

4.6 OTHER DISCLOSURES

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

Suppliers' payment terms

	1 TO 30 DAYS	31 TO 60 DAYS	61 TO 90 DAYS	91 DAYS OR MORE	TOTAL (1 DAY OR MORE)
(A) Late payment tranches					
Number of bills affected	2			10	12
<i>(in thousands of euros)</i> Total amount of bills affected including VAT	36			447	483
Percentage of total amount of purchases during the financial year	(1,03)%	0,00%	0,00%	(12,74)%	(13,77)%
(B) Bills excluded from (A) relating to disputed or unrecognised liabilities and receivables					
No bills excluded from these tables relating to disputed or unrecognised liabilities and receivables.					
(C) Reference payment terms used (contractual or legal term - Article L.441-6 or Article L.443-1 of the French Commercial Code)					

At the closing date of COFACE SA's financial year, no bills issued remain unpaid.

4.7 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

For the year ended December 31, 2020

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

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of COFACE SA. for the year ended December 31, 2020.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2020 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit

evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors, for the period from January 1, 2020 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments - Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects.

Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our

professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

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

Estimation of provisions for late claims

IDENTIFIED RISK

Provisions for unknown claims represent an estimation of the claims expense incurred during the year but not yet reported at the balance sheet date. They also include specific provisions recorded for claims that have not yet been proven but whose probability of occurrence is high and for which the compensation that would potentially be paid would be significant. These provisions also include a recovery reserve, assessed separately, corresponding to the amounts that will ultimately be recovered by the group for these claims. As at December 31, 2020, these provisions amounted to € 780 million in the consolidated financial statements. As indicated in the section accounting principles - Insurance operations of the notes to the Consolidated Financial Statements, these provisions are determined on the one hand by the application of deterministic statistical methods on the basis of historical data and on the other hand, by the use of assumptions arising from expert judgment to estimate the final amount of the claim (corresponding to the costs borne until the end of the claim lifecycle). The recovery reserve is determined by applying an ultimate rate to all unsettled underwriting years. Thus, as the provision for unknown claims includes accounting estimates with a high degree of uncertainty, we considered this aggregate as a key audit matter.

OUR RESPONSE

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

Works carried out at central team level:

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

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

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

Measurement of Insurance business investments

IDENTIFIED RISK

Insurance business investments account for one of the most important items on the consolidated balance sheet. At December 31, 2020, the net book value of these investments amounts to 2,983 million euros. As indicated in the section accounting principles standards - Financial Assets, rules and methods of the notes to the Consolidated financial statements, the insurance business investments are determined at the end of the financial year, based on their classification associated with the management intention selected for each line of security by the Group. A level of judgment is required to determine this measurement for:

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

Given the amount involved and the judgment made by the Management to detect the impairment of the securities in the portfolio, we deemed this to be a key audit matter at December 31st, 2020.

OUR RESPONSE

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

For market-based valuations:

- | We verified the stock prices used;

For evaluations based on forecast elements:

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

Estimation of provisions for earned premiums not written - EPNW

IDENTIFIED RISK	OUR RESPONSE
<p>As at December 31, 2020, earned premiums not written amounted to € 90 million in the financial statements at December 31, 2020 (direct business).</p> <p>As indicated in the section Accounting principles standards - Insurance operations, rules and methods of the notes to the financial statements, earned premiums not written are determined based on an estimate of expected premiums over the period. The provision is the difference between this estimate, and invoiced premiums.</p> <p>This provision presents a significant risk of material misstatement given inherent uncertainties in some elements considered in the estimates. The risk particularly lies in the factors used to determine the ultimate value (i.e. once premiums would be written for their final amount) which relies on statistical methods.</p> <p>Thus, we consider this to be a key audit matter even though the change in the provision from one year to the another is generally limited.</p>	<p>In order to assess whether the earned premiums not written estimation was reasonable and based on information communicated to us, we implemented the following audit approach:</p> <p>Works carried out at central team level:</p> <ul style="list-style-type: none"> We assessed the relevance of the method used by Coface to determine ultimate premiums ; We identified the risk related to the evaluation of earned premiums not written as a significant risk in the set of instructions communicated auditors of in-scope entities and we reviewed their conclusions. <p>Work carried out at the level of each entity included in the audit scope:</p> <ul style="list-style-type: none"> We reviewed the internal control framework related to premium estimation process and we tested the design and the implementation; We assessed any changes in the invoicing processes and procedures that could affect the assumption of reproducibility of the past in the future and we drew the consequences on the assumptions used for the calculation of the ultimate value; We verified the consistency of assumptions used to determine the forecasts; We reconciled calculation bases with accounting figures; We compared earned premiums not written booked in the opening balance of the financial year with actual results to assess the relevance of the implemented method.

Specific Verifications

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

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

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

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

Other Legal and Regulatory Verifications or Information

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

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

these consolidated financial statements complies with the format defined in the above delegated regulation.

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

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

Appointment of the Statutory Auditors

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

As at December 31, 2020, Mazars was in the first year of total uninterrupted engagement and Deloitte & Associés was in the 14th year and 7th year since securities of the Company were admitted to trading on a regulated market.

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

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

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

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

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

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

Objectives and audit approach

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

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

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

- I Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- I Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.

- I Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- I Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- I Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit and accounts committee

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

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

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

The Statutory Auditors

Paris La Défense, on March 30, 2021

French original signed by

Deloitte & Associés

Jérôme LEMIERRE

Partner

Mazars

Jean-Claude PAULY

Partner