Interim financial report,
First half
2019

The information contained in this document is a free translation of the Coface Group's Interim Financial Report for the first semester 2019 ("Rapport Financier, premier semestre 2019") and while efforts are made to provide an accurate translation, there may be material errors, omissions or inaccuracies in the reporting.

In no way does Coface assume any responsibility for any investment or other decisions made based upon the information provided on this translation. The original language version of the document in French prevails over the translation.

This document is publicly available at www.coface.com/Investors.

NOTE

COFACE SA (hereinafter, the "Company") is a public limited company (société anonyme) with a Board of Directors (conseil d'administration) incorporated under the laws of France, having its head office at 1 Place Costes et Bellonte, 92270 Bois Colombes, France and registered with the Nanterre Trade and Companies Register under number 432 413 599. Unless stated otherwise, references in this document to the "Group" or the "Coface Group" are references to the Company and its subsidiaries, branches and holdings.
At the date of June 30, 2018, the Company's share capital amounted to €307,798,522 divided into 153,899,261 shares with a nominal value of €2 (two) each, all of the same class, and all of which are fully subscribed and paid up.

Presentation of financial and other information

This report includes free English language translations of the audited consolidated financial statements of COFACE SA as of and for the year ended December 31, 2018 and for the six months ended June 30, 2018 and 2019. The annual consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") and the interim financial statements were prepared in accordance with International Accounting Standard ("IAS") 34. COFACE SA publishes its consolidated financial statements in euros. Sums of aggregates and totals in this report may not match exactly due to rounding.
This report presents certain figures on an actual historical value basis, on a "constant scope" basis or on a "constant exchange rate" basis. Where figures are presented at constant scope, the previous year's figures (N-1) are adjusted to reflect the entities that entered or left the scope of consolidation during the most recent year (N). The Coface Group believes that comparing periods at constant scope and exchange rate is helpful in enabling investors to understand the effect of exchange rate fluctuations and changes in scope of consolidation on its financial results. However, figures adjusted for the effects of changes in the scope of consolidation and in exchange rates should not be substituted for the IFRS data.

Forward-Looking Statements

This report includes information on the Coface Group's outlook and future areas of development. These forward-looking statements may be identified by the use of the future or conditional tenses, or forward-looking terminology such as "considers", "anticipates", "thinks", "aims", "expects", "intends", "should", "plans", "estimates", "believes", "hopes", "may" or, in each case, their negative, or other variations or other comparable terminology. These forward-looking statements do not constitute historical data and should not be interpreted as a guarantee that the stated facts and data will take place or be achieved. They appear in a number of places throughout this report and include statements regarding the Coface Group's intentions; estimates and objectives with regard, in particular, to the Coface Group's market, strategy, growth, results, financial position and cash flow.
These forward-looking statements are based on data, assumptions and estimates that the Coface Group deems reasonable. They may evolve or be modified due to uncertainty linked, in particular, to the economic, financial, competitive or regulatory environment. Furthermore, the forward-looking statements contained in this report also involve risks, both known and unknown, uncertainty and other factors that were they to occur, could affect the Coface Group's future results, performance and achievements. Such factors may include, in particular, changes in the economic and business climate as well as the risk factors presented in chapter 5 of the Registration Document filed with the French Financial Markets Authority (Autorité des Marchés Financiers) on April 3, 2019 under the number D.19-0261.

Risk Factors

You are strongly encourages to carefully consider the risk factors presented in the aforementioned sections of the Registration Document filed with the French Financial Markets Authority (Autorité des Marchés Financiers) on April 3, 2019 under the number D.19-0261.
The occurrence of all or any of these risks is liable to have an adverse effect on the Coface Group's business, financial position or financial results. Additional risks that are not known at the date of this report, or that the Coface Group currently considers immaterial, may have the same adverse on the Coface Group, its business, financial position, operating results or growth prospects, as well as on the market price of its shares listed on Euronext Paris (ISIN: FR0010667147).

All this information is available on the website of the Company (www.coface.com/Investors) and the AMF (www.amf-france.org).

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I. Half-year business review

I. Half-year activity report

As each quarter, in June the Coface Group economic research team revised their global growth forecasts for 2019 and presented their first growth forecasts for 2020.

a) Economic environment in the first half

In view of the ongoing risk signals (trade war between the United States and China with its negative impact on trade, energy price uncertainties due to Middle East tensions, Brexit outlook, etc.), household and business confidence has continued to fall since the start of the year, both in the Eurozone and in most other large advanced economies.
In the wake of the difficulties encountered in the automotive industry, Germany was downgraded from A1 to A2, given this sector's weight in the country's economy and its impact on other sectors, such as the metalworking and the chemical industries. In April, German industrial production was down 2.0% year-on-year, while automotive production declined by 12%. All surveys conducted with economic players revealed their concern for the upcoming months. In fact, German growth should fall from 1.5% to 0.8% between 2018 and 2019. Recession should be avoided thanks to the resilience of services and, most importantly, the construction industry. Austria was also downgraded to A2 due to the integration of its economy in the German production chain, while the Czech Republic and Slovakia slipped from A2 to A3.

The economic slowdown is now also being felt even in the United States. US growth should decrease slightly, from 2.9% in 2018 to 2.5% in 2019. Indeed, the positive investment effects from the Trump administration's tax reductions in the autumn of 2017 is waning, while concerns are growing over the impact of the trade war with China, ongoing for more than a year. For the moment, American households seem to remain upbeat, thanks in particular to the good employment data and the associated growth in their income. The unemployment rate stabilised at 3.6% in May, its lowest level for 18 years. However, the situation could change for households once the rise in import tariffs on Chinese goods is reflected in consumer prices.

The performance of large emerging economies has been uneven. In principle, the rise in commodity prices is favourable to exporting countries. In that context, Saudi Arabia, which is benefiting from the recent rise in oil prices, was upgraded from C to B. However, other exporting countries still encountered difficulties. Argentina thus remained in deep recession due to the implementation of the drastic reform program aimed at correcting public finance imbalances. As for Brazil, the country is still not out of the slump. In the same region, Mexico has suffered from the adverse situation of its oil sector and from the negative influence of its big neighbour, the United States. Lastly, Russia maintained its low growth, in line with internal demand and the impact of the OPEC+ agreement on oil production. On the importers side, Turkey was confronted with the severe correction of its external imbalances, along with an increase in the cost of its energy imports and a fall in confidence. In India, due to internal factors, growth continued to slow down, albeit from a high level.

Like India, Asia, while remaining the main global economic growth centre, experienced a moderate slowdown. This was particularly the case for China, whose annual growth rate now stands at around 6% vs.7%, trend of previous years. The trade war with the United States is partly to blame, even though internal causes (corporate indebtedness, overcapacity, saturation of the automotive market) are also having an impact. Chinese exports to the United States have thus fallen 10% over the first four months of 2019. Sales of electronic goods, which account for 51% of the $200 billion of American imports, have been the hardest hit as they are now taxed at 25%. Due to the regional scope of the production chain for these goods, other countries in the region, such as Singapore, Malaysia, South Korea, Taiwan, Thailand and Japan, suffered the same slowdown. Conversely, Vietnam benefited from the transfer of certain Chinese production, while the Philippines and Indonesia maintained strong growth due to their lower integration in the regional production chain.

b) Significant events in the period

Acquisition of SID – PKZ (Slovenia)

On 15 April 2019, Coface announced the acquisition of SID - PKZ, the market leader in credit insurance in Slovenia. The business will operate under the new brand name Coface PKZ. Founded by SID Bank in 2005, SID - PKZ recorded €14.3m of gross written premium in 2018. The transaction will have a neutral impact on Coface's solvency ratio. A badwill* of €3m has been recognized in the income statement. The contribution of Coface PKZ (excluding the impact of badwill) in the group's net income as of 30 June 2019 is not significant.

* Badwill is based on preliminary estimates and could vary pending final analysis

Coface launches credit insurance offer in Greece

The country has undertaken reforms which pave the way for a promising credit insurance market. This opening of an entity in the country extends Coface's historically strong presence in the Mediterranean and Africa region, which represented 27% of the Group's revenues in 2018.

Coface South Africa new partnership

Following the strategic partnership signed on 16 November 2018, Coface South Africa, the South African subsidiary of Compagnie française d'assurance pour le commerce extérieur, opened its capital up to 2.5% to the South African investment fund - B-BBEE Investment Holding Company, Identity Capital Partners (Pty) Ltd.
The opening of Coface South Africa's capital could be increased by up to 25% over a 10-year horizon. In addition, Coface has a call option for the shares of these minority shareholders. The impact of this transaction on the financial statements for the year is not significant.

Takeover of the minority shareholders of its Brazilian subsidiary SBCE (Seguradora Brasileira C.E.)

Coface do Brazil, the South American subsidiary of Compagnie française d'assurance pour le commerce extérieur, has acquired the minority shareholders in its Brazilian subsidiary SBCE (Seguradora Brasileira C.E.). This acquisition of 24.2% of the capital was made from two local banks, each owning 12.1%. This operation is part of the Group's desire to rationalise its presence in Brazil. The purchase of minority interests without any change in the integration method has no impact on the net result.

Integration into the SBF120 index

The Index Steering Committee of Euronext has decided to include COFACE SA in the SBF120 index and this decision was effective on Monday 26 June 2019. The SBF 120 is one of the leading Paris stock market indices. It tracks the top 120 companies, in terms of market capitalization and liquidity.
This entry follows the increased market capitalization and share liquidity of Coface, which reflect the strengthening of its fundamentals since the launch of its *Fit to Win* strategic plan.

c) Events after 30 June 2019

There has been no significant change to the Group's financial or commercial position since 30 June 2019.

On 25 July 2019, Coface submitted to the ACPR, the French Prudential Supervision and Resolution, its Partial Internal Model.

d) Comments on the results as at 30 June 2019

The changes at constant FX and perimeter, presented for comparison purposes in the tables below, take account of the consolidation of Coface PKZ as of 1 April 2019.

i. Revenue

The Group's consolidated revenue increased by 6.6% at constant FX and perimeter (+7.0% at current FX and perimeter); from €685.0m for the half year ended 30 June 2018 to €732.6m for the half year ended 30 June 2019.

The exchange rate effect was negative by 0.1 point. This limited impact conceals significant disparities between currencies. The strengthening of the US dollar (the portfolio's main foreign currency) and Asian currencies against the euro offset the sharp depreciation of the Argentinian peso (which has fallen almost continuously since the first half of 2018) and, to a lesser extent, that of the Turkish lira. The strengthening of the dollar is attributable to the robust American economy, while the Euro was penalised by the resurgence of political uncertainties in Europe (Brexit, European elections against the backdrop of rising populism, etc.).

The table below shows the changes in the Coface Group's consolidated revenue by business for the half years ended 30 June 2018 and 2019:

Change in consolidated revenue by activity (in millions of euros)	**As at 30 June**		**Change**		
	2019	**2018**	**in €m**	**as a %**	**as a %: at constant FX and perimeter**
Insurance	699.3	651.4	47.9	7.4%	6.9%
of which Earned premiums (1)	*605.3*	*560.7*	*44.6*	*8.0%*	*7.5%*
of which Services (2)	*94.0*	*90.7*	*3.3*	*3.7%*	*2.8%*
Factoring	33.3	33.6	-0.3	-0.8%	0.6%
Consolidated revenue	**732.6**	**685.0**	**47.6**	**7.0%**	**6.6%**

(1) Earned premiums - Credit Insurance, Single Risk and Bonding
(2) Sum of revenue from services related to Credit Insurance ("Insurance fees and commissions" and "Other insurance- related services") and services provided to customers without credit insurance (access to information on corporate solvency and marketing information - "Business information turnover" and debt collection services - "Receivables management").

Insurance

Revenue from the insurance business (including bond and Single Risk) rose by 6.9% at constant FX and perimeter (+7.4% at current FX and perimeter), from €651.4m for the half year ended 30 June 2018 to €699.3m for the half year ended 30 June 2019.

Gross earned premiums increased by 7.5% at constant FX and perimeter (+8.0% at current FX and perimeter) to €560.7 million for the half year ended 30 June 2018 to €605.3 million for the half year ended 30 June 2019. Emerging markets saw a return to sustained growth, while new business progressed in mature markets.

Production of new contracts, representing €64.6 million (annualised value) in the first half of 2019, rose compared to the half year ended 30 June 2018 (€61.8 million) due to the performance of mature Western European countries (chiefly France) and Northern Europe (Germany in particular). The retention rate (annualised value of policies effectively renewed during the period over the value of the policies scheduled for renewal over the same period) remained at the record level of 93.0% in the half year ended 30 June 2019, without any detriment to prices. Pricing pressure was less pronounced at 30 June 2019 (-1.1%) as at 30 June 2018 (-1.7%) due to price rises in the United States and slighter drops in Germany and Italy, despite a low-claim environment. Premium volume continued to reflect past growth activity in policyholders' businesses (+2.1%), however lower level than the record reached in the first half of 2018 (+ 3.4%).

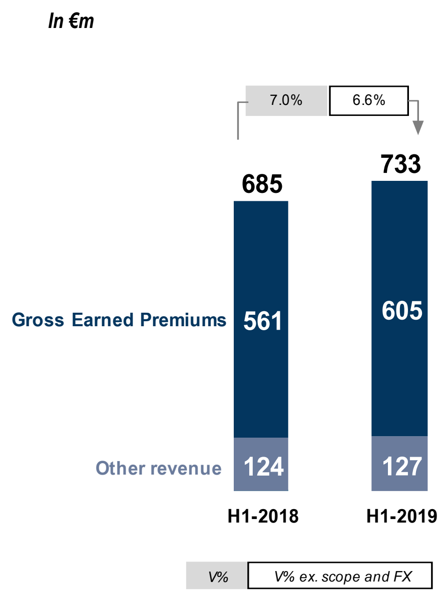
Revenue from the services business increased by 2.8% at constant FX and perimeter (+3.7% at current FX and perimeter), from €90.7 million for the half year ended 30 June 2018 to €94 million for the half year ended 30 June 2019.

Factoring

Revenue from the factoring business (exclusively in Germany and Poland) posted a slight 0.6% rise at constant FX and perimeter (-0.8% at current FX and perimeter), from €33.6 million for the half year ended 30 June 2018 to €33.3 million for the half year ended 30 June 2019.

Revenue in Germany declined by 1.8% at constant scope, after a review of the portfolio aimed at improving profitability. The amount of factoring receivables has stabilised. A proven organisational structure has been in effect since 1 July 2019.

In Poland, the receivables portfolio continued to grow, generating a 7.5% increase in revenue at constant FX (+5.8% at the current FX).



Change in revenue by region

The following table shows the changes in consolidated revenue (net of intra-group flows) within the Group's seven geographic regions between the periods ended 30 June 2018 and 2019:

Change in consolidated revenue by region of invoicing (in millions of euros)	**As at 30 June**		**Change**			
	2019	**2018**	**in €m**	**as a %**	**as a %: at constant FX**	**as a %: at constant FX and perimeter**
Western Europe	147.5	143.2	4.3	3.0%	2.7%	2.7%
Northern Europe	156.1	152.2	3.9	2.6%	2.6%	2.8%
Mediterranean & Africa	190.9	184.6	6.4	3.4%	4.6%	4.6%
North America	68.1	58.1	9.9	17%	10%	10%
Central Europe	71.5	67.1	4.4	6.6%	7.7%	2.0%
Asia-Pacific	58.7	46.0	12.7	28%	21%	21%
Latin America	39.8	33.8	5.9	18%	34%	34%
Consolidated revenue	**732.6**	**685.0**	**47.6**	**7.0%**	**7.1%**	**6.6%**

All regions have posted increased revenue at constant FX and perimeter. Growth was particularly strong in Asia-Pacific (+21%) and North America (+10%). These two regions combined accounted for nearly half of the Group's growth in terms of volume.

In Western Europe, revenue rose by 2.7% (+3.0% at current FX and perimeter) following the improvement in commercial performance, particularly with the signing of agreements for major international programs. The region's growth is also attributable to the performance of the Single Risk business in the UK.

Northern Europe posted an increase in revenue of 2.8% (+2.6% at current scope). In Germany, factoring revenue continued to recede while credit insurance revenue increased through new production. Moreover, the slide in prices was less pronounced. For the region as a whole, the retention rate exceeded 95%.

Revenue in the Mediterranean & Africa region rose by 4.6% (+3.4% at current FX and perimeter), still driven by clients' business growth and good portfolio development in 2018. Conversely, commercial performance was mediocre in the first half of the year. In Italy and Spain, a rise in terminations slowed the growth of the portfolio. Conversely, in Israel and Turkey, the portfolio continued to grow thanks to good commercial performance.

In North America, revenue rose by 10% (+17% at current FX and perimeter). Beyond the strong exchange rate effect, the credit insurance portfolio is now favourably-positioned thanks to a better retention rate and the growth of new business. Prices are increasing in the United States.

In Central Europe, revenue rose by 2.0% (+6.6% at current FX and perimeter due to the contribution of Coface PKZ starting in the second quarter), boosted by the strong growth of the credit insurance portfolio in 2018. Nevertheless, due to very tight risk control, particularly in Poland, commercial performance declined in the first half of 2019. However, factoring revenue continued to grow. The exchange rate effect has been significant given the depreciation of the Polish, Romanian and Russian currencies.

The revenue of the Asia-Pacific region rose by 21% (+28% at current FX and perimeter) sustained by the strong growth of the credit insurance portfolio in 2018, which continued in 2019 thanks, in particular, to good control of portfolio renewals. Excluding the favourable impact of lower premium refunds granted in the first half of 2019, growth would come to 12%.

In Latin America, revenue rose by 34% (+18% at current FX and perimeter). The region benefited from the signing of major global contracts and lower premium refunds. The region's portfolios comprise numerous foreign currency-denominated contracts (particularly in US dollars). The strong volatility of exchange rates thus distorts growth rates. Adjusted for this effect, the growth rate would be 27%.

ii. Underwriting income

Underwriting income before reinsurance

Underwriting income after reinsurance stands at €149.2 million for the half year ended 30 June 2019, representing a 22% increase compared to the first half of 2018 (€122.2 million). This performance was mainly due to the €47.6 million growth in revenue.

The 2.9 point improvement in the combined ratio before reinsurance, standing at 74.8% in the first half of 2019 (77.6% for the half year ended 30 June 2018) was attributable to a 1.5 point drop in the loss ratio, combined with a 1.4 point drop in the cost ratio. The latter benefited from positive operational leverage, as the rise in costs was half that of revenue.

Loss experience

The Group's loss ratio before reinsurance, including claims handling expenses, improved by 1.5 points, going from 42.4% for the half year ended 30 June 2018 to 40.9% for the half year ended 30 June 2019. Capitalising on disciplined underwriting, the Group continued to benefit from stringent management of past claims, thus maintaining recoveries at a high level. The loss level remained under control across all geographic regions. Latin America was the only region where the loss ratio slightly exceeded the 50% mark.

Loss Experience	**As at 30 June**		**Change**	
(in millions of euros and %)	**2019**	**2018**	**in €m**	**as a %**
Claims expenses incl. claims handling costs	247.4	237.5	9.8	4.1%
Loss ratio before reinsurance	40.9%	42.4%		-1.5 pts
Earned premiums	605.3	560.7	44.6	8.0%

In Western Europe, the loss ratio stands at 31.2% (-3.4 points) for the half year ended 30 June 2019, as the region is still benefiting from recoveries on highly reinsured optional policies.

Thanks to an improvement in the loss experience on products combining factoring services and credit insurance, Northern Europe saw its ratio drop by 11 points to 43.1%.

In the Mediterranean & Africa region, the loss ratio declined by 7.3 points to 46.6%. Italy and Portugal benefited from stringent management of past claims, while South Africa was penalised by a major claim during the half year.

In North America, the loss ratio rose 28 points but remained under control at 40.2%, while the region had posted a particularly low ratio at 30 June 2018 (12.2%) thanks to the gains recognised in respect of prior underwriting periods.

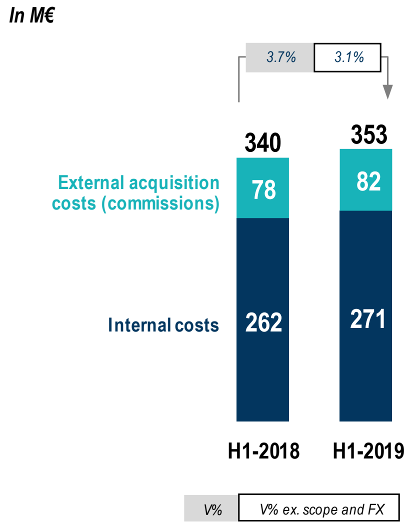
The loss ratio of the Central Europe region improved by 10.1 points to 42.2%, due in particular to the favourable development of past claims in Russia.

After having benefited from significant recoveries in 2018 in respect of claims recorded in previous years, the loss ratio of the Asia-Pacific region naturally deteriorated, to 24.1% (+22.1 points), while nonetheless remaining at a highly satisfactory level.

In Latin America, the loss ratio stood at 50.4% on 30 June 2019, down 5.9 points. Argentina's loss ratio had deteriorated in 2018 due to an unfavourable economic context.

Change in loss experience by region of invoicing (as a %)	**As at 30 June**		**Change (% points)**
	2019	**2018**	
Western Europe	31.2%	34.7%	-3.4 pts
Northern Europe	43.1%	54.2%	-11 pts
Mediterranean & Africa	46.6%	53.9%	-7.3 pts
North America	40.2%	12.2%	28 pts
Central Europe	42.2%	52.3%	-10.1 pts
Asia-Pacific	24.1%	2.1%	22.1 pts
Latin America	50.4%	56.3%	-5.9 pts
Loss ratio before reinsurance	**40.9%**	**42.4%**	**-1.5 pts**

Overheads



General expenses (in millions of euros)	As at 30 June		Change	
	2019	**2018**	**as a %**	**as a %: at constant FX and perimeter**
Internal general expenses	271.1	262.1	3.4%	2.8%
of which claims handling costs	*15.9*	*14.7*	*8.0%*	*8.1%*
of which investment management expenses	*2.0*	*2.0*	*2.1%*	*2.0%*
Commissions	81.6	78.0	4.6%	3.9%
Total general expenses	**352.7**	**340.1**	**3.7%**	**3.1%**

Overheads, including claims handling expenses and internal investment costs, are up 3.1% at constant FX and perimeter (+3.7% at current FX and perimeter) from €340.1 million for the half year ended 30 June 2018 to €352.7 million for the half year ended 30 June 2019.

Contract acquisition commissions are up 3.9% at constant FX and perimeter (+4.6% at current scope and exchanges rate), from €78.0 million for the half year ended 30 June 2018 to €81.6 million for the half year ended 30 June 2019. This increase, which was driven by the brokerage-based Asia-Pacific and North American markets, was less significant than the increase in earned premiums (+7.5% at constant FX and perimeter), as the in-sourcing of agents in North America helped generate savings.

Internal overheads, including claims handling expenses and investment management expenses, grew 2.8% at constant FX and perimeter (+3.4% at current FX and perimeter) from €262.1 million for the half year ended 30 June 2018 to €271.1 million for the half year ended 30 June 2019.

Contract acquisition commissions rose 6.2% at constant FX and perimeter (+7.0% at current FX and perimeter), from €138.8 million for the half year ended 30 June 2018 to €148.4 million for the half year ended 30 June 2019. This increase is mainly due to the payment of compensation to agents, who are now in-sourced, in the North America region. In addition, the high inflation, particularly in Argentina, required wage increases. The ramp-up of the Coface Technologies IT centre in Bucharest – which centralises certain development functions that were previously outsourced – continued. Moreover, improved operating performance over the past two years has led to greater contributions to long-term variable compensation schemes for executives.

Other internal overheads fell. IT costs thus dropped 2.6% at constant FX and perimeter, to €24.1 million (-1.7% at current FX and perimeter). Other expenses (taxes, information purchases, rental expenses, etc.) are down by 0.6% at constant FX and perimeter (-0.3% at current FX and perimeter) from €98.8 million for the half year ended 30 June 2018 to €98.5 million for the half year ended 30 June 2019.

In the first half of 2019, Coface continued to invest in a disciplined manner in its strategic and regulatory projects, for an additional amount of €3.3 million.

The gross cost ratio has improved by 1.4 points from 35.3% at 30 June 2018 to 33.9% in the first half of 2019, thanks to a rise in revenue which exceeded the rise in overheads. The growth in earned premiums has thus had a favourable impact of 2.7 points, partly offset by the rise in internal overheads (0.7 point) and the increase in contract acquisition commissions (0.6 point).

In Western Europe, overheads remained virtually stable at +0.4% at constant FX and perimeter (+0.7% at current FX and perimeter), thanks to savings in rent and rental expenses following the renegotiation of the lease on the Bois-Colombes head office which houses the French and regional teams. IT costs also fell.

In North America, overheads dropped 2.3% at constant FX and perimeter (-1.8% at current FX and perimeter). Savings were made in information purchases, collection costs and consulting fees.

In the Mediterranean & Africa region, overheads rose slightly, by 1.5% at constant FX and perimeter (+0.6% at current FX and perimeter). Contract acquisition commissions increased at a slower pace than revenue.

In Central Europe, they rose 9.4% at constant FX and perimeter (+14% at current FX and perimeter). The region had benefited from reversals of restructuring provisions in the first half of 2018. IT costs also increased.

In North America, overheads increased 14% at constant FX and perimeter (+21% at current FX and perimeter), as the region now bears the cost of in-sourced agents' compensation. On the other hand, contract acquisition commissions remained stable despite the sharp increase in premiums.

In Latin America, overheads increased 35% at constant FX and perimeter (+21% at current FX and perimeter). The high inflation observed in Argentina required wage increases. As a result of the dynamic growth in income, taxes on premiums continued to increase in Argentina and Brazil. The central overheads re-invoiced to the region also rose.

In Asia-Pacific, overheads increased 1.2% at constant FX and perimeter (+6.2% at current FX and perimeter). This rise mainly concerned external commissions, while revenue grew sharply.

Underwriting income after reinsurance

Underwriting income after reinsurance stands at €99.5 million for the half year ended 30 June 2019, representing a 13% increase compared to the first half of 2018 (€88.3 million).

The 47% rise in the cost of reinsurance, standing at -€49.8 million at 30 June 2019 (-€33.9 million at 30 June 2018), is primarily due to the increase in earned premiums, resulting in more premiums being ceded to reinsurers. The drop in the amount of claims ceded to reinsurers is attributable to an improvement in the loss experience, as well as recoveries on highly reinsured optional policies.

	As at 30 June		Change	
(in thousands of euros and %)	**2019**	**2018**	**(en milliers d'euros)**	**(en %)**
Revenue	732,580	684,963	47,617	7.0%
Claims expenses	-247,368	-237,546	-9,822	4.1%
Policy acquisition costs	-123,146	-117,452	-5,694	4.8%
Administrative costs	-135,009	-126,694	-8,315	6.6%
Other insurance activity expenses	-32,694	-46,629	13,935	-30%
Expenses from banking activities, excluding cost of risk	-6,770	-5,897	-873	15%
Cost of risk	-1,158	-1,744	586	-34%
Expenses from services activities	-37,205	-26,772	-10,433	39%
UNDERWRITING INCOME BEFORE REINSURANCE	**149,229**	**122,229**	**27,001**	**22%**
Income and expenses from ceded reinsurance	-49,763	-33,946	-15,817	47%
UNDERWRITING INCOME AFTER REINSURANCE	**99,466**	**88,283**	**11,183**	**13%**
Combined ratio after reinsurance	76.0%	77.0%	-	-

iii. Investment income, net of management expenses (excluding finance costs)

Financial markets

The first half of 2019 was marked by a slowdown in global growth and a rise in uncertainties with the risk of a trade war between the United States and China. The outlook for the manufacturing industry remained gloomy in the Eurozone, while macroeconomic statistics in China were disappointing, despite the stimulus policies implemented by the Chinese authorities. Only the United States seemed to be doing well, as growth remained solid. However, this growth is expected to slow in the upcoming quarters.

The markets remained riveted to the statements of Central Banks, which seem to want to adopt a more expansionist monetary policy, both in the United States (owing to the decline in inflation and expected inflation) and in the Eurozone (because levels are moving further and further away from the inflation target).

These shifts in monetary policy expectations have led to a dramatic fall in bond yields on both sides of the Atlantic. The US 10-year rate ended the half year below the 2% mark at 1.99%, i.e. a drop of 69 basis points compared to end-2018. The German 10-year rate fell into negative territory for the second time in its history, reaching record levels and ending the half year at -0.32%. Similarly, the French 10-year rate fell below the 0% mark, ending the half-year at -0.01%.

The search for returns, combined with the expected drop in interest rates naturally benefited the equity markets. After a sharp upswing in the first quarter, the markets remained relatively stable in the second quarter, but with high volatility from one month to the next due to the US-China trade war. For the half year as a whole, the global equity index thus rose 14.9%, (+6.5% in Japan, +9.2% for emerging markets, +13.2% in Europe and +17.6% in the United States.

Financial income

Against the economic background of a global fall in interest rates, the Coface Group has decided to reduce its exposure to developed-country sovereign bonds and money-market products, in favour of investment-grade corporate bonds and emerging-market sovereign bonds.

The total value of the portfolio increased by €76 million during the first half of the year, mainly due to expectations of the easing of monetary policies, which resulted in a fall in government borrowing rates and corporate bond credit spreads.

The following table shows the financial portfolio by main asset classes:

Market value (in millions of euros)	**30.06.2019**	**31.12.2018**
Listed shares	152	162
Unlisted shares	15	16
Bonds	1,854	1,775
Loans, deposits and UCITS money-market funds	523	525
Investment property	237	227
Total investment portfolio	**2,780**	**2,705**
Associated and non-consolidated companies	130	129
Total	**2,910**	**2,834**

In the first half of 2019, the results of the investment portfolio amounted to €28.9 million, of which €5.4 million in realised gains and impairment/reversals, compared to €25.1 million, of which €3.8 million in realised gains and impairment/reversals for the first half of 2018. Despite a market context that increased the value of the financial portfolio through a fall in interest rates, the Group managed to improve its accounting rate of return excluding realised gains, which went from 0.8% in the first half of 2018 to 0.9% for the same period in 2019.

Investment portfolio income (in million euros)	As at 30 June	
	2019	**2018**
Shares	6.2	4.0
Fixed-income instruments	19.1	16.3
Investment property	3.5	4.7
Total investment portfolio	**28.9**	**25.1**
o/w realised gains	5.4	3.8
Associated and non-consolidated companies	(3.4)	0.3
Net foreign exchange gains and derivatives	(5.4)	(10.3)
Financial investment charges	(3.5)	(2.1)
Total	**16.6**	**12.9**

After income from investments in companies, foreign exchange and derivatives income, financial expense and investment costs, financial income for the first half of 2019 stands at €16.6 million compared to €12.9 million for the same period in 2018.

The economic rate of return of financial assets before non-consolidated companies revenues, net foreign exchange and derivatives gains and financial investment charges was therefore 3.3% for the first half of the year, versus 0.2% for the same period in 2018. During the first half of the year, the economic return was positively impacted by the increase in revaluation reserves on all asset classes.

iv. Operating income

(in millions of euros)	**As at 30 June**		**Change**		
	2019	**2018**	**in €m**	**as a %**	**as a %: at constant FX and perimeter**
Consolidated operating income	**117.2**	**100.4**	**16.8**	**17%**	**17%**
Operating income including financial costs	**106.7**	**91.0**	**15.7**	**17%**	**17%**
Other operating incomes and expenses	1.1	-0.8	1.9	NS	NS
Operating income including financial costs and excluding other operating incomes and expenses	**105.6**	**91.8**	**13.8**	**15%**	**15%**

Consolidated operating income stands at €117.2 million, up 17% compared to the half year ended 30 June 2018 (€100.4 million).

Current operating income, including finance costs and excluding non-recurring items (other operating income and expenses), increased by 15%, going from €91.8 million for the half year ended 30 June 2018 to €105.6 million for the half year ended 30 June 2019.

The combined ratio after reinsurance improved by 1 point, going from 77.0% for the half year ended 30 June 2018 to 76.0% for the half year ended 30 June 2019. The net loss ratio deteriorated by 0.8 point while the cost ratio improved by 1.8 points. The increase in the net loss ratio, compared to the drop in the gross ratio, is due to the recoveries recorded on optional policies.

Other operating income and expenses amounted to +€1.1 million, breaking down as follows:

- A capital gain of €2.4 million on the sale of the building that housed the Italian and regional teams;
- Restructuring expenses amounting to -€1.3 million.

All regions contributed positively to operating income.

Change in consolidated operating income by region (in millions of euros)	**As at 30 June**		**Change**	**Share of half-yearly total at June 30, 2019**
	2019	**2018**		
Western Europe	3.9	9.9	-6.0	3%
Northern Europe	37.6	23.5	14.0	29%
Mediterranean & Africa	44.5	29.1	15.4	34%
North America	10.8	23.1	-12.3	8%
Central Europe	18.4	14.5	3.9	14%
Asia-Pacific	16.0	14.3	1.7	12%
Latin America	0.1	3.3	-3.1	0%
Total (excluding inter-regional flows and holding costs not rebilled)	**131.4**	**117.7**	**13.6**	**100%**

v. Net income for the year

The effective tax rate of the Coface Group fell from 31.7% for the half year ended 30 June 2018 to 29.2% for the half year ended 30 June 2019, thanks to the return to better fortunes of the emerging markets.

Net income (attributable to equity holders of the parent) amounted to €78.5 million at 30 June 2019, up 25% compared to the first half of 2018 (€62.8 million).

e) Group cash and capital

Equity

Under IFRS, Coface SA shareholders' equity attributable to owners of the parent totalled €1,815 million at the end of June 2018, up slightly compared to the end of December 2018, when it stood at €1,806 million.

Goodwill

Goodwill, amounting to €155.4 million, is stable overall compared with 31 December 2018 (€155.1 million).

Debt

Coface Group indebtedness, excluding current operating debts, consists of financial debt and operational debt in connection with the refinancing of the factoring business.

The financing of the factoring business accounted for €2,196 million at 30 June 2019 compared with €2,198 million at 31 December 2018 (i.e. down €2 million).

The gross financial indebtedness, excluding the financing of the factoring business, accounted for €381.1 million at 30 June 2019 compared with €388.7 million at 31 December 2018. The variation of -€7.6 million is essentially due to the adjustment in connection with the amount of the accrued coupon (payment made on 27 March 2019) of the subordinated debt. The Group's gross debt-to-equity ratio stands at 21%, i.e. the same level as at 31 December 2018.

Solvency of the Group

In accordance with the regulations, the Group measures its financial strength based on the capital requirement (amount of equity required to cover its managed risks) according to the Solvency II Regulation standard formula for its insurance business and according to bank regulations for the Group's financing companies. The change in capital requirement depends on numerous factors and parameters linked to changes in the loss ratio, underwriting volumes, risk volatility, the sequencing of loss settlement and the asset types invested in the Company's balance sheet (see the 2018 Registration Document, Section 5.2.2 "Risks related to hedging the Group's solvency" – SCR ratio).

For insurance activities, pursuant to the Solvency II Regulation which became effective on 1 January 2016, the Group proceeded on 30 June 2019 with the calculation of the solvency capital requirement (SCR) under the standard formula introduced by European Directive No. 2009/138/EC. The Group's SCR evaluates the risks linked to pricing, underwriting, establishment of provisions, as well as market risks and operational risks. It takes account of frequency risks and severity risks. This calculation is calibrated to cover the risk of loss corresponding to a 99.5% quantile at a one-year horizon.

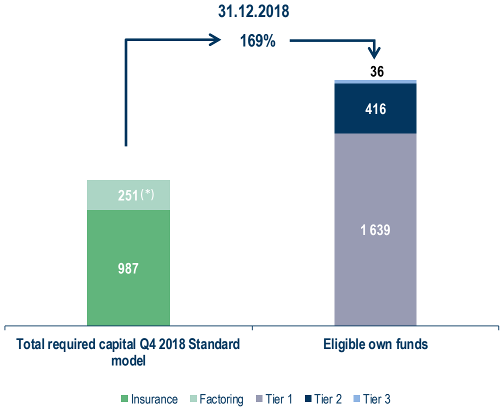
The Group also calculates the capital requirement for the factoring business. It is estimated by applying a 10.5% rate to the risk-weighted assets (or RWA). RWAs are calculated on the basis of the factoring exposure, by applying weighting as a function of the probability of default and the expected loss in case of default.

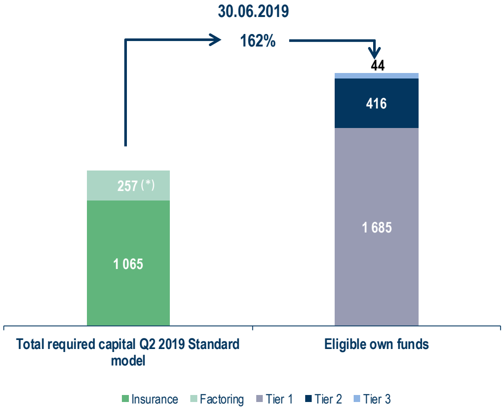
The amount of the capital requirement for the insurance business and the capital requirement for the factoring business is comparable with the available capital.

The Group has carried out an estimate[1] of its capital requirement and solvency ratio as at 30 June 2019. The estimated total capital requirement as at 30 June 2019 is €1,322 million (compared to €1,238 million[2] as at 31 December 2018), including €1,065 million corresponding to the insurance SCR (estimated using the Solvency II standard formula) and €257 million to the capital required by the financing companies.

Available capital as at 30 June 2019 is estimated at €2,144 million (compared to €2,091 million as at 31 December 2018). Available capital should be compared with the sum of the insurance SCR and the capital requirement for factoring.

As of 30 June 2019, the capital requirement solvency ratio (ratio between the Group's available capital and its capital requirement for insurance and factoring), is estimated at 162%[3] (compared with 169% at the end of 2018).





**Capital requirement by the financing companies using the Standard Formula*

[1] Capital requirements as at 30 June 2019 have been estimated using the Standard Formula, a simplified approach for certain modules and for treatment of the supposed renewed and rolling reinsurance.

[2] Includes €251 million estimation taking into account the anticipated transition to a Standard approach to credit risk under the CRD 4 regulation. Definitive 2018 capital requirement solvency ratio is 169%.

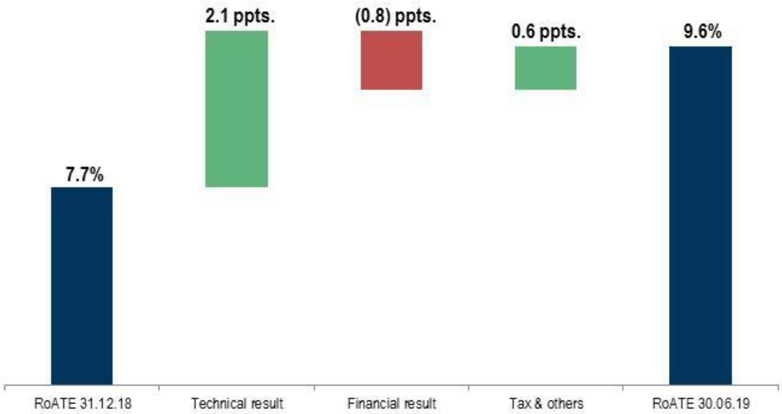
[3] This estimated solvency ratio constitutes a preliminary calculation based on Coface's interpretation of the Solvency II Regulation; the result of the final calculation may differ from the result of this preliminary calculation. The estimated Solvency ratio is not audited.

Return on equity

The return on equity ratio is used to measure the return on the Coface Group’s invested capital. Return on average tangible equity (or "RoATE") is the ratio between net income for the period and the average of accounting equity (attributable to equity holders of the parent) excluding intangible items (intangible asset values).

The table below presents the elements used to calculate the Coface Group's RoATE over the December 2018 to June 2019 period:

(in millions of euros)	**As at 30 June 2019**	**As at 31 December 2018**
Accounting equity (attributable to equity holders of the parent) including net income (attributable to equity holders of the parent) – A	1,815	1,806
Intangible assets – B	219	221
Tangible equity – C (A – B) As at 30 June 2019, tangible equity include the annualized net income – C (A-B+E)	1 674	1 586
Average tangible equity – D ([Cn+Cn-1]/2)	1,630	1,585
Net income (attributable to equity holders of the parent) – E	79	122
RoATE – E/D As at 30 June 2019, net income is annualized – E x 2/D	9.6%	7.7%



f) Risk factors

As a result of its activities, the Coface Group is exposed to five major types of risk (strategic risk, credit risk, financial risk, operational and non-compliance risk and reinsurance risk) of which credit risk and financial risk are the most significant. Credit risk is the risk of losses arising from non-payment by a debtor of a receivable owed to one of the Group's policyholders. The financial risk is the risk of losses due to unfavourable variations in interest rates, exchange rates or the market value of securities or property investments. For the efficient management of its operations and processes, the Coface Group has set up its own risk management structure.

Because the Coface Group is a listed company, the main risk factors and uncertainties faced by the Group are described in detail in Chapter 5 "Main risk factors and their management inside the Group" of the Coface Group's Registration Document filed with the AMF on 3 April 2019 under number D.19-0261.

During the first half of 2019, in a continuation of the actions to reduce the risks taken in 2016 in the various sensitive geographic regions and in economic sectors deemed to be at risk, the Group is managing risk according to plan.

g) Future risks and uncertainties

The factoring companies have applied IFRS 9, "Financial Instruments" since 1 January 2018.

Application of the aforementioned standard to the insurance entities is deferred to 2022, i.e. at the same time as IFRS 17, "Insurance Contracts", on the recognition of insurance contracts. These two important standard projects could have a significant impact on the recognition of liabilities linked to insurance policies and the classification of financial assets.

IFRS 16 "Leases" came into force on 1 January 2019. With respect to Coface's activities, the effects of the implementation of IFRS 16 relate mainly to real estate assets leased as offices for operating requirements. The other leases relate to IT equipment and company cars. At 1 January 2019, an impact of €85 million was recorded under the "Property, plant and equipment" item to recognise rights of use.

h) Outlook

i. Economic environment

According to the Coface Group's forecasts, global growth should slow down in the more protectionist environment, before stabilizing (2.7% in 2019 and 2020, after 3.1% in 2018). Growth should be more dynamic in emerging countries (from 4.3% in 2018 to 4.0% in 2019 and 4.3% in 2020), and is expected to remain significantly higher than in advanced countries (with 2.2% in 2018 to 1.8% in 2019 and 1.2% in 2020).

US growth should weaken markedly at the end of the period (2.5% in 2019, then 1.3% in 2020) and fall in line with the average figures recorded in advanced economies in the second year.

In the Eurozone, growth of 1.3% is expected in 2019 and 1.4% in 2020, compared with 1.8% in 2018. Coface forecasts the French economy to grow 1.4% in 2019 and 1.2% in 2020, and the German economy to grow 0.8% in 2019 and 1.2% in 2020.

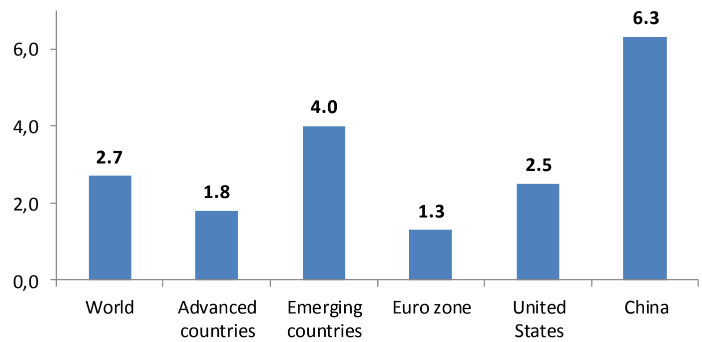
Overall, emerging countries should continue to post sustained growth in 2019 and 2020. Barring worsening trade relations between China and the United States, growth should remain dynamic in emerging Asia (5.6% in 2019 and 2020, after 5.9% in 2018). However, business is expected to slow slightly in China (from 6.6% in 2018 to 6.3% in 2019 and 6.0% in 2020). This moderation is expected to be driven by the deferred impact of the import tariffs imposed by the United States and the poor performance of the automotive market, despite more accommodating policies, with the authorities postponing any reduction of financial vulnerabilities. The other countries in the region integrated in the electronic production chain should recover in 2020 from the slight slowdown of 2019. India is expected to continue to grow, despite internal challenges (from 7.1% in 2018 to 7.0% in 2019 and 7.5% in 2020).

Latin America's economic situation should recover at the end of the period, with growth of 1.4% in 2018, falling to 0.7% in 2019 and rising to 1.9% in 2020. This should be influenced by an Argentinian recovery (from -2.5% in 2018 to -1.5% in 2019 and 2.0% in 2020), thanks to a let-up in economic policies intended to restore economic balance. The Brazilian recovery (from 1.1% in 2018 to 0.8% in 2019 and 2.0% in 2020) should strengthen, driven by the rise in household consumption, in line with the improved labour market, as well as investment, following the clarification of the budget situation with the adoption of pension reform. Growth in Chile, Peru and Colombia should remain above 3%. Only Mexico should continue to see weak growth due to the North American slowdown. Activity in Central/Eastern Europe should slow in 2019 (2.3% after 3.7% in 2018) influenced by the West European downturn, particularly in Germany, before an upswing in 2020 (2.8%). Strong domestic demand, boosted by a low unemployment rate and sharp growth in income should only partly offset poor export performance, in the context of a sluggish European market. Russia, for its part, (expected growth of 1.4% in 2019 and 1.8% in 2020) should continue to suffer from a lack of investor confidence (due to ongoing sanctions) and household confidence (due to the stagnation of real income), while oil revenues should stagnate due to the OPEC+ self-limitation agreement and stabilising prices.

In South Africa, growth is expected to increase slightly at the end of the period (0.5% in 2019 and 1.4% in 2020), although still well below the average growth rate in emerging countries. Lastly, oil exporting countries in the Middle East are likely to continue to benefit from favourable oil prices. Recovery should continue in Iraq, while an improvement is likely in Iran and Libya.

Our scenario comprises a fair number of uncertainties, mainly linked to the outcome of the trade war between China and the United States. Is the pause agreed by the two countries' leaders at the G20 summit in Osaka in June 2019 a prelude to an agreement, or only a way of gaining time? Given the drop recorded in the 1st half-year, Coface is already expecting a slight fall (-0.7%) in world trade this year. The volatility of commodity prices is another uncertain factor, along with financial market developments and US dollar trends. However, in the light of the expected slowdown in the American economy and the upcoming presidential election in late 2020, American economic policy is likely to loosen, driving the dollar down. In principle, such a development should be favourable to the emerging markets which offer the best returns.

GDP growth rate estimation for 2019 (source Coface)



ii. Outlook for the Group

The complexity of the international environment has not abated over the past quarter. The lack of significant progress in talks between China and the United States has been accompanied by the weakest growth in China for many years. The resignation of Theresa May came at a time when UK economic indicators are deteriorating. Finally, it has been difficult to build consensus on leadership within the European institutions. Central banks, on the other hand, confirmed their accommodative bias, leading to a further sharp easing of interest rates. At sectoral level, the distribution and the automotive sector have made little progress in resolving their long-term strategic difficulties.

Within this environment, the continued development of Coface’s risk policy remains unchanged. In this context of a progressively slowing economy, targeted opportunities have emerged, in certain sectors and countries, to underwrite business at rates more tailored to the level of risk. This also demonstrates the relevance of an agile organisation and consistency in our approach to risk.

The partial internal model has been filed with the French insurance regulator. The objectives of the second pillar of *Fit to Win* (capital efficiency) have been reinforced.

Finally, all the objectives of the *Fit to Win* plan are on track to be delivered.

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II. Consolidated financial statements

II. Consolidated financial statements

Basis of preparation

These IFRS condensed interim financial statements of the Coface Group as at June 30, 2019 are established in accordance with IAS 34 – Interim Financial Reporting, as adopted by the European Union.
The interim financial statements include:

- the balance sheet;
- the income statement;
- the consolidated statement of comprehensive income;
- the statement of changes in equity;
- the statement of cash flows;
- the notes to the financial statements.

They are presented with comparative financial information at January 1, 2019 and December 31, 2018 for balance sheet items and for the 6 months ended June 30, 2018 for income statement items.

The balance sheet at January 1, 2019 includes the effect of the first application of IFRS 16 "Leases".

The accounting principles and policies used for the interim financial statements at June 30, 2019 are the same, except for the new standard IFRS 16, as the ones used for the year ended December 31, 2018. They are prepared in accordance with the International Financial Reporting Standards (IFRS) as published by IASB and adopted by the European Union[4]. They are detailed in the note "Applicable Accounting Standards" of consolidated financial statements for the year ended December 31, 2018.

These condensed consolidated financial statements were reviewed by Coface Group's Board of Directors on 25 July 2019. They were also previously reviewed by the Audit Committee on 24 July 2019.

[4] The standards adopted by the European Union can be consulted on the website of the European Commission at: http://ec.europa.eu/finance/ company-reporting/ifrs-financial-statements/index_fr.htm

Significant events

Acquisition of SID – PKZ (Slovenia)

On 15 April 2019, Coface announced the acquisition of SID - PKZ, the market leader in credit insurance in Slovenia. The business will operate under the new brand name Coface PKZ. Founded by SID Bank in 2005, SID PKZ recorded €14.3m of gross written premium in 2018. The transaction will have a neutral impact on Coface's solvency ratio. A badwill* of €3m has been recognized in the income statement. The contribution of Coface PKZ (excluding the impact of badwill) in the group's net income as of 30 June 2019 is not significant.

* Badwill is based on preliminary estimates and could vary pending final analysis

Coface launches credit insurance offer in Greece

The country has undertaken reforms which pave the way for a promising credit insurance market. This opening of an entity in the country extends Coface's historically strong presence in the Mediterranean and Africa region, which represented 27% of the Group's revenues in 2018.

Coface South Africa new partnership

Following the strategic partnership signed on 16 November 2018, Coface South Africa, the South African subsidiary of Compagnie française d'assurance pour le commerce extérieur, opened its capital up to 2.5% to the South African investment fund - B-BBEE Investment Holding Company, Identity Capital Partners (Pty) Ltd.

The opening of Coface South Africa's capital could be increased by up to 25% over a 10-year horizon. In addition, Coface has a call option for the shares of these minority shareholders. The impact of this transaction on the financial statements for the year is not significant.

Takeover of the minority shareholders of its Brazilian subsidiary SBCE (Seguradora Brasileira C.E.)

Coface do Brazil, the South American subsidiary of Compagnie française d'assurance pour le commerce extérieur, has acquired the minority shareholders in its Brazilian subsidiary SBCE (Seguradora Brasileira C.E.). This acquisition of 24.2% of the capital was made from two local banks, each owning 12.1%. This operation is part of the Group's desire to rationalise its presence in Brazil. The purchase of minority interests without any change in the integration method has no impact on the net result.

Integration into the SBF120 index

The Index Steering Committee of Euronext has decided to include COFACE SA in the SBF120 index and this decision was effective on Monday 26 June 2019. The SBF 120 is one of the leading Paris stock market indices. It tracks the top 120 companies, in terms of market capitalization and liquidity.

This entry follows the increased market capitalization and share liquidity of Coface, which reflect the strengthening of its fundamentals since the launch of its *Fit to Win* strategic plan.

Consolidated balance sheet

Asset

(in thousands of euros)	Notes	June 30, 2019	Jan. 1, 2019 (*)	Dec. 31, 2018
Intangible assets		**219,339**	**220,675**	**220,675**
Goodwill	*1*	155,446	155,058	155,058
Other intangible assets	*2*	63,893	65,617	65,617
Insurance business investments	*3*	**2,910,350**	**2,833,613**	**2,833,613**
Investment property	*3*	288	288	288
Held-to-maturity securities	*3*	1,809	1,848	1,848
Available-for-sale securities	*3*	2,802,256	2,742,533	2,742,533
Trading securities	*3*	5,020	9,527	9,527
Derivatives	*3*	475	2,354	2,354
Loans and receivables	*3*	100,502	77,063	77,063
Receivables arising from banking activities	*4*	**2,428,978**	**2,509,047**	**2,509,047**
Reinsurers' share of insurance liabilities	*10*	**459,072**	**425,398**	**425,398**
Other assets		**1,053,229**	**1,013,283**	**927,888**
Buildings used for operations purposes and other property, plant and equipment		127,877	134,367	48,972
Deferred acquisition costs		44,425	42,176	42,176
Deferred tax assets		48,090	52,809	52,809
Receivables arising from insurance and reinsurance operations		543,662	498,826	498,826
Trade receivables arising from services activities		58,530	48,553	48,553
Current tax receivables		55,147	57,267	57,267
Other receivables		175,498	179,285	179,285
Cash and cash equivalents	*5*	**355,964**	**302,419**	**302,419**
TOTAL ASSETS		**7,426,932**	**7,304,435**	**7,219,040**

(*) Effects of the first application of IFRS 16

Liability

(in thousands of euros)	Notes	June 30, 2019	Jan. 1, 2019 (*)	Dec. 31, 2018
Equity attributable to owners of the parent		**1,814,774**	**1,806,452**	**1,806,249**
Share capital	*6*	307,799	307,799	307,799
Additional paid-in capital		810,420	810,420	810,420
Retained earnings		508,259	509,128	508,925
Other comprehensive income		109,761	56,772	56,772
Consolidated net income of the year		78,535	122,333	122,333
Non-controlling interests		**257**	**148**	**148**
Total equity		**1,815,031**	**1,806,600**	**1,806,397**
Provisions for liabilities and charges	*7*	**92,572**	**94,344**	**94,344**
Financing liabilities	*8*	**381,150**	**388,729**	**388,729**
Lease liabilities	*9*	**93,792**	**85,395**	
Liabilities relating to insurance contracts	*10*	**1,826,542**	**1,746,379**	**1,746,379**
Payables arising from banking activities	*11*	**2,481,723**	**2,544,716**	**2,544,716**
Amounts due to banking sector companies	*11*	586,330	660,204	660,204
Amounts due to customers of banking sector companies	*11*	285,503	346,932	346,932
Debt securities	*11*	1,609,890	1,537,580	1,537,580
Other liabilities		**736,122**	**638,272**	**638,475**
Deferred tax liabilities		106,214	96,058	95,962
Payables arising from insurance and reinsurance operations		237,151	195,653	195,653
Current taxes payable		52,991	41,580	41,580
Derivatives		1,852	1,666	1,666
Other payables		337,914	303,315	303,614
TOTAL EQUITY AND LIABILITIES		**7,426,932**	**7,304,435**	**7,219,040**

(*) Effects of the first application of IFRS 16

Effects of the first application of IFRS 16 "Leases" on the balance sheet

Asset

(in thousands of euros)	Dec. 31, 2018	Effect of the first application of the standard IFRS 16	Jan. 1, 2019 (*)
Intangible assets	**220,675**		**220,675**
Goodwill	155,058		155,058
Other intangible assets	65,617		65,617
Insurance business investments	**2,833,613**		**2,833,613**
Investment property	288		288
Held-to-maturity securities	1,848		1,848
Available-for-sale securities	2,742,533		2,742,533
Trading securities	9,527		9,527
Derivatives	2,354		2,354
Loans and receivables	77,063		77,063
Receivables arising from banking activities	**2,509,047**		**2,509,047**
Reinsurers' share of insurance liabilities	**425,398**		**425,398**
Other assets	**927,888**	**85,395**	**1,013,283**
Buildings used in the business and other property, plant and equipment	48,972	85,395	134,367
Deferred acquisition costs	42,176		42,176
Deferred tax assets	52,809		52,809
Receivables arising from insurance and reinsurance operations	498,826		498,826
Trade receivables arising from other activities	48,553		48,553
Current tax receivables	57,267		57,267
Other receivables	179,285		179,285
Cash and cash equivalents	**302,419**		**302,419**
TOTAL ASSETS	**7,219,040**	**85,395**	**7,304,435**

(*) Effects of the first application of IFRS 16

Liability

(in thousands of euros)	Dec. 31, 2018	Effect of the first application of the standard IFRS 16	Jan. 1, 2019 (*)
Equity attributable to owners of the parent	**1,806,249**	**203**	**1,806,452**
Share capital	307,799		307,799
Additional paid-in capital	810,420		810,420
Retained earnings	508,925	203	509,128
Other comprehensive income	56,772		56,772
Consolidated net income for the year	122,333		122,333
Non-controlling interests	**148**		**148**
Total equity	**1,806,397**	**203**	**1,806,600**
Provisions for liabilities and charges	**94,344**		**94,344**
Financing liabilities	**388,729**		**388,729**
Financial liabilities		**85,395**	**85,395**
Liabilities relating to insurance contracts	**1,746,379**		**1,746,379**
Payables arising from banking sector activities	**2,544,716**		**2,544,716**
Amounts due to banking sector companies	660,204		660,204
Amounts due to customers of banking sector companies	346,932		346,932
Debt securities	1,537,580		1,537,580
Other liabilities	**638,475**	**(203)**	**638,272**
Deferred tax liabilities	95,962	96	96,058
Payables arising from insurance and reinsurance operations	195,653		195,653
Current taxes payable	41,580		41,580
Derivatives	1,666		1,666
Other payables	303,614	(298)	303,315
TOTAL EQUITY AND LIABILITIES	**7,219,040**	**85,395**	**7,304,435**

(*) Effects of the first application of IFRS 16

Consolidated income statement

(in thousands of euros)	Notes	June 30, 2019	June 30, 2018
Gross written premiums		*679,332*	*638,310*
Premium refunds		*(46,694)*	*(49,443)*
Net change in unearned premium provisions		*(27,342)*	*(28,162)*
Earned premiums	*12*	**605,296**	**560,705**
Fee and commission income		*74,138*	*68,941*
Net income from banking activities		*33,302*	*33,587*
Income from services activities		*19,843*	*21,730*
Other revenue	*12*	**127,283**	**124,258**
Revenue		**732,579**	**684,963**
Claims expenses	*13*	**(247,368)**	**(237,546)**
Policy acquisition costs	*14*	*(123,146)*	*(117,452)*
Administrative costs	*14*	*(135,009)*	*(126,694)*
Other insurance activity expenses	*14*	*(32,694)*	*(46,629)*
Expenses from banking activities, excluding cost of risk	*14*	*(6,770)*	*(5,897)*
Expenses from services activities	*14*	*(37,205)*	*(26,772)*
Operating expenses	*14*	**(334,824)**	**(323,444)**
Risk cost		**(1,158)**	**(1,744)**
UNDERWRITING INCOME BEFORE REINSURANCE		**149,229**	**122,229**
Income and expenses from ceded reinsurance	*15*	(49,763)	(33,946)
UNDERWRITING INCOME AFTER REINSURANCE		**99,466**	**88,283**
Investment income, net of management expenses (excluding finance costs)	*16*	16,625	12,915
CURRENT OPERATING INCOME		**116,091**	**101,198**
Other operating income and expenses	*17*	1,093	(817)
OPERATING INCOME		**117,184**	**100,381**
Finance costs		(10,492)	(9,401)
Share in net income of associates			592
Badwill		2,968	
Income tax expense		(31,140)	(28,807)
CONSOLIDATED NET INCOME BEFORE NON-CONTROLLING INTERESTS		**78,520**	**62,765**
Non-controlling interests		15	36
NET INCOME FOR THE YEAR		**78,535**	**62,801**
Earnings per share (€)	*19*	0.52	0.40
Diluted earnings per share (€)	*19*	0.52	0.40

Consolidated statement of comprehensive income

(in thousands of euros)	Notes	June 30, 2019	June 30, 2018
Net income of the period		**78,535**	**62,801**
Non-controlling interests		(15)	(36)
Other comprehensive income			
Currency translation differences reclassifiable to income		**4,037**	**(2,734)**
Reclassified to income			
Recognised in equity		4,037	(2,734)
Fair value adjustments on available-for-sale financial assets	3	**51,099**	**(1,794)**
Recognised in equity – reclassifiable to income – gross		70,552	(4,037)
Recognised in equity – reclassifiable to income – tax effect		(16,140)	5,252
Reclassified to income – gross		(4,166)	(4,053)
Reclassified to income – tax effect		853	1,044
Fair value adjustments on employee benefit obligations	3	**(2,222)**	**119**
Recognised in equity – not reclassifiable to income – gross		(3,052)	126
Recognised in equity – not reclassifiable to income – tax effect		830	(7)
Other comprehensive income of the period, net of tax		**52,914**	**(4,409)**
Total comprehensive income of the period		**131,434**	**58,356**
- attributable to owners of the parent		131,424	58,504
- attributable to non-controlling interests		10	(148)

Statement of changes in equity

(in thousands of euros)	Share capital	Premiums	Consolidated reserves	Treasury shares	Other comprehensive income			Net income for the period	Equity attributable to owners of the parent	Non-controlling interests	Total equity
					Foreign currency translation reserve	Reclassifiable revaluation reserves	Non-reclassifiable revaluation reserves				
Equity at December 31, 2017	314,496	810,420	523,027	(4,666)	(24,913)	124,623	(23,579)	83,213	1,802,621	160	1,802,781
Effect of the first application of the standard IFRS 9			**(198)**						**(198)**		**(198)**
2017 net income to be appropriated			83,213					(83,213)			
Payment of 2017 dividends in 2018			(52,895)						(52,895)	(6)	(52,901)
Total transactions with owners	**(0)**	**(0)**	**30,318**	**(0)**	**(0)**	**(0)**	**(0)**	**(83,213)**	**(52,895)**	**(6)**	**(52,901)**
December 31, 2018 net income								122,333	122,333	353	122,686
Fair value adjustments on available-for-sale financial assets recognized						(18,668)			(18,668)	(3)	(18,671)
Fair value adjustments on available-for-sale financial assets reclassified to income						686			686	(0)	686
Change in actuarial gains and losses (IAS 19R)							1,395		1,395		1,395
Currency translation differences					(2,767)				(2,767)	(103)	(2,870)
Cancellation of COFACE SA shares	(6,697)		(23,303)	30,000							
Treasury shares elimination	0			(46,786)					(46,786)		(46,786)
Free share plans expenses			515						515		515
Transactions with shareholders			18		(5)				13	(253)	(240)
Equity at December 31, 2018	307,799	810,420	530,377	(21,452)	(27,685)	106,641	(22,184)	122,333	1,806,249	148	1,806,397
Effect of the first application of the standard IFRS 16			**202**						**202**		**202**
2018 net income to be appropriated			122,333					(122,333)			
Payment of 2018 dividends in 2019			(119,424)						(119,424)	(6)	(119,430)
Total transactions with owners	**(0)**	**(0)**	**2,909**	**(0)**	**(0)**	**(0)**	**(0)**	**(122,333)**	**(119,424)**	**(6)**	**(119,430)**
June 30, 2019 net income								78 535	78,535	(15)	78,520
Fair value adjustments on available-for-sale financial assets recognized in equity						54,406			54,406	5	54,411
Fair value adjustments on available-for-sale financial assets reclassified to income						(3,312)			(3,312)	(0)	(3,312)
Change in actuarial gains and losses (IAS 19R)							(2,222)		(2,222)		(2,222)
Currency translation differences					4,018				4,018	20	4,038
Treasury shares elimination				(4,738)					(4,738)		(4,738)
Free share plans expenses			813						813		813
Transactions with shareholders			148		99				247	105	352
Equity at June 30, 2019	**307,799**	**810,420**	**534,449**	**(26,190)**	**(23,568)**	**157,735**	**(24,406)**	**78,535**	**1,814,774**	**257**	**1,815,031**

Consolidated statement of cash flows

(in thousands of euros)	Notes	June 30, 2019	June 30, 2018
Net income for the period		**78,535**	**62,801**
Non-controlling interests		(15)	(36)
Income tax expense		31,140	28,807
+/- Share in net income of associates			(592)
Finance costs		10,492	9,401
Operating income (A)		**120,152**	**100,381**
+/- Depreciation, amortization and impairment losses		17,904	(8,315)
+/- Net additions to / reversals from technical provisions		39,880	31,946
+/- Unrealized foreign exchange income / loss		9,113	(7,460)
+/- Non-cash items		(6,181)	7,561
Total non-cash items (B)		***60,716***	***23,732***
Gross cash flows from operations (C) = (A) + (B)		***180,868***	***124,113***
Change in operating receivables and payables		6,980	(4,593)
Net taxes paid		(17,944)	(29,513)
Net cash related to operating activities (D)		***(10,964)***	***(34,106)***
Increase (decrease) in receivables arising from factoring operations		84,640	(115,851)
Increase (decrease) in payables arising from factoring operations		10,881	(9,017)
Increase (decrease) in factoring liabilities		(78,332)	124,664
Net cash generated from banking and factoring operations (E)	***4 - 17***	***17,188***	***(204)***
Net cash generated from operating activities (F) = (C+D+E)		187,092	89,803
Acquisitions of investments	3	(412,931)	(501,531)
Disposals of investments	3	428,517	540,481
Net cash used in movements in investments (G)		***15,587***	***38,950***
Acquisitions of consolidated subsidiaries, net of cash acquired		(11,186)	
Disposals of consolidated companies, net of cash transferred			14,202
Net cash used in changes in scope of consolidation (H)		***(11,186)***	***14,202***
Acquisitions of property, plant and equipment and intangible assets		(19,278)	(10,526)
Disposals of property, plant and equipment and intangible assets		14,022	370
Net cash generated from (used in) acquisitions and disposals of property, plant and equipment and intangible assets (I)		***(5,255)***	***(10,156)***
Net cash used in investing activities (J) = (G+H+I)		(855)	42,996
Proceeds from the issue of equity instruments			
Treasury share transactions		(4,738)	(16,877)
Dividends paid to owners of the parent		(119,424)	(52,895)
Dividends paid to non-controlling interests		(6)	(6)
Cash flows related to transactions with owners		***(124,167)***	***(69,778)***
Proceeds from the issue of debt instruments		11,741	
Cash used in the redemption of debt instruments		(2,952)	
Interests paid		(18,070)	(16,974)
Cash flows related to the financing of Group operations		***(9,281)***	***(16,974)***
Net cash generated from (used in) financing activities (K)		(133,448)	(86,752)
Impact of changes in exchange rates on cash and cash equivalents (L)		755	(2,637)
NET INCREASE IN CASH AND CASH EQUIVALENTS (F+J+K+L)		**53,545**	**43,410**
Net cash generated from operating activities (F)		187,092	89,803
Net cash used in investing activities (J)		(855)	42,996
Net cash generated from (used in) financing activities (K)		(133,448)	(86,752)
Impact of changes in exchange rates on cash and cash equivalents (L)		755	(2,637)
Cash and cash equivalents at beginning of period	**5**	**302,419**	**264,325**
Cash and cash equivalents at end of period	**5**	**355,964**	**307,735**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**53,545**	**43,410**

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III. Notes to the condensed interim consolidated financial statements

III. Notes to the consolidated financial statement

All amounts are stated in thousands of euros in the following notes, unless specified otherwise.

Note 1. Goodwill

Goodwill increased by €388 thousand at June 30, 2019, due to the fluctuation of the exchange rate.

Note 2. Other intangible assets

Other intangible assets decreased by €1,722 thousand at June 30, 2019. This change is mainly explained by an increase in the book value of €532 thousand offset by an increase in the provision for depreciation and amortisation of €2,254 thousand.

Note 3. Insurance business investments

3.1 – Analysis by category

At June 30, 2019, the carrying amount of available-for-sale (AFS) securities amounted to €2,802,256 thousand, securities held for trading ("trading securities") came to €5,020 thousand and held-to-maturity (HTM) securities was €1,809 thousand.

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

The distribution of the bonds portfolio by rating at June 30, 2019 was as follows:

- Bonds rated "AAA": 13%
- Bonds rated "AA" and "A": 45%
- Bonds rated "BBB": 34%
- Bonds rated "BB" and lower: 8%.

	June 30, 2019					Dec. 31, 2018		
(in thousands of euros)	Amortized cost	Revaluation	Net value	Fair value	Unrealized gains and losses	Amortized cost	Revaluation	Net value
AFS securities	**2,629,583**	**172,673**	**2,802,256**	**2,802,256**		**2,635,835**	**106,698**	**2,742,533**
Equities and other variable-income securities	174,436	122,260	296,695	296,695		207,560	99,425	306,985
Bonds and government securities	2,231,867	37,457	2,269,324	2,269,324		2,211,474	(2,144)	2,209,330
o/w direct investments in securities	*1,814,020*	*37,813*	*1,851,833*	*1,851,833*		*1,774,405*	*(1,061)*	*1,773,344*
o/w investments in UCITS	*417,848*	*(357)*	*417,491*	*417,491*		*437,069*	*(1,083)*	*435,986*
Shares in non-trading property companies	223,280	12,957	236,237	236,237		216,801	9,417	226,218
HTM securities								
Bonds	1,809		**1,809**	1,809	(0)	1,848		**1,848**
Fair value through income – trading securities								
Money market funds (UCITS)	5,020		**5,020**	5,020		9,527		**9,527**
Derivatives (positive fair value)		**475**	**475**	**475**			**2,354**	**2,354**
(derivatives negative fair value for information)		*(1,852)*	*(1,852)*	*(1,852)*			*(1,666)*	*(1,666)*
Loans and receivables	**100,502**		**100,502**	**100,502**		**77,063**		**77,063**
Investment property	**695**	**(407)**	**288**	**288**		**695**	**(407)**	**288**
TOTAL	**2,737,609**	**172,740**	**2,910,350**	**2,910,350**	**(0)**	**2,724,968**	**108,645**	**2,833,613**

(in thousands of euros)	Gross June 30, 2019	Impairment	Net June 30, 2019	Net Dec. 31, 2018
AFS securities	**2,839,965**	**(37,708)**	**2,802,256**	**2,742,533**
Equities and other variable-income securities	333,646	(36,951)	296,695	306,985
Bonds and government securities	2,270,073	(749)	2,269,324	2,209,330
o/w direct investments in securities	*1,851,833*		*1,851,833*	*1,773,344*
o/w investments in UCITS	*418,240*	*(749)*	*417,491*	*435,986*
Shares in non-trading property companies	236,245	(8)	236,237	226,218
HTM securities				
Bond	**1,809**		**1,809**	**1,848**
Fair value through income – trading securities				
Money market funds (UCITS)	**5,020**		**5,020**	**9,527**
Derivatives (positive fair value)	**475**		**475**	**2,354**
(for information, derivatives with a negative fair value)	*(1,852)*		*(1,852)*	*(1,666)*
Loans and receivables	**100,597**	(95)	**100,502**	**77,063**
Investment property	**288**		**288**	**288**
TOTAL	**2,948,152**	**(37,803)**	**2,910,350**	**2,833,613**

Impairments

(in thousands of euros)	Dec. 31, 2018	Additions	Reversals	Exchange rate effects and other	June 30, 2019
AFS securities	**33,493**	**8,536**	**(4,328)**	**8**	**37,708**
Equities and other variable-income securities	31,492	7,786	(2,335)	8	36,951
Bonds and government securities	1,993	749	(1,993)		749
Shares in non-trading property companies	8				8
Loans and receivables	**94**	**1**			**95**
TOTAL	**33,587**	**8,537**	**(4,328)**	**8**	**37,803**

Reversals are related to the disposal of AFS securities.

Change in investments by category

(in thousands of euros)	Dec. 31, 2018 Carrying amount	Increases	Decreases	Revaluation	Impairment	Other movements	June 30, 2019 Carrying amount
AFS securities	**2,742,533**	**397,272**	**(429,967)**	**65,668**	**(4,206)**	**30,958**	**2,802,256**
Equities and other variable-income securities	306,985	10,291	(38,184)	22,429	(5,449)	626	296,695
Bonds and government securities	2,209,330	379,808	(391,783)	39,699	1,244	31,026	2,269,324
Shares in non-trading property companies	226,218	7,173		3,540		(694)	236,237
HTM securities							
Bonds	1,848	1	(40)				1,809
Fair value through income – trading securities	9,527		(4,507)				5,020
Loans, receivables and other financial investments	**79,705**	**35,652**	**(12,526)**	**(1,340)**	**1**	**(229)**	**101,263**
TOTAL	**2,833,613**	**432,924**	**(447,040)**	**64,328**	**(4,205)**	**30,728**	**2,910,350**

Derivatives

The structural use of derivatives is strictly limited to hedging. The notional amounts of the hedges therefore do not exceed the amounts of the underlying assets in the portfolio.

During the first half of 2019, the majority of the derivative transactions carried out by the Group concerned the systematic hedging of currency risks via swaps or currency futures for primarily USD-denominated bonds held 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, some of our exposure to European sovereign debt, which was hedged through futures, has been released during the first half of 2019. Coface has the option to replace the hedge.

Some one-off interest rate hedging transactions were also set up on negotiable debt securities.

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 83% of the Group's portfolio. They correspond to:

- equities, bonds and government securities listed on organised 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);
- Units in French 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 4% 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 13% of the Group's portfolio. This level corresponds to unlisted equities, investment securities and units in dedicated mutual funds, as well as investment property.

Value in use is the present value of future cash flows that may result from an asset or cash-generating unit. The valuation, using on the discounted cash flow method, is based on the three-year projected budget prepared by the subsidiaries and validated by management with two further years based on standardized management ratios (loss ratios and target cost ratios). Beyond the fifth year, the terminal value is valued on a basis of infinite capitalization of the last year's cash flow.

Breakdown of financial instrument fair value measurements as at June 30, 2019 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	**2,802,256**	**2,802,256**	**2,423,540**	**23**	**378,692**
Equities and other variable-income securities	296,695	296,695	154,216	23	142,455
Bonds and government securities	2,269,324	2,269,324	2,269,324		
Shares in non-trading property companies	236,237	236,237			236,237
HTM securities					
Bonds	1,809	1,809	1,809		
Fair value through income – trading securities					
Money market funds (UCITS)	5,020	5,020	5,020		
Derivatives	**475**	**475**	**218**	**257**	
Loans and receivables	**100,502**	**100,502**		**100,502**	
Investment property	**288**	**288**			**288**
TOTAL	**2,910,350**	**2,910,350**	**2,430,587**	**100,782**	**378,980**

Movements in Level 3 securities as at June 30th, 2019

		Gains and losses recognized in the period		Transactions for the period		Exchange rate effects	
(in thousands of euros)	At Dec. 31, 2018	In income	Directly in equity	Purchases/ Issues	Sales/ Redemptions		At June 30, 2019
AFS securities	**367,453**	**(7,785)**	**6,575**	**12,688**		**(239)**	**378,692**
Equities and other variable-income securities	141,234	(7,785)	3,034	5,515		456	142,455
Shares in non-trading property companies	226,219		3,540	7,173		(695)	236,237
Derivatives	**109**			**(109)**		**(0)**	
Investment property	**288**						**288**
TOTAL	**367,850**	**(7,785)**	**6,575**	**12,579**		**(239)**	**378,980**

Breakdown of financial instrument fair value measurements as at December 31, 2018 by level in the fair value hierarchy

(in thousands of euros)	Carrying amount	Fair value	Level 1 Fair value determined based on quoted prices in active markets	Level 2 Fair value determined based on valuation techniques that use observable inputs	Level 3 Fair value determined based on valuation techniques that use unobservable inputs
AFS securities	**2,742,533**	**2,742,533**	**2,375,057**	**23**	**367,453**
Equities and other variable-income securities	306,985	306,985	165,728	23	141,234
Bonds and government securities	2,209,330	2,209,330	2,209,330		
Shares in non-trading property companies	226,218	226,218			226,219
HTM securities					
Bonds	1,848	1,848	1,848		
Fair value through income – trading securities					
Money market funds (UCITS)	9,527	9,527	9,527		
Derivatives	**2,354**	**2,354**	**858**	**1,387**	**109**
Loans and receivables	**77,063**	**77,063**		**77,063**	
Investment property	**288**	**288**			**288**
TOTAL	**2,833,613**	**2,833,613**	**2,387,291**	**78,473**	**367,850**

Movements in Level 3 securities as at December 31, 2018

		Gains and losses recognized in the period		Transactions for the period			
(in thousands of euros)	At Dec. 31, 2017	In income	Directly in equity	Purchases/ Issues	Sales/ Redemptions	Exchange rate effects	At Dec. 31, 2018
AFS securities	**347,367**	**(1,314)**	**16,012**	**9,073**	**(8,097)**	**4,411**	**367,453**
Equities and other variable-income securities	128,521	(1,314)	12,357	680	(35)	1,025	141,234
Shares in non-trading property companies	218,846		3,655	8,393	(8,062)	3,387	226,219
Derivatives	**609**			**2,751**		**(3,251)**	**109**
Investment property	**288**						**288**
TOTAL	**348,264**	**(1,314)**	**16,012**	**11,824**	**(8,097)**	**1,160**	**367,850**

SPPI Financial assets at June 30, 2019 (IFRS 9)

(in thousands of euros)	Fair value	Fair value variation
SPPI financial assets	**1,841,319**	**42,239**
No SPPI financial assets	**27,077**	**281**
TOTAL	**1,868,396**	**42,520**

(in thousands of euros)	Gross value	Fair value
SPPI financial assets without a low credit risk	**153,506**	**155,468**

Note 4. Receivables arising from banking sector

Breakdown by type

(in thousands of euros)	June 30, 2019	Dec. 31, 2018
Receivables arising from banking sector	2,428,978	2,509,047
Non-performing receivables arising from banking sector	56,566	61,354
Allowances for receivables arising from banking sector	(56,566)	(61,354)
TOTAL	**2,428,978**	**2,509,047**

Receivables arising from banking sector 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 2. 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.

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

Note 5. Cash and cash equivalents

(in thousands of euros)	June 30, 2019	Dec. 31, 2018
Cash at bank and available	313,909	275,567
Cash equivalents	42,055	26,852
TOTAL	**355,964**	**302,419**

At June 30, 2019, operating cash was up €53.5 million due to a recent subscription within the dedicated funds. Operating cash without this transaction was stable in the first half of 2019 compared to December 31, 2018.

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

Note 6. Share capital

Ordinary shares	Number of shares	Nominal value	Share capital (in €)
At December 31, 2018	153,899,261	2	307,798,522
At June 30, 2019	**153,899,261**	**2**	**307,798,522**
Treasury shares deducted	(3,133,602)	2	(6,267,204)
At June 30, 2019 (excluding treasury shares)	**150,765,659**	**2**	**301,531,318**

	June 30, 2019		Dec. 31, 2018	
Shareholders	Number of shares	%	Number of shares	%
Natixis	64,153,881	42.55%	64,853,881	42.86%
Public	86,611,778	57.45%	86,445,140	57.14%
Total excluding treasury shares	**150,765,659**	**100%**	**151,299,021**	**100%**

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

Natixis held, at the end of June 2019, 42.55% of the COFACE Group's shares excluding treasury shares, and 41.69% including treasury shares.

Note 7. Provisions for liabilities and charges

(in thousands of euros)	June 30, 2019	Dec. 31, 2018
Provisions for disputes	2,841	3,441
Provisions for pension and other post-employment benefit obligations	64,646	62,564
Other provisions for liabilities and charges	25,085	28,339
Total	**92,572**	**94,344**

Provisions for liabilities and charges mainly include provisions for pensions and other post-employment benefit obligations and provisions for restructuring displayed in "Other provisions for liabilities and charges".

The change in the first half of 2019 is mainly due to the decrease of provisions for restructuring, including a reversal of €3.6 million related to the *Fit to Win* strategic plan.

The provisions related to the *Fit to Win* strategic plan amount to €7 million at June 30, 2019.

Note 8. Financing liabilities

(in thousands of euros)	June 30, 2019	Dec. 31, 2018
Due within one year		
- Interest	3,918	11,756
- Amortization of expenses	(535)	(524)
Total	**3,383**	**11,232**
Due between one and five years		
- Amortization of expenses	(2,233)	(2,343)
Total	**(2,233)**	**(2,343)**
Due beyond five years		
- Amortization of expenses		(160)
- Nominal	380,000	380,000
Total	**380,000**	**379,840**
TOTAL	**381,150**	**388,729**

On March 27, 2014, COFACE SA issued 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, 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 redemption of all bonds held by said investors.

At June 30, 2019, the debt presented on the line "Subordinated borrowings" of the balance sheet, amounted to €381,150 thousand, is composed of:

- nominal amount of bonds: €380,000 thousand;
- reduced by the debt issuance costs and the issue premium for €2,768 thousand;
- increased by accrued interest of €3,918 thousand.

The impact on consolidated income statement income at June 30, 2019 mainly includes the interest related to the period for €8,097 thousand.

Note 9. Lease liabilities

(in thousands of euros)

Future minimum lease payments on operating leases as of December 31, 2018	**109,306**
Commitments on leases that have not yet started	(6,937)
Exemption for low-value contracts	(607)
Gross value of lease liabilities as at January 1, 2019	**101,763**
Discounting effect	(16,368)
Lease liabilities recognised in the balance sheet as at January 1, 2019	**85,395**

The average discounted tax rate applied to the lease liabilities is 3.02%

Note 10. Liabilities relating to insurance contracts

(in thousands of euros)	June 30, 2019	Dec. 31, 2018
Provisions for unearned premiums	310,909	280,584
Claims reserves	1,333,848	1,290,857
Provisions for premium refunds	181,785	174,938
Liabilities relating to insurance contracts	**1,826,542**	**1,746,379**
Provisions for unearned premiums	(79,546)	(60,752)
Claims reserves	(333,221)	(321,289)
Provisions for premium refunds	(46,305)	(43,357)
Reinsurers' share of technical insurance liabilities	**(459,072)**	**(425,398)**
Net technical provisions	**1,367,470**	**1,320,981**

Note 11. Payables arising from banking sector activities

(in thousands of euros)	June 30, 2019	Dec. 31, 2018
Amounts due to banking sector companies	586,330	660,204
Amounts due to customers of banking sector companies	285,503	346,932
Debt securities	1,609,890	1,537,580
TOTAL	**2,481,723**	**2,544,716**

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 12. Revenue

Breakdown of consolidated revenue

(in thousands of euros)	June 30, 2019	June 30, 2018
Premiums – direct business	627,532	594,724
Premiums – inward reinsurance	51,800	43,586
Gross written premiums	**679,332**	**638,310**
Premium refunds	**(46,694)**	**(49,443)**
Change of provisions for unearned premiums	**(27,342)**	**(28,162)**
Earned premiums	605,296	560,705
Fees and commission income	**74,138**	**68,941**
Net income from banking activities	**33,302**	**33,587**
Other insurance-related services	77	1,394
Business information and other services	14,888	14,634
Receivables management	4,878	5,702
Income from service activities	**19,843**	**21,730**
Revenue or income from other activities	127,283	124,258
CONSOLIDATED REVENUE	**732,579**	**684,963**

Consolidated revenue by country of invoicing

(in thousands of euros)	June 30, 2019	June 30, 2018
Northern Europe	156,068	152,162
Western Europe	147,498	143,174
Central Europe	71,543	67,101
Mediterranean & Africa	190,930	184,568
North America	68,070	58,136
Latin America	39,793	33,847
Asia-Pacific	58,677	45,974
CONSOLIDATED REVENUE	**732,579**	**684,963**

Consolidated revenue by activity

(in thousands of euros)	June 30, 2019	June 30, 2018
Earned premiums - Credit	*566,058*	*523,011*
Earned premiums - Single risk	*13,974*	*14,344*
Earned premiums - Credit insurance	**580,032**	**537,355**
Fees and commission income	**74,138**	**68,941**
Other insurance-related services	**,77**	**1,394**
Revenue of credit insurance activity	**654,247**	**607,690**
Earned premiums - Guarantees	**25,264**	**23,350**
Financing fees	18,350	17,509
Factoring fees	15,446	16,060
Other	(494)	18
Net income from banking activities (factoring)	**33,302**	**33,587**
Business information and other services	14,888	14,634
Receivables management	4,878	5,702
Revenue of business information and other services activity	**19,766**	**20,336**
CONSOLIDATED REVENUE	**732,579**	**684,963**

Note 13. Claim expenses

(in thousands of euros)	June 30, 2019	June 30, 2018
Paid claims, net of recoveries	(210,180)	(218,849)
Claims handling expenses	(15,864)	(14,696)
Change in claims reserves	(21,324)	(4,001)
Total	**(247,368)**	**(237,546)**

Claims expenses by period of occurrence

	June 30, 2019			June 30, 2018		
(in thousands of euros)	Gross	Outward reinsurance and retrocessions	Net	Gross	Outward reinsurance and retrocessions	Net
Claims expenses – current year	(440,167)	114,300	(325,867)	(398,830)	98,250	(300,580)
Claims expenses – prior years	192,799	(56,158)	136,641	161,284	(32,982)	128,303
Total	**(247,368)**	**58,142**	**(189,226)**	**(237,546)**	**65,267**	**(172,278)**

Note 14. Overheads by function

(in thousands of euros)	June 30, 2019	June 30, 2018
Acquisition costs	(123,146)	(117,452)
Administrative costs	(135,009)	(126,694)
Other operating expenses	(32,694)	(46,629)
Expenses from banking activities, excluding cost of risk	(6,770)	(5,897)
Expenses from other activities	(37,205)	(26,772)
Operating expenses	**(334,825)**	**(323,444)**
Investment management expenses	**(2,008)**	**(1,967)**
Claims handling expenses	**(15,864)**	**(14,696)**
TOTAL	**(352,698)**	**(340,107)**
of which employee profit-sharing	*(2,420)*	*(1,536)*

Total overheads include general insurance expenses (by function), expenses from other activities and expenses from banking activities. This stood at €352,698 thousand at June 30, 2019 versus €340,107 thousand at June 30, 2018.

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 15. Income and expenses from ceded reinsurance

(in thousands of euros)	June 30, 2019	June 30, 2018
Ceded claims	56,764	60,832
Change in claims provisions net of recoveries	1,378	4,435
Commissions paid by reinsurers	67,267	62,764
Income from ceded reinsurance	**125,409**	**128,031**
Ceded premiums	(192,599)	(177,586)
Change in unearned premiums provisions	17,427	15,609
Expenses from ceded reinsurance	**(175,172)**	**(161,977)**
Total	**(49,763)**	**(33,946)**

Note 16. Investment income, net of management expenses (excluding finance costs)

Investment income by class

(in thousands of euros)	June 30, 2019	June 30, 2018
Equities	6,219	4,045
Fixed income	19,112	16,320
Investment properties	3,547	4,726
Sub-total	**28,878**	**25,091**
Associated and non consolidated companies	(3,379)	302
Exchange rate - change profit / loss (*)	(5,358)	(10,335)
Financial and investment charges	(3,516)	(2,143)
TOTAL	**16,625**	**12,915**

(*) The derivative income (except FX rate) is €(1.3) million at June 30, 2019 versus €(2.0) millions at June 30, 2018.

Note 17. Other operating income and expenses

(in thousands of euros)	June 30, 2019	June 30, 2018
Fit to Win restructuring charges	(1,302)	(3,508)
Loss on Cofacredit disposal		(2,170)
Other operating expenses	(573)	(541)
Total other operating expenses	**(1,875)**	**(6,219)**
Gain on sale of Italian operational building	2,372	
Renegotiation of Bois-Colombes lease contract		5,313
Other operating income	597	89
Total other operating income	**2,969**	**5,402**
TOTAL	**1,094**	**(817)**

Other operating income and expenses amounted to €1.1 million at June 30, 2019.

Other operating income is related to a gain on the sale of an Italian building for €2.4 million.

Other operating expenses include the expenses, net of reversals, related to the *Fit to Win* strategic plan implementation for €1.3 million.

Note 18. 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 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.

Geographic segmentation by billing location does not necessarily match 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 at June 30, 2019 net income by segment

(in thousands of euros)	Northern Europe	Western Europe	Central Europe	Mediterranean & Africa	North America	Latin America	Asia - Pacific	Group reinsurance	Cogeri	Holding company costs	Inter-zone	Group total
REVENUE	**156,684**	**145,565**	**72,281**	**191,748**	**68,070**	**39,793**	**58,677**	**482,073**	**14,025**		**(496,336)**	**732,580**
o/w Earned Premium	*103,799*	*127,697*	*57,471*	*160,324*	*60,790*	*38,386*	*56,830*	*482,073*			*(482,073)*	*605,297*
o/w Factoring	*27,906*	*(112)*	*5,508*	*(0)*	*(0)*	*(0)*	*(0)*	*(0)*			*(0)*	*33,302*
o/w Other insurance-related services	*24,979*	*17,980*	*9,302*	*31,424*	*7,280*	*1,407*	*1,847*	*(0)*	*14,025*		*(14,263)*	*93,981*
Claims-related expenses (including claims handling costs)	(44,764)	(39,893)	(24,228)	(74,700)	(24,439)	(19,342)	(13,711)	(169,651)		(2,645)	166,005	(247,368)
Cost of risk	(1,131)		(27)									(1,158)
Commissions	(11,053)	(19,219)	(4,692)	(18,982)	(10,772)	(4,778)	(11,977)	(188,331)			188,217	(81,587)
Other internal general expenses	(57,820)	(50,798)	(26,467)	(56,702)	(21,791)	(14,783)	(18,051)	(0)	(14,324)	(11,148)	18,647	(253,237)
UNDERWRITING INCOME BEFORE REINSURANCE*	**41,916**	**35,655**	**16,867**	**41,364**	**11,068**	**890**	**14,938**	**124,091**	**(299)**	**(13,793)**	**(123,468)**	**149,229**
Income/(loss) on ceded reinsurance	(7,130)	(26,440)	(3,376)	(6,080)	(324)	(4,660)	67	(125,911)			124,091	(49,763)
Other operating income and expenses	(1)	(364)	19	2,116	(933)	256						1,093
Net financial income excluding finance costs	2,893	(3,682)	5,223	7,455	1,831	3,796	1,416		(1)	(510)	(1,796)	16,625
Finance costs	(123)	(1,235)	(288)	(330)	(823)	(165)	(452)		(65)	(8,097)	1,086	(10,492)
OPERATING INCOME including finance costs	**37,555**	**3,934**	**18,445**	**44,525**	**10,819**	**117**	**15,969**	**(1,820)**	**(365)**	**(22,400)**	**(87)**	**106,692**
Badwill			2,968									2,968
NET INCOME BEFORE TAX	**37,555**	**3,934**	**21,413**	**44,525**	**10,819**	**117**	**15,969**	**(1,820)**	**(365)**	**(22,400)**	**(87)**	**109,660**
Income tax expense	(10,665)	(1,117)	(6,081)	(12,644)	(3,072)	(33)	(4,535)	517	104	6,361	25	(31,140)
CONSOLIDATED NET INCOME BEFORE NON-CONTROLLING INTERESTS	**26,890**	**2,817**	**15,332**	**31,881**	**7,747**	**84**	**11,434**	**(1,303)**	**(261)**	**(16,039)**	**(62)**	**78,520**
Non-controlling interests	(1)		(1)	17								15
NET INCOME FOR THE PERIOD	**26,889**	**2,817**	**15,331**	**31,898**	**7,747**	**84**	**11,434**	**(1,303)**	**(261)**	**(16,039)**	**(62)**	**78,535**

** 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 service activities.*

Analysis at June 30, 2018 net income by segment

(in thousands of euros)	Northern Europe	Western Europe	Central Europe	Mediterranean & Africa	North America	Latin America	Asia - Pacific	Group reinsurance	Cogeri	Holding company costs	Inter-zone	Group total
REVENUE	**150,051**	**138,939**	**68,442**	**184,995**	**61,277**	**33,903**	**47,398**	**473,319**	**15,981**		**(489,342)**	**684,963**
o/w Earned Premium	*99,824*	*119,948*	*52,869*	*154,858*	*54,992*	*32,576*	*45,640*	*473,319*			*(473,321)*	***560,705***
o/w Factoring	*28,788*	*(408)*	*5,207*									***33,587***
o/w Other insurance-related services	*21,440*	*19,400*	*10,366*	*30,137*	*6,285*	*1,327*	*1,758*		*15,981*		*(16,023)*	***90,671***
Claims-related expenses (including claims handling costs)	(54,063)	(41,565)	(27,627)	(83,445)	(6,705)	(18,344)	(942)	(176,537)		(2,329)	174,011	**(237,546)**
Cost of risk	(1,680)		(63)									**(1,744)**
Commissions	(11,370)	(17,096)	(4,490)	(20,211)	(10,681)	(3,932)	(10,560)	(185,236)			185,604	**(77,972)**
Other internal general expenses	(58,758)	(52,459)	(22,867)	(55,027)	(16,279)	(12,182)	(17,714)		(15,899)	(12,920)	18,634	**(245,471)**
UNDERWRITING INCOME BEFORE REINSURANCE*	**24,179**	**27,819**	**13,395**	**26,312**	**27,611**	**(555)**	**18,183**	**111,547**	**82**	**(15,248)**	**(111,096)**	**122,232**
Income/(loss) on ceded reinsurance	(2,071)	(16,412)	(770)	(1,361)	(3,837)	(1,451)	(5,334)	(114,257)			111,547	**(33,946)**
Other operating income and expenses	0	844	(22)	(259)	(1,279)	(103)					1	**(817)**
Net financial income excluding finance costs	1,506	(2,961)	1,943	4,476	1,299	6,626	1,873		(129)	(555)	(1,163)	**12,914**
Finance costs	(99)	599	(8)	(80)	(664)	(1,261)	(422)		(93)	(8,085)	711	**(9,402)**
OPERATING INCOME including finance costs	**23,516**	**9,889**	**14,538**	**29,089**	**23,129**	**3,256**	**14,301**	**(2,711)**	**(140)**	**(23,888)**	**0**	**90,979**
Share in net income of associates		592										**592**
NET INCOME BEFORE TAX	**23,516**	**10,481**	**14,538**	**29,089**	**23,129**	**3,256**	**14,301**	**(2,711)**	**(140)**	**(23,888)**	**0**	**91,571**
Income tax expense	(7,445)	(4,650)	(5,042)	(6,542)	(4,917)	(1,058)	(4,558)	933	48	8,225	(3,801)	**(28,807)**
CONSOLIDATED NET INCOME BEFORE NON-CONTROLLING INTERESTS	**16,071**	**5,831**	**9,496**	**22,547**	**18,212**	**2,199**	**9,743**	**(1,776)**	**(92)**	**(15,663)**	**(3,801)**	**62,765**
Non-controlling interests	0	(2)	(0)	(1)	(1)	39	1		0			**36**
NET INCOME FOR THE PERIOD	**16,071**	**5,829**	**9,496**	**22,547**	**18,212**	**2,237**	**9,743**	**(1,777)**	**(92)**	**(15,663)**	**(3,801)**	**62,801**

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

Note 19. Earnings per share

	June 30, 2019		
	Average number of shares	**Net income for the period** (in thousand of euros)	**Earnings per share** (in euros)
Basic earnings per share	151,032,340	78,535	0.52
Dilutive instruments	0		
Diluted earnings per share	**151,032,340**	**78,535**	**0.52**

	June 30, 2018		
	Average number of shares	**Net income for the period** (in thousand of euros)	**Earnings per share** (in euros)
Basic earnings per share	155,902,413	62,801	0.40
Dilutive instruments	0		
Diluted earnings per share	**155,902,413**	**62,801**	**0.40**

Note 20. Related parties

At the end of June 2019, Natixis held 42.55% of the COFACE Group’s shares excluding treasury shares, and 41.69% including treasury shares.

	Number of shares	%
Natixis	64,153,881	42,55%
Public	86,611,778	57,45%
Total	**150,765,659**	**100.00%**

Relations between the Group’s consolidated entities and related parties

The COFACE Group’s main transactions with related parties concern Natixis and its subsidiaries.

The main related-party transactions are as follows:

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

These transactions are broken down below:

Current operating income *(in thousands of euros)*	June 30, 2019		
	Natixis SA	**Natixis Factor**	**Ellisphere**
Revenue (net banking income, after cost of risk)	(1,172)		
Claims expenses			
Expenses from other activities			
Policy acquisition costs			
Administrative costs			
Other current operating income and expenses			
Operating income/(loss)	**(1,172)**		

Related-party receivables and payables *(in thousands of euros)*	June 30, 2019			
	BPCE group	Natixis SA	Natixis Factor	Ellisphere
Financial investments	5,772			
Other assets				
Cash and cash equivalents		3,597		
Liabilities relating to insurance contracts				
Amounts due to banking sector companies		127,637		
Other liabilities				11

The €127,637 thousand in financing liabilities due to banking sector companies at the end of June 2019 corresponds to borrowing from Natixis to finance the factoring business.

Current operating income *(in thousands of euros)*	June 30, 2018		
	Natixis SA	**Natixis Factor**	**Ellisphere**
Revenue (net banking income, after cost of risk)	(1,706)		
Claims expenses			
Expenses from other activities			(20)
Policy acquisition costs		1	
Administrative costs	(34)	1	
Other current operating income and expenses		1	
Operating income/(loss)	**(1,739)**	**3**	**(20)**

Related-party receivables and payables *(in thousands of euros)*	Dec. 31, 2018			
	BPCE group	Natixis SA	Natixis Factor	Ellisphere
Financial investments	34,554	9		
Other assets		1,631		
Cash and cash equivalents		1,849		
Liabilities relating to insurance contracts				
Amounts due to banking sector companies		135,235		
Other liabilities				11

Note 21. Off-balance sheet commitments

(in thousands of euros)	June 30, 2019		
	TOTAL	Related to financing	Related to activity
Commitments given	**1,057,975**	**1,041,639**	**16,336**
Endorsements and letters of credit	1,041,639	1,041,639	
Property guarantees	7,500		7,500
Financial commitments in respect of equity interests	8,836		8,836
Commitments received	**1,266,362**	**989,545**	**276,818**
Endorsements and letters of credit	138,828		138,828
Guarantees	135,489		135,489
Credit lines linked to commercial paper	700,000	700,000	
Credit lines linked to factoring	289,545	289,545	
Contingent capital			
Financial commitments in respect of equity interests	2,500		2,500
Guarantees received	**372,048**		**372,048**
Securities lodged as collateral by reinsurers	372,048		372,048
Financial market transactions	**279,177**		**279,177**

The endorsements and letters of credit correspond mainly to:

- a joint guarantee of €380,000 thousand in favour of COFACE SA subordinated notes' investors (10 year maturity)
- a joint guarantee of €654,439 thousand given to banks financing the factoring business.

The securities held as collateral by reinsurers concern Coface Ré for €324,833 thousand and Compagnie Française pour le commerce extérieur for €47,215 thousand.

(in thousands of euros)	Dec 31, 2018		
	TOTAL	Related to financing	Related to activity
Commitments given	**1,098,565**	**1,075,637**	**22,928**
Endorsements and letters of credit	1,075,637	1,075,637	
Property guarantees	7,500		7,500
Financial commitments in respect of equity interests	15,428		15,428
Commitments received	**1,443,393**	**1,026,777**	**416,616**
Endorsements and letters of credit	140,063		140,063
Guarantees	174,053		174,053
Credit lines linked to commercial paper	700,000	700,000	
Credit lines linked to factoring	326,777	326,777	
Contingent capital	100,000		100 000
Financial commitments in respect of equity interests	2,500		2,500
Guarantees received	**356,927**		**356,927**
Securities lodged as collateral by reinsurers	356,927		356,927
Financial market transactions	**250,081**		**250,081**

Note 22. First-time consolidation of Coface PKZ

Coface PKZ is part of Coface Group consolidation scope since April 1, 2019.

In accordance with IFRS 3 Business Combinations, initial recognition of assets, liabilities and minority interest shall be adjusted, up to 12 months after the acquisition date, to reflect new information obtained about facts and circumstances that existed as of the acquisition date.

The main balance sheet aggregates at April 1, 2019 are summarized in the chart below:

(in thousands of euros)	Bilan d'ouverture
Asset aggregates	
Insurance business investment	21,016
Reinsurers' share of insurance liabilities	13,612
Building used in the business ans other property, plant and equipment	2,203
Receivables arising from insurance and reinsurance operations	2,471
Trade receivables	,215
Cash	8,934
Liability aggregates	
Liabilities relating to insurance contracts	23,100
Payables arising from insurance and reinsurance operations	2,582
Other payables	1,345

Contribution of Coface PKZ in the net income of Coface Group is summarized in the chart below:

(in thousands of euros)	Income statement
Revenue	3,519
Net income before badwill	(4)
Badwill	2,968

Note 23. IFRS 17

IFRS 17 “Insurance contracts” published by the IASB on May 18, 2017 will replace IFRS 4 “Insurance contracts”. Initially effective on January 1, 2021 with a comparative on January 1, 2020, this standard should come into effect from January 1, 2022. Indeed, on a meeting on November 14, 2018, the IASB decided to postpone for one year its application, clarifications are still required on structuring points of the standard. The IASB also decided to align the term of the temporary exemption of the standard IFRS 9 for insurers in order to coincide with the application of IFRS 17 on January 1, 2022.

Despite the uncertainties still affecting the standard (date of application, lobbying actions in progress to influence certain positions, exposure draft published on June 26, 2019 and subject to comments until September 25, 2019), Coface has set up a project structure, up to the changes induced by the standard and started implementation tasks: instruction and documentation of normative choices, modelling, adaptation of systems and organizations, production of financial statements and transition strategy, financial communication and change management.

Note 24. Brexit

The UK's exit from European Union under Brexit will lead to a loss of the European passport (Free or LPS).

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

Note 25. Events after the reporting period

On 25 July 2019, Coface submitted to the ACPR, the French Prudential Supervision and Resolution, its Partial Internal Model.

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IV. Statutory auditors' review report on the half-yearly consolidated financial statements

IV. Statutory auditors' review report on the half-yearly consolidated financial statements (under preparation)

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the period from January 1 to June 30, 2019

To the General Meeting of the COFACE S.A. company,

In compliance with the assignment entrusted to us by Your General Meetings and in accordance with the requirements of article L. 451-1-2-III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the limited review of the accompanying half-yearly consolidated financial statements of COFACE S.A., for the period from January 1 to June 30, 2019,
- the verification of the information presented in the half-yearly management report.

These half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our limited review.

I. Conclusion on the financial statements

We conducted our limited review in accordance with professional standards applicable in France. A limited review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with the IFRS standards as adopted by the European Union applicable to interim financial information.

Without qualifying our conclusion, we draw your attention to the matter set out in note "Base de preparation" to the half-yearly consolidated financial statements regarding the adoption of IFRS 16 "Leases" on 1 January 2019.

II. Specific verification

We have also verified the information presented in the half-yearly management report on the half-yearly consolidated financial statements subject to our limited review. We have no matters to report as to its fair presentation and consistency with the half-yearly consolidated financial statements.

We specify that it is not our responsibility to express an opinion on the fairness and consistency with the half-yearly consolidated financial statements' prudential information, in particular the coverage ratio of the SCR.

The Statutory Auditors

Paris-La-Défense, on 25 July 2019

KPMG S.A.	Deloitte & Associés
Régis Tribout *Partner*	Jérôme Lemierre *Partner*

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V. Statement of the person responsible for the financial statements

V. Statement of the person responsible for the financial statements

I hereby declare, after having taken every reasonable measure for such purpose, that the information contained in this interim financial report for the first half 2019, to my knowledge, is true to fact and that no material aspects of such information have been omitted.

I certify that, to the best of my knowledge, the interim condensed consolidated financial statements of the period under review have been prepared in accordance with applicable accounting standards and give a true and fair view of assets, financial position and income of the Group and the companies comprised in the consolidation scope, and that the interim activity report, in paragraph I. of this document, includes a fair review of the important events occurring during the first half of the financial year and their impact on the financial statements, the main transactions between related parties and a description of the main risks and uncertainties for the remaining six months of the year.

The limited review report for the interim consolidated financial statements for the six-month period ended June 30, 2019 is reproduced above, in paragraph IV.

Bois Colombes, on 25 July 25 2019

Xavier DURAND

Chief Executive Officer of COFACE SA

VI. Key indicators

VI. Key Indicators

A. KEY PERFORMANCE INDICATORS

1. Financial indicators

For details on the definitions of these indicators, please refer to chapter 3, section 3.7.1 of the 2018 Registration Document filed with the AMF on 3 April 2019 under number D.19-0261.

2. Operating indicators

For details on the definitions of these indicators, please refer to chapter 3, section 3.7.2 of the 2018 Registration Document filed with the AMF on 3 April 2019 under number D.19-0261.

B. ALTERNATIVE PERFORMANCE MEASURES (APM)

This section deals with indicators that are not defined by accounting standards and are used by the company in its financial communication, also available on section 3.7.4 of the 2018 Registration Document filed with the AMF on 3 April 2019 under number D.19-0261.

This section has been developed in accordance to the *AMF Position – IAP DOC 2015-12*.

The indicators below represent the company's APM *a) APM linked to revenue and its items:*

Definition	Justification	Reconciliation with the financial statements	Comparison Y/Y-1	
			H1-2019 in €m	**H1-2018 in €m**
Turnover with restated items				
(1) 2 types of revenue restatements: i- Calculation of the percentage of revenue growth in like-for-like (i.e. constant scope and FX): - Year Y recalculated at the exchange rate for year Y-1 - Year Y-1 at the scope of year Y	i- Historic method for calculating like-for-like percentages for Coface	i- (Revenue Y – FX Impact Y-1) / (Revenue Y-1 + Impact scope N) - 1	i. **+6.6%** = (732.6 - (-0.9) / (685.0 + 3.3) - 1	i. **N/A** 688.3 = 685.0 + 3.3
ii- Removal or addition of revenue in value (€) considered as non-recurring. The term "non-recurring" refers to impacts on revenue which do not occur every year.	ii- Item considered as non-recurring, which means that it will not occur again in the current year (Year Y).	ii- Revenue Y +/- Restatements / Additions of non-recurring items Y	ii. 732.6 +/- 0.0	ii. 685.0 +/- 0.0
Fee and commission income/Earned premiums (current – like-for like)				
Weight of fee and commission income compared to earned premiums in like-for like (i.e. constant scope and FX): - Year Y at the exchange rate for year Y-1 - Year Y-1 at the scope of year Y Fee and commission income corresponds to revenue billed for ancillary services.	Indicator used to monitor changes in fees and commission income compared to the main Revenue item on a like-for-like basis (ie. constant scope and FX).	Fee and commission income/Earned premiums Like-for-Like (no scope impact ; ex. FX)	**Current:** **12.3%** = 74.2 / 605.3 **Constant :** **12.2%** = 74.0 / 606.6	**Current:** **12.5%** = 70.3 / 560.7 **Constant :** **12.5%** = 70.6 / 564.1

Definition	Justification	Reconciliation with the financial statements	Comparaison Y/Y-1	
			H1-2019 in €m	**H1-2018 in €m**
Internal general expenses excluding non-recurring items				
(2) Restatement or Addition of items considered as non-recurring to internal overheads. The term "non-recurring" refers to the impacts on expenses which do not occur every year.	Indicator used to compare the change in internal overheads, excluding non-recurring items.	Current internal overheads +/- Restatements / Addition of non-recurring items	**269.5** = 271.1 - 1.6 (Q2 2019 internal overheads of Coface PKZ)	**262.1** = 262.1 +/- 0.0

b) *APM linked to operating income:*

Definition	Justification	Reconciliation with the financial statements	Comparaison Y/Y-1	
			H1-2019 in €m	**H1-2018 in €m**
Restated operating income excluding non-recurring items (including financial costs and excluding other operating income and expenses)				
Restatement or Addition of items considered as non-recurring, to the operating income: these include non-recurring income and expenses with an impact on either revenue (see definition above, (1)) or general expenses (see definition above) (2))	Indicator used to compare the change in operating income, excluding non-recurring items.	Current operating income +/- Restatements / Addition of non-recurring items	**105.6** = 117.2 + (-10.5) – 1.1	**91.8** = 100.4 + (-9.4) - (-0.8)

c) *APM linked to net income:*

Definition	Justification	Reconciliation with the financial statements	Comparison Y/Y-1	
			H1-2019 in €m	**H1-2018 in €m**
Net income excluding non-recurring items				
Restatement or Addition of items considered as non-recurring, to net income: These include non-recurring income and expenses likely to impact either revenue (see definition above, (1)) or expenses (see definition above) (2)) This aggregate is also restated to account for "current operating income and expenses" classified after operating income in the management income statement (3).	Indicator used to compare the change in net income, excluding non-recurring items.	Net income +/- Restatements / Additions of non-recurring items	**78.5** +/- 0.0	**62.8** +/- 0.0

d) APM in connection with combined ratio:

Definition	Justification	Reconciliation with the financial statements	Comparison Y/Y-1 H1-2019 in €m	Comparison Y/Y-1 H1-2018 in €m
Gross loss ratio (or loss ratio before reinsurance) and gross loss ratio including claims management fees refer to the very same indicator				
Please, refer to part VII of the present document and Chapter 3, paragraph 3.7.3 of the 2018 registration document				
Net loss ratio (or loss ratio after reinsurance)				
Please, refer to part VII of the present document and Chapter 3, paragraph 3.7.3 of the 2018 registration document				
Gross/Net cost ratio (or cost ratio before/after reinsurance)				
Please, refer to part VII of the present document and Chapter 3, paragraph 3.7.3 of the 2018 registration document				
Ratio combiné brut / net de réassurance				
Please, refer to part VII of the present document and Chapter 3, paragraph 3.7.3 of the 2018 registration document				
Net combined ratio excluding restated and non-recurring items [A]				
Restatement or Addition of items considered as non-recurring to the combined ratio after reinsurance. This includes non-recurring income and expenses with an impact on either revenue (see definition above, (1)) or overheads (see definition above) (2))	Indicator used to compare the change in combined ratios after reinsurance, excluding non-recurring items.	Combined ratio after reinsurance +/- Restatements/ Addition of non-recurring items	**[A]=[B]+[C]** **76.0%** = 44.0% + 32.0%	**[A]=[B]+[C]** **77.0%** = 43.2% + 33.8%
Net loss ratio excluding non-recurring items [B]				
Restatement or Addition of items considered as non-recurring to loss ratio after reinsurance.	Indicator used to compare the change in loss ratios after reinsurance, excluding non-recurring items.	Loss ratio after reinsurance +/- Restatements/ Addition of non-recurring items	**44.0%** = 44.0% +/- 0.0pts	**43.2%** = 43.2% +/- 0.0pts

Definition	Justification	Reconciliation with the financial statements	Comparison Y/Y-1 H1-2019 in €m	H1-2018 in €m
Net cost ratio excluding restated and non-recurring items [C]				
Restatement or Addition of items considered as non-recurring, to cost ratio after reinsurance. These include non-recurring income and expenses with an impact on either revenue (see definition above, (1)) or overheads (see definition above) (2))	Indicator used to compare the change in cost ratios after reinsurance, excluding non-recurring items.	Cost ratio after reinsurance +/- Restatements/ Addition of non-recurring items	**32.0%** = 32.0% +/- 0.0pts	**33.8%** = 33.8% +/- 0.0pts
Current underwriting year gross loss ratio - loss ratio before reinsurance and excluding claims handling expenses for the current underwriting year [D]				
Ultimate claims expense (after recourse) over earned premiums (after premium rebates) for the current underwriting year. The insurance attachment year (insurance period) is exclusively the current year Y.	Indicator used to calculate the loss ratio before reinsurance, excluding claims handling expense.	= Claims attached to the current year/ Gross earned premiums for the current year See ultimate loss ratios development triangles	**76.0%** = see ultimate loss ratios development triangles	**71.8%** = see ultimate loss ratios development triangles
Prior underwriting years gross loss ratio - loss ratio before reinsurance and excluding claims handling expenses for the prior underwriting years [E]				
Corresponds to the Gains/Losses for underwriting years (insurance periods) prior to the current year Y, which is not included. A Gain or Loss corresponds respectively to an excess or deficit in claims provisions compared to the loss ratio actually recognised.	Indicator used to calculate the loss ratio before reinsurance, excluding claims handling expense.	[E] = [F-D]	**-37.8%** = 38.2% - 76.0%	**-32.1%** = 39.7% - 71.8%

Definition	Justification	Reconciliation with the financial statements	Comparison Y/Y-1	
			H1-2019 in €m	H1-2018 in €m
All underwriting years gross loss ratio – loss ratio before reinsurance and excluding claims handling expenses for all underwriting years [F]				
Corresponds to the accounting loss ratio relating to all underwriting years (Current year Y and its prior years). Indicator used to calculate the loss ratio before reinsurance, excluding claims handling expense.	Key indicator in loss monitoring	-(Claims / Earned premiums) (see P&L)	**38.2%** = - (-231.5 / 605.3)	**39.7%** = - (-222.8 / 560.7)

e) APM in connection with equity:

Definition	Justification	Reconciliation with the financial statements	Comparison Y/Y-1 H1-2019 in €m	 H1-2018 in €m
RoATE – Return on average tangible equity				
Net income (attributable to the equity owner of the parent – group share) for the year over average tangible equity (average equity restated for intangible assets).	The return on equity ratio is used to measure the return on the Group's invested capital.	Net income group share Y /[(Equity attributable to equity holders of the parent Y-1, restated for intangible assets + Equity attributable to equity holders of the parent Y, restated for intangible assets)/2] For intermediary periods (Q1, H1 and 9M results), the net income is annualized ie. For Q1: Net income x 4 For H1: Net income x 2 For 9M : Net income / 3 x 4	**9.6%** = (78.5x2) / [(1,674 + 1,586) /2] The annualized net income (x2) is taken into account for both the ratio's numerator and denominator	**7.8%** = (62.8x2) / [(1,634 + 1,585) /2] The annualized net income (x2) is taken into account for both the ratio's numerator and denominator
RoATE excluding exceptional and non-recurring items				
RoATE (refer to the definition above) recalculated based on the net income excluding non-recurring items and the average tangible equity excluding non-recurring items.	The return on equity ratio excluding non-recurring items is used to track changes on the Group's invested capital between two reporting periods	Net income group share Y excluding non-recurring items /[(Equity attributable to equity holders of the parent Y-1 excluding non-recurring items, restated for intangible assets + /[(Equity attributable to equity holders of the parent Y excluding non-recurring items, restated for intangible assets)/2] For intermediary periods (Q1, H1 and 9M results), the net income is annualized ie. For Q1: Net income x 4; For H1: Net income x 2 For 9M : Net income / 3 x 4	Not applicable	Not applicable

f) *APM linked to the investment portfolio*:

Definition	Justification	Reconciliation with the financial statements	Comparison Y/Y-1 H1-2019 in €m	Comparison Y/Y-1 H1-2018 in €m
Accounting rate of return of financial assets				
Investment income before income from investments in companies, foreign exchange gains or losses and financial expenses compared to the balance sheet total of financial assets excluding investments in companies	Indicator used to monitor the accounting performance of the financial assets portfolio	Investment portfolio income / ((market value of financial assets (stocks excluding investments in companies, real estate, fixed-income instruments) year Y + market value of financial assets (stocks excluding investments in companies, real estate, fixed-income instruments) year Y-1)/2)	**1.1%** = 28.9 / (((2,910 - 130) + (2,834 - 129)) / 2)	**0.9%** = 25.1 / (((2,877 - 116) + (2,853 - 126)) / 2)
Accounting rate of return of financial assets excluding income from disposals				
Investment income before income from investments in companies, foreign exchange gains or losses and financial expenses excluding capital gains or losses on disposals compared to the balance sheet total of financial assets excluding investments in companies	Indicator used to monitor the recurring accounting performance of the financial assets portfolio	Investment portfolio income excluding capital gains or losses / ((market value of financial assets (stocks excluding investments in companies, real estate, fixed-income instruments) year Y + market value of financial assets (stocks excluding investments in companies, real estate, fixed-income instruments) year Y-1)/2)	**0.9%** = (28.9 – 5.4) / (((2,910 - 130) + (2,834 - 129)) / 2)	**0.8%** = (25.1 – 3.8) / (((2,877 - 116) + (2,853 - 126)) / 2)
Economic rate of return of financial assets				
Economic performance of the asset portfolio. Thus the change in revaluation reserves for the period over the balance sheet total of financial assets is added to the accounting return.	Indicator used to monitor the economic performance of the financial assets portfolio	((Accounting rate of return of financial assets + (revaluation reserves of financial assets (stocks excluding investments in companies, real estate, fixed-income instruments) year Y – revaluation reserves of financial assets (stocks excluding investments in companies, real estate, fixed-income instruments) year Y-1) / ((market value of financial assets	**3.3%** = (28.9 + (172.7 – 107.1 – 0.5) - (108.6 – 103.9 – 2.4)) / (((2,910 - 130) + (2,834 - 129)) / 2)	**0.2%** = (25.1 + (137.5 – 100.9 – 2.4) - (152.6 – 90.8 – 9.4)) / (((2,877 - 116) + (2,853 - 126)) / 2)

Definition	Justification	Reconciliation with the financial statements	Comparison Y/Y-1	
			H1-2019 in €m	**H1-2018 in €m**
		((stocks excluding investments in companies, real estate, fixed-income instruments) year Y + market value of financial assets (stocks excluding investments in companies, real estate, fixed-income instruments) year Y-1) / 2		
Investment portfolio income				
Income from the investment portfolio (stocks excluding share in companies, fixed-income instruments and real estate)	Used to monitor income from the investment portfolio only	Income from stocks excluding investments in companies + fixed-income instruments + real estate income	**28.9** = 6.2 + 19.1 + 3.5	**25.1** = 4.0 + 16.3 + 4.7
Others				
Income from derivatives excluding exchange rate, investments in companies and financial expenses.	Used to monitor income from investments in companies, derivatives excluding exchange rate and fees relating to investments.	Income from derivatives excluding exchange rate + investments in companies + financial expenses.	**-11.9** = (-5.0) + (-3.4) - 3.5	**-3.9** = (-2.0) + 0.3 – 2.1

g) APM linked to reinsurance:

Définition	Justification	Réconciliation avec les comptes	Comparaison N/N-1	
			H1-2019	**H1-2018**
Ceded premiums / Gross earned premiums (or premium cession rate)				
Weight of ceded premiums compared to earned premiums. Ceded premiums correspond to the share of earned premiums that Coface cede to its reinsurers under reinsurance treaties signed with them. Earned premiums correspond to the sum of written premiums and provisions on earned premiums not written.	Indicator used to monitor the drivers of the change in reinsurance result	(Ceded premiums (o/w change in premium reserves) / Earned premiums)	**28.9%** = -(-175.2 / 605.3)	**28.9%** = -(-162.0 / 560.7)

Definition	Justification	Reconciliation with the financial statements	Comparison Y/Y-1	
			H1-2019 in €m	**H1-2018 in €m**
Ceded claims / total claims (or claims cession rate)				
Weight of ceded claims compared to total claims. Ceded claims correspond to the share of claims that Coface transfers to reinsurers under reinsurance treaties signed with them.	Indicator used to monitor the drivers of the change in reinsurance result	- Ceded claims (o/w change in claims reserves after recourse) / total claims incl. claims handling costs	**23.5%** = -58.1 / -(231.5 + 15.9)	**27.5%** = -65.3 / -(222.8 + 14.7)
Underwriting income before reinsurance				
Please, refer to Chapter 3 of the 2018 registration document.				
Underwriting income after reinsurance				
Please, refer to Chapter 3 of the 2018 registration document.				

VII. Appendix: Calculation of financial ratios

VII. Appendix : Calculation of financial ratios

Loss Ratio

This ratio allows the Coface Group to measure the underwriting profitability of insurance contracts during the financial year. By analysing this ratio, it is also possible to price policies effectively by taking into account the amount of claims made by policyholders.

Loss Ratio before Reinsurance

The loss ratio before reinsurance is the ratio of claim expenses (as defined below) to gross earned premiums (the sum of the gross written premiums and unearned premium provisions), net of premium rebates. Premium rebates are reimbursements made to policyholders of part of the premiums paid by them when claims under their insurance policies do not exceed a certain threshold (low claims bonus) or when there are no claims (no-claims bonus).

Loss Ratio after Reinsurance

The loss ratio after reinsurance corresponds to the ratio of claims expenses (net of claims expenses ceded to reinsurers under reinsurance treaties entered into by the Coface Group) to the gross earned premiums (net of premiums ceded to reinsurers).

Cost Ratio

Cost Ratio before Reinsurance

The cost ratio before reinsurance is the ratio of overheads (as defined below) to gross earned premiums (as described above).

The cost ratio before reinsurance is used by the Coface Group to measure all the costs related to the acquisition and management of its portfolio of contracts in a given financial year. The Coface Group's credit insurance business is supported by services activities such as corporate information and recovery of receivables. These services are inherent to the traditional credit insurance activity (related services) and the related expenses are included in the overheads of the Coface Group. The overheads are also increased by complementary activities such as factoring (in Germany and Poland). However, in order for the cost ratio calculated by the Coface Group to be comparable to the cost ratio calculated by other main market players, revenue generated by the additional businesses (non-insurance) described above is deducted from overheads.

Cost Ratio after Reinsurance

The cost ratio after reinsurance is the ratio of general expenses (after deduction of reinsurance premiums paid by reinsurers) to gross earned premiums (net of premiums ceded to reinsurers).

Overheads

Overheads accounted for in the cost ratio are the sum of:

- policy acquisition costs (consisting of the external costs of acquisition of contracts, corresponding to commissions paid to business contributor intermediaries (brokers or other intermediaries) and internal contract acquisition costs corresponding to the cost of maintaining distribution networks and the costs relating to drafting services in charge of writing contracts);
- administrative costs (including Coface Group operating costs, payroll costs, IT costs, etc. excluding profit-sharing and incentive schemes);
- other current operating expenses (expenses that cannot be allocated to any of the purposes defined by the accounting plan, in particular including management expenses);
- expenses from banking activities (general operating expenses, such as payroll costs, IT costs, etc., relating to the factoring business); and
- expenses from other activities (overheads related exclusively to information and recovery for customers without credit insurance) minus revenue related to:
    - fees and commission income (ancillary fees charged under insurance contracts for the provision of credit insurance related services, such as debtor information, fees for monitoring credit limits of customers of policyholders and receivables management and recovery of receivables),
    - other related benefits and services (ancillary services, such as administrative fees for managing claims and reinvoiced receivables recovery fees),
    - information and other services (fees charged for access to information on corporate solvency and marketing information) provided to customers without credit insurance,
    - receivables management (fees charged for receivables recovery services) provided to customers without credit insurance,
    - the net banking income relating to the factoring activities.

Combined Ratio

The combined ratio measures the overall profitability of the Coface Group's activities and its technical margin.

The combined ratio is the sum of the loss ratio and the cost ratio. It is tracked by the Coface Group both before and after reinsurance (claims expenses net of those ceded to reinsurers under reinsurance treaties entered into by the Coface Group and overheads, less reinsurance commissions paid by the reinsurers over total gross earned premiums net of premiums ceded to reinsurers).

Calculation of ratios

In the course of its business, and in addition to the financial information published in accordance with IFRS, the Coface Group tracks certain key operating ratios that provide an understanding of its performance and profitability of its products (loss ratio, cost ratio and combined ratio).

In €k	H1-18	H1-19
Earned Premiums		
Gross earned premiums [A]	**560,705**	**605,297**
Ceded premiums	(161,976)	(175,172)
Net earned premiums [D]	**398,729**	**430,125**
Claims expenses		
Claims expenses [B]	**(237,546)**	**(247,368)**
Ceded claims	**60,831**	**56,763**
Change in claims provisions	4,435	1,378
Net claims expenses [E]	**(172,280)**	**(189,226)**
Technical expenses		
Operating expenses	**(323,443)**	(334,825)
Employee profit sharing and incentive plans	1,536	2,420
Other revenue	124,257	127,283
Operating expenses, net of revenues from other services before reinsurance [C]	**(197,650)**	**(205,122)**
Commissions received from reinsurers	62,764	67,267
Operating expenses, net of revenues from other services after reinsurance [F]	**(134,887)**	**(137,855)**

$$\boldsymbol{combined\ ratio\ before\ reinsurance} = loss\ ratio\ before\ reinsurance \frac{[\boldsymbol{B}]}{[\boldsymbol{A}]} + cost\ ratio\ before\ reinsurance \frac{[\boldsymbol{C}]}{[\boldsymbol{A}]}$$

$$\boldsymbol{combined\ ratio\ after\ reinsurance = loss\ ratio\ after\ reinsurance \frac{[E]}{[D]} + cost\ ratio\ before\ reinsurance \frac{[F]}{[D]}}$$

Ratios	H1-18	H1-19
Loss ratio before reinsurance	42.4%	40.9%
Loss ratio after reinsurance	**43.2%**	**44.0%**
Cost ratio before reinsurance	35.3%	33.9%
Cost ratio after reinsurance	**33.8%**	**32.0%**
Combined ratio before reinsurance	77.6%	74.8%
Combined ratio after reinsurance	**77.0%**	**76.0%**

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