



Unaudited interim consolidated
financial statements
(free translation)
Three months ending March 31, 2021

CONTENTS

Basis of preparation	3
Significant events	4
Consolidated balance sheet	5
Consolidated income statement	7
Consolidated statement of comprehensive income	8
Statement of changes in equity	9
Consolidated statement of cash flows	10
Events after the reporting period	11

Basis of preparation

These IFRS condensed interim financial statements of the Coface Group as at March 31, 2021 include:

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

They are presented with comparative financial information at December 31, 2020 for balance sheet items and for the 3 months ended March 31, 2020 for income statement items.

The accounting principles and policies used for the interim financial statements as at March 31, 2021 are the same as the ones used for the year ended December 31, 2020. They are prepared in accordance with the International Financial Reporting Standards (IFRS) as published by IASB and adopted by the European Union¹. They are detailed in the note “Applicable Accounting Standards” of consolidated financial statements for the year ended December 31, 2020.

These condensed consolidated financial statements were reviewed by Coface Group’s Board of Directors on 27 April 2021. They were also previously reviewed by the Audit Committee on 23 April 2021.

¹ 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

Governance evolution –Bernardo Sanchez Incera appointed Chairman of the Board of Directors

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

Rating agencies recognise Coface's good performances

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

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

Appointment of a Group Chief Operating Officer of Coface

On March 24, 2021, Declan Daly has been appointed Chief Operating Officer of the Coface Group, effective as of April 1, 2021. He will continue to report directly to Xavier Durand, the Coface Group's Chief Executive Officer, and will join the Group's Executive Committee. In this newly created role, Declan will be responsible for furthering and accelerating Coface's transformation terms of service quality and operational efficiency across the Group.

Consolidated balance sheet

Asset

<i>(in thousands of euros)</i>	March 31, 2021	Dec. 31, 2020
Intangible assets	229,129	230,852
Goodwill	154,476	154,245
Other intangible assets	74,653	76,607
Insurance business investments	3,025,076	2,982,945
Investment property	288	288
Held-to-maturity securities	1,854	1,872
Available-for-sale securities	2,938,946	2,896,314
Trading securities	42	67
Derivatives	3,426	7,237
Loans and receivables	80,520	77,167
Receivables arising from banking activities	2,359,204	2,326,941
Reinsurers' share of insurance liabilities	648,476	603,453
Other assets	1,012,188	1,007,645
Buildings used for operations purposes and other property, plant and equipment	108,608	112,765
Deferred acquisition costs	39,351	35,494
Deferred tax assets	51,675	49,250
Receivables arising from insurance and reinsurance operations	495,134	516,561
Trade receivables arising from service activities	66,614	62,390
Current tax receivables	47,087	49,853
Other receivables	203,719	181,332
Cash and cash equivalents	470,984	400,969
TOTAL ASSETS	7,745,057	7,552,804

Liability

<i>(in thousands of euros)</i>	March 31, 2021	Dec. 31, 2020
Equity attributable to owners of the parent	2,049,256	1,998,308
Share capital	304,064	304,064
Additional paid-in capital	810,420	810,420
Retained earnings	722,693	656,118
Other comprehensive income	155,706	144,807
Consolidated net income of the year	56,374	82,900
Non-controlling interests	262	267
Total equity	2,049,518	1,998,575
Provisions for liabilities and charges	96,366	96,307
Financing liabilities	377,980	389,810
Lease liabilities	84,780	88,124
Liabilities relating to insurance contracts	1,858,535	1,804,092
Payables arising from banking activities	2,373,508	2,318,392
Amounts due to banking sector companies	664,357	535,447
Amounts due to customers of banking sector companies	354,207	357,384
Debt securities	1,354,944	1,425,562
Other liabilities	904,370	857,504
Deferred tax liabilities	100,377	110,507
Payables arising from insurance and reinsurance operations	423,996	414,133
Current taxes payables	94,267	70,621
Derivatives	2,887	26
Other payables	282,843	262,219
TOTAL EQUITY AND LIABILITIES	7,745,057	7,552,804

Consolidated income statement

<i>(in thousands of euros)</i>	March 31, 2021	March 31, 2020
<i>Gross written premiums</i>	377,480	356,379
<i>Premium refunds</i>	(22,774)	(19,467)
<i>Net change in unearned premium provisions</i>	(42,656)	(35,737)
Earned premiums	312,050	301,175
<i>Fee and commission income</i>	38,665	41,293
<i>Net income from banking activities</i>	15,135	16,030
<i>Income from services activities</i>	12,087	11,952
Other revenue	65,887	69,275
Revenue	377,937	370,450
Claims expenses	(92,022)	(166,198)
<i>Policy acquisition costs</i>	(61,293)	(58,417)
<i>Administrative costs</i>	(63,236)	(69,694)
<i>Other insurance activity expenses</i>	(15,847)	(16,103)
<i>Expenses from banking activities, excluding cost of risk</i>	(3,237)	(3,309)
<i>Expenses from services activities</i>	(21,009)	(19,757)
Operating expenses	(164,623)	(167,280)
Risk cost	60	56
UNDERWRITING INCOME BEFORE REINSURANCE	121,352	37,028
Income and expenses from ceded reinsurance	(47,056)	(8,786)
UNDERWRITING INCOME AFTER REINSURANCE	74,295	28,242
Investment income, net of management expenses (excluding finance costs)	5,731	2,679
CURRENT OPERATING INCOME	80,026	30,921
Other operating income and expenses	(382)	(195)
OPERATING INCOME	79,644	30,726
Finance costs	(4,845)	(5,181)
Share in net income of associates		
Badwill	(0)	(0)
Income tax expense	(18,435)	(12,897)
CONSOLIDATED NET INCOME BEFORE NON-CONTROLLING INTERESTS	56,364	12,648
Non-controlling interests	9	17
NET INCOME FOR THE YEAR	56,374	12,665

Consolidated statement of comprehensive income

<i>(in thousands of euros)</i>	Notes	March. 31, 2021	March. 31, 2020
Net income of the period		56,373	12,665
Non-controlling interests		(9)	(17)
Other comprehensive income			
Currency translation differences reclassifiable to income		17,139	(8,923)
<i>Reclassified to income</i>		(0)	(0)
<i>Recognised in equity</i>		17,139	(8,923)
Fair value adjustments on available-for-sale financial assets		(6,235)	(73,983)
<i>Recognised in equity – reclassifiable to income – gross</i>		(5,946)	(109,033)
<i>Recognised in equity – reclassifiable to income – tax effect</i>		1,051	24,900
<i>Reclassified to income – gross</i>		(1,308)	10,390
<i>Reclassified to income – tax effect</i>		(32)	(240)
Fair value adjustments on employee benefit obligations			(7)
<i>Recognised in equity – not reclassifiable to income – gross</i>			(6)
<i>Recognised in equity – not reclassifiable to income – tax effect</i>		(0)	(1)
Other comprehensive income of the period, net of tax		10,904	(82,913)
Total comprehensive income of the period		67,268	(70,265)
- attributable to owners of the parent		67,273	(70,215)
- attributable to non-controlling interests		(5)	(50)

Statement of changes in equity

(in thousands of euros)	Notes	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, 2019		304 064	810 420	523 628	-11 190	-8 425	184 659	-25 413	146 729	1 924 472	269	1 924 741
2019 net income to be appropriated				146,729					(146,729)			
Payment of 2019 dividends in 2020												
Total transactions with owners		0	0	146 729	0	0	0	0	-146 729	0	0	0
December 31, 2020 net income									82 900	82 900	4	82 904
Fair value adjustments on available-for-sale financial assets recognized in equity							17 261			17 261	1	17 262
Fair value adjustments on available-for-sale financial assets reclassified to income statement							562			562	0	562
Change in actuarial gains and losses (IAS 19R)								1 298		1 298		1 298
Currency translation differences							-25 135			-25 135	-15	-25 150
Cancellation of COFACE SA shares												
Treasury shares elimination					-4 632					-4 632		-4 632
Free share plans expenses				1 698						1 698		1 698
Transactions with shareholders and others				-126						-116	8	-108
Equity at December 31, 2020		304 064	810 420	671 939	-15 822	-33 560	202 482	-24 115	82 900	1 998 308	267	1 998 575
2020 net income to be appropriated				82,900					(82,900)			
Payment of 2020 dividends in 2021												
Total transactions with owners		(0)	(0)	82,900	(0)	(0)	(0)	(0)	(82,900)	(0)	(0)	(0)
March 31, 2021 net income									56,373	56,373	(9)	56,364
Fair value adjustments on available-for-sale financial assets recognized in equity							(4,895)			(4,895)	0	(4,895)
Fair value adjustments on available-for-sale financial assets reclassified to income statement							(1,340)			(1,340)	(0)	(1,340)
Change in actuarial gains and losses (IAS 19R)										(0)		(0)
Currency translation differences							17,135			17,135	4	17,139
Cancellation of COFACE SA shares												
Treasury shares elimination					(15,250)					(15,250)		(15,250)
Free share plans expenses				(1,080)						(1,080)		(1,080)
Transactions with shareholders and others				5						5	(0)	5
Equity at March 31, 2021		304,064	810,420	753,764	(31,072)	(16,425)	196,247	(24,115)	56,373	2,049,256	262	2,049,518

Consolidated statement of cash flows

<i>(in thousands of euros)</i>	March 31, 2021	March 31, 2020
Net income for the period	56,374	12,665
Non-controlling interests	(9)	(17)
Income tax expense	18,435	12,897
Finance costs	4,845	5,181
Operating income (A)	79,644	30,726
+/- Depreciation, amortization and impairment losses	9,004	6,812
+/- Net additions to / reversals from technical provisions	(10,169)	54,209
+/- Unrealized foreign exchange income / loss	(3,626)	1,506
+/- Non-cash items	(264)	12,336
Total non-cash items (B)	(5,056)	74,862
Gross cash flows from operations (C) = (A) + (B)	74,589	105,588
Change in operating receivables and payables	58,050	35,261
Net taxes paid	(3,738)	(19,895)
Net cash related to operating activities (D)	54,312	15,366
Increase (decrease) in receivables arising from factoring operations	(39,281)	(101,793)
Increase (decrease) in payables arising from factoring operations	(73,794)	(45,416)
Increase (decrease) in factoring liabilities	135,831	137,650
Net cash generated from banking and factoring operations (E)	22,756	(9,559)
Net cash generated from operating activities (F) = (C+D+E)	151,657	111,395
Acquisitions of investments	(542,059)	(323,057)
Disposals of investments	499,882	358,412
Net cash used in movements in investments (G)	(42,178)	35,355
Acquisitions of consolidated subsidiaries, net of cash acquired	(0)	(0)
Disposals of consolidated companies, net of cash transferred	(0)	(0)
Net cash used in changes in scope of consolidation (H)	(0)	(0)
Acquisitions of property, plant and equipment and intangible assets	(1,346)	(2,616)
Disposals of property, plant and equipment and intangible assets	(18)	32
Net cash generated from (used in) acquisitions and disposals of property, plant and equipment and intangible assets (I)	(1,364)	(2,584)
Net cash used in investing activities (J) = (G+H+I)	(43,541)	32,771
Proceeds from the issue of equity instruments	(0)	(0)
Treasury share transactions	(15,250)	(0)
Dividends paid to owners of the parent	0	(0)
Dividends paid to non-controlling interests	(0)	(0)
Cash flows related to transactions with owners	(15,251)	(0)
Proceeds from the issue of debt instruments	(0)	0
Cash used in the redemption of debt instruments	(0)	(0)
Lease liabilities variations	(4,464)	(2,756)
Interests paid	(17,581)	(16,803)
Cash flows related to the financing of Group operations	(22,045)	(19,559)
Net cash generated from (used in) financing activities (K)	-37 296	(19,559)
Impact of changes in exchange rates on cash and cash equivalents (L)	-804	(11,733)
NET INCREASE IN CASH AND CASH EQUIVALENTS (F+J+K+L)	70 015	112,874
Net cash generated from operating activities (F)	151,657	111,395
Net cash used in investing activities (J)	(43,541)	32,771
Net cash generated from (used in) financing activities (K)	(37,296)	(19,559)
Impact of changes in exchange rates on cash and cash equivalents (L)	(804)	(11,733)
Cash and cash equivalents at beginning of period	400,969	320,777
Cash and cash equivalents at end of period	470,984	433,651
NET CHANGE IN CASH AND CASH EQUIVALENTS	70,015	112,874

Events after the reporting period

COFACE SA: Fitch raises the outlook for Coface's ratings to “stable”

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