4.1 CONSOLIDATED FINANCIAL STATEMENTS

4.1.1 Consolidated balance sheet

Assets

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

Liabilities

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

4.1.2 Consolidated income statement

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

4.1.3 Consolidated statement of comprehensive income

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

4.1.4 Statement of changes in equity

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

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

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4.1.5 Consolidated statement of cash flows

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

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

4.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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BASIS OF PREPARATION

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

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

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

SIGNIFICANT EVENTS

Coface launches its new 2023 strategic plan, Build to Lead

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

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

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

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

Coface demonstrates its agility in crisis management

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

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

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

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

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

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

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

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

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

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

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

Rating agencies recognise Coface's good performances

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

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

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

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

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

Changes to shareholder structure

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

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

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

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

Coface finalised the acquisition of GIEK Kredittforsikring AS

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

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

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

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

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

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

Implementation of a share buyback programme

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

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

SCOPE OF CONSOLIDATION

Change in the scope of consolidation in 2020

First-time consolidation

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

Exit from consolidation scope

No entities exited the consolidation scope in 2020.

Merger

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

Special purpose entities (SPE)

SPEs used for the credit insurance business

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

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

SPEs used for financing operations

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

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

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

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

SPEs used for investing operations

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

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

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

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

All Coface entities are consolidated by full integration method.

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

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

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

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

ACCOUNTING PRINCIPLES

Applicable accounting standards

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

Standards applied since January 1, 2020

IFRS 16

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

Amendments to IAS 1 and IAS 8

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

IFRS 17

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

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

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

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

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

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

IFRS 9

The new IFRS 9 "Financial Instruments" was adopted by the European Commission on November 22, 2016 and has been applicable retrospectively since January 1, 2018.

IFRS 9 replaces IAS 39 and defines the new rules for the classification and measurement of financial assets and liabilities, the new methodology for credit risk impairment of financial assets, and the treatment of hedging transactions at the same time. It excepts macro-hedging transactions for which a separate draft standard is under study by the IASB.

Exemption

The amendment to IFRS 4 relating to the joint application of IFRS 9 "Financial Instruments" with IFRS 17 "Insurance Contracts" with specific measures for financial conglomerates was adopted on November 9, 2017 and has been applicable since January 1, 2018. This European regulation allows European financial conglomerates to opt to postpone the application of IFRS 9 for their insurance sector until January 1, 2023 (date of application of the new IFRS 17 Insurance Contracts) provided that they:

- do not transfer financial instruments between the insurance sector and the other sectors of the conglomerate (with the exception of instruments at fair value through profit or loss);
- indicate the insurance entities that apply the IAS 39 standard;
- provide additional specific information in the notes to the financial statements.

Coface meets the eligibility criteria of a financial conglomerate and applies this provision for its insurance entities, which will therefore remain under IAS 39 until December 31, 2021. The entities impacted by this measure are all insurance entities and entities whose activity is directly related to insurance (service entities, consolidated funds).

Scope of application

Consequently, the entities impacted by the application of IFRS 9 are exclusively entities in the factoring business, an activity operated by Coface in Germany and in Poland.

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

Consolidation methods used

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

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

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

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

The consolidation methods applied are as follows:

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

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

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

Intercompany transactions

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

Non-current assets held for sale and discontinued operations

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

A sale is deemed to be highly probable if:

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

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

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

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

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

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

Year-end and accounting period

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

Foreign currency translation

Translation of foreign currency transactions

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

Translation of the financial statements of subsidiaries and foreign branches

Coface's consolidated financial statements are presented in euros.

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

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

Hyperinflationary Economies

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

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

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

General principles

The insurance business

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

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

However, IFRS 4:

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

The services business

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

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

The factoring business

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

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

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

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

Breakdown by function of insurance company expenses

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

Factoring companies

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

Other companies outside the insurance business and factoring business

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

Revenue

Consolidated revenue includes:

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

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

Insurance operations

Earned premiums

Gross written premiums

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

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

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

Premium refunds

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

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

Reserves for unearned premiums

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

Gross earned premiums

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

Deferred acquisition costs

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

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

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

Contract service expenses

Paid claims

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

Claims provisions

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

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

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

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

Subrogation and salvage

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

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

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

Reinsurance operations

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

Inward reinsurance

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

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

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

Ceded reinsurance

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

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

Funds received from reinsurers are reported under liabilities.

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

Other operating income and expenses

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

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

Goodwill

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

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

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

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

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

Impairment tests on goodwill and intangible assets

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

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

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

The seven groups of CGUs are as follows:

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

Measuring groups of CGUs and performing goodwill impairment tests

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

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

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

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

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

Method used for measuring the value of Coface entities

Value in use: Discounted cash flow method

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

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

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

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

Fair value

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

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

Intangible assets: IT development costs

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

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

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

Property, plant and equipment: property assets

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

Coface has identified the following components of property assets:

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

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

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

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

Financial assets

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

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

Available-for-sale financial assets (AFS)

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

Financial assets held for trading

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

Held-to-maturity investments (HTM)

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

Financial assets at fair value through profit or loss

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

Loans and receivables

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

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

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

Fair value

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

Impairment test

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

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

Impairment indicators include the following:

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

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

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

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

Derivatives and hedging transactions

A derivative is a financial instrument (IAS 39):

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

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

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

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

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

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

Financing liabilities

This item mainly includes the subordinated debt.

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

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

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

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

Accounting treatment of debt issuance costs

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

Transaction costs include:

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

Transaction costs do not include:

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

Payables arising from banking sector activities

This item includes:

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

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

Receivables arising from factoring operations

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

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

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

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

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

Cash and cash equivalents

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

Provisions for liabilities and charges

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

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

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

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

Employee benefits

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

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

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

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

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

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

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

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

Stock options

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

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

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

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

Leases

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

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

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

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

Income tax

Income tax expense includes both current taxes and deferred taxes.

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

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

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

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

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

Receivables and payables denominated in foreign currencies

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

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

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

Segment information

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

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

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

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

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

Related parties

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

Estimates

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

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

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

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

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

NOTES TO THE CONSOLIDATED BALANCE SHEET

NOTE 1. GOODWILL

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

Breakdown of goodwill by region:

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

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

Impairment testing methods

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

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

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

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

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

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

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

The assumptions used in 2019 were as follows:

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

Sensitivity of impairment tests

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

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

For the Group's main goodwill items, the sensitivity of enterprise values to the assumptions used is shown in the following table:

Outcome of impairment tests

(in millions of euros)	NORTHERN EUROPE	WESTERN EUROPE	CENTRAL EUROPE	MEDITERRANEAN AND AFRICA	NORTH AMERICA
Contribution to consolidated net assets (1)	587.5	474.0	214.5	304.9	54.8
Value in use of CGU	880.6	585.4	399.5	668.6	87.2
Sensitivity: Long-term growth rate -0.5 point (2)	859.0	490.7	390.3	649.4	84.0
Sensitivity: WACC +0.5 point	850.0	486.8	386.3	641.1	82.7
Sensitivity: Loss/Cost Ratio 2025 +1 point (2)	869.1	376.3	392.3	650.6	79.7
Sensitivity: Loss/Cost Ratio 2025 +2 points (2)	857.5	321.1	385.0	632.6	72.2

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

NOTE 2. OTHER INTANGIBLE ASSETS

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

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

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

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

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

Change in the gross amount of intangible assets

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

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

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

Change in accumulated amortisation and impairment of intangible assets

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

NOTE 3. INSURANCE BUSINESS INVESTMENTS

3.1 Analysis by category

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

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

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

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

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

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

Impairments

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

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

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

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

Change in investments by category

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

Derivatives

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

During 2020, most of the transactions carried out concerned systematic currency hedging via swaps or forward currency transactions for bonds issued mainly in USD and present in the investment portfolio.

Investments in equities were subject to systematic partial hedging through purchases of put options. The hedging strategy applied by the Group is aimed at protecting the portfolio against a sharp drop in the equities market in the eurozone.

Regarding the bond portfolio, no rate hedging was put in place during 2020, however, Coface is allowing itself the possibility of putting it back in place. A few *ad hoc* interest rate risk hedging operations have been implemented on negotiable debt securities in the monetary portfolio.

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

3.2 Financial instruments recognised at fair value

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

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

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

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

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

Securities classified as level 2 represent 5% of Coface Group's portfolio. This level is used for the following instruments:

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

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

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

Breakdown of financial instrument fair value measurements as at December 31, 2020 by level in the fair value hierarchy

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

Movements in Level 3 securities as at December 31, 2020

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

Breakdown of financial instrument fair value measurements as at December 31, 2019 by level in the fair value hierarchy

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

Movements in Level 3 securities as at December 31, 2019

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

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

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

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

NOTE 4. RECEIVABLES ARISING FROM BANKING ACTIVITIES

Breakdown by type

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

Breakdown by maturity

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

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

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

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

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

NOTE 5. INVESTMENTS IN ASSOCIATES

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

NOTE 6. TANGIBLE ASSETS

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

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

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

Change in the gross amount of property, plant and equipment

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

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

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

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

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

Market value of buildings used in the business

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

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

NOTE 7. RECEIVABLES ARISING FROM INSURANCE AND REINSURANCE OPERATIONS

Breakdown by nature

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

Breakdown by age

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

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

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

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

NOTE 8. OTHER ASSETS

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

The line "Other receivables" mainly includes:

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

NOTE 9. CASH AND CASH EQUIVALENTS

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

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

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

NOTE 10. SHARE CAPITAL

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

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

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

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

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

NOTE 11. SHARE-BASED PAYMENTS

Ongoing free share plans

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

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

Change in the number of free shares

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

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

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

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

Valuation of free shares

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

The plans were valued using the assumptions below:

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

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

NOTE 12. REVALUATION RESERVES

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

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

NOTE 13. PROVISIONS FOR LIABILITIES AND CHARGES

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

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

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

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

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

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

NOTE 14. EMPLOYEE BENEFITS

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

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

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

Actuarial assumptions

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

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

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

Sensitivity tests on the defined benefit obligation

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

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

NOTE 15. FINANCING LIABILITIES

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

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

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

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

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

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

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

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

NOTE 16. LEASE LIABILITIES

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

NOTE 17. TECHNICAL LIABILITIES RELATING TO INSURANCE CONTRACTS

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

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

NOTE 18. PAYABLES ARISING FROM BANKING ACTIVITIES

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

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

NOTE 19. DEFERRED TAX

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

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

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

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

Changes in deferred tax balances by region

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

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

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

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

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

Deferred taxes related to tax losses

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

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

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

NOTE 20. PAYABLES ARISING FROM INSURANCE AND REINSURANCE OPERATIONS

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

NOTE 21. OTHER LIABILITIES

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

NOTES TO THE INCOME STATEMENT

NOTE 22. REVENUE

Breakdown of consolidated revenue

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

Consolidated revenue by country of invoicing

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

Consolidated revenue by activity

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

NOTE 23. CLAIM EXPENSES

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

Claims expenses by period of occurrence

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

NOTE 24. OVERHEADS BY FUNCTION

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

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

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

NOTE 25. EXPENSES FROM BANKING ACTIVITIES

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

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

NOTE 26. INCOME AND EXPENSES FROM CEDED REINSURANCE

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

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

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

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

Investment income by class

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

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

NOTE 28. OTHER OPERATING INCOME AND EXPENSES

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

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

Other operating expenses mainly include:

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

NOTE 29. INCOME TAX EXPENSE

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

Tax proof

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

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

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

OTHER INFORMATION

NOTE 30. BREAKDOWN OF NET INCOME BY SEGMENT

Premiums, claims and commissions are monitored by country of invoicing. In the case of direct business, the country of invoicing is the one in which the issuer of the invoice is located and for inward reinsurance, the country of invoicing is the one in which the ceding insurer is located. Geographic segmentation by invoicing location does not necessarily correspond to the debtor's location.

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

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

Analysis of December 31, 2020 net income by segment

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

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

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

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Analysis of December 31, 2019 net income by segment

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

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

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

NOTE 31. EARNINGS PER SHARE

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

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

NOTE 32. GROUP'S HEADCOUNT

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

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

NOTE 33. RELATED PARTIES

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

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

Relations between the Group's consolidated entities and related parties

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

The main related-party transactions are as follows:

- financing of a portion of the factoring activity by Natixis SA;
- financial investments with the BPCE and Natixis groups;
- Coface's credit insurance coverage made available to entities related to Coface;
- recovery of insurance receivables carried out by entities related to Coface on behalf of Coface;
- rebilling of general and administrative expenses, including overheads, personnel expenses, etc.

These transactions are broken down below:

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

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

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

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

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

NOTE 34. KEY MANAGEMENT COMPENSATION

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

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

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

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

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

NOTE 35. BREAKDOWN OF AUDIT FEES

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

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

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

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

NOTE 36. OFF-BALANCE SHEET COMMITMENTS

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

The endorsements and letters of credit correspond mainly to:

- a joint guarantee of €380,000,000 in favour of investors in COFACE SA subordinated notes (10-year maturity);
- a €7,000,000 guarantee from Cofinpar
- a joint guarantee of €631,188,000 given to banks financing the factoring business.

The securities lodged as collateral by reinsurers involve Coface Re in the amount of €365,715,000 and Compagnie française d'assurance pour le commerce extérieur in the amount of €35,600,000.

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

NOTE 37. OPERATING LEASES

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

NOTE 38. RELATIONSHIP BETWEEN PARENT COMPANY AND SUBSIDIARIES

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

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

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

The table below summarises the interim balance of la Compagnie française d'assurance pour le commerce extérieur and its principal financial flows at December 31, 2020:

(in thousands of euros)	LISTED COMPANY	COMPAGNIE FRANÇAISE POUR LE COMMERCE EXTÉRIEUR (INCLUDING BRANCHES)	OTHER ENTITIES	ELIMINATIONS	TOTAL
Revenue	1,993	1,322,475	888,543	(762,147)	1,450,864
Current operating income	10,346	80,458	104,390	(40,970)	154,224
Net income	(13,689)	4,956	91,634		82,901
Fixed assets	1,837,325	5,186,339	1,301,320	(4,998,422)	3,326,562
Indebtedness outside the Group	389,808		1		389,809
Cash and cash equivalent	545	252,426	147,999		400,969
Net cash generated from operating activities	26,380	81,726	86,251		194,358
Dividends paid to the quoted company		0	0		0

NOTE 39. FIRST TIME CONSOLIDATION OF COFACE GK

Coface GK has been part of Coface Group's consolidation scope since July 1, 2020.

In accordance with IFRS 3 Business Combinaisons, initial recognition of assets, liabilities and minority interests shall be adjusted, up to 12 months after the acquisition date, to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The review has ended and the initial recognition of assets and liabilities was finalised in the consolidation financial statement as of December 31, 2020.

The main balance sheet aggregates at July 1, 2020 are summarised in the chart below:

(in thousands of euros)	BILAN D'OUVERTURE
Asset aggregates	
Insurance business investment	26,693
Reinsurers' share of insurance liabilities	9,626
Building used in the business and other property, plant and equipment	82
Receivables arising from insurance and reinsurance operations	2,201
Trade receivables	465
Cash	4,795
Liability aggregates	
Liabilities relating to insurance contracts	14,557
Payables arising from insurance and reinsurance operations	4,097
Other payables	621

Coface GK's contribution to Coface Group's 2020 net income is summarised in the chart below:

(in thousands of euros)	INCOME STATEMENT
Revenue	5,992
Net income before badwill	(765)
Badwill	8,910

NOTE 40. BREXIT

The UK's exit from European Union under Brexit leads to a loss of the European passport for financial services.

The Coface Group has held discussions with its customers in order to adapt the insurance policies affected by this matter.

NOTE 41. EVENTS AFTER THE REPORTING PERIOD

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

NOTE 42. RISK MANAGEMENT

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