	(0)
Interest cost	137	250	191	30	(0)	608
Interest income	(0)	(10)	(12)	0	(0)	(22)
Revaluation adjustments on other long-term benefits	(175)	(2,039)	(27)	(169)	(0)	(2,410)
Other	(0)	(0)	(0)	(0)	(250)	(250)
(Income)/Expenses recorded in the income statement	**615**	**(197)**	**314**	**214**	**382**	**1,329**
Changes recognised directly in equity not reclassifiable to income						
Revaluation adjustments arising in the year	(3,517)	(3,083)	(6,264)	(188)	36	(13,015)
Revaluation adjustments recognised in equity not reclassifiable to income	**(3,517)**	**(3,083)**	**(6,264)**	**(188)**	**36**	**(13,015)**

	DEC. 31, 2021					
(in thousands of euros)	FRANCE	GERMANY	AUSTRIA	ITALY	OTHER	TOTAL
Present value of benefit obligation at January 1	***13,399***	***25,944***	***18,095***	***4,024***	***4,313***	***65,775***
Acquisitions/mergers/deconsolidations	(0)	(0)	(0)	(0)	136	136
Current service cost	699	1,711	175	194	602	3,381
Interest cost	63	273	196	28	0	560
Actuarial (gains)/losses	(842)	(1,696)	(183)	42	158	(2,521)
Benefits paid	(731)	(2,426)	(621)	(78)	(2)	(3,859)
Other	(0)	(0)	(0)	(0)	60	60
Present value of benefit obligation at December 31	**12,588**	**23,805**	**17,660**	**4,210**	**5,268**	**63,532**
Change in plan assets						
Fair value of plan assets at January 1	***(0)***	***1,202***	***955***	***(0)***	***(0)***	***2,157***
Revaluation adjustments – Return on plan assets	(0)	82	111	(0)	(0)	193
Acquisitions/mergers/deconsolidations	(0)	-	0	(0)	(0)	0
Employee contributions	(0)	6	0	(0)	(0)	6
Employer contributions	(0)	2,136	618	(0)	(0)	2,754
Benefits paid	(0)	(2,432)	(621)	(0)	(0)	(3,053)
Other	(0)	0	0	(0)	(0)	0
Fair value of plan assets at December 31	**(0)**	**994**	**1,063**	**(0)**	**(0)**	**2,057**
Reconciliation						
Present value of benefit obligation at December 31	***12,588***	***23,805***	***17,660***	***4,210***	***5,268***	***63,532***
Fair value of plan assets	0	994	1,063	(0)	(0)	2,057
(Liability)/Asset recognised in the balance sheet at December	**(12,588)**	**(22,811)**	**(16,597)**	**(4,210)**	**(5,268)**	**(61,475)**
Income statement						
Current service cost	699	1,711	175	194	602	3,381
Past service cost	(0)	(0)	(0)	(0)		(0)
Benefits paid including amounts paid in respect of settlements	(0)	(0)	(0)	(0)		(0)
Interest cost	63	273	196	28		560
Interest income	(0)	(12)	(11)	0		(23)
Revaluation adjustments on other long-term benefits	(42)	(299)	(6)	4		(343)
Other	(0)	(0)	(0)	(0)	(46)	(46)
(Income)/Expenses recorded in the income statement	**720**	**1,673**	**354**	**226**	**557**	**3,530**
Changes recognised directly in equity not reclassifiable to income						
Revaluation adjustments arising in the year	(800)	(1,467)	(277)	38	158	(2,349)
Revaluation adjustments recognised in equity not reclassifiable to income	**(800)**	**(1,467)**	**(277)**	**38**	**158**	**(2,349)**

Actuarial assumptions

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

	DEC. 31, 2022			
	FRANCE	GERMANY	AUSTRIA	ITALY
Inflation rate	2.25%	2.25%	2.25%	2.25%
Discount rate				
Supplementary retirement and other plans	4.00%	4.00%	4.00%	N/A
Statutory retirement benefits	4.00%	N/A	4.00%	4.00%
Long-service awards	4.00%	4.00%	4.00%	4.00%
Other benefits	4.00%	4.00%	N/A	4.00%
Rate of salary increases (including inflation)	2.55%	2.25%	2.00%	2.25%
Rate of increase in medical costs (including inflation)	2.50%	N/A	NA	4.20%
Average remaining working life until retirement				
Supplementary retirement and other plans	0.00	3.59	10.03	10.74
Statutory retirement benefits	0.00	N/A	8.70	11.80
Long-service awards	0.00	14.15	19.61	8.25
Other benefits	0.00	2.34	N/A	0.00
Term (years)				
Supplementary retirement and other plans	2.47	9.83	10.93	16.49
Statutory retirement benefits	11.92	0.00	7.12	6.65
Long-service awards	6.89	7.94	8.39	7.90
Other benefits	9.71	1.35	N/A	N/A

	DEC. 31, 2021			
	FRANCE	GERMANY	AUSTRIA	ITALY
Inflation rate	1.75%	1.75%	1.75%	1.75%
Discount rate				
Supplementary retirement and other plans	1.10%	1.10%	1.10%	N/A
Statutory retirement benefits	1.10%	N/A	1.10%	1.10%
Long-service awards	1.10%	1.10%	1.10%	1.10%
Other benefits	1.10%	1.10%	N/A	1.10%
Rate of salary increases (including inflation)	2.05%	2.25%	3.00%	1.75%
Rate of increase in medical costs (including inflation)	2.50%	N/A	N/A	4.20%
Average remaining working life until retirement				
Supplementary retirement and other plans	0.00	1.13	4.00	6.40
Statutory retirement benefits	13.95	N/A	8.72	10.10
Long-service awards	13.95	14.60	18.94	6.50
Other benefits	0.00	3.09	N/A	0.00
Term (years)				
Supplementary retirement and other plans	3.03	12.41	15.61	18.62
Statutory retirement benefits	13.64	0.00	8.21	9.07
Long-service awards	7.38	9.68	10.38	10.16
Other benefits	12.23	1.64	N/A	N/A

Sensitivity tests on the defined benefit obligation

	DEC. 31, 2022			
	POST-EMPLOYMENT DEFINED BENEFIT OBLIGATIONS		OTHER LONG-TERMBENEFITS	
	SUPPLEMENTARY RETIREMENT AND OTHER PLANS	STATUTORY RETIREMENT BENEFITS	LONG-SERVICE AWARDS	OTHER BENEFITS
+0.25% increase in the discount rate	(2.53)%	(2.31)%	(1.92)%	(0.34)%
-0.25% decrease in the discount rate	2.65%	2.40%	1.98%	0.34%
+0.25% increase in the inflation rate	1.68%	1.71%	(0.48)%	0.34%
-0.25% decrease in the inflation rate	(1.61)%	(1.64)%	0.43%	(0.34)%
+0.25% increase in rate of increase in medical costs	3.09%	0.00%	0.00%	0.00%
-0.25% decrease in rate of increase in medical costs	(2.95)%	0.00%	0.00%	0.00%
+0.25% increase in rate of salary increase (including inflation)	1.81%	2.32%	(0.24)%	0.34%
-0.25% decrease in rate of salary increase (including inflation)	(1.74)%	(2.24)%	0.19%	(0.34)%

Published data

	DEC. 31, 2021			
	POST-EMPLOYMENT DEFINED BENEFIT OBLIGATIONS		OTHER LONG-TERM BENEFITS	
	SUPPLEMENTARY RETIREMENT AND OTHER PLANS	STATUTORY RETIREMENT BENEFITS	LONG-SERVICE AWARDS	OTHER BENEFITS
+1% increase in the discount rate	(3.32)%	(2.64)%	(2.33)%	(0.41)%
-1% decrease in the discount rate	3.51%	2.75%	2.41%	0.41%
+1% increase in the inflation rate	1.96%	2.09%	0.20%	0.41%
-1% decrease in the inflation rate	(1.63)%	(2.00)%	(0.25)%	(0.40)%
+1% increase in rate of increase in medical costs	3.82%	0.00%	0.00%	0.00%
-1% decrease in rate of increase in medical costs	(3.23)%	0.00%	0.00%	0.00%
+1% increase in rate of salary increase (including inflation)	2.83%	2.77%	0.48%	0.41%
-1% decrease in rate of salary increase (including inflation)	(2.35)%	(2.66)%	(0.53)%	(0.40)%

It should be noted that the IFRIC decision published in May 2021 on IAS 19 “Attribution of post-employment benefits over periods of service” has no impact on COFACE’s consolidated financial statements at December 31, 2022.

NOTE 15 FINANCING LIABILITIES

(in thousands of euros)	DEC. 31, 2022	DEC. 31, 2021
Due within one year		
• Interest	12,170	11,930
• Amortization of expenses	(647)	(596)
Total	**11,523**	**11,335**
Due between one and five years		
• Amortization of expenses	(1,386)	(781)
• Nominal	226,600	380,000
Total	**225,214**	**379,218**
Due beyond five years		
• Amortization of expenses	(2,457)	(0)
• Nominal	300,000	(0)
Total	**297,543**	**(0)**
TOTAL	**534,280**	**390,553**

For the year ended December 31, 2022, the Group's financing liabilities, totalling €534.3 million, correspond to:

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

The per-unit bond issue price was €99,493.80, and the net amount received by COFACE SA was €376.7 million, net of placement fees and directly-attributable transaction costs.

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

COFACE SA has also announced a tender offer on September 21, 2022 to repurchase its guaranteed subordinated notes due on March 27, 2024, for an amount of €153 million, at a fixed purchase price of 103,625 per cent.

The nominal amount after the tender offer is now €227 million, still maturing on March 27, 2024.

A new issuance on September 22, 2022 of €300 million subordinated notes bearing a fixed interest rate of 6.000 per cent., due on September 22, 2032.

The debt issuance costs and the issue premium of both subordinated notes are (-€4,490 thousand), of which (-€466) thousand corresponding to the notes maturing on March 27, 2024, and (-€4,024) thousand for the notes maturing on September 22, 2032.

Accrued interest are €12,170 thousand, of which €7,270 thousand for the on March 27, 2024, €4,900 thousand for the September 22, 2032.

The impact on consolidated income statement income as at December 31, 2022 mainly includes the interest related to the period for €25,530 thousand.

NOTE 16 LEASE LIABILITIES

(in thousand of euros)	DEC. 31, 2022	DEC. 31, 2021
Lease liabilities – Real estate leasing	65,449	71,433
Lease liabilities – Equipment leasing	9,173	10,497
LEASE LIABILITIES – LEASING	**74,622**	**81,930**

NOTE 17 LIABILITIES RELATING TO INSURANCE CONTRACTS

(in thousands of euros)	DEC. 31, 2022	DEC. 31, 2021
Provisions for unearned premiums	317,547	287,499
Claims reserves	1,490,385	1,351,095
Provisions for premium refunds	248,334	220,465
Liabilities relating to insurance contracts	**2,056,267**	**1,859,059**
Provisions for unearned premiums	(65,716)	(51,968)
Claims reserves	(374,343)	(382,699)
Provisions for premium refunds	(68,821)	(77,520)
Reinsurers' share of insurance liabilities	**(508,881)**	**(512,187)**
NET TECHNICAL PROVISIONS	**1,547,386**	**1,346,872**

Provisions for claims include provisions to cover claims incurred but not reported and shortfalls in estimated provisions for claims reported. These amounted to €980 million at December 31, 2022.

NOTE 18 PAYABLES ARISING FROM BANKING ACTIVITIES

(in thousands of euros)	DEC. 31, 2022	DEC. 31, 2021
Amounts due to banking sector companies	743,230	822,962
Amounts due to customers of banking sector companies	389,300	376,788
Debt securities	1,794,858	1,498,775
TOTAL	**2,927,389**	**2,698,525**

The lines "Amounts due to banking sector companies" and "Debt securities" correspond to sources of refinancing for the Group's factoring entities – Coface Finanz (Germany) and Coface Factoring Poland.

NOTE 19 DEFERRED TAX

(in thousands of euros)	DEC. 31, 2022	DEC. 31, 2021
Deferred tax assets	(88,755)	(58,345)
Deferred tax liabilities	105,142	120,326
NET DEFERRED TAX – LIABILITIES	**16,387**	**61,981**
Timing differences	(60,770)	(11,680)
Provisions for pensions and other employment benefit obligations	(4,233)	(9,022)
Tax loss carry forwards	(5,252)	(11,514)
Cancellation of the claims equalization provision	86,642	94,197
NET DEFERRED TAX – LIABILITIES	**16,387**	**61,981**

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

Each entity is compensating deferred tax assets and liabilities whenever it is legaly authorized to compensate due tax assets and liabilities.

Changes in deferred tax balances by region

Deferred tax with positive signs are deferred tax liabilities. On the other hand, those with negative signs are deferred tax assets.

(in thousands of euros)	DEC. 31, 2021	CHANGE THROUGH INCOME STATEMENT	REVALUATION ADJUSTMENT ON AFS INVESTMENTS	CURRENCY TRANSLATION VARIATION	SCOPE ENTRY	OTHER MOVEMENTS	DEC. 31, 2022
Northern Europe	60,826	1,820	(322)	(172)	(43)	1,114	63,223
Western Europe	25,110	12,865	(49,589)	20	0	(121)	(11,715)
Central Europe	(2,115)	6,124	(658)	(474)	(44)	1,612	4,445
Mediterranean & Africa	(22,826)	(2,947)	0	496	(0)	50	(25,227)
North America	2,197	(2,571)	(2,124)	232	(0)	17	(2,249)
Latin America	2,632	(1,680)	(4,976)	1,644	(299)	(5,930)	(8,609)
Asia-Pacific	(3,843)	664	(495)	193	(0)	(0)	(3,481)
TOTAL	**61,981**	**14,275**	**(58,164)**	**1,939**	**(386)**	**(3,258)**	**16,387**

(in thousands of euros)	DEC. 31, 2020	CHANGE THROUGH INCOME STATEMENT	REVALUATION ADJUSTMENT ON AFS INVESTMENTS	CURRENCY TRANSLATION VARIATION	SCOPE ENTRY	OTHER MOVEMENTS	DEC. 31, 2021
Northern Europe	57,473	2,661	23	189	(0)	480	60,826
Western Europe	23,722	(1,858)	2,922	16	(0)	308	25,110
Central Europe	77	(2,242)	92	52	(169)	75	(2,115)
Mediterranean & Africa	(18,496)	(4,949)	(0)	611	(0)	8	(22,826)
North America	2,392	(433)	1	230	(0)	7	2,197
Latin America	(2,525)	(489)	1,316	754	(173)	3,749	2,632
Asia-Pacific	(1,387)	(2,079)	(303)	(74)	0	0	(3,843)
TOTAL	**61,256**	**(9,389)**	**4,051**	**1,778**	**(342)**	**4,627**	**61,981**

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

Deferred taxes related to tax losses

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

(in thousands of euros)	DEC. 31, 2022	DEC. 31, 2021
Northern Europe	2,699	4,735
Western Europe	0	70
Central Europe	157	157
Mediterranean & Africa	245	1,308
North America	(0)	(0)
Latin America	102	(0)
Asia-Pacific	2,049	5,243
NET DEFERRED TAX – LIABILITIES	**5,252**	**11,514**

The recognition of deferred tax assets on tax losses is subject to a case-by-case recoverability analysis, taking into account the forecasts of the results of each entity. Deferred tax assets on losses are recognized at the level of entity's income tax results estimated for the period from 2022 to 2027, *i.e.* a recoverability horizon of five years.

This recognition results from a Business Tax Plan prepared by each entity on the basis of the Business Plan approved by the Management.

NOTE 20 PAYABLES ARISING FROM INSURANCE AND REINSURANCE OPERATIONS

(in thousands of euros)	DEC. 31, 2022	DEC. 31, 2021
Guarantee deposits received from policyholders and other	103	35
Amounts due to policyholders and agents	88,162	57,079
Payables arising from insurance and inward reinsurance operations	**88,265**	**57,114**
Amounts due to reinsurers	229,419	226,848
Deposits received from reinsurers	1,126	2,621
Payable arising from ceded reinsurance operations	**230,545**	**229,469**
TOTAL	**318,810**	**286,583**

NOTE 21 OTHER LIABILITIES

(in thousands of euros)	DEC. 31, 2022	DEC. 31, 2021
Current tax payables	**61,681**	**80,712**
Derivatives and related liabilities	**222**	**3,480**
Accrued personnel costs	82,042	71,706
Sundry payables	231,159	176,652
Deferred income	7,773	7,552
Other accruals	20,351	34,829
Other payables	**341,326**	**290,739**
TOTAL	**403,228**	**374,931**

NOTE 22 REVENUE

Breakdown of consolidated revenue

(in thousands of euros)	DEC. 31, 2022	DEC.31, 2021
Premiums – direct business	*1,575,745*	*1,357,895*
Premiums – inward reinsurance	*122,525*	*104,529*
Gross written premiums	**1,698,270**	**1,462,424**
Premium refunds	**(142,109)**	**(121,336)**
Change of provisions for unearned premiums	**(28,697)**	**(28,451)**
Earned premiums	**1,527,464**	**1,312,637**
Fees and commission income	**158,582**	**140,691**
Net income from banking activities	**70,414**	**64,400**
Other insurance-related services	39	156
Business information and other services	49,269	42,266
Receivables management	6,202	7,708
Income from other activities	**55,510**	**50,130**
Revenue or income from other activities	**284,506**	**255,221**
CONSOLIDATED REVENUE	**1,811,970**	**1,567,858**

Consolidated revenue by country of invoicing

(in thousands of euros)	DEC. 31, 2022	DEC.31, 2021
Northern Europe	372,337	331,529
Western Europe	359,644	316,684
Central Europe	178,533	156,263
Mediterranean & Africa	480,576	429,399
North America	168,011	137,481
Latin America	101,595	73,330
Asia-Pacific	151,274	123,171
CONSOLIDATED REVENUE	**1,811,970**	**1,567,858**

Consolidated revenue by activity

(in thousands of euros)	DEC. 31, 2022	DEC.31, 2021
Earned premiums – Credit	*1,444,175*	*1,242,767*
Earned premiums – Single Risk	*24,480*	*15,839*
Earned premiums – Credit insurance	**1,468,655**	**1,258,606**
Fees and commission income	**158,582**	**140,691**
Other insurance-related services	**39**	**156**
Revenue of credit insurance activity	**1,627,276**	**1,399,453**
Earned premiums – Guarantees	**58,809**	**54,031**
Financing fees	32,888	26,409
Factoring fees	41,126	39,712
Other	(3,601)	(1,720)
Net income from banking activities (factoring)	**70,414**	**64,400**
Business information and other services	49,269	42,266
Receivables management	6,202	7,708
Revenue of business information and other services activity	**55,471**	**49,974**
CONSOLIDATED REVENUE	**1,811,970**	**1,567,858**

NOTE 23 CLAIM EXPENSES

(in thousands of euros)	DEC. 31, 2022	DEC. 31, 2021
Paid claims, net of recoveries	(308,836)	(286,097)
Claims handling expenses	(39,894)	(36,190)
Change in claims reserves	(128,049)	41,831
TOTAL	**(476,779)**	**(280,456)**

Claims expenses by period of occurrence

	DEC. 31, 2022			DEC. 31, 2022		
(in thousands of euros)	GROSS	OUTWARD REINSURANCE AND RETROCESSIONS	NET	GROSS	OUTWARD REINSURANCE AND RETROCESSIONS	NET
Claims expenses – current year	(1,013,341)	239,685	(773,655)	(800,187)	255,221	(544,966)
Claims expenses – prior years	536,561	(157,499)	379,062	519,731	(239,011)	280,720
TOTAL	**(476,779)**	**82,186**	**(394,593)**	**(280,456)**	**16,210**	**(264,246)**

NOTE 24 OVERHEADS BY FUNCTION

(in thousands of euros)	DEC. 31, 2022	DEC. 31, 2021
Policy acquisition costs	(304,747)	(259,317)
Administrative costs	(314,460)	(270,990)
Other insurance activity expenses	(69,824)	(66,243)
Expenses from banking activities, excluding cost of risk	(14,331)	(13,103)
Expenses from services activities	(102,992)	(89,674)
Operating expenses	**(806,354)**	**(699,327)**
Investment management expenses	**(4,294)**	**(4,010)**
Claims handling expenses	**(39,894)**	**(36,190)**
TOTAL	**(850,543)**	**(739,527)**
of which employee profit-sharing	*(10,120)*	*(9,898)*

Total overheads include general insurance expenses (by function), expenses from services activities and expenses from banking activities. It came out at €850,550 thousand as at December 31, 2022 versus €739,527 thousand as at December 31, 2021.

In the income statement, claims handling expenses are included in "Claims expenses" and investment management expenses are shown in "Investment income, net of management expenses (excluding finance costs)".

NOTE 25 EXPENSES FROM BANKING ACTIVITIES

(in thousands of euros)	DEC. 31, 2022	DEC. 31, 2021
Charges to allowances for receivables	6,463	2,954
Reversal of allowances for receivables	(0)	(0)
Losses on receivables	(6,154)	(2,878)
Cost of risk	**308**	**76**
Operating expenses	**(14,331)**	**(13,103)**
TOTAL	**(14,023)**	**(13,028)**

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

NOTE 26 INCOME AND EXPENSES FROM CEDED REINSURANCE

(in thousands of euros)	DEC. 31, 2022	DEC. 31, 2021
Ceded claims	75,772	118,900
Change in claims provisions net of recoveries	(8,314)	(104,777)
Commissions paid by reinsurers	197,752	183,686
Income from ceded reinsurance	**265,210**	**197,810**
Ceded premiums	(425,593)	(519,061)
Change in unearned premiums provisions	13,774	6,963
Expenses from ceded reinsurance	**(411,819)**	**(512,098)**
TOTAL	**(146,610)**	**(314,288)**

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

(in thousands of euros)	DEC. 31, 2022	DEC. 31, 2021
Investment income	46,353	38,669
Change in financial instruments at fair value through income	13,224	(6,853)
o/w hedged by currency derivatives on "Colombes" and "Lausanne" mutual funds	*(0)*	*(0)*
Net gains on disposals	18,994	(1,365)
o/w hedged by currency derivatives on "Colombes" and "Lausanne" mutual funds	*5,198*	*154*
Additions to/(reversals from) impairment	259	3,982
Net foreign exchange gains/losses	(29,636)	15,534
o/w hedged by currency derivatives on "Colombes" and "Lausanne" mutual funds *	*(2,623)*	*(1,534)*
Investment management expenses	(9,089)	(7,789)
TOTAL	**40,105**	**42,177**

* *The Colombes and Lausanne funds foreign exchange result covered by derivatives amounts to -€2,623 thousand. This amount is broken down into -€14,332 thousand in realized profit and €11,709 thousand in unrealized losses.*

Investment income by class

(in thousands of euros)	DEC. 31, 2022	DEC. 31, 2021
Equities	40,227	3,976
Fixed income	(6,447)	23,234
Investment properties	19,456	13,974
Sub-total	**53,236**	**41,185**
Associated and non consolidated companies	2,621	6,238
Exchange rate – change profit/loss	(6,663)	2,543
Financial and investment charges	(9,089)	(7,789)
TOTAL	**40,105**	**42,177**

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

NOTE 28 OTHER OPERATING INCOME AND EXPENSES

(in thousands of euros)	DEC.31, 2022	DEC.31, 2021
Build to Lead restructuring expenses	(1,887)	(2,503)
Restructuring provision	(327)	(233)
Impact of entry in consolidation scope	(577)	(58)
Other operating expenses	(9,722)	(2,384)
Total other operating expenses	**(12,512)**	**(5,179)**
Impact of entry in consolidation scope	2,199	1,461
Other operating income	1,197	541
Total other operating income	**3,397**	**2,002**
TOTAL	**(9,116)**	**(3,177)**

Other operating income and expenses amounted to -€9.1 million as of December 31, 2022.

The impact of entries into the scope of consolidation is composed of -€557 thousand for Northern America region, €323 thousand for Central Europe region, €888 thousand for Latin America region and €988 thousand for Western Europe region.

The other operating expenses amounted to -€9.7 million mainly include the costs linked to double Run (production of *Proforma* related to IFRS 17).

NOTE 29 INCOME TAX EXPENSE

(in thousands of euros)	DEC. 31, 2022	DEC. 31, 2021
Income tax	(86,286)	(76,900)
Deferred tax	(14,275)	9,389
TOTAL	**(100,561)**	**(67,511)**

The income tax expense highly increased because of the better entities results and better forecast on the following years, which allowed to activate more deferred tax related to loss carry forward.

Tax proof

(in thousands of euros)	DEC. 31, 2022		DEC. 31, 2021	
Net income	**283,107**		**223,817**	
Non-controlling interests	(244)		(57)	
Income tax expense	(100,561)		(67,511)	
Pre-tax income before share in net income of associates and badwill	**383,913**		**291,385**	
Tax rate		25.83%		+28.4%
Theoretical tax	(99,165)		(82,782)	
Tax expense presented in the consolidation income statement	(100,561)	26.19%	(67,511)	+23.2%
Difference	**1,396**	**0.36%**	**(15,271)**	**(5.2)%**
Impact of differences between Group tax rates and local tax rates	20,981	5.46%	22,715	+7.8%
Specific local taxes	(10,690)	(2).78%	(5,875)	(2.0)%
o/w French Corporate value added tax (CVAE)	*(684)*	*(0).18%*	*(1,325)*	*(0.5)%*
Tax losses for which no deferred tax assets have been recognised	(14,681)	(3).82%	(3,663)	(1.3)%
Utilisation of previously unrecognised tax loss carryforwards	1,822	0.47%	5,243	+1.8%
Dividends paid in France non deductible for tax purposes (1%)	(8,582)	(2).24%	(6,862)	+2.4%
Liability method impact	8,453	2.20%	(1,600)	(0.5)%
Other differences	1,298	0.34%	(1,548)	(0.5)%

The effective income tax rate increased of 3 points from 26,19% at December 31, 2022 compare to 23,17% at December 31, 2021.

The difference between theoretical tax and tax expense presented in the consolidated income statement comes from a positive impact of differences between Group tax rates and local tax rates partially offset by the negative effect of the non-activation of tax losses.

NOTE 30 BREAKDOWN OF NET INCOME BY SEGMENT

Premiums, claims and commissions are monitored by country of invoicing. In the case of direct business, the country of invoicing is the one in which the issuer of the invoice is located and for inward reinsurance, the country of invoicing is the one in which the ceding insurer is located.

Geographic segmentation by billing location does not necessarily correspond to the debtor's location.

Reinsurance income, which is calculated and recognised for the whole Group at the level of Compagnie française d'assurance pour le commerce extérieur and Coface Re, has been reallocated at the level of each region.

Income taxes by segment have been calculated based on this monitoring framework.

Analysis of December 31, 2022 net income by segment

(in thousands of euros)	NORTHERN EUROPE	WESTERN EUROPE	CENTRAL EUROPE	MEDITER-RANEAN & AFRICA	NORTH AMERICA	LATIN AMERICA	ASIA -PACIFIC	GROUP REINSU-RANCE	COGERI	HOLDING COMPANY COSTS	INTER-ZONE	GROUP TOTAL
REVENUE	**377,249**	**352,479**	**180,067**	**482,266**	**168,011**	**101,726**	**151,274**	**1,190,549**	**30,917**	**0**	**(1,222,568)**	**1,811,970**
o/w Earned Premium	*268,032*	*316,729*	*141,856*	*402,204*	*153,934*	*97,168*	*147,540*	*1,190,549*			*(1,190,548)*	*1,527,464*
o/w Factoring	*59,852*	*(4,233)*	*14,795*									*70,414*
o/w Other insurance-related services	*49,365*	*39,983*	*23,416*	*80,062*	*14,077*	*4,558*	*3,734*		*30,917*		*(32,020)*	*214,092*
Claims-related expenses (including claims handling costs)	(93,871)	(117,700)	(20,620)	(139,980)	(36,088)	(39,020)	(14,533)	(438,215)		(3,951)	427,199	(476,779)
Cost of risk	356	0	(47)	0	0	0	0				(1)	308
Commissions	(27,460)	(45,259)	(15,407)	(50,293)	(19,939)	(14,924)	(27,871)	(467,692)			467,679	(201,166)
Other internal general expenses	(130,565)	(111,542)	(63,250)	(148,377)	(60,909)	(34,682)	(48,979)		(30,420)	(21,879)	45,408	(605,195)
Underwriting income before reinsurance*	**125,709**	**77,978**	**80,743**	**143,616**	**51,075**	**13,100**	**59,891**	**284,642**	**497**	**(25,830)**	**(282,283)**	**529,138**
Income/(loss) on ceded reinsurance	(36,014)	(20,497)	(15,117)	(32,088)	(10,497)	(8,911)	(13,965)	(294,162)			284,642	(146,609)
Other operating income and expenses	(2,469)	(5,776)	272	(1,806)	(133)	965	(169)					(9,116)
Net financial income excluding finance costs	8,873	8,775	8,768	17,385	673	4,703	(3,372)		(178)	(932)	(4,590)	40,105
Finance costs	(203)	(1,918)	(698)	(848)	(1,896)	(202)	(295)		(254)	(25,530)	2,239	(29,605)
Operating income including finance costs	**95,896**	**58,562**	**73,968**	**126,259**	**39,222**	**9,655**	**42,090**	**(9,520)**	**65**	**(52,292)**	**8**	**383,913**
Badwill		0	0									0
Net income before tax	**95,896**	**58,562**	**73,968**	**126,259**	**39,222**	**9,655**	**42,090**	**(9,520)**	**65**	**(52,292)**	**8**	**383,913**
Income tax expense	(25,119)	(15,340)	(19,375)	(33,072)	(10,274)	(2,529)	(11,025)	2,494	(17)	13,697	(1)	(100,561)
Consolidated net income before non-controlling interests	70,777	43,222	54,593	93,187	28,948	7,126	31,065	(7,026)	48	(38,595)	7	283,352
Non-controlling interests	(3)	1	(2)	(237)	(1)	(1)	(1)					(244)
NET INCOME FOR THE PERIOD	**70,774**	**43,223**	**54,591**	**92,950**	**28,947**	**7,125**	**31,064**	**(7,026)**	**48**	**(38,595)**	**7**	**283,107**

* *Underwriting income before reinsurance is a key financial indicator used by the Coface Group to analyse the performance of its businesses. Underwriting income before reinsurance corresponds to the sum of revenue, claims expenses, expenses from banking activities, cost of risk, policy acquisition costs, administrative costs, and other current operating expenses, and expenses from other activities.*

Analysis of December 31, 2021 net income by segment

(in thousands of euros)	NORTHERN EUROPE	WESTERN EUROPE	CENTRAL EUROPE	MEDITER-RANEAN & AFRICA	NORTH AMERICA	LATIN AMERICA	ASIA -PACIFIC	GROUP REINSU-RANCE	COGERI	HOLDING COMPANY COSTS	INTER -ZONE	GROUP TOTAL
REVENUE	**331,407**	**312,806**	**157,506**	**430,730**	**137,481**	**73,349**	**123,171**	**843,309**	**27,069**	**0**	**(868,970)**	**1,567,858**
o/w Earned Premium	*233,732*	*277,352*	*125,132*	*361,421*	*125,571*	*70,248*	*119,180*	*843,309*			*(843,308)*	*1,312,637*
o/w Factoring	*52,111*	*793*	*11,496*									*64,400*
o/w Other insurance-related services	*45,564*	*34,661*	*20,878*	*69,309*	*11,910*	*3,101*	*3,991*		*27,069*		*(25,662)*	*190,821*
Claims-related expenses (including claims handling costs)	(42,506)	(67,677)	(23,580)	(98,850)	(18,060)	(6,160)	(10,169)	(245,705)		(4,592)	236,843	(280,456)
Cost of risk	62	0	14	0	0	0	0				0	76
Commissions	(23,604)	(37,558)	(12,100)	(45,718)	(14,912)	(10,225)	(22,634)	(325,098)			325,055	(166,794)
Other internal general expenses	(120,070)	(98,839)	(55,396)	(127,555)	(48,683)	(27,781)	(40,307)		(25,020)	(25,441)	36,559	(532,533)
Underwriting income before reinsurance*	**145,289**	**108,732**	**66,444**	**158,607**	**55,826**	**29,183**	**50,061**	**272,506**	**2,049**	**(30,033)**	**(270,514)**	**588,150**
Income/(loss) on ceded reinsurance	(94,049)	(86,157)	(10,832)	(88,223)	(13,269)	(8,071)	(10,754)	(275,437)			272,505	(314,288)
Other operating income and expenses	(2,056)	(1,763)	452	(174)	(142)	531	(25)					(3,177)
Net financial income excluding finance costs	1,520	28,539	2,863	6,916	2,649	4,160	2,490		426	(1,098)	(6,288)	42,177
Finance costs	(1,656)	(3,174)	(879)	(2,046)	(897)	(230)	(283)		(224)	(16,420)	4,332	(21,477)
Operating income including finance costs	**49,048**	**46,177**	**58,048**	**75,080**	**44,167**	**25,573**	**41,489**	**(2,931)**	**2,251**	**(47,551)**	**35**	**291,386**
Badwill		0	0									0
Net income before tax	**49,048**	**46,177**	**58,048**	**75,080**	**44,167**	**25,573**	**41,489**	**(2,931)**	**2,251**	**(47,551)**	**35**	**291,386**
Income tax expense	(11,364)	(10,699)	(13,449)	(17,395)	(10,233)	(5,925)	(9,613)	679	(522)	11,017	(8)	(67,511)
Consolidated net income before non-controlling interests	**37,684**	**35,478**	**44,599**	**57,685**	**33,934**	**19,648**	**31,876**	**(2,252)**	**1,729**	**(36,534)**	**27**	**223,874**
Non-controlling interests	(1)	(1)	(2)	(51)	(1)	0	(1)					(57)
NET INCOME FOR THE PERIOD	**37,683**	**35,477**	**44,597**	**57,634**	**33,933**	**19,648**	**31,875**	**(2,252)**	**1,729**	**(36,534)**	**27**	**223,817**

* *Underwriting income before reinsurance is a key financial indicator used by the Coface Group to analyse the performance of its businesses. Underwriting income before reinsurance corresponds to the sum of revenue, claims expenses, expenses from banking activities, cost of risk, policy acquisition costs, administrative costs, and other current operating expenses, and expenses from other activities.*

NOTE 31 EARNINGS PER SHARE

	DEC. 31, 2022		
	AVERAGE NUMBER OF SHARES	NET INCOME FOR THE PERIOD *(in €k)*	EARNINGS PER SHARE *(in €)*
Basic earnings per share	149,047,978	283,107	1.90
Dilutive instruments			
DILUTED EARNINGS PER SHARE	**149,047,978**	**283,107**	**1.90**

	DEC. 31, 2021		
	AVERAGE NUMBER OF SHARES	NET INCOME FOR THE PERIOD *(in €k)*	EARNINGS PER SHARE *(in €)*
Basic earnings per share	149,032,282	223,817	1.50
Dilutive instruments			
DILUTED EARNINGS PER SHARE	**149,032,282**	**223,817**	**1.50**

NOTE 32 GROUP'S HEADCOUNT

(in full time equivalent)	DEC. 31, 2021	DEC. 31, 2020
Northern Europe	632	693
Western Europe	994	1,012
Central Europe	753	675
Mediterranean & Africa	678	669
North America	223	206
Latin America	307	303
Asia-Pacific	118	109
TOTAL	**3,704**	**3,667**

At December 31, 2022, the number of employees of fully consolidated companies was 3,704 full-time equivalents FTE *versus* 3,667 at December 31, 2021, up for 37 FTEs.

NOTE 33 RELATED PARTIES

Ownership structure at December 31, 2022

	NUMBER OF SHARES	%
Arch Capital Group Ltd.	44,849,425	30.09%
Natixis	0	0.00%
Public	104,214,249	69.91%
TOTAL	**149,063,674**	**100.00%**

Ownership structure at December 31, 2021

	NUMBER OF SHARES	%
Arch Capital Group Ltd.	44,849,425	30.09%
Natixis	15,078,051	10.12%
Public	89,104,806	59.79%
TOTAL	**149,032,282**	**100.00%**

On January 6, 2022, Natixis announced the sale of its remaining interest in COFACE SA. This sale represented approximately 10.04% of COFACE SA's share capital, or 15,078,051 shares. Following this transaction, Natixis no longer held any shares in COFACE SA and is no longer a related party.

At December 31, 2022, Arch Capital Group Ltd. held 30.09% of Coface Group's shares, excluding treasury stock, and 29.86% of the shares including treasury stock.

Relations between the Group's consolidated entities and related parties

The Coface Group's main transactions with related parties concern Arch Capital Group and its subsidiaries.

The main related-party transactions are as follows:

- reinsurance policies between Coface and Arch Reinsurance Group wich is owned by Arch Capital Group Ltd.;
- Coface's credit insurance coverage made available to entities related to Coface;
- recovery of insurance receivables carried out by entities related to Coface on behalf of Coface;
- rebilling of general and administrative expenses, including overheads, personnel expenses, etc.

These transactions are broken down below as of December 31, 2022:

	DEC. 31, 2022
CURRENT OPERATING INCOME *(in thousands of euros)*	**ARCH REINSURANCE GROUP**
Revenue (net banking income, after cost of risk)	0
Claims expenses	0
Expenses from other activities	0
Policy acquisition costs	0
Administrative costs	0
Other current operating income and expenses	0
Reinsurance result	(1,360)
OPERATING INCOME/(LOSS)	**(1,360)**

	31/12/2022
RELATED-PARTY RECEIVABLES AND PAYABLES *(in thousands of euros)*	**ARCH REINSURANCE GROUP**
Financial investments	**0**
Other assets	**(2)**
Reinsurance receivables	**0**
Cash and cash equivalents	**0**
Liabilities relating to insurance contracts	**0**
Amounts due to banking sector companies	0
Reinsurance debts	(421)
Other liabilities	**0**

These transactions are broken down below as of December 31, 2021:

	DEC. 31, 2021
CURRENT OPERATING INCOME *(in thousands of euros)*	**ARCH REINSURANCE GROUP**
Revenue (net banking income, after cost of risk)	0
Claims expenses	0
Expenses from other activities	0
Policy acquisition costs	0
Administrative costs	0
Other current operating income and expenses	0
Reinsurance result	(1,054)
OPERATING INCOME/(LOSS)	**(1,054)**

	DEC. 31, 2021
RELATED-PARTY RECEIVABLES AND PAYABLES *(in thousands of euros)*	**ARCH REINSURANCE GROUP**
Financial investments	**0**
Other assets	**(7)**
Reinsurance receivables	**0**
Cash and cash equivalents	**0**
Liabilities relating to insurance contracts	**0**
Amounts due to banking sector companies	0
Reinsurance debts	(730)
Other liabilities	

NOTE 34 KEY MANAGEMENT COMPENSATION

(in thousands of euros)	DEC.31, 2022	DEC. 31, 2021
Short-term benefits (gross salaries and wages, incentives, benefits in kind and annual bonus)	5,586	4,472
Other long-term benefits	1,499	1,241
Statutory termination benefits	(0)	(0)
Share-based payment	976	(0)
TOTAL	**7,973**	**5,713**

As of December 31, 2022, the Group Management Committee is composed of Coface CEO and eight members.

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

For 2022, the line "Share-based payment" corresponds to the free performance shares allocated in the LTIP Plan 2019 and delivered in 2022 (fair value IFRS).

For 2021, as the performance conditions related to the LTIP 2018 were not met, the line "Shared-based payment" is nul.

A total envelope of €427,000 was paid out to the members of the Board of Directors, the Audit, the Risk and the Compensation Committees in 2022.

NOTE 35 BREAKDOWN OF AUDIT FEES

(in thousands of euros)	MAZARS 31/12/22	%	MAZARS 31/12/21	%	DELOITTE 31/12/22	%	DELOITTE 31/12/21	%	TOTAL 31/12/22	%	TOTAL 31/12/21	%
Statutory and IFRS Audit												
COFACE SA	(1,153)	45%	(654)	34%	(1,058)	37%	(620)	26%	(2,210)	41%	(1,274)	29%
Subsidiaries	(1,362)	53%	(1,205)	63%	(1,813)	63%	(1,792)	74%	(3,175)	58%	(2,997)	69%
Sub-total	**(2,515)**	**98%**	**(1,859)**	**97%**	**(2,871)**	**100%**	**(2,412)**	**100%**	**(5,385)**	**99%**	**(4,271)**	**99%**
Other fees than Statutory and IFRS Audit												
COFACE SA	(0)	0%	(0)	0%	(0)	0%	(0)	0%	(0)	0%	(0)	0%
Subsidiaries	(55)	2%	(64)	3%	1	0%	(0)	0%	(54)	1%	(64)	1%
Sub-total	**(55**	**2%**	**(64)**	**3%**	**1**	**0%**	**(0)**	**0%**	**(54)**	**1%**	**(64)**	**1%**
TOTAL	**(2,569)**	**100%**	**(1,923)**	**100%**	**(2,870)**	**100%**	**(2,412)**	**100%**	**(5,439)**	**100%**	**(4,335)**	**100%**

Fees for services other than the certification of accounts correspond mainly to

(i) engagements to issue assurance reports on financial or regulatory information,

(ii) tax services outside France, such as tax reporting support services, and

(iii) other authorised advisory services.

NOTE 36 OFF-BALANCE SHEET COMMITMENTS

	DEC. 31, 2022		
(in thousands of euros)	TOTAL	RELATED TO FINANCING	RELATED TO ACTIVITY
Commitments given	**1,447,127**	**1,360,427**	**86,700**
Endorsements and letters of credit	1,360,427	1,360,427	0
Property guarantees	3,500	0	3,500
Financial commitments in respect of equity interests	83,200	0	83,200
Commitments received	**1,890,984**	**1,295,563**	**595,421**
Endorsements and letters of credit	146,290	0	146,290
Guarantees	449,131	0	449,131
Credit lines linked to commercial paper	700,000	700,000	
Credit lines linked to factoring	595,563	595,563	
Financial commitments in respect of equity interests			
Guarantees received	**320,478**	**0**	**320,478**
Securities lodged as collateral by reinsurers	320,478	0	320,478
Financial market transactions	**105,965**	**0**	**105,965**

Endorsements and letters of credit correspond mainly to:

- joint guarantee for €226 million given by Coface Europe to the benefit of investors in the subordinated debt issued by COFACE SA (maturity 10 years);
- joint guarantees for €1,042 million given by COFACE SA to banks (Natixis, BNPP, Santander, HSBC, Société Générale) financing bilateral lines of Coface Finanz and Coface Poland Factoring.

Securities lodged as collateral by reinsurers concern Coface Re for €302,3 million and Coface Europe for €18,2 million.

(in thousands of euros)	DEC. 31, 2021 TOTAL	RELATED TO FINANCING	RELATED TO ACTIVITY
Commitments given	**1,144,652**	**1,133,000**	**11,651**
Endorsements and letters of credit	1,133,000	1,133,000	0
Property guarantees	7,500	0	7,500
Financial commitments in respect of equity interests	4,151	0	4,151
Commitments received	**1,397,644**	**853,084**	**544,561**
Endorsements and letters of credit	141,291	0	141,291
Guarantees	403,270	0	403,270
Credit lines linked to commercial paper	700,000	700,000	0
Credit lines linked to factoring	153,084	153,084	0
Financial commitments in respect of equity interests			
Guarantees received	**323,314**	**0**	**323,314**
Securities lodged as collateral by reinsurers	323,314	0	323,314
Financial market transactions	**211,543**	**0**	**211,543**

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NOTE 37 OPERATING LEASES

The Lease contracts for future years are mainly recorded in the balance sheet since the implementation of IFRS 16 on January 1, 2019.

NOTE 38 RELATIONSHIP BETWEEN PARENT COMPANY AND SUBSIDIARIES

The main operational subsidiary of the Coface Group is the Compagnie française d'assurance pour le commerce extérieur (la Compagnie). This subsidiary, which is wholly owned by the Company, is a public limited company (*société anonyme*) under French law, with share capital of €137,052,417.05, registered in the Nanterre Trade and Companies Registry under number 552,069,791.

The main flows between COFACE SA, the listed parent company, and la Compagnie are as follows:

- financing:
  - COFACE SA and la Compagnie have granted each other one ten-year loan,
  - in net terms, COFACE SA finances la Compagnie,
  - la Compagnie stands as surety for the bond issue floated by COFACE SA,
  - a two-way cash flow agreement exists between COFACE SA and la Compagnie,
  - COFACE SA delegates to la Compagnie management of its commercial paper programme and of its cash management;
- dividends:
  - la Compagnie pays dividends to COFACE SA;
- tax consolidation:
  - la Compagnie forms part of the tax consolidation group headed by COFACE SA.

The table below summarises the interim balance of la Compagnie française d'assurance pour le commerce extérieur and its principal financial flows as of December 31, 2022:

(in thousands of euros)	LISTED COMPANY	COMPAGNIE FRANÇAISE POUR LE COMMERCE EXTÉRIEUR (INCLUDING BRANCHES)	OTHER ENTITIES	ELIMINATIONS	TOTAL
Revenue	1,684	1,805,821	1,233,623	(1,229,157)	1,811,970
Current operating income	14,294	220,979	241,678	(54,317)	422,634
Net income	(14,209)	103,027	194,289	0	283,108
Fixed assets	1,968,320	5,396,430	1,475,818	(5,485,315)	3,355,253
Indebtedness outside the group	534,280	0	0	0	534,280
Cash and cash equivalent	1,243	276,580	275,964	0	553,786
Net cash generated from operating activities	(93,728)	232,693	310,229	0	449,193
Dividends paid to the quoted company	0	299,894	47,968	0	347,862

At the end of December 2021, The table wich summarised the interim balance of la Compagnie française d'assurance pour le commerce extérieur and its principal financial flows was:

(in thousands of euros)	LISTED COMPANY	COMPAGNIE FRANÇAISE POUR LE COMMERCE EXTÉRIEUR (INCLUDING BRANCHES)	OTHER ENTITIES	ELIMINATIONS	TOTAL
Revenue	1,966	1,474,147	969,662	(877,917)	1,567,858
Current operating income	13,190	127,529	198,387	(23,067)	316,039
Net income	(5,825)	68,101	161,541	0	223,817
Fixed assets	1,829,457	5,443,686	1,463,610	(5,181,562)	3,555,191
Indebtedness outside the Group	390,553	0	0	0	390,553
Cash and cash equivalent	784	200,646	161,011	0	362,440
Net cash generated from operating activities	28,236	167,929	130,849	0	327,014
Dividends paid to the quoted company	0	74,794	8,980	0	83,774

NOTE 39 ENTRY INTO THE SCOPE OF CONSOLIDATION

Entries into the scope of consolidation in the year of 2022 concern seven entities Coface Services Greece, Coface Norden Services A/S (Denmark Services), Coface Sverige Services AB (Sweden Services), Coface Services Suisse, Coface Servicios Argentina S.A., Coface Baltics Services and a new branch Coface New Zealand.

In the absence of an IFRS standard covering entries into the scope of consolidation of entities held for several years and in accordance with CRC regulation n° 99-02, the results accumulated by these entities since their takeover have been recorded in the consolidated income, after deduction of dividends received by the Group.

The contribution of new entities to the Coface Group's consolidated accounts as of December 31, 2022 is presented below:

- turnover: €10,012 thousand;
- net income: €4,084 thousand;
- equity: €3,221 thousand;
- total balance sheet: €8,463 thousand.

NOTE 40 EVENTS AFTER THE REPORTING PERIOD

Acquisition of North America data analytics boutique Rel8ed

On January 30, 2023, Coface announced the acquisition of North American data analytics boutique Rel8ed. The acquisition brings new, rich data sets and analytics capabilities, which will benefit Coface trade credit insurance as well as the company's business information customers and teams.

NOTE 41 RISK MANAGEMENT

The sections which are an integral part of the Group's financial statements relating to risk management are presented in the sections of Chapter 5 of paragraph 5.1 "Risk management and internal control" and 5.2 "Risk factors".

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4.3 PARENT COMPANY FINANCIAL STATEMENTS

4.3.1 Balance sheet

Assets

(in thousands of euros)	NOTES	DEC. 31, 2022	DEC. 31, 2021
Fixed assets			
Intangible assets	4.1.1	-	-
Financial assets		-	-
Interests in related companies	4.1.2	1,502,744	1,502,744
Loans to affiliates and subsidiaries	4.1.3	465,466	324,074
		1,968,211	**1,826,819**
Current assets			
French government and other authorities		3,850	9,775
Group and Subsidiaries Tax		0	0
Coface current account		708,498	565,310
Miscellaneous receivables		8,391	8,590
	4.1.4	**720,739**	**583,675**
Investment securities			
Treasury shares	4.1.5	10,900	10,448
Cash at bank and in hand	4.1.6	1,243	784
Prepaid expenses	4.1.7	589	1,106
		733,472	**596,012**
Deferred charges	4.1.8	230	660
Loan repayment premiums	4.1.9	3,681	385
Foreign exchange assets		**6,816**	**503**
TOTAL ASSETS		**2,712,409**	**2,424,379**

Equity and liabilities

(in thousands of euros)	NOTES	DEC. 31, 2022	DEC. 31, 2021
Equity			
Capital		300,360	300,360
Share capital premiums		723,517	810,385
Other reserves		31,450	86,387
Income for the year		326,480	82,223
	4.2.1-4.2.2	**1,381,806**	**1,279,355**
Provisions for liabilities and charges	**4.2.3**		
Provision for liabilities		6,816	503
Provision for charges		5,859	5,745
		12,675	**6,248**
Debts			
Bank borrowings and debts (1)		614,343	564,783
Other bond issues		538,770	391,930
Sundry borrowings and debts		150,201	150,201
Coface current account		0	21,398
Trade notes and accounts payable		3,414	1,999
Tax and social security liabilities		0	0
Other payables		0	0
Group and Subsidiaries Tax		4,280	7,941
	4.2.4	**1,311,008**	**1,138,252**
Foreign currency translation reserve – liabilities		**6,920**	**523**
TOTAL EQUITY AND LIABILITIES		**2,712,409**	**2,424,379**

(1) Within 1,476 thousand of euros – accruals of interests.

4.3.2 Income statement

(in thousands of euros)	NOTES	DEC. 31, 2022	DEC. 31, 2021
Operating income (I)		**4,654**	**1,043**
Rebilled expenses and other income		4,654	1,043
Reversals of provisions and expense transfers		0	0
Operating expenses (II)		**9,193**	**3,855**
Other purchases and external expenses		5,245	2,660
Income tax, taxes, and similar payments		0	13
Employee-related expenses		0	0
Other expenses		3,518	851
Depreciation and amortisation		430	330
Operating income (I-II)	**5.1**	**(4,539)**	**(2,811)**
Financial income (III)		**373,694**	**107,128**
Investment income		347,862	83,773
Other financial income		25,330	18,622
Reversal of provision for exchange		503	4,733
Financial expenses (IV)		**43,382**	**23,695**
Interest and similar expenses		36,566	23,192
Charges for FX losses		6,816	503
Financial income (III-IV)	**5.2**	**330,312**	**83,433**
Non-recurring income (V)		**0**	**2**
On capital transactions		0	0
On management transactions		0	2
Non-recurring expenses (VI)	**5.3**	**38**	**96**
On capital transactions		0	0
On management transactions		38	96
Non-recurring income (V-VI)		**(38)**	**(93)**
Income tax (income)	**5.4**	**745**	**1,695**
NET INCOME FOR THE YEAR		**326,480**	**82,223**

4.4 NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

CONTENTS

NOTE 1 SIGNIFICANT EVENTS

Changes in Governance

Board of Directors

On May 17, 2022, during the Combined General Meeting, Laetitia Léonard-Reuter and Laurent Musy were elected as independent directors for terms of four years. These appointments follow the expiration of the terms of office of Olivier Zarrouati and Éric Hémar, respectively.

Thus, at the close of the General Meeting, the Board of Directors was made up of 10 members – five women and five men – the majority (six) of whom are independent directors.

Executive Committee

On May 2, 2022, Hugh Burke was appointed as the CEO of Coface Asia-Pacific, effective on April 1, 2022. He joins the Group Executive Committee and reports to Xavier Durand, Coface CEO. He takes over from Bhupesh Gupta.

On September 8, 2022, Matthieu Garnier, Group Information Services Director, joined the Group Executive Committee and will continue to report to Thibault Surer, Group Strategy & Development Director. This decision is part of our strategy to develop information services, one of the major pillars of our Build to Lead plan.

Natixis announces the sale of its residual stake in COFACE SA

On January 6, 2022, Natixis announced the sale of its remaining interest in COFACE SA. This sale represented approximately 10.04% of COFACE SA's share capital, or 15,078,095 shares. The sale was carried out through an ABB (accelerated book-building) at an average price of €11.55. Following this transaction, Natixis no longer holds any shares in COFACE SA.

Success of the debt management exercise

On September 21, 2022, COFACE SA announced the results of the tender offer to repurchase €380 million in guaranteed subordinated notes bearing a fixed interest rate of 4.125%, maturing on March 27, 2024. The Company accepted the repurchase of a principal amount of €153.4 million of notes validly tendered at a fixed purchase price of 103.625%.

COFACE SA also announced the issuance on September 22, 2022 of €300 million in Tier 2 notes bearing a fixed interest rate of 6.000%, maturing on September 22, 2032.

This repurchase of subordinated debt followed by the issuance of new debt meant that COFACE was able to call its 2024 debt ahead of schedule and extend the maturity of the Group's subordinated debt to 2032, thereby improving its financial strength and solvency.

NOTE 2 ACCOUNTING PRINCIPLES

Accounting principles and policies

The financial statements for the year ended have been prepared in accordance with generally accepted accounting principles and the French General Chart of Accounts (Regulation ANC No. 2014-03 of the Accounting Regulation Committee in accordance with the principles of prudence and business continuity).

Financial assets

Equity securities are reported in the balance sheet at cost. A depreciation is recorded when the realisable value (determined according to the restated equity, income, future outlook and value in use for the Company) is less than the acquisition value. The realisable value is determined using a number of indicators (revalued equity, expected results generated by holdings, future outlook, value in use).

The value in use is determined using the discounted cash flow method. Cash flow projections were derived from the three-year business plans drawn up by the Group's operating entities as part of the budget process and approved by Coface Group management.

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

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

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

Receivables and payables are valued at their face value. They are depreciated through a provision to account for potential collection difficulties.

Issuing charges

According to the French General Chart of Accounts (Article 361-2), the costs linked to the hybrid debt issued must, in principle, be distributed according to the characteristics of the loan. These costs were recorded in deferred charges and amortised on a straight-line basis for the term of the loan, *i.e.* 10 years.

Consistency of methods

The annual financial statements are comparable to those of the previous year (consistency of accounting methods and time period principle).

The balance sheet, income statement and notes are expressed in euros.

NOTE 3 OTHER DISCLOSURES

a) Tax consolidation group

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

The tax consolidation agreements binding the parent company to its subsidiaries are all strictly identical and stipulate that:

- each company shall calculate its tax as if there were no tax consolidation, and the parent company alone shall be liable for the payment of corporate income tax;
- the parent company shall recognise tax savings in income and shall not reallocate them to subsidiaries unless the subsidiary leaves the Group.

The option is valid for five years starting from January 1, 2015 with tacit renewal of the option every five years.

b) Staff and managers

COFACE SA has no staff on its payroll and has no pension commitment.

c) Off-balance sheet commitments

- Commitments received:
  - €700 million

    It is about a syndicated loan with seven banks (Société Générale, Natixis, CACIB, BNP Paribas, HSBC, BRED and La Banque Postale), undrawn at December 31, 2022.
  - €226,6 million

    It is a joint guarantee given by *Compagnie Française d'assurance pour le commerce extérieur* to the benefit of investors in the subordinated debt (maturity 10 years)
- Commitments given: €1,542 million.

COFACE SA has given a joint and several guarantee to Coface Finanz, a company indirectly owned by COFACE SA, in respect of amounts due from Coface Poland Factoring in repayment of the loan granted to the latter, up to a maximum of €500 million. This joint and several guarantee has never been exercised since 2012.

COFACE SA has issued a joint and several guarantee to cover the commitments of Coface Finanz and Coface Poland Factoring in respect of the bilateral lines of credit taken out with ten banks. €1,042 million as of December 31, 2022 (€739 million in 2021). This joint and several guarantee has never been exercised.

NOTE 4 ANALYSIS OF THE MAIN BALANCE SHEET ITEMS *(IN EUROS)*

4.1 Assets

4.1.1 Intangible assets

No intangible assets have been booked in the accounts as of December 31, 2022.

4.1.2 Interests in related companies and companies with capital ties

RELATED COMPANIES *(in thousands of euros)*	**DEC. 31, 2021**	**ACQUISITIONS**	**DISPOSALS**	**DEC. 31, 2022**
Compagnie française d'assurance pour le commerce extérieur	1,337,719			1,337,719
Coface Re	165,025			165,025
TOTAL	**1,502,744**			**1,502,744**

4.1.3 Loans to affiliates and subsidiaries

RELATED COMPANIES *(in thousands of euros)*	**AMOUNT**	**INTEREST**	**TOTAL**
Compagnie française d'assurance pour le commerce extérieur (end 2024)	187,000	6,000	193,000
Compagnie française d'assurance pour le commerce extérieur (end 2032)	268,000	4,466	272,466
TOTAL	**455,000**	**10,466**	**465,466**

On March 27, 2014, COFACE SA granted a subordinated intragroup loan to Compagnie française d'assurance pour le commerce extérieur in the amount of €314 million, maturing on March 26, 2024 (10 years) and bearing annual interest at 4.125%, payable at the anniversary date each year. This loan was partially reimbursed (€127 million) in September 2022.

A new loan of €268 million was granted on the same day (September 22, 2022) for 10 years, at an annual interest rate of 6.000%.

4.1.4 Other receivables

(in thousands of euros)	**DEC. 31, 2022**	**UP TO 1 YEAR**	**FROM 1 TO 5 YEARS**	**DEC. 31, 2021**
French government and other authorities	3,850	3,850	0	9,775
Coface current account	708,498	708,498	0	565,310
Coface Poland EUR current account	*226*	*226*	*0*	*250*
Coface Finanz EUR current account	*509,926*	*509,926*	*0*	*463,501*
Coface Finanz USD current account	*108,938*	*108,938*	*0*	*101,559*
Compagnie Française d'assurance pour le commerce extérieur EUR current account	*89,408*	*89,408*	*0*	*0*
Miscellaneous receivables	8,391	5,221	3,169	8,590
Group and Subsidiary in tax consolidation	*0*	*0*	0	*0*
Natixis liquidity agreement	*2,519*	*2,519*	0	*2,529*
Other receivables	*5,872*	*2,702*	*3,169*	*6,060*
OTHER RECEIVABLES	**720,739**	**717,569**	**3,169**	**583,675**

The "other receivables" item in miscellaneous receivables primarily consists of:

- expenses of €5,858,694 to be rebilled in connection with the award of bonus shares;
- costs of €2,519,131 related to the ODDO mandate share buyback.

4.1.5 Treasury shares

NUMBER OF SHARES HELD	DEC. 31, 2021	ACQUISITIONS	DISPOSALS	DEC. 31, 2022
Liquidity agreement	84,441	3,071,539	3,045,543	110,437
Bonus share awards	1,063,069	300,000	357,388	1,005,681
Share buyback plan	0	0	0	0
TOTAL	**1,147,510**	**3,371,539**	**3,402,931**	**1,116,118**

Liquidity agreement

With effect from July 7, 2014, Coface appointed Natixis to implement a liquidity agreement for COFACE SA shares traded on Euronext Paris, in accordance with the charter of ethics of the French financial markets' association (Association française des marchés financiers – AMAFI) dated March 8, 2011 and approved by the AMF on March 21, 2011.

The Group had allocated €5 million (reduced by €2 million in 2017) to the liquidity account for the purposes of the agreement, which is for a period of 12 months and has been renewed by tacit agreement annually in July since 2015.

The liquidity agreement is part of the share buy-back programme decided by the Board of Directors' meeting of June 26, 2014. The liquidity agreement dated July 2, 2014, originally concluded with Natixis, was transferred as of July 2, 2018 to ODDO BHF for a term of twelve (12) months, automatically renewable.

Bonus share award

Since its IPO in 2014, the Coface Group has granted bonus shares to certain corporate officers or employees of COFACE SA subsidiaries.

In 2022, the Board of Directors decided to grant 320,849 free shares. This allocation completes the 2020 and 2021 plans, for which 312,200 and 408,403 shares were allocated respectively.

The 2018 plan was not allocated because the objectives were not met.

Under French standards, the acquisition of shares under a bonus share award constitutes a component of remuneration. The provision should be recognised in staff costs by crediting the line item "Provisions for expenses" and be spread out, where delivery of the shares is conditional upon the beneficiaries working for the Company at the end of a future period set by the plan.

Accordingly, this charge will be recognised in the accounts using the acquisition price spread over the vesting period, namely three years. As COFACE SA did not acquire sufficient shares, it must also take into consideration the number of missing shares multiplied by the share price on the last day of the financial year to calculate the amount of this charge. At the end of 2022, the "Provision for charges" amounted to €5,858,694.

At December 31, 2022, the Group's treasury shares had a gross and net value of €10,900,420 broken down as follows:

- liquidity agreement: €1,327,453;
- bonus share award: €9,572,967.

4.1.6 Cash at bank and in hand

(in thousands of euros)	DEC. 31, 2022	DEC. 31, 2021
Natixis	1,243	784

4.1.7 Prepaid expenses

(in thousands of euros)	DEC. 31, 2022	DEC. 31, 2021
Expenses related to the syndicated loan	589	1,106

4.1.8 Deferred charges

(in thousands of euros)	GROSS 2022	AMORTISATION	NET 2022
Expenses linked to subordinated debt	660	430	230

Deferred charges include costs linked to the issuance of the subordinated debt in 2014 amortised over a period of 10 years.

The residual term at December 31, 2022 is one year and three months.

4.1.9 Loan reimbursement premiums

(in thousands of euros)	GROSS 2022	AMORTISATION	NET 2022
Premium linked to subordinated debt (end 2024)	385	251	134
Premium linked to subordinated debt (end 2032)	3,647	100	3,547
TOTAL	**4,032**	**351**	**3,681**

The premium linked to subordinated debt is amortised over ten years.

The residual term at December 31, 2022 is one year and three months for the first loan taken out in March 2014.

It is nine years and nine months for the second loan.

4.2 Liabilities

4.2.1 Changes in equity

(in euros)	DEC. 31, 2021	APPROPRIATION OF EARNINGS	TRANSACTIONS FOR THE YEAR	DISTRIBUTION	INCOME FOR THE YEAR	DEC. 31, 2022
Share capital (NV = €2)	300,359,584					300,359,584
Number of shares	150,179,792					150,179,792
Share premium	810,384,842			(86,867,669)		723,517,174
Legal reserve	31,449,646					31,449,646
Other reserves	0					0
Retained earnings	54,937,672	82,223,318		(137,160,990)		0
Income for the year	82,223,318	(82,223,318)			326,479,873	326,479,873
TOTAL	**1,279,355,062**	**0**	**0**	**(224,028,659)**	**326,479,873**	**1,381,806,276**

COFACE SA's total equity stands at €1,381,806,276.

The share premiums are made up of contribution premiums and issue premiums (including €471,744,696 in unavailable premiums) and share issuance rights in the amount of €15,725.

In accordance with the vote held at the Annual Shareholders' Meeting of May 17, 2022, €82,223,318 of 2021's income were allocated to retained earnings.

It was decided to distribute a dividend of €224,028,659 by drawing on retained earnings and share premiums.

4.2.2 Composition of capital

SHAREHOLDERS	DEC. 31, 2022		DEC. 31, 2021	
Financial market and other	68.6%	102,990,329	58.8%	88,247,383
Arch Capital Group	29.9%	44,849,425	29.9%	44,849,425
Natixis	0.0%	0	10.0%	15,078,051
Group Employee funds	0.8%	1,223,920	0.6%	857,423
Treasury shares	0.7%	1,116,118	0.8%	1,147,510
Number of shares		150,179,792		150,179,792
Nominal value (in euros)		*2*		*2*

4.2.3 Provisions for liabilities and charges

(in thousands of euros)	DEC. 31, 2021	ADDITIONS	REVERSALS	DEC. 31, 2022
Provision for FX losses	503	6,816	(503)	6,816
Provision for bonus share award	5,745	5,859	(5,745)	5,859
TOTAL	**6,248**	**12,675**	**(6,248)**	**12,675**

4.2.4 Debts

(in thousands of euros)	UP TO 1 YEAR	FROM 1 TO 5 YEARS	MORE THAN 5 YEARS	DEC. 31, 2022	DEC. 31, 2021
Bank borrowings and debts	**614,343**			**614,343**	**564,783**
Commercial paper: discounted fixed rate	615,819			615,819	564,491
CP accrued interest	(1,476)			(1,476)	292
Other bond issues	**12,170**	**226,600**	**300,000**	**538,770**	**391,930**
Subordinated bonds		226,600	300,000	526,000	380,000
Accrued interest	12,170			12,170	11,930
Sundry borrowings and debts	**201**	**150,000**		**150,201**	**150,201**
Coface borrowing (Compagnie française d'assurance pour le commerce extérieur)		150,000		150,000	150,000
Accrued interest on Coface borrowing	201			201	201
Coface cash advance and accrued interest	**0**				**21,398**
Trade notes and accounts payable	**3,414**			**3,414**	**1,999**
Tax and social security liabilities	**0**			**0**	**0**
Other debts	**4,280**			**4,280**	**7,941**
TOTAL DEBTS	**634,408**	**376,600**	**300,000**	**7,941**	**1,138,252**

After approval by the Banque de France on November 6, 2012, COFACE SA issued €250 million in commercial paper (with a maturity of one to three months) on November 13, 2012. The amount raised was fully loaned to Coface Finanz through a cash agreement and all fees incurred were recharged.

The programme's maximum amount has been increased several times and stands at €700 million as of December 31, 2022.

At the end of 2022, the EUR and USD portions were €508 million and $115 million respectively, equivalent to €614.3 million in total.

On March 27, 2014, COFACE SA completed the issue of subordinated debt in the form of bonds for a nominal amount of €380 million (corresponding to 3,800 bonds with a nominal unit value of €100,000), maturing on March 27, 2024 (10 years), with an annual interest rate of 4.125%.

In December 2014, COFACE SA borrowed €110 million at a rate of 2.30% over a period of 10 years from Compagnie française d'assurance pour le commerce extérieur for the acquisition of Coface Re, followed in June 2015 by a second tranche of €40 million in order to send additional funds to Coface Re (see Note 4.1.2).

For the year ended December 31, 2022, the Group's financing liabilities, totalling €538.8 million, correspond to:

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

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

  COFACE SA also completed a tender offer on September 21, 2022 to repurchase its guaranteed subordinated notes issued in 2014, for an amount of €153.4 million, at a fixed purchase price of 103.625%.

  The nominal amount after the tender offer is now €226.6 million, still maturing on March 27, 2024;
- a new issuance on September 22, 2022 of €300 million in subordinated notes at a fixed interest rate of 6.000%, maturing on September 22, 2032.

Rating agency update:

- on October 11, 2022, Moody's confirmed Coface's A2 financial soundness rating (IFS) and raised the outlook for this rating to positive;
- on November 23, 2022, Fitch confirmed Coface's Insurer Financial Strength (IFS) rating of 'AA-'. The outlook remains stable;
- on April 4, 2022, AM Best confirmed its 'A' (Excellent) financial soundness rating (FSR) for Compagnie française d'assurance pour le commerce international (the Company) and Coface Re. These ratings are accompanied by a "stable" outlook.

NOTE 5 ANALYSIS OF THE MAIN INCOME STATEMENT ITEMS

Operating income

(in thousands of euros)	DEC. 31, 2022	DEC. 31, 2021
Operating income	**4,654**	**1,043**
Commercial paper structuring costs		
Rebilling of insurance	1,563	598
Other income	3,091	445
Operating expenses	**(9,193)**	**(3,855)**
Other purchases and external expenses	**(5,239)**	**(2,660)**
Statutory Auditors' fees	(2,210)	(969)
Insurance Policy	(1,529)	(592)
Other Fees	(835)	(716)
Financial Information	(217)	(8)
Legal advertising costs	0	(4)
Bank fees	0	0
Marsh Insurance	0	0
JP Morgan Fees	0	0
Fees and commissions on services	(440)	(371)
Expenses related to the issuance of subordinated debt	0	0
Reception fees	(7)	0
Royalty fee	0	0
Income tax, taxes, and similar payments	**(6)**	**(13)**
Employee-related expenses	**0**	**0**
Social security charges on attendance fees	0	0
Other expenses	**(3,518)**	**(851)**
Attendance fees	(427)	(406)
Expenses linked to the bonus share award	(3,091)	(445)
Depreciation and amortisation	**(430)**	**(330)**
Amortisation of costs linked to subordinated debt	(430)	(330)
OPERATING INCOME	**(4,539)**	**(2,811)**

The "Statutory Auditors' fees" item of €2,210,427 is entirely comprised of statutory audit fees.

Financial income

(in thousands of euros)	DEC. 31, 2022	DEC. 31, 2021
Financial income	**373,694**	**107,128**
Income from shares	**347,862**	**83,773**
Dividend	347,862	83,773
Other financial income	**25,330**	**18,622**
Loan interest	16,601	12,970
Interests linked to the CP programme and syndicated loan	6,527	3,461
Income on guarantees	1,714	1,377
Foreign exchange product	206	35
Income of liquidity contract	281	779
Reversal of provision for exchange	**503**	**4,733**
Financial expenses	**(43,382)**	**(23,695)**
Interest and similar expenses	**(36,566)**	**(23,192)**
Fees and commissions linked to the CP programme	(6,530)	(2,872)
Interest on bond loan	(24,639)	(15,849)
Interest on borrowings	(3,450)	(3,450)
Others financial costs	(713)	(63)
Interest on cash advance	0	0
Foreign exchange loss	(206)	(6)
Guarantee expenses	(676)	(760)
Depreciation on redemption premiums	(351)	(192)
Charges for FX losses	**(6,816)**	**(503)**
FINANCIAL INCOME	**330,312**	**83,433**

The amount of dividends is made up of dividends received from Compagnie française pour le commerce extérieur in the amount of €299,893,690 and from COFACE RE in the amount of €47,967,832.

Financial expenses are mainly composed of interest on:

- the subordinated bond issue in the amount of €380 million. €153.4 million of this loan was repaid in September 2022, and the remaining balance is €226.6 million as a result. A redemption premium of €5.561 million and a coupon of €3.164 million were paid;
- the new €300 million subordinated loan taken out on September 22, 2022 for ten years;
- the €150 million loan taken out at the end of 2014 with Compagnie française d'assurance pour le commerce extérieur.

Non-recurring income

(in thousands of euros)	DEC. 31, 2022	DEC. 31, 2021
NON-RECURRING INCOME	**0**	**2**
Miscellaneous	0	2
NON-RECURRING EXPENSES	**(38)**	**96**
Miscellaneous	(38)	96
TOTAL	**(38)**	**(93)**

Income tax

(in thousands of euros)	DEC. 31, 2022	DEC. 31, 2021
Accounting income before income tax	**325,735**	**80,528**
Deductions:	(354,174)	(92,242)
• dividend (parent/subsidiary regime)	(347,862)	(83,773)
• foreign currency translation reserve – liabilities	0	(4,239)
• foreign currency translation reserve – assets	(6,313)	0
• provision for exchange	0	(4,229)
Reintegrations:	18,107	5,426
• share of costs 1% on Group dividend	2,999	748
• share of costs 5% on Group dividend	2,398	449
• foreign currency translation reserve – assets	6,313	4,229
• foreign currency translation reserve – liabilities	6,396	0
Taxable income	**(10,333)**	**(6,287)**
• Corporate tax (rate 33 1/3%)	0	0
• 3% tax on dividends paid to external (outside the tax consolidation Group)	0	0
Corporate tax before tax consolidation	**0**	**0**
Net income from consolidated companies	**(745)**	**(1,695)**
Corporate income tax (income)	**(745)**	**(1,695)**

The application of the tax consolidation agreement resulted in a consolidation gain of €744,811 for financial year 2022, compared to a gain of €1,695,116 in 2021.

Statutory Auditors' fees

This information is available in the Coface Group consolidated financial statements as at December 31, 2022, in Note 35.

NOTE 6 INFORMATION REGARDING RELATED COMPANIES

The table below presents all items regarding related companies:

(in thousands of euros)	DEC. 31, 2022	DEC. 31, 2021
Balance Sheet – Assets	**2,682,459**	**2,397,748**
Interests in related companies	1,502,744	1,502,744
Loans to affiliates and subsidiaries	465,466	324,074
Compagnie française current account	89,408	
Coface Finanz current account	618,864	565,060
Coface Poland Factoring current account	226	250
Rebilling of LTIP	5,750	5,620
Cash at bank and in hand		784
Prepaid expenses		
Balance Sheet – Equity & Liabilities	**154,481**	**179,540**
Sundry borrowings and debts	150,201	150,201
Coface cash advance and accrued interest	0	21,398
Group and Subsidiaries Tax	4,280	7,941
Income statement	**370,933**	**94,742**
Operating income	4,654	1,043
Operating expenses	0	
Financial income	371,436	99,538
Financial expenses	(5,156)	(5,839)

NOTE 7 SUBSIDIARIES AND INTERESTS

	YEAR 2022			
	TURNOVER	NET EARNINGS OR LOSS	DIVIDENDS RECEIVED OR RECOGNISED BY THE COMPANY	EXCHANGE RATE DEC. 31, 2022
	(in €)			
Compagnie française pour le commerce extérieur* 1, place Costes et Bellonte 92270 Bois-Colombes	1,397,247,396	112,919,807	299,893,690	1
Coface Re SA* Rue Bellefontaine 18 1003 Lausanne – Switzerland	773,595,590	68,363,751	47,967,832	0,9842

** Unaudited accounts, currently in the process of certification.*

	AS OF DEC. 31, 2022					
				VALUE OF SECURITIES HELD		
	SHARE CAPITAL	RESERVES AND RETAINED EARNINGS	SHARE OF CAPITAL HELD	GROSS	NET	OUTSTANDING LOANS AND ADVANCES GRANTED BY THE COMPANY
	(in €)	*(in currency)*	*% (reported)*	*(in €)*		
Compagnie française d'assurance pour le commerce extérieur* 1, place Costes et Bellonte 92270 Bois-Colombes	137,052,417	2,338,000	99.5%	1,337,719,300	1,337,719,300	150,201,250
Coface Re SA* Rue Bellefontaine 18 1003 Lausanne – Switzerland	8,320,542	276,706,000	100%	165,025,157	165,025,157	0

** Unaudited accounts, currently in the process of certification.*

NOTE 8 EVENTS AFTER THE REPORTING PERIOD

Acquisition of North America data analytics boutique Rel8ed

On January 30, 2023, Coface announced the acquisition of North American data analytics boutique Rel8ed. The acquisition brings new, rich data sets and analytics capabilities, which will benefit Coface trade credit insurance as well as the Company's business information customers and teams.

4.5 FIVE-YEAR SUMMARY OF COMPANY RESULTS

SA SDGP 41 was incorporated on March 23, 2000 and became COFACE SA (at the EGM held on July 26, 2007).

DETAILS *(in euros)*	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
I – Year-end Capital					
a) Share capital	307,798,522	304,063,898	304,063,898	300,359,584	300,359,584
b) Number of issued shares	153,899,261	152,031,949	152,031,949	150,179,792	150,179,792
c) Number of bonds convertible into shares	-	-	-	-	-
II – Operations and income for the year					
a) Revenue excluding tax	358,946	2,477,628	3,734,093	1,043,302	4,653,864
b) Income before tax, depreciation, amortisation and provisions	123,473,002	132,968,042	(17,758,389)	80,528,202	325,735,062
c) Income tax	(1,115,937)	(978,886)	1,179,988	1,695,116	744,811
d) Income after tax, depreciation, amortisation and provisions	122,604,984	132,677,046	(18,938,377)	82,223,318	326,479,873
e) Distributed profits	122,332,846 (1)	0 (2)	82,900,339 (3)	225,269,688 (4)	226,576,784 (5)
of which interim dividends					
III – Earnings per share					
a) Income after tax, but before depreciation, amortisation and provisions	0.81	0.88	0.12	0.54	2.17
b) Income after tax, depreciation, amortisation and provisions	0.80	0.87	0.12	0.55	2.17
c) Dividend paid to each share	0.79	-	0.55	1.50	1.52
IV – Personnel					
a) Average number of employees in the year	-	-	-	-	-
b) Payroll amount	-	-	-	-	-
c) Amount of sums paid in employee benefits	-	-	-	-	-

(1) For 2018, a distribution of €0.79 per share, i.e. €122,332,846 (€119,423,806 excluding treasury shares), was distributed as voted by the Annual Shareholders' Meeting of May 16, 2019.

(2) In view of the scale of the public health crisis and following the vote at the Combined General Meeting of May 14, 2020, it was decided not to pay a dividend in respect of the financial year ending December 31, 2019

(3) For 2020, a distribution of €0.55 per share, i.e. €82,900,339 (€81,976,242 excluding treasury shares), was distributed as voted by the Annual Shareholders' Meeting of May 12, 2021.

(4) For 2021, a distribution of €1.50 per share, i.e. €225,269,688 (€224,028,658 excluding treasury shares), was distributed as voted by the Annual Shareholders' Meeting of May 17, 2022.

(5) For 2022, a distribution of €1.52 per share, i.e. €226,576,784, will be submitted to the Annual Shareholders' Meeting of May 16, 2023.

4.6 OTHER DISCLOSURES

Pursuant to Article D.441-6 of the French Commercial Code, the table below sets out the payment terms of COFACE SA's suppliers showing bills received and not paid at the end of the financial year for which payment is in arrears:

SUPPLIERS' PAYMENT TERMS

	1 TO 30 DAYS	31 TO 60 DAYS	61 TO 90 DAYS	91 DAYS OR MORE	TOTAL (1 DAY OR MORE)
(A) Late payment tranches					
Number of bills affected	-	-	-	-	-
Total amount of bills affected including VAT (in €k)	-	-	-	-	-
Percentage of total amount of purchases during the financial year	**-**	**-**	**-**	**-**	**-**
(B) Bills excluded from (A) relating to disputed or unrecognised liabilities and receivables					
No bills excluded from these tables relating to disputed or unrecognised liabilities and receivables.					
(C) Reference payment terms used (contractual or legal term – Article L.441-6 or Article L.443-1 of the French Commercial Code)					

No invoices are overdue.

4.7 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

For the year ended December 31, 2022

To the Annual General Shareholder's Meeting of COFACE S.A.

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of COFACE SA. for the year ended December 31, 2022.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2022 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit and accounts committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*code de commerce*) and the French Code of Ethics (*code de déontologie*) for statutory auditors, for the period from January 1, 2022 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, approved in the conditions mentioned above, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Estimation of provisions for late claims

IDENTIFIED RISK

Provisions for unknown claims represent an estimation of the claims expense incurred during the year but not yet reported at the balance sheet date. They also include specific provisions recorded for claims that have not yet been proven but whose probability of occurrence is high and for which the compensation that would potentially be paid would be significant. These provisions also include a recovery reserve, assessed separately, corresponding to the amounts that will ultimately be recovered by the group for these claims.

As at December 31, 2022, these provisions amounted to €980 million in the consolidated financial statements. As indicated in the section accounting principles – Insurance operations of the notes to the Consolidated Financial Statements, these provisions are determined on the one hand by the application of deterministic statistical methods on the basis of historical data and on the other hand, by the use of assumptions arising from expert judgment to estimate the final amount of the claim (corresponding to the costs borne until the end of the claim lifecycle). The recovery reserve is determined by applying an ultimate rate to all unsettled underwriting years.

Thus, as the provision for unknown claims includes accounting estimates with a high degree of uncertainty, we considered this aggregate as a key audit matter.

OUR RESPONSE

To assess the reasonableness of the estimation of the provision for late claims and based on information communicated to us, we implemented the following approach:

Works carried out at central team level:

- We assessed the relevance of the method used to determine the ultimate claims charge, in conjunction with our actuaries;
- We identified the risk related to the evaluation of provisions for late claims as a significant risk in the set of instructions communicated to auditors of in-scope entities and we reviewed their conclusions.

Work carried out at the level of each entity included in the audit scope:

- We reviewed the internal control framework implemented to estimate provisions for claims and the expected ultimate cost of claims, and we tested the design and the implementation;
- We assessed the relevance of methods and actuarial parameters used, as well as assumptions that were retained with regards to the applicable regulation, market practices, and the entity's economic and financial context.
- We assessed any changes in claims indemnification processes and procedures that could affect the assumption of reproducibility of the past in the future and we drew the consequences on assumptions used to calculate the ultimate cost of claims;
- We tested the reliability of underlying claims data used in the actuarial calculations;
- We performed an independent recalculation, when needed, and for some business lines we verified that Group methodology was correctly applied;
- We analyzed the retrospective review of technical provisions by comparing provisions from the opening balance with actual claims.

Measurement of Insurance business investments

IDENTIFIED RISK

Insurance business investments account for one of the most important items on the consolidated balance sheet. At December 31, 2022, the net book value of these investments amounts to 3 022 million euros.

As indicated in the section accounting principles standards – Financial Assets, rules and methods of the notes to the Consolidated financial statements, the insurance business investments are determined at the end of the financial year, based on their classification associated with the management intention selected for each line of security by the Group.

A level of judgment is required to determine this measurement for:

- Impairment tests realized by the Management and
- the valuation of unlisted securities, in particular non-consolidated equity investments and shares in SCI / SCPI (Real Estate Investment trust).

Given the amount involved and the judgment made by the Management to detect the impairment of the securities in the portfolio, we deemed this to be a key audit matter.

OUR RESPONSE

To assess the measurement of the insurance business investment, our audit work consisted mainly in verifying that the valuation used by the Management were based on an appropriate valuation method and quantified elements used, according to the type of security:

For market-based valuations:

- We verified the stock prices used.

For evaluations based on forecast elements:

- We obtained and analyzed business plans established by the Management and assessed the relevance and the justification of the assumptions made;
- We verified the consistency of the main assumptions used with the economic environment;
- We compared the consistency of the forecasts retained for the previous periods with the corresponding outcomes on a sample of assets;
- We compared the underlying documentation to the impairment evidences, and we validated the numbers in the aforementioned documentation referring to external sources.

Estimation of provisions for earned premiums not written - EPNW

IDENTIFIED RISK	*OUR RESPONSE*
As at December 31, 2022, earned premiums not written amounted to € 132 million in the financial statements at December 31, 2022. As indicated in the section Accounting principles standards - Insurance operations, rules and methods of the notes to the financial statements, earned premiums not written are determined based on an estimate of expected premiums over the period. The provision is the difference between this estimate, and invoiced premiums. This provision presents a significant risk of material misstatement given inherent uncertainties in some elements considered in the estimates. The risk particularly lies in the factors used to determine the ultimate value (i.e. once premiums would been written for their final amount) which relies on statistical methods. Thus, we consider this to be a key audit matter even though the change in the provision from one year to the another is generally limited.	In order to assess whether the earned premiums not written estimation was reasonable and based on information communicated to us, we implemented the following audit approach: **Works carried out at central team level:** ● We assessed the relevance of the method used by Coface to determine ultimate premiums; ● We identified the risk related to the evaluation of earned premiums not written as a significant risk in the set of instructions communicated auditors of in-scope entities and we reviewed their conclusions. **Work carried out at the level of each entity included in the audit scope:** ● We reviewed the internal control framework related to premium estimation process and we tested the design and the implementation; ● We assessed any changes in the invoicing processes and procedures that could affect the assumption of reproducibility of the past in the future and we drew the consequences on the assumptions used for the calculation of the ultimate value; ● We verified the consistency of assumptions used to determine the forecasts; ● We reconciled calculation bases with accounting figures; ● We compared earned premiums not written booked in the opening balance of the financial year with actual results to assess the relevance of the implemented method.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information pertaining to the Group presented in the management report.

We precise that it is not our role to report the matters related to the sincerity and the concordance with the consolidated financial statements of Solvency II information extracted from the report required under the article L.356-23 of the insurance code (code des assurances).

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated declaration of extra-financial performance, required under Article L.225-102-1 of the French Commercial Code (code de commerce), is included in the Group management report, it being specified that, in accordance with the provisions of Article L.823-10 of the code, we have not verified the fair presentation and the consistency with the consolidated financial statements of the information provided in this declaration and this information must be reported by an independent third party.

Other Legal and Regulatory Verifications or Information

Format of presentation of the consolidated financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (code monétaire et financier), prepared under the responsibility of the Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

Due to the technical limitations inherent to the block-tagging of the consolidated financial statements according to the European single electronic format, the content of certain tags of the notes may not be rendered identically to the accompanying consolidated financial statements.

Moreover, we have no responsibility to verify that the consolidated financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of COFACE SA by the Annual General Meeting, on May 14, 2020 for Mazars and on May 3, 2007 for Deloitte & Associés. The previous auditors were Deloitte & Associés or another entity of the Deloitte network, whose original appointment details could not be determined.

As at December 31, 2022, Mazars was in the 3rd year of total uninterrupted engagement and Deloitte & Associés was in the 16th year and 9th year since securities of the Company were admitted to trading on a regulated market.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit and accounts committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit and accounts committee

We submit a report to the Audit and accounts committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit and accounts committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this report.

We also provide the Audit and accounts committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit and accounts committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris La Défense, on April 5th, 2023

The Statutory Auditors

French original signed by

Deloitte & Associés	Mazars
Jérôme LEMIERRE	Jean-Claude PAULY
Partner	*Partner*

4.8 STATUTORY AUDITORS' REPORT ON THE STATUTORY FINANCIAL STATEMENTS

This is a translation into English of the statutory auditors' report on the statutory financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended December 31, 2022

To the Annual General Shareholders' Meeting of COFACE SA.

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying statutory financial statements of COFACE SA for the year ended December 31, 2022.

In our opinion, the statutory financial statements give a true and fair view of the assets and liabilities and of the financial position of the COFACE SA as at December 31, 2022 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit and accounts committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the statutory financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*Code de Commerce*) and the French Code of Ethics (*code de déontologie*) for statutory auditors, for the period from January 1, 2022 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (*code de déontologie*) for statutory auditors.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the statutory financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the statutory financial statements as a whole, approved in the conditions mentioned above, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the statutory financial statements.

Valuation of equity securities

IDENTIFIED RISK	OUR RESPONSE
The amount of participations in affiliated companies with a participating interest amounted to € 1,502.7 million euros. As mentioned in note 2.1 – Accounting principles standards, the equity securities appearing in the balance sheet are recognized at their acquisition date and subsequently depreciated based on their value in use. The latter is estimated by management on the basis of estimates based on forecasts. The estimate of the value in use of these securities requires the judgment of the management in its choice of items to consider, including the profitability prospects of the entities whose securities are held by COFACE S.A. We considered that the depreciation of equity securities constitutes a key audit matter due to the part of management judgment involved in the evaluation of the value in use, which uses assumptions of future results taking into account the maturity of the entity, the history of the activity and the market prospects and the country in which the entity is established. The potential impact on the statutory financial statements concerns the existence of a provision for depreciation of equity securities not recognized at the closing.	To assess the reasonableness of the valuation of impairment provisions on equity securities, our work has focused on verifying that the value in use estimates determined by the management was based on an appropriate rationale for the valuation method and the quantified elements used. In order to do this: • We obtained and analysed business plans and discussed with the management on its forecasts; • We analysed the consistency of the main assumptions used with the economic environment; • We compared the consistency of the forecasts used in the prior periods with the actual outcomes; • We assessed the need to recognize an impairment and, if applicable, we verified its calculation.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the statutory financial statements provided to Shareholders

We have no matters to report as to the fair presentation and the consistency with the statutory financial statements of the information given in the management report of the Board of directors and in the other documents with respect to the financial position and the statutory financial statements provided to shareholders.

We attest the fair presentation and the consistency with the statutory financial statements of the information relating to payment deadlines mentioned in Article D.441-6 of the French Commercial Code (*code de commerce*).

Report on corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Article L. 225-37-4 and L.22-10-10 and L22-10-9 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code (code de commerce) relating to remunerations and benefits received by or awarded to the directors and any other commitments made in their favour, we have verified its consistency with the statutory financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlled enterprises included in the scope of consolidation. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 22-10-11 of the French Commercial Code (code de commerce), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other Information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Other Legal and Regulatory Verifications or Information

Format of presentation of the statutory financial statements intended to be includedin the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the statutory financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (code monétaire et financier), prepared under the responsibility of the Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018.

Based on the work we have performed, we conclude that the presentation of the statutory financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the statutory financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of COFACE SA by the Annual General Meeting, on May 14, 2020 for Mazars and on May 3rd, 2007 for Deloitte & Associés. The previous auditors were Deloitte & Associés or another entity of the Deloitte network, whose original appointment details could not be determined.

As at December 31, 2022, Mazars was in the 3rd year of total uninterrupted engagement and Deloitte & Associés was in the 16th year and 9th year since securities of the Company were admitted to trading on a regulated market.

Responsibilities of Management and Those Charged with Governance for the statutory financial statements

Management is responsible for the preparation and fair presentation of the statutory financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the statutory financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit and accounts Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The statutory financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the statutory financial statements

Objectives and audit approach

Our role is to issue a report on the statutory financial statements. Our objective is to obtain reasonable assurance about whether the statutory financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the statutory financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the statutory financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the statutory financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the statutory financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit and accounts committee

We submit a report to the Audit and accounts committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit and accounts committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the statutory financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit and accounts committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (*code de commerce*) and in the French Code of Ethics (*code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit and Accounts Committeethe risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris La Défense, on April 5th, 2023

The Statutory Auditors

French original signed by

Deloitte & Associés	Mazars
Jérôme LEMIERRE	Jean-Claude PAULY
Partner	*Partner*

6 RISK
CATEGORIES

18 MAIN
RISK FACTORS

RISK GOVERNANCE
& INTERNAL CONTROL SYSTEM

3 LINES
OF DEFENCE