4.1 CONSOLIDATED FINANCIAL STATEMENTS

4.1.1 Consolidated balance sheet

Asset

(in thousands of euros)	Notes	DEC. 31, 2021	DEC. 31, 2020
Intangible assets		**229,951**	**230,852**
Goodwill	1	155,529	154,245
Other intangible assets	2	74,423	76,607
Insurance business investments	**3**	**3,219,430**	**2,982,945**
Investment property	3	288	288
Held-to-maturity securities	3	1,833	1,872
Available-for-sale securities	3	3,115,154	2,896,314
Trading securities	3	15	67
Derivatives	3	10,458	7,237
Loans and receivables	3	91,683	77,167
Receivables arising from banking activities	**4**	**2,690,125**	**2,326,941**
Reinsurers' share of insurance liabilities	**17**	**512,187**	**603,453**
Other assets		**1,024,871**	**1,007,645**
Buildings used for operations purposes and other property, plant and equipment	6	105,809	112,765
Deferred acquisition costs	8	38,900	35,494
Deferred tax assets	19	58,345	49,250
Receivables arising from insurance and reinsurance operations	7	511,038	516,561
Trade receivables arising from service activities	8	59,489	62,390
Current tax receivables	8	75,682	49,853
Other receivables	8	175,609	181,332
Cash and cash equivalents	9	362,441	400,969
TOTAL ASSETS		**8,039,006**	**7,552,804**

Liability

(in thousands of euros)	Notes	DEC. 31, 2021	DEC. 31, 2020
Equity attributable to owners of the parent		**2,141,041**	**1,998,308**
Share capital	10	300,360	304,064
Additional paid-in capital		810,420	810,420
Retained earnings		644,807	656,118
Other comprehensive income		161,638	144,807
Consolidated net income of the year		223,817	82,900
Non-controlling interests		**309**	**267**
Total equity		**2,141,351**	**1,998,575**
Provisions for liabilities and charges	**13**	**85,748**	**96,307**
Financing liabilities	**15**	**390,553**	**389,810**
Lease liabilities	**16**	**81,930**	**88,124**
Liabilities relating to insurance contracts	**17**	**1,859,059**	**1,804,092**
Payables arising from banking activities	**18**	**2,698,525**	**2,318,392**
Amounts due to banking sector companies	18	822,962	535,447
Amounts due to customers of banking sector companies	18	376,788	357,384
Debt securities	18	1,498,775	1,425,562
Other liabilities		**781,841**	**857,504**
Deferred tax liabilities	19	120,326	110,507
Payables arising from insurance and reinsurance operations	20	286,583	414,133
Current taxes payables	21	80,712	70,621
Derivatives	21	3,480	26
Other payables	21	290,739	262,219
TOTAL EQUITY AND LIABILITIES	**21**	**8,039,006**	**7,552,804**

4.1.2 Consolidated income statement

(in thousands of euros)	Notes	DEC. 31, 2021	DEC. 31, 2020
Gross written premiums		*1,462,424*	*1,273,767*
Premium refunds		*(121,336)*	*(78,111)*
Net change in unearned premium provisions		*(28,451)*	*8,678*
Earned premiums	**22**	**1,312,637**	**1,204,334**
Fee and commission income		*140,691*	*143,985*
Net income from banking activities		*64,400*	*58,450*
Income from services activities		*50,130*	*44,094*
Other revenue	**22**	**255,221**	**246,530**
Revenue		**1,567,858**	**1,450,864**
Claims expenses	**23**	**(280,456)**	**(623,653)**
Policy acquisition costs	*24*	*(259,317)*	*(238,453)*
Administrative costs	*24*	*(270,990)*	*(261,807)*
Other insurance activity expenses	*24*	*(66,243)*	*(60,971)*
Expenses from banking activities, excluding cost of risk	*24/25*	*(13,103)*	*(12,833)*
Expenses from services activities	*24*	*(89,674)*	*(81,608)*
Operating expenses	**24**	**(699,327)**	**(655,672)**
Risk cost	**25**	**76**	**(100)**
UNDERWRITING INCOME BEFORE REINSURANCE		**588,150**	**171,439**
Income and expenses from ceded reinsurance	26	(314,288)	(44,116)
UNDERWRITING INCOME AFTER REINSURANCE		**273,862**	**127,322**
Investment income, net of management expenses (excluding finance costs)	27	42,177	26,903
CURRENT OPERATING INCOME		**316,039**	**154,225**
Other operating income and expenses	28	(3,177)	(13,787)
OPERATING INCOME		**312,862**	**140,438**
Finance costs		(21,477)	(21,740)
Share in net income of associates		0	0
Badwill		0	8910,044
Income tax expense	29	(67,511)	(44,704)
CONSOLIDATED NET INCOME BEFORE NON-CONTROLLING INTERESTS		**223,874**	**82,904**
Non-controlling interests		(57)	(4)
NET INCOME FOR THE YEAR		**223,817**	**82,900**
Earnings per share *(in €)*	31	1.50	0.55
Diluted earnings per share *(in €)*	31	1.50	0.55

4.1.3 Consolidated statement of comprehensive income

(in thousands of euros)	Notes	DEC. 31, 2021	DEC. 31, 2020
Net income of the period		223,817	82,900
Non-controlling interests		57	4
Other comprehensive income			
Currency translation differences reclassifiable to income		**4,956**	**(25,150)**
Reclassified to income		*0*	*0*
Recognised in equity		*4,956*	*(25,150)*
Fair value adjustments on available-for-sale financial assets	**3; 12; 19**	**10,252**	**17,824**
Recognised in equity – reclassifiable to income – gross		*23,488*	*20,218*
Recognised in equity – reclassifiable to income – tax effect		*(5,873)*	*(2,956)*
Reclassified to income – gross		*(9,185)*	*959*
Reclassified to income – tax effect		*1,822*	*(397)*
Fair value adjustments on employee benefit obligations	**3; 12; 19**	**1,622**	**1,298**
Recognised in equity – not reclassifiable to income – gross		*2,349*	*1,700*
Recognised in equity – not reclassifiable to income – tax effect		*(727)*	*(402)*
Other comprehensive income of the period, net of tax		**16,830**	**(6,028)**
TOTAL COMPREHENSIVE INCOME OF THE PERIOD		**240,704**	**76,876**
• attributable to owners of the parent		240,648	76,886
• attributable to non-controlling interests		56	(10)

4.1.4 Statement of changes in equity

(in thousands of euros)	NOTES	SHARE CAPITAL	PREMIUMS	CONSOLIDATED RESERVES	TREASURY SHARES
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					
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					
Treasury shares elimination					(4,632)
Free share plans expenses				1,698	
Transactions with shareholders and others				(116)	
Equity at December 31, 2020		**304,064**	**810,420**	**671,939**	**(15,822)**
2020 net income to be appropriated				82,900	
Payment of 2020 dividends in 2021				(81,976)	
Total transactions with owners		0	0	924	0
December 31, 2021 net income					
Fair value adjustments on available-for-sale financial assets recognized in equity	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		(3,704)		(11,298)	
Treasury shares elimination					103
Free share plans expenses				465	
Transactions with shareholders and others				(1,504)	
EQUITY AT DECEMBER 31, 2021		**300,360**	**810,420**	**660,526**	**(15,719)**

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**
(8,425)	**184,659**	**(25,413)**	**146,729**	**1,924,472**	**269**	**1,924,741**
			(146,729)			
0	0	0	(146729)	0	0	0
			82,900	82,900	4	82,904
	17,261			17,261	1	17,262
	562			562	0	562
		1,298		1,298	0	1,298
(25,135)				(25,135)	(15)	(25,150)
				(4,632)	0	(4,632)
				1,698	0	1,698
				(116)	8	(108)
(33,560)	**202,482**	**(24,115)**	**82,900**	**1,998,308**	**267**	**1,998,575**
			(82,900)			
				(81,976)	4	(81,980)
0	0	0	(82,900)	(81,976)	(4)	(81,980)
			223,817	223,817	57	223,874
	17,106			17,106	1	17,107
	(7,363)			(7,363)	0	(7,363)
		1,622		1,622		1,622
4,958				4,958	(2)	4,956
				(15,002)	0	(15,002)
				103	0	103
				465	0	465
	508			(996)	(10)	(1,006)
(28,602)	**212,733**	**(22,493)**	**223,817**	**2,141,042**	**309**	**2,141,351**

4

4.1.5 Consolidated statement of cash flows

(in thousands of euros)	DECEMBER 31, 2021	DECEMBER 31, 2020
Net income for the period	223,817	82,900
Non-controlling interests	57	4
Income tax expense	67,511	44,704
Finance costs	21,477	21,740
Operating income (A)	312,862	149,348
+/- Depreciation, amortization and impairment losses	30,153	39,216
+/- Net additions to/reversals from technical provisions	106,475	(75,244)
+/- Unrealized foreign exchange income/loss	13,499	12,922
+/- Non-cash items	24,219	7,327
Total non-cash items (B)	***174,347***	***(15,778)***
Gross cash flows from operations (C) = (A) + (B)	***487,208***	***133,570***
Change in operating receivables and payables	(90,077)	118,692
Net taxes paid	(87,081)	(32,419)
Net cash related to operating activities (D)	***(177,157)***	***86,273***
Increase (decrease) in receivables arising from factoring operations	(366,695)	(6,321)
Increase (decrease) in payables arising from factoring operations	92,618	(56,841)
Increase (decrease) in factoring liabilities	290,984	37,677
Net cash generated from banking and factoring operations (E)	***16,907***	***(25,485)***
Net cash generated from operating activities (F) = (C + D + E)	326,958	194,358
Acquisitions of investments	(892,110)	(655,210)
Disposals of investments	693,321	631,206
Net cash used in movements in investments (G)	***(198,789)***	***(24,004)***
Acquisitions of consolidated subsidiaries, net of cash acquired	7,285	(4,887)
Disposals of consolidated companies, net of cash transferred		(0)
Net cash used in changes in scope of consolidation (H)	***7,285***	***(4,887)***
Acquisitions of property, plant and equipment and intangible assets	(17,166)	(33,899)
Disposals of property, plant and equipment and intangible assets	728	8,456
Net cash generated from (used in) acquisitions and disposals of property, plant and equipment and intangible assets (I)	***(16,438)***	***(25,442)***
Net cash used in investing activities (J) = (G + H + I)	(207,942)	(54,334)
Proceeds from the issue of equity instruments		(0)
Treasury share transactions	(14,886)	(4,632)
Dividends paid to owners of the parent	(81,976)	0
Dividends paid to non-controlling interests	(4)	(1)
Cash flows related to transactions with owners	***(96,866)***	***(4,632)***
Proceeds from the issue of debt instruments	(0)	0
Cash used in the redemption of debt instruments	0	(0)
Lease liabilities variations	(16,762)	(13,629)
Interests paid	(20,732)	(21,193)
Cash flows related to the financing of Group operations	***(37,494)***	***(34,822)***
Net cash generated from (used in) financing activities (K)	(134,360)	(39,454)
Impact of changes in exchange rates on cash and cash equivalents (L)	(23,187)	(20,378)
NET INCREASE IN CASH AND CASH EQUIVALENTS (F + J + K + L)	**(38,528)**	**80,192**
Net cash generated from operating activities (F)	326,958	194,358
Net cash used in investing activities (J)	(207,942)	(54,334)
Net cash generated from (used in) financing activities (K)	(134,360)	(39,454)
Impact of changes in exchange rates on cash and cash equivalents (L)	(23,187)	(20,378)
Cash and cash equivalents at beginning of period	400,969	320,777
Cash and cash equivalents at end of period	362,441	400,969
NET CHANGE IN CASH AND CASH EQUIVALENTS	**(38,528)**	**80,192**

4.1.6 Mandatory elements of the basic taxonomy

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 more than 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, 2021 are established in accordance with the International Financial Reporting Standards (IFRS) as published by the IASB and as adopted by the European Union [1]. They are detailed in the Note "Accounting principles".

The balance sheet is presented with comparative financial information at December 31, 2020. The income statement is presented with comparative financial information at December 31, 2020.

These IFRS consolidated financial statements for the year ended December 31, 2021 were reviewed by the Coface Group's Board of Directors on February 15, 2022.

SIGNIFICANT EVENTS

Governance evolution

In the Board of Directors

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 ten members, four women and six men, the majority (6) of whom are independent directors.

On July 28, 2021, the Board of Directors of COFACE SA co-opted David Gansberg, Chief Executive Officer, Global Mortgage Group at Arch, as a non-independent director at the Board of Directors taking the place of Benoît Lapointe de Vaudreuil who leaves the Board to focus on his other professional responsibilities.

In the Executive Committee

In 2021, several appointments were made to strengthen Coface's leadership team:

- on March 24, 2021, Declan Daly has been appointed Chief Operating Officer of the Coface Group, effective as of April 1, 2021;
- on September 1, 2021, several appointments were made:
  - Antonio Marchitelli, CEO of Coface Western Europe Region, was appointed as CEO, Global Specialties, and effective January 2022,
  - Carine Pichon, chief financial and risks officer, will replace Antonio as CEO of Coface Western Europe Region,
  - Phalla Gervais will replace Carine Pichon in her role of CFO, in charge of finance and risks as of September 6,
  - Jaroslaw Jaworski has been confirmed in the role of CEO of Coface Central and Eastern Europe Region, effective on September 1;
- on September 10, 2021, Marcele Lemos was appointed as the new CEO, Latin America Region, effective on Monday, September 13th.

Rating agencies recognise Coface's good performance

On February 10, 2021, the rating agency Moody's has confirmed the financial strength rating (Insurance Financial Strength – IFS) for Coface at A2. The agency has also raised the outlook for Coface, which is now stable.

On March 18, 2021, the rating agency AM Best affirmed the A (Excellent) Insurer Financial Strength – IFS rating of Compagnie française d'assurance pour le commerce extérieur (la Compagnie), Coface North America Insurance Company (CNAIC) and Coface Re. The outlook for these ratings remain "stable".

On April 20, 2021, the rating agency Fitch affirmed Coface AA- Insurer Financial Strength (IFS) rating. The agency also removed the Rating Watch Negative. The outlook is now stable. On December 9, Fitch affirmed Insurer Financial Strength (IFS) rating and the outlook remains stable.

Capital reduction by cancellation of treasury shares

The Board of Directors of COFACE SA, in its meeting of March 4, 2021, decided to cancel the 1,852,157 shares bought under the share buyback programme, as announced on October 27, 2020; and correlatively, to reduce the share capital of the Company.

Therefore, the share capital of COFACE SA now stands at €300,359,584 divided into 150,179,792 shares with a nominal value of €2 each.

Expiry of the main government schemes

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

(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*

As initially planned, the vast majority of these government schemes (excluding top-up) have expired on June 30, 2021 leading to run-off on these policies. Indeed, governments and credit insurance players, including Coface, agree with the analysis that an extension is not necessary based on the current market situation. However, the various players will continue to work closely together after June 30 2021 in order to be able to act quickly, within the context of EU legislation, in the event that the economic situation deteriorates significantly. Government schemes had a negative impact of -€103 million on income before tax in Q4-2021, taking the total impact to -€160 million for 12M-2021.

Renewal of its syndicated loan agreement

As part of the refinancing of its factoring activities, COFACE SA signed on August 4, 2021 with a group of banking partner the early renewal of its €700 million syndicated euro loan. It is part of the Build to Lead plan, which aims to leverage Coface assets in specialty businesses and therefore continues to support the development of factoring.

This transaction was initially concluded in 2017 to replace existing bilateral credit lines. Coface is supported by a panel of seven banking partners: BNP Paribas, Crédit Agricole CIB, Natixis, Société Générale, acting as Mandated Lead Arrangers and Bookrunners, BRED, HSBC and La Banque Postale acting as Mandated Lead Arrangers. Société Générale is acting as Documentation and Facility Agent.

The loan is renewed for a period of three years with two one-year extension options at the lenders' discretion. This transaction enables the Group to improve its financial flexibility and extend the maturity of its refinancing, while taking advantage of favourable market conditions and strengthening relations with its senior banks, which thus confirm their medium-term commitment to Coface.

SCOPE OF CONSOLIDATION

Change in the scope of consolidation in 2021

First-time consolidation

During the second quarter of 2021, three entities that have been exclusively owned for several years were consolidated. These are Coface Poland Insurance Service, Coface Romania Insurance Service and Coface Finance Israel.

In the last quarter of 2021, Mexico Services was also consolidated.

Exit from consolidation scope

Coface North America, Inc. (MGU) was deconsolidated on December 31, 2021.

Merger

Coface Poland CMS was absorbed by Coface Poland insurance Service.

Coface Romania CMS has been absorbed by Coface Romania Insurance Service.

Special purpose entities (SPE)

SPEs used for the credit insurance business

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

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

SPEs used for financing operations

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

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

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

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

SPEs used for investing operations

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

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

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

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

All of Coface entities are consolidated by full integration method.

			PERCENTAGE			
			CONTROL	INTEREST	CONTROL	INTEREST
Country	ENTITY	CONSOLIDATION METHOD	DEC. 31, 2021	DEC. 31, 2021	DEC. 31, 2020	DEC. 31, 2020
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	Coface Norway – SUCC (Coface Europe)	-	Branch*		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	0.00%	0.00%	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 Re	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%

Country	ENTITY	CONSOLIDATION METHOD	PERCENTAGE			
			CONTROL DEC. 31, 2021	INTEREST DEC. 31, 2021	CONTROL DEC. 31, 2020	INTEREST DEC. 31, 2020
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*	
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 française d´assurance pour le commerce extérieur SA Niederlassung Austria	-	Branch*		Branch*	
Hungary	Compagnie française d´assurance pour le commerce extérieur Hungarian Branch Office	-	Branch*		Branch*	
Poland	Coface Poland Credit Management Services Sp. z o.o.	Full	0.00%	0.00%	100.00%	100.00%
Poland	Coface Poland Insurance Services	Full	100.00%	100.00%	100.00%	100.00%
Poland	Coface Poland Factoring Sp. z o.o.	Full	100.00%	100.00%	100.00%	100.00%
Poland	Compagnie française d'assurance pour le commerce extérieur Spółka Akcyjna Oddział w Polsce	-	Branch*		Branch*	
Czech Republic	Compagnie française d'assurance pour le commerce extérieur organizační složka Česko	-	Branch*		Branch*	
Romania	Coface Romania CMS	Full	0.00%	0.00%	100.00%	100.00%
Romania	Coface Romania Insurance Services	Full	100.00%	100.00%	0.00%	0.00%
Romania	Compagnie française d'assurance pour le commerce extérieur SA Bois-Colombes – Sucursala Bucuresti	-	Branch*		Branch*	
Romania	Coface Technologie – Roumanie	-	Branch*		Branch*	
Slovakia	Compagnie française 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 française d'assurance pour le commerce extérieur Lietuvos filialas	-	Branch*		Branch*	
Bulgaria	Compagnie française 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	Coface Finance Israel	Full	100.00%	100.00%	0.00%	0.00%
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%

Country	ENTITY	CONSOLIDATION METHOD	PERCENTAGE CONTROL DEC. 31, 2021	PERCENTAGE INTEREST DEC. 31, 2021	PERCENTAGE CONTROL DEC. 31, 2020	PERCENTAGE INTEREST DEC. 31, 2020
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 Greece	-	Branch*		Branch*	
Turquey	Coface Sigorta	Full	100.00%	100.00%	100.00%	100.00%
North America						
United States	Coface North America Holding Company	Full	100.00%	100.00%	100.00%	100.00%
United States	Coface North America	Full	0.00%	0.00%	100.00%	100.00%
United States	Coface Services North America	Full	100.00%	100.00%	100.00%	100.00%
United States	Coface North America Insurance company	Full	100.00%	100.00%	100.00%	100.00%
Canada	Coface Canada	-	Branch*		Branch*	
Latin America						
Mexico	Coface Seguro De Credito Mexico SA de CV	Full	100.00%	100.00%	100.00%	100.00%
Mexico	Coface Holding America Latina SA de CV	Full	100.00%	100.00%	100.00%	100.00%
Mexico	Coface Servicios Mexico SA de CV	Full	100.00%	100.00%	0.00%	0.00%
Brazil	Coface Do Brasil Seguros de Credito	Full	100.00%	100.00%	100.00%	100.00%
Chile	Coface Chile SA	Full	100.00%	100.00%	100.00%	100.00%
Chile	Coface Chile	-	Branch*		Branch*	
Argentina	Coface Argentina	-	Branch*		Branch*	
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, 2021 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, 2021.

Reform of interest rates basis

The amendments related to the interest rate basis reform – Phase 2 (IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) have no significant impact on the consolidated financial statements of the Group.

IFRS 16

IFRS 16 "Leases" amendment Covid-19-Related Rent Concessions beyond June 30, 2021, adopted by the European Commission on August 30, 2021 is mandatory applicable since April 1, 2021 with possible early application. 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 been published on the European Union official newspaper on November 23, 2021. 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 and IFRS 15 on or before the date of initial application of IFRS 17.

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

So far, insurance contracts are recorded at historical costs and will be recorded at current value after the application of the standard IFRS 17. Therefore, insurance contracts 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 estimatation by group of contracts.

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

Given the importance of the changes made, Coface has set up a project structure, which enables, within different themes, to analyze all the dimensions of the standard: modeling, adaptation of systems and organizations, production of accounts and scales 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 is 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 standard) under conditions:

- not to 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);
- to indicate the insurance entities that apply the IAS 39 standard;
- to provide additional specific information in the attached notes.

Coface, meeting the eligibility criteria of a financial conglomerate, applies this provision for its insurance entities, which will therefore remain under IAS 39 until December 31, 2021. The entities concerned 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 concerned by the application of IFRS 9 are exclusively entities in the factoring business, an activity operated by Coface in Germany and in Poland.

IFRIS IC recent decisions

The IFRS IC interpretations relating to IAS 19 on the allocation of post-employment benefits to periods of service as well as IAS 38 on the costs of configuring and adapting software accessible *via* the cloud do no have any significant impact on the Group's consolidated financial statements.

Standards applied starting from January 1, 2022

The amendments related to IFRS 3, IAS 16 and IAS 37, published on May 14, 2020, will be applicable from January 1, 2022.

Consolidation methods used

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

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

The main thresholds applicable are as follows:

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

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

The consolidation methods applied are as follows:

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

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

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

Intercompany transactions

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

Non-current assets held for sale and discontinued operations

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

A sale is deemed to be highly probable if:

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

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

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

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

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

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

Year-end and accounting period

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

Foreign currency translation

Translation of foreign currency transactions

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

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

Translation of the financial statements of subsidiaries and foreign branches

Coface's consolidated financial statements are presented in euros.

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

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

Hyperinflationary Economies

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

The Group has activities in Argentina whose contribution to the total consolidated balance sheet and net income is not significant as of December 31, 2021 neither as of December 31, 2020.

Thus, the impact of the application of this standard is also not significant at group level and was not taken into account in the financial statements as of December 31, 2021 neither as of December 31, 2020.

General principles

The insurance business

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

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

However, IFRS 4:

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

The services business

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

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

The factoring business

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

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

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

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

Breakdown by function of insurance company expenses

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

Factoring companies

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

Other companies outside the insurance business and factoring business

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

Revenue

Consolidated revenue includes:

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

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

Insurance operations

Earned premiums

Gross written premiums

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

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

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

Premium refunds

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

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

Reserves for unearned premiums

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

Gross earned premiums

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

Deferred acquisition costs

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

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

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

Contract service expenses

Paid claims

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

Claims provisions

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

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

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

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

Subrogation and salvage

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

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

Reinsurance operations

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

Inward reinsurance

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

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

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

Ceded reinsurance

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

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

Funds received from reinsurers are reported under liabilities.

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

Other operating income and expenses

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

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

Goodwill

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

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

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

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

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

Impairment tests on goodwill and intangible assets

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

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

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

The seven groups of CGUs are as follows:

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

Measuring groups of CGUs and performing goodwill impairment tests

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

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

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

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

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

Method used for measuring the value of Coface entities

Value in use: Discounted cash flow method

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

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

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

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

Fair value

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

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

Intangible assets

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

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

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

Property, plant and equipment

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

Coface has identified the following components of property assets:

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

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

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

Financial assets

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

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

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

Available-for-sale financial assets (AFS)

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

Financial assets held for trading

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

Held-to-maturity investments (HTM)

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

Financial assets at fair value through profit or loss

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

Loans and receivables

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

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

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

Fair value

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

Impairment test

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

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

Impairment indicators include the following:

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

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

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

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

Derivatives and hedging transactions

A derivative is a financial instrument (IAS 39):

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

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

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

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

- For fair value hedges, gains or losses from remeasuring the hedging instrument at fair value are systematically recognised in income. These amounts are partially offset by symmetrical gains or losses on changes in the fair value of the hedged items, which are also recognised in income. The net impact on the income statement therefore solely corresponds to the ineffective portion of the hedge.

- For cash flow hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion of the gain or loss on the hedging instrument is recognised in income.

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

Financing liabilities

This item mainly includes the subordinated debt.

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

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

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

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

Accounting treatment of debt issuance costs

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

Transaction costs include:

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

Transaction costs do not include:

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

Payables arising from banking sector activities

This item includes:

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

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

Receivables arising from factoring operations

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

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

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

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

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

Cash and cash equivalents

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

Provisions for liabilities and charges

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

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

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

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

Employee benefits

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

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

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

- defined contribution plans: consequently, the Company's legal or constructive obligation is limited to the amount that it agrees to pay to the fund, 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 during all the time of the use:

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

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

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

Income tax

Income tax expense includes both current taxes and deferred taxes.

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

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

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

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

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

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

Receivables and payables denominated in foreign currencies

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

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

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

Segment information

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

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

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

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

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

Related parties

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

Estimates

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

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

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

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

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

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 the year-end or whenever there is an impairment indicator.

Breakdown of goodwill [(1)] by region:

(in thousands of euros)	DEC. 31, 2021	DEC. 31, 2020
Northern Europe	112,603	112,603
Western Europe	5,068	5,068
Central Europe	8,339	8,345
Mediterranean & Africa	23,374	22,541
North America	6,145	5,687
Latin America	0	0
TOTAL	**155,529**	**154,245**

The change in goodwill increased of €1,284 thousand; this increase is due to the change in exchange rates.

Impairment testing methods

Goodwill and other non-financial assets were tested for impairment losses at December 31, 2021. Coface performed the tests by comparing the value in use of the groups of cash-generating units (CGU) to which goodwill was allocated with their carrying amounts.

The value in use corresponds to the present value of the future cash flows expected to be generated by an asset or a CGU. This value is determined using the discounted cash flows method, based on the three-year business plan drawn up by subsidiaries and validated by Management. Cash flows are extrapolated for an additional two years using normalized for insurance entities loss ratios and target cost ratios. Beyond this five-year period, the terminal value is calculated by projecting the final year cash flows to perpetuity. For service entities, a gross margin ratio (operating result/turnover) is applied.

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

The table below summarizes the key assumptions used for goodwill impairment testing at December 31, 2021:

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

The assumptions used in 2020 were as follows:

(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

Sensitivity of impairment tests

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

- long-term growth rate sensitivity: the impairment tests were stressed for a 0.5-point decrease in the perpetual growth rate applied. The analysis showed that such a 0.5-point decrease would not have any impact on the outcome of the impairment tests and therefore on the Group's consolidated financial statements for the year ended December 31, 2021;

(1) There is no goodwill in Asia-Pacific region. In Latin America, the goodwill is fully impaired.

- cost of capital sensitivity: the impairment tests were stressed for a 0.5-point increase in the cost of capital applied. The analysis showed that such a 0.5-point increase would not have any impact on the outcome of the impairment tests and therefore on the Group's consolidated financial statements for the year ended December 31, 2021;
- cost and loss ratios sensitivities for the last two years of the business plan (2025 and 2026): additional impairment tests were performed based on a 2-point increase in the loss ratio and a 1-point increase in the cost ratio. The outcome of a 1 to 2-point increase in the assumptions used would have no impact on the results of the original impairment tests and therefore on the Group's consolidated financial statements for the year ended December 31, 2021.

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

Outcome of impairment tests

(in millions of euros)	NORTHERN EUROPE	WESTERN EUROPE	CENTRAL EUROPE	MEDITERRANEAN AND AFRICA	NORTH AMERICA
Contribution to consolidated net assets [(1)]	583.4	473.7	207.7	321.4	71.0
Value in use of CGU	936.9	668.3	417.7	639.2	122.1
Sensitivity: Long-term growth rate (0.5) point [(2)]	911.4	653.6	399.8	620.2	118.3
Sensitivity: WACC +0.5 point [(2)]	901.3	648.3	395.7	612.3	116.9
Sensitivity: Loss/Cost Ratio 2026 +1 point [(2)]	923.1	604.3	409.2	618.8	114.1
Sensitivity: Loss/Cost Ratio 2026 +2 points [(2)]	909.3	540.2	400.6	598.4	106.0

(1) The contribution to the consolidated Group's net assets corresponds to the 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, 2021	DEC. 31, 2020
(in thousands of euros)	NET VALUE	NET VALUE
Development costs and software	71,648	74,141
Purchased goodwill	2,529	2,062
Other intangible assets	246	404
TOTAL	**74,423**	**76,607**

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

	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**

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

These investments amounted to €14.4 million in 2021 financial year compared to €24.5 million in 2020 financial year.

Change in the gross amount of intangible assets

(in thousands of euros)	DEC. 31, 2020	SCOPE ENTRY	INCREASES	DECREASES	CURENCY TRANSLATION VARIATION	DEC. 31, 2021
Development costs and software	226,421	9	11,460	(3,900)	2,517	236,507
Purchased goodwill	3,680	(0)	(0)	(0)	392	4,072
Other intangible assets	2,944	(0)	20	(14)	(21)	2,930
TOTAL	**217,615**	**9**	**11,480**	**(3,914)**	**2,888**	**243,509**

(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**

Change in accumulated amortisation and impairment of intangible assets

4

(in thousands of euros)	DEC. 31, 2020	SCOPE ENTRY	ADDITIONS	REVERSALS	CURENCY TRANSLATION VARIATION AND OTHER	DEC. 31, 2021
Accumulated amortization – development costs and software	(152,089)	(9)	(14,517)	3,745	(1,837)	(164,707)
Accumulated impairment – development costs and software	(190)	0	0	0	40	(150)
Total amortisation and impairment – development costs and software	**(152,280)**	**(9)**	**(14,517)**	**3,745**	**(1,797)**	**(164,859)**
Accumulated amortization – purchased goodwill	(1,618)	-	196	0	(120)	(1,543)
Accumulated impairment – purchased goodwill	0	-	0	0	0	0
Total amortization and impairment – purchased goodwill	**(1,618)**	**0**	**196**	**0**	**(120)**	**(1,543)**
Accumulated amortization – other intangible assets	(2,539)	-	(101)	13	(56)	(2,683)
Accumulated impairment – other intangible assets	0	-	0	0	0	0
Total amortization and impairment – other intangible assets	**(2,539)**	**0**	**(101)**	**13**	**(56)**	**(2,684)**
TOTAL	**(156,437)**	**(9)**	**(14,422)**	**3,758**	**(1,973)**	**(169,087)**

NOTE 3 INSURANCE BUSINESS INVESTMENTS

3.1 Analysis by category

At December 31, 2021, the carrying amount of available-for-sale (AFS) securities amounted to €3,115,154 thousand, securities held for trading ("trading securities") came to €15 thousand and held-to-maturity (HTM) securities was €2,421 thousand.

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

The distribution of the bonds portfolio by rating at December 31, 2021 was as follows:

- bonds rated "AAA": 11.2%;
- bonds rated "AA" and "A": 54,2%;
- bonds rated "BBB": 29,2%;
- bonds rated "BB" and lower: 5,4%.

(in thousands of euros)	DECEMBER 31, 2021 AMORTIZED COST	REVALU-ATION	NET VALUE	FAIR VALUE	UNREAL-IZED GAINS AND LOSSES	DEC. 31, 2020 AMORTIZED COST	REVALU-ATION	NET VALUE	FAIR VALUE	UNREAL-IZED GAINS AND LOSSES
AFS securities	**2,876,416**	**238,738**	**3,115,154**	**3,115,154**		**2,672,996**	**223,318**	**2,896,314**	**2,896,314**	
Equities and other variable-income securities	191,074	194,077	385,151	385,151		153,192	145,980	299,172	299,172	
Bonds and government securities	2,489,251	28,029	2,517,280	2,517,280		2,300,679	66,185	2,366,864	2,366,864	
o/w direct investments in securities	*2,087,552*	*25,285*	*2,112,837*	*2,112,837*		*1,853,153*	*58,531*	*1,911,685*	*1,911,685*	
o/w investments in UCITS	*401,699*	*2,745*	*404,444*	*404,444*		*447,525*	*7,654*	*455,179*	*455,179*	
Shares in non-trading property companies	196,091	16,633	212,724	212,724		219,125	11,155	230,280	230,280	
HTM securities										
Bonds	1,833		1,833	2,421	588	1,872		1,872	2,587	715
Fair value through income – trading securities										
Money market funds (UCITS)	15		15	15		67		67	67	
Derivatives (positive fair value)		**10,458**	**10,458**	**10,458**			**7,237**	**7,237**	**7,237**	
(derivatives negative fair value for information)		*(3,480)*	*(3,480)*	*(3,480)*			*(26)*	*(26)*	*(26)*	
Loans and receivables	**91,683**		**91,683**	**91,683**		**77,167**		**77,167**	**77,167**	
Investment property	**695**	**(407)**	**288**	**288**		**695**	**(407)**	**288**	**288**	
TOTAL	**2,970,642**	**248,788**	**3,219,430**	**3,220,019**	**588**	**2,752,797**	**230,148**	**2,982,945**	**2,983,660**	**715**

(in thousands of euros)	GROSS DEC. 31, 2021	IMPAIRMENT	NET DEC. 31, 2021	NET DEC. 31, 2020
AFS securities	**3,153,343**	**(38,187)**	**3,115,154**	**2,896,314**
Equities and other variable-income securities	417,584	(32,433)	385,151	299,172
Bonds and government securities	2,517,280	(0)	2,517,280	2,366,864
o/w direct investments in securities	*2,112,837*	*(0)*	*2,112,837*	*1,911,685*
o/w investments in UCITS	*404,444*		*404,444*	*455,179*
Shares in non-trading property companies	218,479	(5,754)	212,724	230,280
HTM securities				
Bond	1,833		1,833	1,872
Fair value through income – trading securities				
Money market funds (UCITS)	15		15	67
Derivatives (positive fair value)	**10,458**		**10,458**	**7,237**
(for information, derivatives with a negative fair value)	*(3,480)*		*(3,480)*	*(26)*
Loans and receivables	**91,683**		**91,683**	**77,167**
Investment property	**288**		**288**	**288**
TOTAL	**3,257,619**	**(38,187)**	**3,219,430**	**2,982,945**

Impairments

(in thousands of euros)	DEC. 31, 2020	ADDITIONS	REVERSALS	EXCHANGE RATE EFFECTS AND OTHER	DEC. 31, 2021
AFS securities	**43,457**	**1,526**	**(6,823)**	**27**	**38,187**
Equities and other variable-income securities	38,848	380	(6,823)	27	32,432
Bonds and government securities	0	0	0		0
Shares in non-trading property companies	4,608	1,146			5,754
Loans and receivables	**95**	**0**	**(95)**		**0**
TOTAL	**43,552**	**1,526**	**(6,918)**	**27**	**38,187**

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

No impairment has been booked because with regard to Covid crisis.

Change in investments by category

	DEC. 31, 2020	DEC. 31, 2021					
(in thousands of euros)	CARRYING AMOUNT	INCREASES	DECREASES	REVALUATION	IMPAIRMENT	OTHER MOVEMENTS	CARRYING AMOUNT
AFS securities	**2,896,314**	**828,284**	**(669,875)**	**14,267**	**5,297**	**40,867**	**3,115,154**
Equities and other variable-income securities	299,172	51,832	(19,874)	46,989	6,443	589	385,151
Bonds and government securities	2,366,864	776,451	(628,113)	(38,200)		40,278	2,517,280
Shares in non-trading property companies	230,280		(21,888)	5,478	(1,146)		212,724
HTM securities							
Bonds	1,872	6	(46)				1,833
Fair value through income – trading securities	**67**		**(49)**			**(3)**	**15**
Loans, receivables and other financial investments	**84,692**	**67,921**	**(39,063)**	**(1,339)**	**95**	**(9,877)**	**102,430**
TOTAL	**2,982,945**	**896,211**	**(709,032)**	**12,929**	**5,392**	**30,987**	**3,219,430**

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

Derivatives

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

During 2021, most of the transactions carried out concerned systematic currency hedging *via* the conclusion of swaps or forward currency transactions for bonds issued mainly in USD and present in the investment portfolio.

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

Regarding the bond portfolio, *ad hoc* interest rate hedges were set up in 2021 by certain managers, in order to hedge the interest rate risk. A few *ad hoc* interest rate risk hedging operations have been implemented on negotiable debt securities in the monetary portfolio.

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

3.2 Financial instruments recognised at fair value

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

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

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

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

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

Securities classified as level 2 represent 7% of the Group's portfolio. This level is used for the following instruments:

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

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

Securities classified as level 3 represent 12% of the Group's portfolio. This level corresponds to unlisted equities, investment securities and units in dedicated mutual funds, as well as investment property.

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

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

Movements in Level 3 securities as at December 31, 2021

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

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

			LEVEL 1	LEVEL 2	LEVEL 3
(in thousands of euros)	CARRYING AMOUNT	FAIR VALUE	FAIR VALUE DETERMINED BASED ON QUOTED PRICES IN ACTIVE MARKETS	FAIR VALUE DETERMINED BASED ON VALUATION TECHNIQUES THAT USE OBSERVABLE INPUTS	FAIR VALUE DETERMINED BASED ON VALUATION TECHNIQUES THAT USE UNOBSERVABLE INPUTS
AFS securities	**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	
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

		GAINS AND LOSSES RECOGNIZED IN THE PERIOD		TRANSACTIONS FOR THE PERIOD			
(in thousands of euros)	AT DEC. 31, 2019	IN INCOME	DIRECTLY IN EQUITY	PURCHASES/ ISSUES	SALES/ REDEMPTIONS	EXCHANGE RATE EFFECTS	AT DEC. 31, 2020
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**		**0**	**109**
Investment property	**288**				**0**		**288**
TOTAL	**390,705**	**(10,159)**	**5,355**	**8,424**	**(1,488)**	**(1,825)**	**386,452**

SPPI Financial assets at December 31, 2021 (IFRS 9)

(in thousands of euros)	FAIR VALUE	FAIR VALUE VARIATION
Direct investments in securities – SPPI financial assets	2,070,379	(17,922)
Direct investments in securities – No SPPI financial assets	42,456	32
Direct investments in securities	**2,112,835**	**(17,891)**
Loans and receivables – SPPI financial assets	91,683	0
Loans and receivables	**91,683**	**0**
Cash and cash equivalents – SPPI financial assets	362,441	0
Cash and cash equivalents	**311,183**	**0**
SPPI FINANCIAL ASSETS	**2,524,502**	**(17,922)**
NO SPPI FINANCIAL ASSETS	**42,456**	**32**
TOTAL	**2,566,958**	**(17,891)**

(in thousands of euros)	GROSS VALUE	FAIR VALUE
SPPI financial assets without a low credit risk	**104,618**	**110,351**

NOTE 4 RECEIVABLES ARISING FROM BANKING ACTIVITIES

Breakdown by nature

(in thousands of euros)	DEC. 31, 2021	DEC. 31, 2020
Receivables arising from banking sector	2,690,125	2,326,941
Non-performing receivables arising from banking sector	34,440	37,490
Allowances for receivables arising from banking sector	(34,440)	(37,490)
TOTAL	**2,690,125**	**2,326,941**

Breakdown by age

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

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

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

(in thousands of euros)	DEC. 31, 2021 NOT DUE	DUE -3 MONTHS	3 MONTHS TO 1 YEAR	1 TO 5 YEARS	+5 YEARS	TOTAL
Receivables arising from banking and other activities	2,235,128	453,181	587	1,194	34	2,690,125
Non-performing receivables arising from banking and other activities			1,134	22,794	10,513	34,440
Allowances for receivables arising from banking and other activities			(1,134)	(22,794)	(10,513)	(34,440)
Total receivables arising from banking and other activities	**2,235,128**	**453,181**	**587**	**1,194**	**34**	**2,690,125**
Claims reserve as hedge for factoring receivables						
TOTAL RECEIVABLES ARISING FROM BANKING AND OTHER ACTIVITIES AFTER CLAIMS RESERVES	**2,235,128**	**453,181**	**587**	**1,194**	**34**	**2,690,125**

(in thousands of euros)	DEC. 31, 2020 NOT DUE	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	0	0	0	2,326,941
Non-performing receivables arising from banking and other activities	0	0	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**

NOTE 5 INVESTMENTS IN ASSOCIATES

At December 31, 2021, there is no investment in associated companies.

NOTE 6 TANGIBLE ASSETS

(in thousands of euros)	DEC. 31, 2021 NET VALUE	DEC. 31, 2020 NET VALUE
Buildings used for operational purposes	19,542	21,196
Other property, plant and equipment	14,869	14,041
Right-of-use assets for lessees	71,398	77,528
TOTAL	**105,809**	**112,765**

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

(in thousands of euros)	DEC. 31, 2020 GROSS AMOUNT	DEC. 31, 2020 AMORTISATION AND IMPAIRMENT	DEC. 31, 2020 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**

Change in the gross amount of property, plant and equipment

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

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

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

(in thousands of euros)	DEC. 31, 2020	SCOPE ENTRY	ADDITIONS	REVERSALS	CURRENCY TRANSLATION VARIATION AND OTHER	DEC. 31, 2021
Accumulated amortization – Building used for operational purposes	(64,085)	(0)	(1,653)	(0)	(0)	(65,738)
Accumulated amortization – Right-of-use assets for lessees – Buildings leasing	(24,632)	(193)	(12,164)	25	(402)	(37,366)
Buildings used for operational purposes	(88,717)	(193)	(13,817)	25	(402)	(103,104)
Accumulated amortization other property, plant & equipment	**(35,135)**	**(175)**	**(3,454)**	**5,782**	**(146)**	**(33,127)**
Accumulated impairment other property, plant & equipment	(157)	(0)	(30)	(0)	(1)	(188)
Accumulated amortization – Right-of-use assets for lessees – Equipment leasing	(11,170)	(72)	(5,703)	6	(93)	(17,032)
Other property, plant and equipment	**(46,462)**	**(247)**	**(9,187)**	**5,788**	**(240)**	**(50,348)**
TOTAL	**(135,179)**	**(440)**	**(23,004)**	**5,813**	**(642)**	**(153,452)**

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

Market value of buildings used in the business

(in thousands of euros)	DEC. 31, 2021	DEC. 31, 2020
Carrying amount	19,542	21,196
Market value	73,332	72,699
UNREALISED GAINS	**53,790**	**51,503**

Buildings held by Coface Group do not represent any unrealised losses; no impairment is therefore recorded at December 31, 2021.

NOTE 7 RECEIVABLES ARISING FROM INSURANCE AND REINSURANCE OPERATIONS

Breakdown by nature

(in thousands of euros)	DEC. 31, 2021 GROSS	DEC. 31, 2021 PROVISION	DEC. 31, 2021 NET	DEC. 31, 2020 GROSS	DEC. 31, 2020 PROVISION	DEC. 31, 2020 NET
Receivables from policyholders and agents	306,927	(37,472)	269,455	289,824	(37,915)	251,909
Earned premiums not written	116,894	(0)	116,894	90,499	(0)	90,499
Receivables arising from reinsurance operations, net	124,910	(221)	124,689	174,374	(221)	174,153
TOTAL	**548,731**	**(37,693)**	**511,038**	**554,697**	**(38,136)**	**516,561**

Breakdown by age

	DEC. 31, 2021					
		DUE				
(in thousands of euros)	NOT DUE	-3 MONTHS	3 MONTHS TO 1 YEAR	1 TO5 YEARS	+5 YEARS	TOTAL
TOTAL RECEIVABLES ARISING FROM INSURANCE AND REINSURANCE OPERATIONS	**373,406**	**79,808**	**48,025**	**9,313**	**487**	**511,038**

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

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, 2021	DEC. 31, 2020	VARIATION
Deferred acquisition costs	38,900	35,494	3,406
Trade receivables arising from other activities	59,489	62,390	(2,901)
Current tax receivables	75,682	49,853	25,829
Other receivables	175,609	181,332	(5,724)
TOTAL	**349,679**	**329,069**	**20,610**

The line "Other receivables" mainly includes:

- receivables in factoring entities towards credit-insurance entities for €31 million;
- loans granted to non-consolidated Coface entities for €13 million.

NOTE 9 CASH AND CASH EQUIVALENTS

(in thousands of euros)	DEC. 31, 2021	DEC. 31, 2020
Cash at bank and available	345,061	378,134
Cash equivalents	17,381	22,835
TOTAL	**362,441**	**400,969**

At December 31, 2021, total cash and cash equivalents decreased sharply as a result of the return to normal in most of the markets in which Coface invests. This decrease is explained by the gradual redeployment of liquid assets towards more profitable investments, in line with the strategic investment allocation.

All cash and cash equivalents are available for use and no amounts are held in escrow accounts.

NOTE 10 SHARE CAPITAL

ORDINARY SHARES	NUMBER OF SHARES	PER VALUE	SHARE CAPITAL *(in €)*
At December 31, 2020	152,031,949	2	304,063,898
Cancellation of shares	(1,852,157)	2	(3,704,314)
At December 31, 2021	150,179,792	2	300,359,584
Treasury shares deducted	(1,147,510)	2	(2,295,020)
AT DECEMBER 31, 2021 (EXCLUDING TREASURY SHARES)	**149,032,282**	**2**	**298,064,564**

	DEC. 31, 2021		DEC. 31, 2020	
Shareholders	NUMBER OF SHARES	%	NUMBER OF SHARES	%
Natixis	15,078,051	10,12%	64,153,881	42,86%
Arch Capital Group Ltd	44,849,425	30,09%		
Public	89,104,806	59,79%	85,536,083	57,14%
TOTAL EXCLUDING TREASURY SHARES	**149,032,282**	**100%**	**149,689,964**	**100%**

On February 10, 2021, Natixis and Arch Capital Group Ltd. announced that the transaction relating to the sale of 29.5% of the shares of COFACE SA had obtained all the necessary authorizations.

Arch Capital Group LTD holds, at the end of December 2021, 30.09% of the Coface Group's shares excluding treasury shares, and 29.86% including treasury shares.

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NOTE 11 SHARE-BASED PAYMENTS

Ongoing free share plans

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

PLAN	ALLOCATION DATE	NUMBER OF SHARES GRANTED	ACQUISITION PERIOD	ACQUISITION DATE	AVAILABILITY DATE	FAIR VALUE OF THE SHARE AT THE ALLOCATION DATE	NET EXPENSE FOR THE YEAR *(in €k)*
Long-Term Incentive Plan 2018	Feb. 12, 2018	289,132	3 years	Feb. 15, 2021	Feb. 15, 2021	8.5	(1,892)
Long-Term Incentive Plan 2019	Feb. 11, 2019	368,548	3 years	Feb. 14, 2022	Feb. 14, 2022	7.9	729
Long-Term Incentive Plan 2020	Feb. 05, 2020	312,200	3 years	Feb. 06, 2023	Feb. 06, 2023	11.4	941
Long-Term Incentive Plan 2021	Feb. 10, 2021	408,403	3 years	Feb. 12, 2024	Feb. 12, 2024	8.6	838

Change in the number of free shares

PLAN	NUMBER OF FREE SHARES AT DEC. 31, 2020	NUMBER OF NEW FREE SHARE GRANTS IN 2021	NUMBER OF FREE SHARES CANCELLED IN 2021	NUMBER OF FREE SHARES ACQUIRED IN 2021	NUMBER OF SHARES TO BE ACQUIRED AT DEC. 31, 2021
Long-Term Incentive Plan 2018	288,132		(288,132)		(0)
Long-Term Incentive Plan 2019	367,308		(7,440)		359,868
Long-Term Incentive Plan 2020	312,200		(2,550)		309,650
Long-Term Incentive Plan 2021		408,403	(5,000)		403,403

The total number of shares allocated to the Long-Term Incentive Plan 2021 amounts to 467,754 shares; only 455,103 shares were affected nominatively to beneficiaries including 408,403 shares (including 5,000 canceled to date) and 46,700 performance units.

The free shares allocated under the LTIP 2018 plan were not delivered to the beneficiaries following the non-fulfilment of the performance conditions attached to this plan.

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

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

Measurement of free shares

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

The plans were measured on the assumptions below:

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

Based on these assumptions, a total of €616 thousand was expensed under the implemented plans at December 31, 2021.

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, 2021	235,988	(33,000)	(24,621)	178,367	(116)	178,251
Fair value adjustments on available-for-sale financial assets reclassified to income	(9,184)		1,821	(7,363)	(0)	(7,363)
Fair value adjustments on available-for-sale financial assets recognised in equity	23,487		(5,873)	17,614	1	17,615
Change in reserves – gains and losses not reclassificable to income statement (IAS 19R)	(0)	2,348	(726)	1,622		1,622
Transactions with shareholders	(0)		(0)	(0)	(0)	(0)
AT DECEMBER 31, 2021	**250,291**	**(30,652)**	**(29,399)**	**190,240**	**(115)**	**190,125**

(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		1,298
Transactions with shareholders	(0)		(0)	(0)	(0)	(0)
AT DECEMBER 31, 2020	**235,988**	**(33,000)**	**(24,621)**	**178,367**	**(116)**	**178,251**

NOTE 13 PROVISIONS FOR LIABILITIES AND CHARGES

(in thousands of euros)	DEC. 31, 2021	DEC. 31, 2020
Provisions for disputes	2,275	2,143
Provisions for pension and other post-employment benefit obligations	61,473	63,619
Other provisions for liabilities and charges	22,000	30,546
TOTAL	**85,748**	**96,307**

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

(in thousands of euros)	DEC. 31, 2019	SCOPE ENTRY	ADDITIONS	REVERSALS (UTILISED)	REVERSALS (SURPLUS)	RECLAS-SIFICA-TIONS	CHANGES IN OCI	CURRENCY TRANS-LATION VARIATION	DEC. 31, 2020
Provisions for employee	2,554	(0)	207	(0)	(911)			(35)	1,815
Provisions for other disputes	215	(0)	283	(0)	(0)	(92)		(78)	328
Provisions for disputes	**2,769**	**(0)**	**490**	**(0)**	**(911)**	**(92)**		**(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)	(1,202)			(98)	16,642
Provisions for restructuring	10,532	(0)	6,070	(3,484)	(2,094)	(0)		15	11,039
Provisions for free share allocation plan	(0)	(0)	(3,355)	1,178	1,577	92	(0)	(0)	(0)
Provisions for taxes (excl. income taxes)	576	(0)	(0)	(0)	(0)	(0)		(38)	630
Other provisions for liabilities	2,666	(0)	919	(0)	(431)	(0)		(0)	2,235
Other provisions for liabilities and charges	**31,716**	**(0)**	**2,715**	**(1,706)**	**(2,150)**	**92**		**(121)**	**30,546**
TOTAL	**100,932**	**560**	**6,770**	**(6,220)**	**(3,954)**	**(0)**	**(1,700)**	**(440)**	**96,307**

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 for €9.8 million and provisions for restructuring for €9.7 million.

The main net change for the year is linked to provisions for risk reversal on subsidiaries: Coface Finance Israël for (€ -7.5 millions).

Provisions related to the strategic plan amounted to €9.3 million as of December 31, 2021. The net impact over the period corresponds to a €1.1 million reversal.

NOTE 14 EMPLOYEE BENEFITS

(in thousands of euros)	DEC. 31, 2021	DEC. 31, 2020
Present value of benefit obligation at January 1st	***65,775***	***68,684***
Current service cost	3,381	3,187
Interest cost	560	437
Actuarial (gains)/losses	(2,521)	(2,228)
Benefits paid	(3,859)	(4,659)
Acquisitions/mergers/deconsolidations	136	560
Other	60	(207)
Present value of benefit obligation at December 31st	**63,532**	**65,774**
Change in plan assets		
Fair value of plan assets at January 1st	***2,157***	***2,237***
Revaluation adjustments – Return on plan assets	193	65
Employee contributions	6	(0)
Employer contributions	2,754	72
Benefits paid	(3,053)	(218)
Other	(0)	(0)
Fair value of plan assets at December 31st	**2,057**	**2,156**
Reconciliation		
Present value of benefit obligation at December 31st	***63,532***	***65,774***
Fair value of plan assets	2,057	2,156
(Liability)/Asset recognised in the balance sheet at December	**(61,473)**	**(63,619)**
Income statement		
Current service cost	3,381	3,187
Benefits paid including amounts paid in respect of settlements	(0)	(0)
Interest cost	560	437
Interest income	(23)	(17)
Revaluation adjustments on other long-term benefits	(343)	(575)
Other	(46)	(207)
(Income)/Expenses recorded in the income statement	**3,530**	**2,824**
Changes recognised directly in equity not reclassifiable to income		
Revaluation adjustments arising in the year	(2,349)	(1,700)
Revaluation adjustments recognised in equity not reclassifiable to income	**(2,349)**	**(1,700)**

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

	DEC. 31, 2020					
(in thousands of euros)	**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
Acquisitions/mergers/deconsolidations	(0)	(0)	(0)	(0)	(0)	(0)
Employee contributions	(0)	(0)	(0)	(0)	(0)	(0)
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)**

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

	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

Sensitivity tests on the defined benefit obligation

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

Proforma

	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
+0.25% increase in the discount rate	(3.37)%	(2.74)%	(2.38)%	(0.42)%
(0.25)% decrease in the discount rate	3.57%	2.88%	2.47%	0.43%
+0.25% increase in the inflation rate	2.03%	2.02%	0.34%	0.34%
(0.25)% decrease in the inflation rate	(1.69)%	(1.72)%	(0.43)%	(0.33)%
+0.25% increase in rate of increase in medical costs	3.76%	0.00%	0.00%	0.00%
(0.25)% decrease in rate of increase in medical costs	(3.16)%	0.00%	0.00%	0.00%
+0.25% increase in rate of salary increase (including inflation)	2.89%	2.73%	0.62%	0.34%
(0.25)% decrease in rate of salary increase (including inflation)	(2.39)%	(2.35)%	(0.68)%	(0.33)%

Published data

	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	0.16%	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)%

NOTE 15 FINANCING LIABILITIES

(in thousands of euros)	DEC. 31, 2021	DEC. 31, 2020
Due within one year		
• Interest	11,930	11,756
• Amortization of expenses	(596)	(571)
Total	11,335	11,185
Due between one and five years		
• Amortization of expenses	(781)	(1,376)
• Nominal	380,000	380,000
Total	379,219	378,624
Due beyond five years		
• Amortization of expenses	(0)	(0)
• Nominal	(0)	(0)
Total	(0)	(0)
TOTAL	**390,553**	**389,810**

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, 2021, the debt presented on the line "Subordinated borrowings" of the balance sheet, amounted to €390,555 thousand, is composed of:

- nominal amount of bonds: €380,000 thousand;
- reduced by the debt issuance costs and the issue premium for €1,377 thousand;
- increased by accrued interest of €11,930 thousand.

The impact on consolidated income statement income as at December 31, 2021 mainly includes the interest related to the period for €16,420 thousand.

NOTE 16 LEASE LIABILITIES

(in thousand of euros)	DEC. 31, 2021	DEC. 31, 2020
Lease liabilities – Real estate leasing	71,433	78,354
Lease liabilities – Equipment leasing	10,497	9,771
LEASE LIABILITIES – LEASING	**81,930**	**88,124**

NOTE 17 LIABILITIES RELATING TO INSURANCE CONTRACTS

(in thousands of euros)	DEC. 31, 2021	DEC. 31, 2020
Provisions for unearned premiums	287,499	255,380
Claims reserves	1,351,095	1,372,822
Provisions for premium refunds	220,465	175,890
Liabilities relating to insurance contracts	**1,859,059**	**1,804,092**
Provisions for unearned premiums	(51,968)	(44,891)
Claims reserves	(382,699)	(485,476)
Provisions for premium refunds	(77,520)	(73,086)
Reinsurers' share of insurance liabilities	**(512,187)**	**(603,453)**
NET TECHNICAL PROVISIONS	**1,346,872**	**1,200,639**

Provisions for claims include provisions to cover claims incurred but not reported and shortfalls in estimated provisions for claims reported. These amounted to €875 million at December 31, 2021.

NOTE 18 PAYABLES ARISING FROM BANKING ACTIVITIES

(in thousands of euros)	DEC. 31, 2021	DEC. 31, 2020
Amounts due to banking sector companies	822,962	535,447
Amounts due to customers of banking sector companies	376,788	357,384
Debt securities	1,498,775	1,425,562
TOTAL	**2,698,525**	**2,318,392**

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, 2021	DEC. 31, 2020
Deferred tax assets	(58,345)	(49,250)
Deferred tax liabilities	120,326	110,507
NET DEFERRED TAX – LIABILITIES	**61,981**	**61,256**
Timing differences	(11,680)	(11,753)
Provisions for pensions and other employment benefit obligations	(9,022)	(9,135)
Tax loss carry forwards	(11,514)	(6,391)
Cancellation of the claims equalization provision	94,197	88,535
NET DEFERRED TAX – LIABILITIES	**61,981**	**61,256**

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

The French tax law for 2020 planned a decline in the current common law rate from 33.33% to 27.5% 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 the French entities of Coface Group.

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

Changes in deferred tax balances by region

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

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

(in thousands of euros)	DEC. 31, 2019	CHANGE THROUGH INCOME STATEMENT	REVALUATION ADJUSTMENT ON AFS INVESTMENTS	CURRENCY TRANSLATION VARIATION	SCOPE ENTRY	OTHER MOVEMENTS	DEC. 31, 2020
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**

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

Deferred taxes related to tax losses

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

(in thousands of euros)	DEC. 31, 2021	DEC. 31, 2020
Northern Europe	4,735	2,589
Western Europe	70	(169)
Central Europe	157	86
Mediterranean & Africa	1,308	944
North America	(0)	71
Latin America	(0)	888
Asia-Pacific	5,243	1,981
NET DEFERRED TAX – LIABILITIES	**11,514**	**6,391**

The recognition of deferred tax assets on tax losses is subject to a case-by-case recoverability analysis, taking into account the forecasts of the results of each entity. Deferred tax assets on losses are recognized at the level of entity's income tax results estimated for the period from 2022 to 2026, *i.e.* a recoverability horizon of five years.

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

NOTE 20 PAYABLES ARISING FROM INSURANCE AND REINSURANCE OPERATIONS

(in thousands of euros)	DEC. 31, 2021	DEC. 31, 2020
Guarantee deposits received from policyholders and other	35	1,676
Amounts due to policyholders and agents	57,079	83,159
Payables arising from insurance and inward reinsurance operations	57,114	84,835
Amounts due to reinsurers	226,848	326,103
Deposits received from reinsurers	2,621	3,194
Payable arising from ceded reinsurance operations	229,469	329,297
TOTAL	**286,583**	**414,133**

NOTE 21 OTHER LIABILITIES

(in thousands of euros)	DEC. 31, 2021	DEC. 31, 2020	VARIATION
Current tax payables	**80,712**	**70,621**	**10,091**
Derivatives and related liabilities	**3,480**	**26**	**3,455**
Accrued personnel costs	71,706	51,227	20,479
Sundry payables	176,652	197,402	(20,750)
Deferred income	7,552	7,711	(159)
Other accruals	34,829	5,879	28,950
Other payables	**290,739**	**262,219**	**28,520**
TOTAL	**374,931**	**332,865**	**42,066**

NOTES TO THE INCOME STATEMENTS

NOTE 22 REVENUE

Breakdown of consolidated revenue

(in thousands of euros)	DEC. 31, 2021	DEC. 31, 2020
Premiums – direct business	*1,357,895*	*1,176,378*
Premiums – inward reinsurance	*104,529*	*97,389*
Gross written premiums	**1,462,424**	**1,273,767**
Premium refunds	**(121,336)**	**(78,111)**
Change of provisions for unearned premiums	**(28,451)**	**8,678**
Earned premiums	1,312,637	1,204,334
Fees and commission income	**140,691**	**143,985**
Net income from banking activities	**64,400**	**58,450**
Other insurance-related services	156	102
Business information and other services	42,266	34,523
Receivables management	7,708	9,469
Income from other activities	**50,130**	**44,094**
Revenue or income from other activities	255,221	246,530
CONSOLIDATED REVENUE	**1,567,858**	**1,450,864**

Consolidated revenue by country of invoicing

(in thousands of euros)	DEC. 31, 2021	DEC. 31, 2020
Northern Europe	331,529	297,721
Western Europe	316,684	291,848
Central Europe	156,263	143,081
Mediterranean & Africa	429,399	394,890
North America	137,481	136,518
Latin America	73,330	67,328
Asia-Pacific	123,171	119,478
CONSOLIDATED REVENUE	**1,567,858**	**1,450,864**

Consolidated revenue by activity

(in thousands of euros)	DEC. 31, 2021	DEC. 31, 2020
Earned premiums – Credit	*1,242,767*	*1,132,876*
Earned premiums – Single Risk	*15,839*	*21,141*
Earned premiums – Credit insurance	**1,258,606**	**1,154,017**
Fees and commission income	**140,691**	**143,985**
Other insurance-related services	**156**	**102**
Revenue of credit insurance activity	**1,399,453**	**1,298,104**
Earned premiums – Guarantees	**54,031**	**50,317**
Financing fees	26,409	26,995
Factoring fees	39,712	32,758
Other	(1,720)	(1,302)
Net income from banking activities (factoring)	**64,400**	**58,450**
Business information and other services	42,266	34,523
Receivables management	7,708	9,469
Revenue of business information and other services activity	**49,974**	**43,992**
CONSOLIDATED REVENUE	**1,567,858**	**1,450,864**

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NOTE 23 CLAIM EXPENSES

(in thousands of euros)	DEC. 31, 2021	DEC. 31, 2020
Paid claims, net of recoveries	(286,097)	(541,323)
Claims handling expenses	(36,190)	(31,839)
Change in claims reserves	41,831	(50,490)
TOTAL	**(280,456)**	**(623,653)**

Claims expenses by period of occurrence

	DEC. 31, 2021			DEC. 31, 2020		
(in thousands of euros)	GROSS	OUTWARD REINSURANCE AND RETROCESSIONS	NET	GROSS	OUTWARD REINSURANCE AND RETROCESSIONS	NET
Claims expenses – current year	(800,187)	255,221	(544,966)	(905,412)	391,217	(514,195)
Claims expenses – prior years	519,731	(239,011)	280,720	281,759	(94,493)	187,266
TOTAL	**(280,456)**	**16,210**	**(264,246)**	**(623,653)**	**296,724**	**(326,929)**

Claims expenses include the conclusions of an arbitration, which occurred after the closing, on a case in the Asia-Pacific region.

NOTE 24 OVERHEADS BY FUNCTION

(in thousands of euros)	DEC. 31, 2021	DEC. 31, 2020
Policy acquisition costs	(259,317)	(238,453)
Administrative costs	(270,990)	(261,807)
Other insurance activity expenses	(66,243)	(60,971)
Expenses from banking activities, excluding cost of risk	(13,103)	(12,833)
Expenses from services activities	(89,674)	(81,608)
Operating expenses	**(699,327)**	**(655,672)**
Investment management expenses	**(4,010)**	**(3,420)**
Claims handling expenses	**(36,190)**	**(31,839)**
TOTAL	**(739,527)**	**(690,931)**
of which employee profit-sharing	*(9,898)*	*(2,854)*

Total overheads include general insurance expenses (by function), expenses from services activities and expenses from banking activities. It came out at €739,527 thousand as at December 31, 2021 *versus* €690,931 thousand as at December 31, 2020.

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, 2021	DEC. 31, 2020
Charges to allowances for receivables	2,954	(97)
Reversal of allowances for receivables	(0)	(0)
Losses on receivables	(2,878)	(3)
Cost of risk	**76**	**(100)**
Operating expenses	**(13,103)**	**(12,833)**
TOTAL	**(13,028)**	**(12,933)**

"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, 2021	DEC. 31, 2020
Ceded claims	118,900	180,639
Change in claims provisions net of recoveries	(104,777)	135,321
Commissions paid by reinsurers	183,686	199,126
Income from ceded reinsurance	**197,810**	**515,087**
Ceded premiums	(519,061)	(544,788)
Change in unearned premiums provisions	6,963	(14,415)
Expenses from ceded reinsurance	**(512,098)**	**(559,203)**
TOTAL	**(314,288)**	**(44,116)**

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

(in thousands of euros)	DEC. 31, 2021	DEC. 31, 2020
Investment income	38,669	29,763
Change in financial instruments at fair value through income	(6,853)	1,606
o/w hedged by currency derivatives on "Colombes" and "Lausanne" mutual funds	*(0)*	*(317)*
Net gains on disposals	(1,365)	(467)
o/w hedged by currency derivatives on "Colombes" and "Lausanne" mutual funds	*154*	*(293)*
Additions to/(reversals from) impairment	3,982	(426)
Net foreign exchange gains/losses	15,534	(2,225)
o/w hedged by currency derivatives on "Colombes" and "Lausanne" mutual funds [(1)]	*(1,534)*	*(1,129)*
Investment management expenses	(7,789)	(4,775)
TOTAL	**42,177**	**23,477**

(1) The Colombes and Lausanne funds foreign exchange result covered by derivatives amounts to €(1,534) thousand. This amount is broken down into €(6,795) thousand in realized profit and €5,261 thousand in unrealized losses.

Investment income by class

(in thousands of euros)	DEC. 31, 2021	DEC. 31, 2020
Equities	3,976	(2,894)
Fixed income	23,234	13,745
Investment properties	13,974	7,216
Sub-total	41,184	18,067
Associated and non consolidated companies	6,239	3,861
Exchange rate – change profit/loss	2,543	6,323
Financial and investment charges	(7,789)	(4,775)
TOTAL	**42,177**	**23,477**

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

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NOTE 28 OTHER OPERATING INCOME AND EXPENSES

(in thousands of euros)	DEC. 31, 2021	DEC. 31, 2020
Entry of Coface Poland Insurance into scope of consolidation	(58)	
Build to Lead restructuring expenses	(2,503)	(4,885)
Fit to Win restructuring expenses		(323)
Impairment charge of goodwill in Latin America CGU		(845)
Provisions for restructuring	(233)	(615)
Other operating expenses	(2,384)	(8,663)
Total other operating expenses	**(5,179)**	**(15,331)**
Entry of Coface Romania Insurance into scope of consolidation	495	
Entry of Coface Finance Israël into scope	457	
Entry of Coface Servicios Mexico into scope	509	
Other operating income	541	1,544
Total other operating income	**2,002**	**1,544**
TOTAL	**(3,177)**	**(13,787)**

Other operating income and expenses amounted to -€3.2 million as of December 31, 2021.

The other operating expenses are composed of:

- a debt write-off for €651 thousand;
- a optimization project for €525 thousand;
- the set-up of Tradeliner for €142 thousand.

NOTE 29 INCOME TAX EXPENSE

(in thousands of euros)	DEC. 31, 2021	DEC. 31, 2020
Income tax	(76,900)	(36,805)
Deferred tax	9,389	(7,899)
TOTAL	**(67,511)**	**(44,704)**

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

Tax proof

(in thousands of euros)	DEC. 31, 2021		DEC. 31, 2020	
Net income	**223,817**		**82,900**	
Non-controlling interests	(57)		(4)	
Income tax expense	(67,511)		(44,704)	
Badwill	(0)		8,910	
Share in net income of associates			(0)	
Pre-tax income before share in net income of associates and badwill	**291,385**		**118,698**	
Tax rate		28.41%		32.02%
Theoretical tax	(82,782)		(38,007)	
Tax expense presented in the consolidation income statement	(67,511)	23.17%	(44,704)	37.66%
Difference	**(15,271)**	**(5.24)%**	**6,697**	**5.64%**
Impact of differences between Group tax rates and local tax rates	22,715	7.80%	10,084	8.50%
Specific local taxes	(5,875)	(2.02)%	(2,909)	(2.45)%
o/w French Corporate value added tax (CVAE)	*(1,325)*	*(0.45)%*	*(740)*	*(0.62)%*
Tax losses for which no deferred tax assets have been recognised	(3,663)	(1.26)%	(8,258)	(6.96)%
Utilisation of previously unrecognised tax loss carryforwards	5,243	1.80%	2,731	2.30%
Liability method impact	(1,600)	(0.55)%	(6,221)	(5.24)%
Other differences	(1,548)	(0.53)%	(2,124)	(4.76)%

The effective income tax rate increased of 15 points from 23.17% at December 31, 2021 compare 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 recognized and the liability method impact (mainly in France).

NOTE 30 BREAKDOWN OF NET INCOME BY SEGMENT

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

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

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

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

Analysis of December 31, 2021 net income by segment

(in thousands of euros)	NORTHERN EUROPE	WESTERN EUROPE	CENTRAL EUROPE	MEDITERRANEAN & AFRICA
Revenue	**331,407**	**312,806**	**157,506**	**430,730**
o/w earned Premium	*233,732*	*277,352*	*125,132*	*361,421*
o/w factoring	*52,111*	*793*	*11,496*	
o/w other insurance-related services	*45,564*	*34,661*	*20,878*	*69,309*
Claims-related expenses (including claims handling costs)	(42,506)	(67,677)	(23,580)	(98,850)
Cost of risk	62		14	
Commissions	(23,604)	(37,558)	(12,100)	(45,718)
Other internal general expenses	(120,070)	(98,839)	(55,396)	(127,555)
Underwriting income before reinsurance*	**145,289**	**108,732**	**66,444**	**158,607**
Income/(loss) on ceded reinsurance	(94,049)	(86,157)	(10,832)	(88,223)
Other operating income and expenses	(2,056)	(1,763)	452	(174)
Net financial income excluding finance costs	1,520	28,539	2,863	6,916
Finance costs	(1,656)	(3,174)	(879)	(2,046)
Operating income including finance costs	**49,048**	**46,177**	**58,048**	**75,080**
Badwill				
Net income before tax	**49,048**	**46,177**	**58,048**	**75,080**
Income tax expense	(11,364)	(10,699)	(13,449)	(17,395)
Consolidated net income before non-controlling interests	**37,684**	**35,478**	**44,599**	**57,685**
Non-controlling interests	(1)	(1)	(2)	(51)
NET INCOME FOR THE PERIOD	**37,683**	**35,477**	**44,597**	**57,634**

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

NORTH AMERICA	LATIN AMERICA	ASIA-PACIFIC	GROUP REINSURANCE	COGERI	HOLDING COMPANY COSTS	INTER-ZONE	GROUP TOTAL
137,481	**73,349**	**123,171**	**843,309**	**27,069**	**0**	**(868,970)**	**1,567,858**
125,571	*70,248*	*119,180*	*843,309*			*(843,308)*	*1,312,637*
							64,400
11,910	*3,101*	*3,991*		*27,069*		*(25,662)*	*190,821*
(18,060)	(6,160)	(10,169)	(245,705)		(4,592)	236,843	(280,456)
							76
(14,912)	(10,225)	(22,634)	(325,098)			325,055	(166,794)
(48,683)	(27,781)	(40,307)		(25,020)	(25,441)	36,559	(532,533)
55,826	**29,183**	**50,061**	**272,506**	**2,049**	**(30,033)**	**(270,514)**	**588,150**
(13,269)	(8,071)	(10,754)	(275,437)			272,505	(314,288)
(142)	531	(25)					(3,177)
2,649	4,160	2,490		426	(1,098)	(6,288)	42,177
(897)	(230)	(283)		(224)	(16,420)	4,332	(21,477)
44,167	**25,573**	**41,489**	**(2,931)**	**2,251**	**(47,551)**	**35**	**291,386**
							(0)
44,167	**25,573**	**41,489**	**(2,931)**	**2,251**	**(47,551)**	**35**	**291,386**
(10,233)	(5,925)	(9,613)	679	(522)	11,017	(8)	(67,511)
33,934	**19,648**	**31,876**	**(2,252)**	**1,729**	**(36,534)**	**27**	**223,874**
(1)		(1)					(57)
33,933	**19,648**	**31,875**	**(2,252)**	**1,729**	**(36,534)**	**27**	**223,817**

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*	
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		8,910		
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 the Coface Group to analyse the performance of its businesses. Underwriting income before reinsurance corresponds to the sum of revenue, claims expenses, expenses from banking activities, cost of risk, policy acquisition costs, administrative costs, and other current operating expenses, and expenses from other activities.*

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*
							58,450
12,830	*2,579*	*3,985*		*29,152*		*(29,349)*	*188,080*
(78,764)	(46,837)	(56,383)	(297,175)		(3,927)	291,410	(623,653)
							(100)
(15,055)	(8,453)	(22,493)	(273,334)			273,278	(154,845)
(45,614)	(25,192)	(38,628)		(29,191)	(25,091)	36,602	(500,827)
(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)	(2,576)	26,903
(1,077)	(276)	(634)		(203)	(16,222)	1,127	(21,740)
(13,122)	**5,944**	**(8,865)**	**22,604**	**(709)**	**(46,202)**	**(16)**	**118,698**
							8,910
(13,122)	**5,944**	**(8,865)**	**22,604**	**(709)**	**(46,202)**	**(16)**	**127,608**
4,597	(2,082)	3,106	(7,919)	248	16,186	6	(44,704)
(8,525)	**3,862**	**(5,759)**	**14,685**	**(461)**	**(30,016)**	**(10)**	**82,904**
							(4)
(8,525)	**3,862**	**(5,759)**	**14,685**	**(461)**	**(30,016)**	**(10)**	**82,900**

NOTE 31 EARNINGS PER SHARE

	DEC. 31, 2021		
	AVERAGE NUMBER OF SHARES	NET INCOME FOR THE PERIOD *(in €k)*	EARNINGS PER SHARE *(in €)*
Basic earnings per share	149,032,282	223,817	1.50
Dilutive instruments	(0)		
DILUTED EARNINGS PER SHARE	**149,032,282**	**223,817**	**1.50**

	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**

NOTE 32 GROUP'S HEADCOUNT

(in full time equivalent)	DEC. 31, 2021	DEC. 31, 2020
Northern Europe	693	631
Western Europe	1,012	937
Central Europe	675	655
Mediterranean & Africa	669	634
North America	206	200
Latin America	303	205
Asia-Pacific	109	134
TOTAL	**3,667**	**3,395**

At December 31, 2021, the number of employees of fully consolidated companies was 3,667 full-time equivalents FTE *versus* 3,395 at December 31, 2020, up for 272 FTEs.

NOTE 33 RELATED PARTIES

On February 10, 2021, Natixis and Arch Capital Group Ltd. announced that the transaction involving the sale of 29.5% of COFACE SA's shares had obtained all the necessary authorisations.

At December 31, 2021, Arch Capital Group Ltd. held 30.09% of the Coface Group's shares, excluding treasury stock, and 29.86% of the shares including treasury stock. Natixis is therefore no longer a related party.

Ownership structure at December 31, 2021:

	NUMBER OF SHARES	%
Arch Capital Group Ltd.	44,849,425	30,09%
Natixis	15,078,051	10,12%
Public	89,104,806	59,79%
TOTAL	**149,032,282**	**100.00%**

At December 31, 2020, Natixis held 42.86% of the Coface Group's shares, excluding treasury stock, and 42.2% of the shares including treasury stock

Ownership structure at December 31, 2020:

	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

At December 31, 2021, Coface's main transactions with related parties concern Arch Capital Group and its subsidiaries.

The main transactions are as follows:

- reinsurance contracts between Coface and Arch Reinsurance Group, which belongs to Arch Capital Group Ltd.;
- Coface's credit insurance cover available to Coface's sister entities;
- the collection of insurance receivables by the Group's subsidiaries on behalf of Coface;
- recharging of general expenses such as operating costs, staff costs, etc.

These transactions are described below:

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

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

At December 31, 2020, Coface's main transactions with related parties concerned Natixis and its subsidiaries.

The main transactions were:

- the financing of part of the factoring business by Natixis SA;
- financial investments made with Group BPCE and Natixis;
- Coface's credit insurance cover for Coface's sister entities;
- the collection of insurance receivables by the Group's subsidiaries on behalf of Coface;
- recharge of overheads such as operating costs, personnel costs, etc.

These transactions are described below:

CURRENT OPERATING INCOME *(in thousands of euros)*	DEC. 31, 2019 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**		
Other assets	**0**	**0**	**0**	**0**
Cash and cash equivalents	**0**	**831**	**0**	**0**
Liabilities relating to insurance contracts	**0**		**0**	**0**
Amounts due to banking sector companies	0	32,935	0	0
Other liabilities	**0**	**0**	**0**	**0**

NOTE 34 KEY MANAGEMENT COMPENSATION

(in thousands of euros)	DEC. 31, 2021	DEC. 31, 2020
Short-term benefits (gross salaries and wages, incentives, benefits in kind and annual bonus)	4,472	4,844
Other long-term benefits	1,241	1,425
Statutory termination benefits	(0)	(0)
Share-based payment	(0)	804
TOTAL	**5,713**	**7,073**

The Group Management Committee is composed of eight members on December 31, 2021 and of Coface CEO.

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

The line “Share-based payment” corresponds to the free performance shares’ delivered in 2020 and allocated in the frame of the LTIP 2017 (fair value IFRS).

For 2021, as the performance conditions of the 2018 LTIP plan have not been met, the item “Share-based payment” is zero.

A total envelope of €406 thousand was paid out to the members of the Board of Directors, the Audit, the Risk and the Compensation Committees in 2021.

NOTE 35 BREAKDOWN OF AUDIT FEES

(in thousands of euros)	MAZARS				DELOITTE				TOTAL			
	DEC. 31, 2021	%	DEC. 31, 2020	%	DEC. 31, 2021	%	DEC. 31, 2020	%	DEC. 31, 2021	%	DEC. 31, 2020	%
Statutory and IFRS Audit												
COFACE SA	(654)	34%	(320)	29%	(620)	26%	(323)	17%	(1,274)	29%	(575)	17%
Subsidiaries	(1,205)	63%	(779)	69%	(1,792)	74%	(1,531)	80%	(2,997)	69%	(2,687)	79%
Sub-total	**(1,859)**	**97%**	**(1,099)**	**98%**	**(2,412)**	**100%**	**(1,854)**	**97%**	**(4,271)**	**99%**	**(3,262)**	**96%**
Other fees than Statutory and IFRS Audit												
COFACE SA	(0)	0%	(0)	0%	(0)	0%	(0)	0%	(0)	0%	(64)	2%
Subsidiaries	(64)	3%	(23)	2%	(0)	0%	(49)	3%	(64)	1%	(84)	2%
Sub-total	**(64)**	**3%**	**(23)**	**2%**	**(0)**	**0%**	**(49)**	**3%**	**(64)**	**1%**	**(148)**	**4%**
TOTAL	**(1,923)**	**100%**	**(1,122)**	**100%**	**(2,412)**	**100%**	**(1,903)**	**100%**	**(4,335)**	**100%**	**(3,410)**	**100%**

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

NOTE 36 OFF-BALANCE SHEET COMMITMENTS

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

The endorsements and letters of credit correspond mainly to:

- a joint guarantee of €380,000 thousand in favor of COFACE SA subordinated notes' investors (10 year maturity);
- €7,000 thousand guarantee from Coface Europe;
- a guarantee from Cofinpar of €7,000 thousand;
- a joint guarantee of €739,000 thousand euros given to banks financing the factoring business.

The securities lodged as collateral by reinsurers are concerning Coface Re for €287,713 thousand and Compagnie française pour le commerce extérieur for €35,600 thousand.

(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	
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	
Credit lines linked to factoring	318,976	318,976	
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**

NOTE 37. OPERATING LEASES

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

NOTE 38. RELATIONSHIP BETWEEN PARENT COMPANY AND SUBSIDIARIES

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

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

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

The table below summarises the interim balance of la Compagnie française d'assurance pour le commerce extérieur and its principal financial flows as of December 31, 2021:

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

At the end of December 2020, The table which summarised the interim balance of la Compagnie française d'assurance pour le commerce extérieur and its principal financial flows was:

(in thousands of euros)	LISTED COMPANY	COMPAGNIE FRANÇAISE POUR LE COMMERCE EXTÉRIEUR (INCLUDING BRANCHES)	OTHER ENTITIES	ELIMINATIONS	TOTAL
Revenue	1,993	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 EVENTS AFTER THE REPORTING PERIOD

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

NOTE 40 RISK MANAGEMENT

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