

PROSPECTUS DATED 24 NOVEMBER 2023



COFACE SA €300,000,000 5.750% TIER 2 NOTES DUE 28 NOVEMBER 2033

Issue Price: 98.979 per cent.

The €300,000,000 5.750% Tier 2 notes due 28 November 2033 (the **Notes**) of COFACE SA (the **Issuer**) will be issued on 28 November 2023.

Each Note will bear interest on its Principal Amount (i.e. €100,000 per Note) (i) from (and including) 28 November 2023 (the **Issue Date**) to (but excluding) the due date for redemption, at a fixed rate of 5.750 per cent. *per annum* payable annually in arrear on 28 November in each year, commencing on 28 November 2024 as further described in "Terms and Conditions of the Notes - Interest".

Unless previously redeemed, purchased or cancelled in accordance with the terms and conditions of the Notes, the Notes will be redeemed on 28 November 2033 (the **Scheduled Maturity Date**) if the Conditions to Redemption and Purchase are satisfied and otherwise as soon as possible after the Conditions to Redemption and Purchase are so satisfied as further specified in "Terms and Conditions of the Notes — Redemption and Purchase". In addition, the Issuer may (provided the Conditions to Redemption and Purchase are satisfied) redeem the Notes at any time following a Regulatory Event or if the conditions for a Clean-up Call are satisfied, or for taxation reasons, or from and including 28 May 2033 to (but excluding) the Scheduled Maturity Date, as set out in "Terms and Conditions of the Notes — Redemption and Purchase".

The obligations of the Issuer under the Notes in respect of principal and interest (including Arrears of Interest (as defined below)) constitute Ordinarily Subordinated Obligations of the Issuer and rank and shall at all times rank without any preference among themselves and (i) equally and rateably with any other present and future Ordinarily Subordinated Obligations of the Issuer, (ii) in priority to all present and future *prêts participatifs* granted to, and *titres participatifs* issued by, the Issuer, any deeply subordinated Obligations of the Issuer that by their terms rank junior to the Notes or to such *prêts participatifs* and *titres participatifs* (including *titres super subordonnés*), but (iii) behind Senior Subordinated Obligations and Unsubordinated Obligations of the Issuer, as further described in "Terms and Conditions of the Notes — Status of the Notes".

Payment of interest on the Notes shall, in certain circumstances, be deferred, as set out in "Terms and Conditions of the Notes — Interest — Mandatory Interest Deferral".

The Notes contain no negative pledge nor events of default.

Payments in respect of the Notes will be made without withholding or deduction for, or on account of, French taxes unless required by law to the extent set out in "Terms and Conditions of the Notes — Taxation".

The Prospectus has been approved by the *Autorité des marchés financiers* (the **AMF**), as competent authority under Regulation (EU) 2017/1129, as amended (the **Prospectus Regulation**). The AMF only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer and of the quality of the Notes that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

Application has been made for the Notes to be admitted to trading on the regulated market of Euronext Paris (**Euronext Paris**) as of the Issue Date. Euronext Paris is a regulated market for the purposes of Directive 2014/65/EU on markets in financial instruments, as amended, appearing on the list of regulated markets issued by the European Securities and Markets Authority.

The Notes have been accepted for clearance through Euroclear France, Clearstream Banking S.A. and Euroclear Bank SA/NV. The Notes will, upon issue, be inscribed in the books of Euroclear France who shall credit the accounts of the Account Holders (as defined herein). The Notes will be issued in dematerialised bearer form in the denomination of €100,000 each and will at all times, in compliance with Articles L.211-3 *et seq.* and R.211-1 *et seq.* of the French *Code monétaire et financier*, be represented in book-entry form (*inscription en compte*) in the books of the Account Holders, as set out in "Terms and Conditions of the Notes — Form, Denomination and Title". No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) and may not be offered or sold in the United States or to, or for the benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Notes are expected to be rated "BBB+" by Fitch Ratings Ireland Limited (**Fitch**) and "Baa1" by Moody's France S.A.S. (**Moody's**). The Issuer's insurer financial strength is currently rated "AA-" (stable outlook) by Fitch, "A1" (stable outlook) by Moody's and "A" (stable outlook) by A.M. Best (EU) Rating Services B.V. (**AM Best**). At the date of this Prospectus, each of Fitch, Moody's and AM Best is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 of the European Parliament and of the Council dated 16 September 2009, as amended (the **CRA Regulation**), and included in the list of registered credit rating agencies published by the European Securities and Markets Authority on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. Fitch, Moody's and AM Best are not established in the United Kingdom and are not registered in accordance with Regulation (EC) No. 1060/2009 as it forms part of UK domestic law by virtue of the EUWA (the **UK CRA Regulation**). The ratings of the Issuer have been endorsed by Fitch Ratings Ltd., Moody's Investors Service Ltd., and A.M. Best – Europe Rating Services Limited, respectively, in accordance with UK CRA Regulation and have not been withdrawn. As such, the ratings issued by each of Fitch, Moody's and AM Best may be used for regulatory purposes in the United Kingdom in accordance with the UK CRA Regulation. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by this assigning rating agency. A revision, suspension, reduction or withdrawal of the rating may adversely affect the market price of the Notes.

An investment in the Notes involves certain risks. Potential investors should review all the information contained or incorporated by reference in this Prospectus and, in particular, the information set out in the section entitled "Risk Factors" before making a decision to invest in the Notes.

Sole Global Coordinator and Lead Manager

J.P. MORGAN

Joint Lead Managers

BNP PARIBAS

J.P. MORGAN

*This prospectus constitutes a prospectus (the **Prospectus**) for the purposes of Article 6 of the Prospectus Regulation has been prepared for the purposes of giving information with regard to the Issuer and the Notes which is material to an investor for making an informed assessment of the assets and liabilities, profits and losses, financial position and prospects of the Issuer, of the rights attaching to the Notes, and the reason for the issuance and its impact of the Issuer. This Prospectus is to be read in conjunction with any document and/or information which is incorporated herein by reference (see "Documents Incorporated by Reference" below).*

The Issuer accepts responsibility for the information contained or incorporated by reference in this Prospectus. To the best of the knowledge of the Issuer, having taken all reasonable care to ensure that such is the case, the information contained or incorporated by reference in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer confirms that the opinions and intentions expressed in this Prospectus with regard to the Issuer and the Group (as defined below) are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; that there are no other facts or matters in relation to the Issuer, the Group (as defined below) or the Notes the omission of which would make any information or statement in this Prospectus misleading in any material respect. Certain information contained or incorporated by reference in this Prospectus has been extracted from sources specified in the sections where such information appears. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by the above sources, no facts have been omitted which would render the information reproduced inaccurate or misleading.

*References herein to the **Issuer** are to COFACE SA. References to the **Group** are to the Issuer and its consolidated subsidiaries taken as a whole.*

*None of J.P. Morgan SE (the **Sole Global Coordinator and Lead Manager**) and BNP Paribas (together with the Sole Global Coordinator and Lead Manager, the **Joint Lead Managers**) or any of their respective affiliates have independently verified the information contained or incorporated by reference in the Prospectus. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any of the Joint Lead Managers or any of their respective affiliates as to the accuracy or completeness of the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the issue and sale of the Notes. None of the Joint Lead Managers or any of their respective affiliates accept any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the issue and sale of the Notes.*

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained or incorporated by reference herein concerning the Issuer or the Group is correct at any time subsequent to the date hereof or that any other information supplied in connection with the issue and sale of the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Joint Lead Managers do not undertake to review the financial condition or affairs of the Issuer or the Group during the life of the Notes or to advise any investor in the Notes of any information coming to its attention.

Neither this Prospectus nor any other information supplied in connection with the issue and sale of the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or any of the Joint Lead Managers that any recipient of this Prospectus should purchase any Notes. Neither this Prospectus nor any other information supplied in connection with the issue and sale of the Notes constitutes an offer or invitation by or on behalf of the Issuer or the Joint Lead Managers to any person to subscribe for or to purchase any Notes.

In making an investment decision regarding the Notes, prospective investors should rely on their own independent investigation and appraisal of (a) the Issuer and the Group, and their respective businesses, financial condition and affairs and (b) the terms of the offering, including the merits and risks involved. The contents of this Prospectus are not to be construed as legal, business or tax advice. Each prospective investor should consult its own advisers as to legal, tax, financial, credit and related aspects of an investment in the Notes. Potential investors should review, inter alia, the most recently published financial information of the Issuer and the Group and, in particular, read carefully the section entitled "Risk Factors" set out below before making a decision to invest in the Notes.

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or documentary charges or duties in accordance with the laws and practices of the jurisdiction where the Notes are transferred or other jurisdictions. Payments of interest and other amounts under the Notes may also be subject to taxation. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for the tax treatment of innovative financial notes such as the Notes. The tax impact on an individual Noteholder may differ from the situation for Noteholders generally. Potential investors are advised to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, disposal and redemption of the Notes. Only these advisers are in a position to duly consider the specific situation of the potential investor.

This Prospectus does not constitute an offer of, or an invitation or solicitation by or on behalf of the Issuer or any of the Joint Lead Managers to subscribe or purchase, any of the Notes. The distribution of this Prospectus and the offering of the Notes in certain jurisdictions, including the United States, the United Kingdom, France, Italy and Canada, may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers and sales of Notes and distribution of this Prospectus, see "Subscription and Sale" below.

In connection with the issue and sale of the Notes, no person is or has been authorised by the Issuer or the Joint Lead Managers to give any information or to make any representation not contained or incorporated by reference in or not consistent with this Prospectus and any information or representation not so contained, incorporated or, as the case may be, consistent must not be relied upon as having been authorised by or on behalf of the Issuer or the Joint Lead Managers. The delivery of this Prospectus at any time does not imply that the information contained or incorporated by reference in it is correct as at any time subsequent to its date.

EU MiFID II product governance / Professional investors and ECPs only target market - Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes, taking into account the five categories referred to in item 19 of the Guidelines published by the European Securities and Markets Authority (**ESMA**) on 3 August 2023, has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, **MiFID II**); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

IMPORTANT – PRIIPs Regulation / Prohibition of sales to EEA retail investors - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or both) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2016/97/EU, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

IMPORTANT – UK PRIIPs Regulation / Prohibition of sales to UK retail investors – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (**UK**). For these purposes, a retail investor means a person who is one (or both) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act (**FSMA**) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Notes or otherwise

making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

In this Prospectus, unless otherwise specified or the context requires, references to "euro", "EUR" and "€" are to the single currency of the participating member states of the European Economic and Monetary Union.

IMPORTANT CONSIDERATIONS

Independent Review and Advice

Each prospective investor of Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Notes.

Each prospective investor should consult its own advisers as to legal, tax, financial, credit and related aspects of an investment in the Notes. A prospective investor may not rely on the Issuer or the Joint Lead Managers or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to above.

Regulatory Restrictions

Investors whose investment activities are subject to investment laws and regulations or to review or regulation by certain authorities may be subject to restrictions on investments in certain types of debt securities. Investors should review and consider such restrictions prior to investing in the Notes.

Legality of Purchase

Neither the Issuer, the Joint Lead Managers nor any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective investor of the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

TABLE OF CONTENTS

Clause	Page
Risk Factors	7
Documents Incorporated by Reference.....	29
Cross-Reference List.....	30
General Description of the Notes.....	35
Terms and Conditions of the Notes	48
Use of Proceeds	65
Description of the Issuer	66
Recent Developments	68
Taxation	76
Subscription and Sale.....	78
General Information.....	81

RISK FACTORS

The following are certain risk factors of the offering of the Notes of which prospective investors should be aware. There is a wide range of factors which individually or together could result in the Issuer becoming insolvent or unable to make all payments due in respect of the Notes. It is not possible to identify all such factors, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified below a number of factors which could materially adversely affect its business and ability to make payments due under the Notes. In each category below the Issuer sets out first the most material risk, in its assessment, taking into account the expected magnitude of their negative impact and the probability of their occurrence.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out or incorporated by reference in this Prospectus, including in particular the risk factors set out below. The statements below regarding the risks of holding any Notes are not intended to be exhaustive and prospective investors should make their own independent evaluations of all investment considerations and should also read the detailed information set out elsewhere in this Prospectus. Terms defined in the "Terms and Conditions of the Notes" shall have the same meaning where used below.

1. Risk factors relating to the Issuer

Summary of main risks

The table below presents the main risks to which the Group is exposed. It was prepared using the risk map, which is reviewed annually by general management and the Board of Directors' Risk Committee. The risk map is based on a qualitative risk analysis aimed at assessing the probability of occurrence and potential impact of each risk factor, taking into account the corresponding level of control implemented within the Group.

In 2022 and still in force to date, a number of changes were made to the risk mapping to take into account the updated assessment of their effects on the Group as well as certain additional risks. The exposure to these different risks is described in more detail in this Section 1. "*Risk factors relating to the Issuer*" below. The non-operational risk assessment methodology was adapted to align with that used for operational risks so as to provide a uniform view of all risks. As a result, the assessment of the risk frequency and its residual impact (impact of each risk after taking into account risk mitigation techniques such as the implementation of controls, procedures, governance, systems or human resources) is carried out on a scale with four levels: high, significant, medium, low. The approach is completed by an expert analysis that can take into account any other relevant element in order to best assess these risks. A pro-forma 2021 risk assessment was performed according to this methodology to enable comparison.

Despite a complex economic environment marked by the conflict in Ukraine, the energy crisis, inflation and the consequences of the Covid-19 pandemic, the Group has been able to maintain discipline in its risk management.

In this changing environment over the second half of 2023 where the credit cycle is gradually confirming its turnaround, the Group continues to actively manage its risks and the residual impacts of each of the main risk factors assessed below are the same on the basis of the current assessment.

RISK CATEGORIES	MAIN RISK FACTORS	PROBABILITY OF OCCURRENCE	RESIDUAL IMPACT	CHANGE IN THESE RISKS BETWEEN 2021 AND 2022*
Credit risk	Risk related to the management of the Group's exposure in its insurance business	High	Significant	→
	Risk of debtor insolvency	Significant	Medium	→
	Risk related to technical provisions	Significant	Medium	→
Financial risk	Interest rate risk	Significant	Medium	↑
	Equity risk	Medium	Low	↓
	Real estate risk	Significant	Medium	→
	Liquidity risk	Significant	Medium	→
	Foreign exchange risk	Medium	Medium	→
Strategic risk	Risks related to market and geopolitical conditions	High	High	→
	Risks related to changes in the regulations governing the Group's activities	Medium	Low	→
	Risk of deviating from the strategic plan	Significant	Medium	→
	Reputational risk	Medium	Low	→
Reinsurance risk	Residual reinsurance risk	Significant	Medium	→
Operational and compliance risk	Risks related to information systems and cybersecurity (non-financial performance disclosures)	High	Significant	→
	Modelling risk	Significant	Medium	→
	Compliance risk	Significant	Medium	↓
	Outsourcing risk	Significant	Medium	Not assessed in 2021

* Change based on 2021 *pro-forma* assessment.

1.1 Credit risks

a) Risk related to the management of the Group's exposure in its trade credit insurance business

Exposure to certain countries with high corporate default rates or the concentration of exposures in fragile economic sectors could have a material impact on the Group's loss ratio, operating income, liquidity and solvency margin.

As part of its trade credit insurance activities, the Group allocates its exposures between clients operating in a wide range of economic sectors and established in different countries around the world. In this regard, it manages its exposures and determines the maximum amount of risk that it is willing to accept for each group of debtors based on the underlying level of risk related to the economic sector concerned and/or the location of those groups of debtors.

The Group significantly increased its exposure in 2021 as the Covid-19 pandemic receded. This followed a significant decrease in exposures due to risk management action taken at the height of the pandemic in 2020. Exposure continued to grow at a slower pace in 2022, in a context of high inflation that supports Coface's clients' turnover. It stood at €667 billion for Credit Insurance at the end of 2022.

Breakdown of the Group's overall exposure by business line (in €bn)

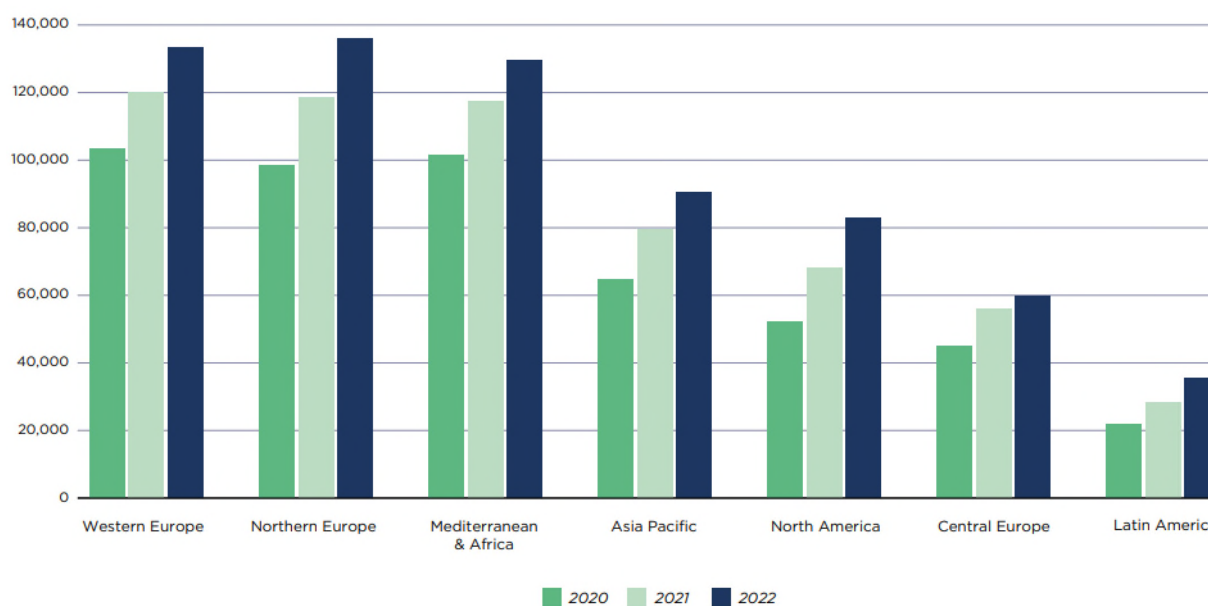
By business line	2020	2021	2022	
	(in €bn)	(in €bn)	(in €bn)	
Credit Insurance	486.4	587.6	666.9	96.6%
Bonding	12.9	13.5	14.7	2.2%
Single Risk Insurance	3.1	2.7	3.5	0.4%
Others *		4.3	4.6	0.7%
Total	502.4	608.1	689.7	100%

* The Latitudine exposure (supervised discretionary credit limit) at Coface Italy and the bonding reinsurance business have been incorporated into the risk management tools since December 2021

The data and charts on exposures provided below relate to credit insurance, which accounts for 97% of total amounts outstanding.

The chart below shows a breakdown of the level of exposure by region for the periods ended 31 December 2020, 2021 and 2022 respectively:

Breakdown of the Group's credit insurance exposures by geographic region (in €bn)



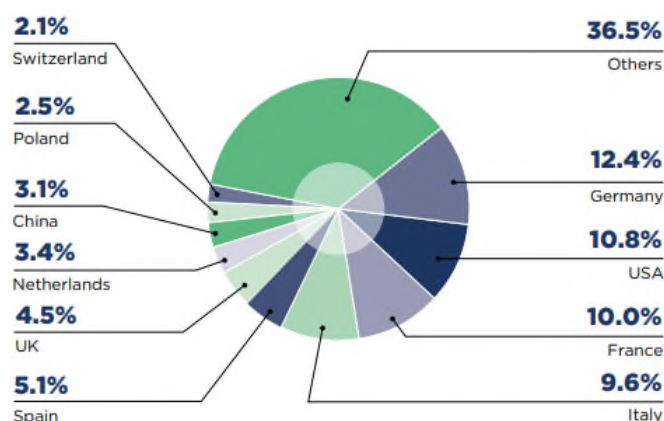
All of the Group's regions recorded an increase in exposure. Following an increase of nearly 15% in 2022, the Mediterranean and Africa region became the Group's largest region in terms of exposure, slightly ahead of Western Europe. Latin America recorded the largest increase, at nearly 25%. However, this region remains the Group's smallest region. In contrast, growth was weaker in Central Europe in 2022 (6.5%, compared to the 13.5% increase for the Group as a whole), due in particular to the risk management action implemented in response to Russia's invasion of Ukraine.

More specifically, risk management action reduced exposure to Russian debtors to €640 million at the end of 2022, a reduction of more than 85% compared to pre-invasion levels. Claims notifications on Russian debtors remained at a moderate level during 2022 and had no significant impact on the Group's loss ratio. Coface is continuing to reduce its activity in Russia while preserving debt collection and risk management capabilities in the region.

The geographical breakdown of risk is monitored according to the Group's country risk assessment, which estimates the average credit risk of companies in a given country using a risk scale ranging from A1 (the highest rating) to E (the lowest rating). The concentration of exposure on the lowest-rated countries is constantly monitored as part of Coface's risk appetite.

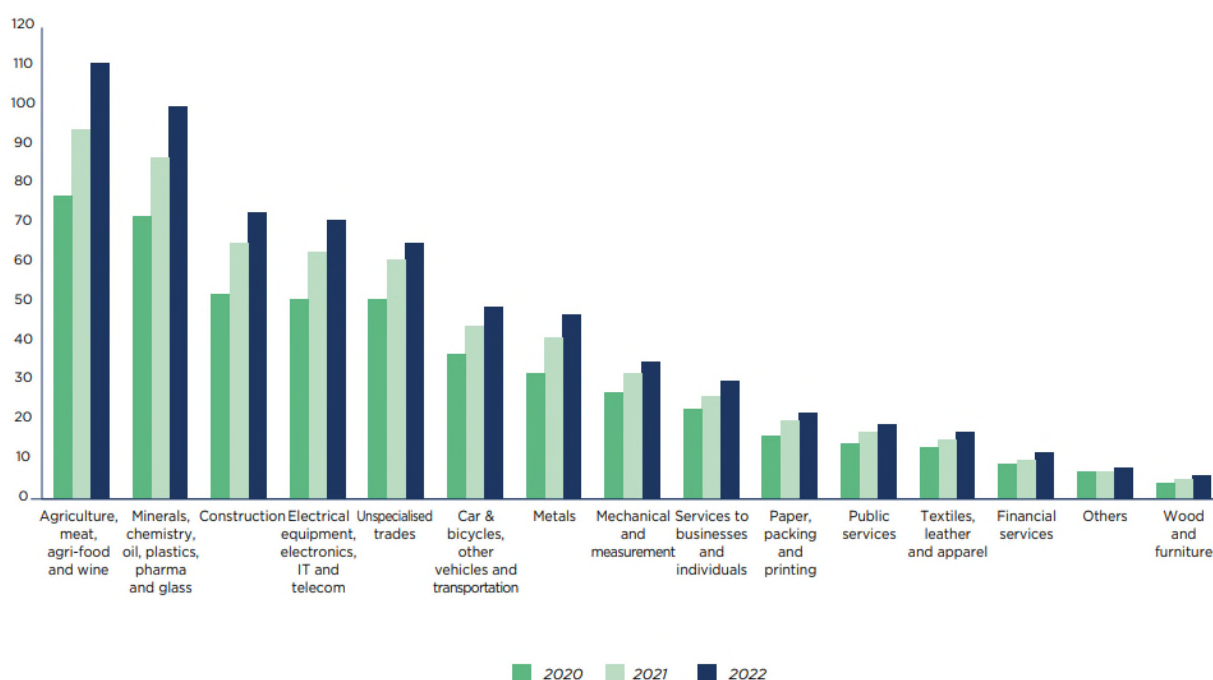
At 31 December 2022, the top ten countries accounted for 63.5% of credit insurance exposures, compared with 63.7% at 31 December 2021. Germany, which accounts for nearly 12.4% of the Group's risks, remains the country in which the Group has the biggest exposure. More than 80% of the debtors covered by credit insurance policies are located in OECD countries.

Breakdown of the Group's credit insurance exposure by country at 31 December 2022



The Group's exposure is also diversified by economic sector. All sectors recorded an increase in exposure in 2022. The concentration on the largest sector, namely agriculture, increased slightly to 16.6% of total exposure. The weight of the transport and metals sectors, which fell significantly at the beginning of the pandemic, was stable in 2022, while the share of exposure to non-specialised retail clients dropped to less than 10%.

Breakdown of the Group's credit insurance exposure by economic sector at 31 December 2022 (in €bn)



At 31 December 2022, more than 95% of the Group's total exposure consisted of short-term risks. The maximum credit term stipulated in its policies rarely exceeds 180 days.

However, an adverse change in the economic cycle (at a global, sector, geographical or country level) resulting from: (i) a financial or health crisis, such as the financial crisis in Latin America in 2019 or the global Covid-19 pandemic in 2020; (ii) a failure of the Group's management systems, processes or governance; or (iii) a poor assessment of the risks associated with an economic sector, geographic area or country, could lead to delays in reducing exposures and/or an overestimation of the quality of exposures to the economic sector, geographic area or country concerned. In such an event, the Group's credit risk would increase and it could experience a sharp rise in paid claims, which would have an impact on its loss ratio, operating income, liquidity and solvency margin.

b) Risk of debtor insolvency

An overestimation of the quality of our debtors, poor management of the concentration of debtors or a delay in assessing certain adverse economic developments could lead to the granting of inappropriate limits to companies that may encounter financial difficulties and potentially default on their payment obligations towards our policyholders, thereby increasing the claims submitted to the Group.

The approval of the maximum amount of risk incurred on debtors is based on an analysis of their financial strength and an assessment of their capacity to pay amounts due to our policyholders in a given economic situation. This analysis is carried out by the Group's credit analysts and underwriters, who continually assess and monitor debtor solvency based on publicly available information and/or data collected directly from the debtors and/or using an internal assessment tool and a historical database.

The default risk of debtors (policyholders' clients) is analysed according to the concentration of exposures to a group of debtors. The Group provides unpaid receivables risk insurance covering over two million debtors worldwide. At 31 December 2022, the Group's average exposure to individual debtors was contained, with an average risk per debtor close to €280,000.

The table below shows a breakdown of the Group's policyholders at 31 December 2022 according to the total outstanding credit risk incurred by the Group. Analysis of the number of debtors by amounts outstanding shows that the risk concentration is limited. For example, debtors to which the Group's exposure totals less than €5 million account for nearly 50% of the Group's total exposure.

Debtor total exposure brackets	Outstanding amounts* <i>(in millions of euros)</i>
	2022
€1 - €100,000	42,282
€101,000 - €200,000	28,548
€201,000 - €400,000	37,732
€401,000 - €800,000	48,349
€801,000 - €1.5 million	51,414
€1.5 million - €5 million	116,200
€5 million - €50 million	227,648
€50 million - €200 million	76,670
€200 million and more	38,072
TOTAL	666,916
<i>* The outstandings shown are gross of reinsurance (direct business and inward reinsurance) and correspond to the maximum amount of cover granted by the Group to its policyholders. They do not correspond to the effective use thereof by the policyholders.</i>	

The risk of debtor insolvency can also be impacted by debtors' exposure to climate risk. Coface has incorporated a climate stress test as part of its annual own risk and solvency assessment (ORSA). In a scenario reflecting the risk of a delayed transition to a low-carbon economy, debtors operating in sectors the most exposed to transition risk (such as carbon intensive sectors) and whose financial strength is low or medium would be the most exposed. However, the share of these companies in Coface's portfolio is very low. As a result, the impact of this stress scenario on the Group's profitability and solvency is not material.

The Group is mainly exposed to small and medium-sized debtors and, to a certain extent, to larger debtors for larger amounts. Although the Group's exposures are covered by a reinsurance programme, the default of a number of small and medium-sized debtors, each for amounts below the minimum amounts covered by the reinsurance programme, could be borne directly by the Group. In addition, the default of certain debtors for a significant amount may exceed the upper limit of the reinsurance programme. As a result, adverse developments in the economic situation of a debtor, internal defaults of debtors, or a failure in the Group's systems or processes leading to an incorrect assessment of the risk of insolvency of a debtor or group of debtors, may lead to an underestimation of this risk of default of one or more debtors, thereby increasing the claims presented to the Group, which may have a material impact on its operating income, liquidity and solvency margin.

c) Risk related to technical provisions

The Group uses actuarial techniques and calculations to value technical reserves that may not correspond to actual experience and could have an adverse impact on the Group's financial position and solvency margin.

At 31 December 2022, the Group's loss ratio (before reinsurance)¹ stood at 31.2%², compared with 21.4% at 31 December 2021². The loss ratio rose from last year due to the normalisation of the loss experience following the Covid-19 pandemic.

Technical reserves of insurance policies are recorded on the liabilities side of the balance sheet. These reserves are measured in accordance with IFRS. They are an estimate of the amount of claims the Group is committed to pay (and the administrative fees relating to these claims):

- ◆ a reserve for claims payable is recorded for claims incurred, whether or not they have been reported to the Group (reserve risk);
- ◆ the Group also establishes a reserve for unearned premiums (premium risk).

In order to build up technical reserves for claims, the Group makes estimates based on various modelling techniques, using internal and external tools. Modelling results and the related analyses are subject to the various assumptions, expert judgements, modelling errors and limitations inherent in any statistical analysis. Differences may be observed retrospectively between the Group's estimates and the real cost of actual claims (see also "*Operational and compliance risks – Model risk*" below).

The technical reserves recognised in the IFRS financial statements cover simulated differences in reserve risk with a sufficient margin.

Furthermore, the Group's internal risk policy specifies that the level of reserves (all business lines and years combined) must at least equal the 90% quantile of the distribution of reserves for claims; in other words, the level of reserves must cover 90% of potential ultimate claims.

At 31 December 2022, accounting reserves exceeded the 90% quantile, thereby protecting the Group from a reserve shortfall in nine cases out of ten.

However, poor data quality, a deterioration in the economic environment not reflected in the projections or the use of inaccurate or incomplete models may lead to situations in which the actual experience deviates from the estimates, which may have an adverse effect on the Group's financial position and solvency margin.

1.2 Financial risks

a) Interest rate risk

Interest rate risk represents the sensitivity of the value of assets, liabilities and financial instruments to changes in the yield curve or the volatility of interest rates.

The Group holds an investment portfolio composed mainly of listed financial instruments. Its portfolio allocation is mainly focused on debt products (almost all at fixed rates), as shown in the table below. The Group's portfolio of assets also enables it to meet some of its liquidity needs.

¹ The Group's loss ratio (before reinsurance) corresponds to the ratio of claims expenses to gross earned premiums (that is, the sum of gross earned premiums and provisions for unearned premiums), net of premium repayments.

² Under IFRS 4.

Investment portfolio (fair value)*	As at 30 June 2023		As at 31 December 2022***		As at 31 December 2021***	
	(in millions of euros)		(in millions of euros)		(in millions of euros)	
Equities	75	2.6%	85	2.9%	233	7.6%
Bonds	2,226	77.4%	2,265	77.1%	2,115	69.0%
Loans, deposits and other financial investments**	383	13.3%	367	12.5%	507	16.5%
Investment property	191	6.7%	220	7.5%	213	6.9%
TOTAL	2,876	100.0%	2,937	100.0%	3,068	100.0%
<p>* Excluding non-consolidated subsidiaries. ** Including units in money market UCITS. *** Before application of the IFRS 9.</p>						

The Group's investment policy aims to respect legal and regulatory requirements while generating regular income with limited risk.

In the first semester of 2023, the global economy remained in stagflation. The decline in headline inflation in most countries has spread very gradually to underlying indices (excluding energy and food). In response, central banks continued to raise their key rates, but at a slower pace than in 2022. As a consequence, fixed income markets were very volatile, however the equity markets rose sharply over the first half of the year.

Against this backdrop of economic slowdown, the Group continued to reduce its portfolio's risk profile as begun in 2021, mainly by lowering its exposure to emerging sovereign debt and corporate bonds in exchange for developed country government bonds. With regard to real assets, some dedicated funds are currently being sold.

Similarly, the Group significantly reduced its equity allocation. As such, the portfolio's equity exposure decreased by 4.7 points between the end of 2021 and the end of 2022 and the remaining equity allocation is measured at fair value through non-recyclable other comprehensive income (FV OCI-NR) as from 1st January 2023. As a majority of the Group's financial assets are measured at fair value both before and after transition to IFRS 9, the new classification requirements have no material impact on the Group's total equity at 1st January 2023. Therefore, the Group's total equity is impacted only to the extent of any reclassifications between the amortised cost and fair value measurement categories. The application of the IFRS 9 impairment requirements since 1st January 2023 will result in additional loss allowances, mainly on debt investments measured at FV OCI. Nevertheless this has no impact on the Group's total equity as the recognised loss is offset by a change in fair value reevaluation; as the matter of fact, the recognition of provisions for losses does not reduce the book value of these investments, which remains at fair value.

At 30 June 2023, the fair value of the Group's investment portfolio amounted to €2,876 million (excluding non-consolidated subsidiaries).

The bond portfolio is mainly invested in government bonds (43.4% at end-June 2023) and investment grade corporate bonds (31.8% at end-June 2023)³. These investments were made in accordance with a clear risk policy with a particular focus on issuer quality, interest rate sensitivity, and the spread of issuers and geographic regions in the investment mandates granted to the Group's dedicated asset managers.

The average rating of the bond portfolio at the end of June 2023 was A+, with nearly 96% of securities rated BBB or above.

³ According to the Standard & Poor's rating scale, all bonds rated at least BBB- are considered investment grade, and bonds with a rating of BB+ or lower are considered to be high yield debt.

Breakdown by rating of bonds in the bond portfolio (fair value)	As at 30 June 2023	
	<i>(in millions of euros)</i>	
AAA	298	13.4%
AA – A	1,113	50.0%
BBB	707	31.8%
BB – B	103	4.6%
CCC and below	6	0.3%
TOTAL	2,226	100.0%

Through its bond investments, the Group is exposed to interest rate risk, which includes (i) interest rate risk reflected in the sensitivity of the value of assets, liabilities and financial instruments to changes in the yield curve or interest rate volatility and (ii) credit spread risk reflected in the sensitivity of the value of assets, liabilities and financial instruments to changes in credit spreads against the interest rates at which sovereign bonds are issued.

The modified duration of the Group's bond portfolio is capped at 5⁴ in the Group's internal investment policy. The bond portfolio's modified duration at 30 June 2023 was 3.0 years. The Group's exposure to interest rate risk and, consequently, to spread risk, therefore remains limited.

However, fluctuations in interest rates have a direct impact on the market value and return on the Group's investments since unrealised gains or losses and the return on securities held in its portfolio depend on the level of interest rates.

Interest rates are highly sensitive to a number of external factors, including monetary and fiscal policies, domestic and international economic and political environments, and investors' risk aversion.

The risk associated with a significant drop in interest rates is that either the portfolio's average rate decreases (in which case reinvestments are made at lower rates) or the portfolio's duration increases (which may make the portfolio more sensitive to future interest rate fluctuations). The risk associated with rising interest rates is a fall in the market value of the bond portfolio, which may lead the Group to record unrealised losses.

At 30 June 2023, the Group estimates that an increase in interest rates of 100 basis points would have an impact of €64.9 million on the fair value of its portfolio (excluding hedging activities).

Any significant fluctuation in the value of the Group's bond portfolio due to a change in interest rates may have a material adverse effect on the Group's ability to manage this portfolio on favourable terms, which may have an impact on the Group's cash flows, solvency margin and financial position.

b) Equity risk

Equity risk arises from the sensitivity of the value of assets, liabilities and financial instruments to changes affecting the level or volatility of the market value of equities.

At 30 June 2023, equity investments accounted for 2.6% of the Group's investment portfolio, compared with 2.9% at the end of 2022. This exposure is concentrated in the eurozone, in line with the Group's core business. These investments were partially hedged on the Euro Stoxx 50 index⁵ with a view to protecting the portfolio in the event of a significant drop in the equity market. Following the choice to measure the portfolio's equity exposure at FV OCI-NR for accounting purposes taking into account the objective of long term holding of such equity investments, this hedging was discontinued and closed in early December 2022.

Equity prices may be affected by risks affecting the market as a whole (uncertainty over general economic conditions, such as expected growth trends, inflation, interest rate fluctuations, sovereign risk, etc.) and/or by risks affecting a

⁴ A bond's modified duration measures its loss of value in the event of a rise in interest rates. Thus, a bond with a modified duration of 4 will see its market value decrease by 4% if interest rates rise by 1%.

⁵ This position is hedged through the use of derivatives for which the change in value is recorded directly in the income statement under IFRS, as the Group has not opted for hedge accounting within the meaning of IFRS for this transaction and this underlying asset.

single asset or a small number of assets. This may result in a fall in the price of equity instruments held by the Group and may have an impact on its realised or unrealised capital gains and losses.

The following table assesses the portfolio's sensitivity to a decline in the equity market:

<i>(in millions of euros)</i>	Market value as at 30 June 2023	Impact of a 10% decline in the equity markets ⁽¹⁾	Impact of a 20% decline in the equity markets ⁽¹⁾
Equities	75	-7.5	-15
<i>⁽¹⁾ Excluding any hedging impact.</i>			

Any significant change in the value of the Group's equity instruments due to a decline in the equity markets may therefore have an adverse effect on the value of the Group's portfolio and on its ability to manage this portfolio on favourable terms, which may have an impact on the Group's cash flows, solvency margin and financial position.

The funds exposures are accounted at Fair Value through profit and loss (JVR) following IFRS9 accounting implementation, therefore Real estate funds valuation changes go straight to P&L.

Any significant change in the value of the Group's real estate positions due to a decline in the real estate market may therefore have an adverse effect on the value of the Group's portfolio and on the Group's financial cash flow.

c) Real estate risk

Real estate risk represents the sensitivity of the value of assets, liabilities, and financial instruments to changes affecting the level or volatility of the market value of real estate assets.

The Group's current real estate portfolio consists of property used for its operating activities and investments having real estate as their underlying assets. At 30 June 2023, the fair value of the Group's real estate exposure was €191 million, with €0.3 million in real estate assets used for its operations and €190.7 million in real estate investment funds invested in real estate assets linked to various economic sectors in Europe. Investment in real estate investment funds accounts for a limited portion of the Group's investment portfolio (6.6%) due to the low liquidity of this asset class.

The rental income of the real estate portfolio is exposed to variations in the indices used to calculate rents (for example, the cost of construction index in France), risks related to the rental market (changes in supply and demand, vacancy rates, impact on market rental values or lease renewals) and the risk of default by leaseholders.

The value of real estate assets is exposed to the risk of obsolescence due to changes in applicable regulations, which could lead to impairment losses in the event of a sale of the assets or additional expenditure to restore the value of the assets.

The following table assesses the portfolio's sensitivity to a downturn in the real estate market:

<i>(in millions of euros)</i>	Market value as at 30 June 2023	Impact of a 10% decline in the real estate market	Impact of a 20% decline in the real estate market
Real estate	191	-19.1	-38.2

Any significant change in the value of the Group's real estate portfolio due to real estate market trends may therefore have an adverse effect on the value of the Group's portfolio and on its ability to manage this portfolio on favourable terms, which may have an impact on the Group's cash flows, solvency margin and financial position.

d) Liquidity risks

Adverse conditions on the capital markets could have a significant impact on the Group's ability to fund its factoring business.

The Group has a commercial credit insurance business, which is the core of its business model, but has also developed a factoring business in Germany and Poland.

Through this business, the Group acquires and finances its clients' trade receivables, thereby generating a significant liquidity requirement insofar as it does not have an internal source of financing. For example, the liquidity used to fund this activity amounted to more than €2.6 billion at 30 June 2023. To finance its factoring activity on a sustainable

basis, the Group has a diversified and resilient refinancing programme, consisting of a trade receivables securitisation programme of up to €1,200 million (increased from €1,100 million at 31 December 2021), and a commercial paper programme for up to €700 million (unchanged since 31 December 2021) as well as several credit lines and overdraft facilities for a maximum of €1,677 million at 30 June 2023. The Group's refinancing programme is oversized and guaranteed for a much longer maturity than the underlying short-term trade receivables it finances. It includes back-up facilities for its market financing solutions such as the commercial paper and a securitisation programme.

Any substantial downgrade of the credit ratings of the Group or one of its entities or any non-compliance with the obligations set out in the financing agreements could have a material adverse effect on the Group's ability to fund its factoring business due to the loss of financing available under existing credit facilities or difficulties in renewing these credit lines. In addition, any market event leading to the unavailability of the debt market or the commercial paper market, as sometimes happens during a financial crisis, could compromise the Group's ability to obtain adequate funding and lead to a decline in business and consequently a loss of revenue.

Liquidity tensions related to the payment of claims to its policyholders and/or the failure of some of its reinsurers to meet their obligations could cause the Group to record a loss in value of its portfolio. Significant disposals required within a few days and carried out urgently on illiquid assets or involving high execution costs could impact the value of the portfolio in sudden or adverse market scenarios, thereby having consequences for the Group's solvency margin and/or net income.

The Group's investment portfolio must be sufficiently liquid to meet significant cash requirements at all times. For this reason, it consists mainly of debt products (which represent the bulk of the Group's overall asset allocation) with a fixed rate and short duration, in line with the Group's liabilities. In addition, the Group allocates a significant portion of its assets to highly liquid money market instruments, which accounted for 13.3% of the investment portfolio at 30 June 2023 (loans, deposits and other financial investments), corresponding to €383 million at this date. Under current market conditions and according to the Group's assessment, this amount could be fully available in less than 15 days.

The following table presents the breakdown of the duration of the Group's bond portfolio:

	As at 30 June 2023	
	<i>(in millions of euros)</i>	
< 1 year	372	16.7%
1-3 years	911	40.9%
3-5 years	556	25.0%
5-10 years	308	13.8%
> 10 years	80	3.6%
TOTAL	2,226	100.0%

At 30 June 2023, 58% of the bond portfolio had a duration of less than three years.

This short duration allows the Group to have regular access to liquid assets that may be allocated to operating needs if necessary or to make regular reinvestments in market securities.

As an insurer, the Group must regularly pay claims and has implemented liquidity management policies for its investment portfolio as well as clear rules for monitoring its reinsurers' default risk.

However, in certain circumstances where the Group would have to simultaneously incur many large claims and/or in the event that some of its reinsurers fail to meet their obligations, the Group may face liquidity problems and be forced to carry out larger-than-expected asset disposals, potentially creating a loss of value in this portfolio, which could impact its solvency margin and/or net income.

e) Foreign exchange risk

Given its global presence, the Group is exposed to exchange rate fluctuations that may affect its profitability, financial position, liquidity and solvency margin.

Foreign exchange risk is the risk of loss resulting from adverse changes in exchange rates. It could have an impact on the Group's operating income (for example, turnover from subsidiaries or liabilities denominated in specific currencies) and on the value of the Group's assets (for example, through direct investments in assets denominated in foreign currencies).

At 30 June 2023, 36% of the Group's consolidated turnover was denominated in currencies other than the euro (mainly the currencies of the United States, the United Kingdom, Singapore and Hong Kong) thus exposing the Group to foreign exchange risk.

Most of the Group's investments are denominated in euros. At 30 June 2023, more than 75.8% of its investments were denominated in euros and the exposure to foreign exchange risk (mainly in US dollars, Singapore dollars, pounds sterling and Hong Kong dollars) was therefore limited.

However, the following types of foreign exchange risk have been identified by the Group:

- *Operations*: fluctuations in exchange rates may have consequences on the Group's operating income due to the translation of foreign currency transactions, the settlement of balances denominated in foreign currencies and a mismatch between monetary assets and liabilities in foreign currencies. To reduce the impact of this mismatch, the Group uses derivatives to hedge its positions against foreign exchange fluctuations in sensitive currencies, particularly during periods of heightened volatility on the capital markets. However, it is never possible to fully align monetary assets and liabilities and a potential impact on profits and losses may be recorded as a result of fluctuations in exchange rates and since these transactions are not subject to hedge accounting under IFRS.
- *Conversion*: the Group publishes its consolidated financial statements in euros, but some of its income and expenses, as well as its assets and liabilities, are denominated in currencies other than the euro. As a result, fluctuations in the exchange rates used to convert these currencies into euros may have a significant impact on reported turnover from one year to the next.

Any significant change in the exchange rates for currencies in which the Group operates or manages its assets is therefore likely to have an adverse effect on its cash flows, solvency margin and financial position as well as the value of its portfolio.

1.3 Strategic risk

a) Risks related to market conditions

Corporate insolvency rates were low during the post-pandemic recovery but are expected to increase, which could lead to higher credit losses for the Group, a loss in value of its investments or other difficulties. In addition, the economic environment has become less favourable. The war in Ukraine has intensified downward pressure on global growth and upward pressure on inflation.

In 2022, the economic rebound after the crisis triggered by the Covid-19 pandemic began to weaken as difficulties mounted. The rise in global inflation and the aggressive response of the main central banks are slowing economic growth. This slowdown is compounded by the fallout from the war in Ukraine and threats to growth in China (drought, zero-Covid policy, turbulence on the real estate market). Against this backdrop, and after corporate bankruptcies were unusually low in 2020 and 2021, they have started to rise in some of the world's largest economies. They have already exceeded pre-pandemic levels in the UK and Spain, and have returned to equivalent levels in France. In the United States, although business failures remain low, they seem to have bottomed out in the middle of the second quarter of 2022. More recently another headwind has appeared with the Middle-East conflict started on 7 October 2023 which is likely to have an impact on many regional sectors and potentially affect the global economy, as the risk of the conflict spreading is real.

In the first quarter of 2023, the global economy remained in stagflation. The decline in headline inflation in most countries has spread very gradually to underlying indices (excluding energy and food). In response, central banks continued to raise their key rates, but at a slower pace than in 2022. Against this backdrop, the fixed income markets were very volatile, while the equity markets rose sharply over the first half of the year. In the second quarter of 2023, the global economy benefited from a decline in commodity prices, which concerned both energy and non-energy. In particular, oil prices suffered from a weak demand outlook, notably due to the lack of a real rebound of the Chinese economy. This latter is experiencing a persistently soft industrial cycle and is suffering from the relocation of some production facilities to other countries because of geostrategic uncertainties. Inflation remains the key concern for central banks. The recent decline in oil prices brought a welcome relief in inflationary pressure but it could rapidly

revert should demand recover. Central banks are therefore expected to continue tightening their monetary policies, which should keep global growth at a modest level both in 2023 and 2024.

The effects on inflation of the unprecedented monetary tightening in recent months are still largely to be seen, particularly in terms of service prices. The latter are still rising at levels that are hardly compatible with the 2% inflation target. Nevertheless, some of the major central banks have decided to pause rate hikes, starting with the Bank of Canada, the Reserve Bank of Australia and, probably, the FED. Conversely, the Bank of England is likely to raise its rate again, and the ECB will probably be forced to hike at its next meetings. Pauses in rate hikes should allow to assess the impact of actions taken over the past year. Indeed, the turbulence in the banking sector can raise concerns about a credit squeeze, which is already visible. The slowdown in new lending to households and businesses, which drags down domestic demand, economic activity and, ultimately, inflation, also argues for a cautious stance from central banks. In the coming months, companies will have to contend with an adverse environment of higher prices and tighter credit conditions, as well as sluggish domestic demand. In addition, after an overall increase in margins in 2022, businesses are likely to see their operating profitability decline under the combined effects of a gradual fall in core inflation and rising unit labor costs. The sharp increase in corporate insolvencies since the start of the 2023 year in most advanced economies is likely to continue, and even intensify, over the coming months.

In addition, the risk of persistent inflation remains high. The "mechanical" fall in inflation in the first half of the 2023 year has been confirmed, as the repercussions of the conflict in Ukraine on energy prices are fading in most economies. On the other hand, signals of more entrenched inflation have also been confirmed, with core inflation stabilizing at high levels in the Eurozone, the UK and the USA. Renewed inflationary pressures are still possible. China's recovery has not yet reached its full potential, and is likely to exert pressure on gas supplies. Meanwhile, the oil market is tighter following OPEC+'s announcements of production cuts. The organization has withdrawn the equivalent of around 3.7% of global demand from the market. In addition to energy prices, agricultural commodities are also worth monitoring. While their decline in recent months has not necessarily been passed on to consumer prices, new upside risks are already emerging. In addition to the Russian-Ukrainian conflict, which will continue to exert pressure, the El Niño climate phenomenon seems to be on the horizon from the second half of 2023. It could influence production and prices in 2023-24, with warmer temperatures and intense water deficits in some parts of the world.

The Group's strategic plan for 2020-2023 is based on (i) a core economic scenario developed by its research teams and (ii) assumptions arising from this scenario.

The plan, as well as the Group's results and solvency, could be significantly affected by economic and financial conditions in Europe and other countries around the world. There remains a threat of a global economic depression for health, financial and/or geopolitical reasons, and a lasting macroeconomic downturn could affect the Group's activities and results, in particular due to a lower amount of premiums earned from policyholders and/or a higher level of claims reported.

b) Risks related to changes in the regulations governing the Group's activities

If the Group is unable to comply with regulatory changes, new accounting standards or tax reforms, this could have a negative impact on its business or its financial position.

A significant portion of the Group's business is subject to the obtaining of approvals and licences issued by the public authorities in charge of supervising and controlling credit insurance, business information and factoring activities. Under its strategy of sustained and profitable growth, the Group is developing new activities in certain countries and must obtain all the approvals, licences and authorisations necessary to carry out these activities. For example, in 2019 the Group launched a new credit insurance offering in Greece through a local branch that had to obtain the necessary local and European authorisations.

Any major difficulty encountered in obtaining such authorisations could delay or jeopardise its establishment in these new countries. Similarly, the non-renewal, suspension or loss of these authorisations could have a material adverse effect on its business, operating results, financial position and outlook.

In addition, the patchwork of regulatory regimes, capital standards and reporting requirements resulting from work on new capital requirements, as well as possible changes to solvency and capital adequacy requirements, such as the regulatory framework established by Solvency II or the forthcoming Insurance Recovery and Resolution Directive, could increase non-compliance risk, operational complexity and regulatory costs.

Tighter controls and higher capital requirements aimed at further strengthening the protection of policyholders and/or financial stability could affect the calculation of the local solvency margin and have a material adverse impact on the

Group by increasing its external financing requirements and, as such, raising its funding costs. Insurance supervisors have broad administrative powers over many aspects of the insurance industry and the Group is unable to predict the timing or form of future regulatory initiatives.

In addition, changes in accounting standards (in particular the application of IFRS 17 from 1st January 2023) could have a significant impact on the Group by affecting the accounting treatment of certain assets and liabilities and thereby modifying the consolidated financial statements from one year to the next. These changes in accounting standards may change investors' perception of the Group's results and financial statements without being related to changes in the Group's activities.

Changes in tax laws and regulations or their interpretation may have a negative impact on the Group's performance, including its financial results and business model. In particular, legislative or regulatory changes may reduce the risk appetite of third parties and impact certain Group activities.

As such, the new IFRS 17 accounting standards, which are in effect since 1st January 2023, and IFRS 9, have modified the presentation of business indicators and had an operational and financial impact, particularly on information systems.

c) Risk of deviating from the strategic plan

Failures in the management or implementation of the strategic plan could have a negative impact on the Group's results or competitiveness.

Under the leadership and oversight of senior management, the 2020-2023 strategic plan was developed in consultation with the Group's regions and functional departments to ensure it was relevant and to engage its operational teams.

The strategic plan includes the following financial objectives through the cycle:

- a combined ratio of 80%;
- a return on average tangible equity of 9.5%;
- a solvency capital requirement ratio of between 155% and 175%;
- a payout ratio equal to or greater than 80%.

A dedicated organisational structure was set up to monitor execution of the plan and thus minimise the risk of deviating from its objectives. This organisation is headed by the Group's Operations Department, with the support of the Finance Department.

In addition to risk factors arising from market conditions, risks associated with the achievement of the Group's strategic objectives could arise from the emergence of other risk factors that may have an impact on the Group, such as the strategy or growth of other credit insurance providers, internal factors such as a product launch that does not find a market or that generates excessive risks, delays in investment, adaptation or transformation projects, or shortcomings in the management of the strategic plan.

If the plan is not completed on schedule, the Group may have to modify one or more of the strategic indicators it provides to the market, which could have an impact on its ability to pay dividends to its shareholders and on the perception of its activities by the capital markets and investors in general, thereby putting pressure on the market value of its financial instruments and having a negative impact on its results or competitiveness.

d) Reputational risk

Adverse events affecting the Group's reputation may compromise the Group's ability to take on a risk, sell services and/or obtain competitive reinsurance terms

Reputational risk is the risk that an internal or external event adversely affects stakeholders' perception of and confidence in the Group. It may also arise if there is a divergence between stakeholders' expectations and the Group's results.

Errors in the management of its investment portfolio or mismanagement of its exposures to certain geographical areas, economic sectors or debtors, particularly in a situation of economic uncertainty (see risk factor 1.1. a) "*Risk related to the management of the Group's exposure in its insurance business*"), serious IT failures affecting, for example, clients or partners or causing data leaks (see risk factor 1.5. a) "*Risks related to information systems and*

cyber security"), or inadequate management of its environmental, social and governance policy could generate reputational risk for the Group and affect its ability to underwrite a risk and/or obtain competitive reinsurance terms. The deterioration of the Group's reputation may also affect its ability to finance its activities, particularly its factoring business, or increase its financing cost. Due to these factors, a deterioration in the Group's reputation could affect its solvency margin, cash flows and operating income.

1.4 Reinsurance risk

Under certain adverse circumstances, reinsurance treaties may not be renewed in full or extended in line with the development of the Group's activities, which may have an adverse impact on the Group's solvency margin and operating income.

The main reinsurance risk is a lack of coverage available on the market, which would reduce the Group's risk appetite for future uncovered extreme credit events.

This risk may increase due to changes in the economic cycle, a poor financial performance by the Group, or a decline in the attractiveness of the credit insurance and bonding segments in relation to other risk segments that could be considered to be more profitable by the reinsurance market.

The Group has structured its reinsurance programme as follows:

- two proportional treaties covering 23% of its exposure. The renewal dates for these two-year quota share treaties are 12 months apart, so half of the coverage is already secured for the following year regardless of the outcome of the renewal in progress. Proportional coverage aims to protect the Group against a significant increase in the frequency of claims
- a new proportional treaty covering 27% of its exposure to bonding and Single Risk⁶. This treaty was signed at the end of July 2022 with effect from 1st January 2022. This 25% is in addition to the ceded reinsurance rate of 25%, bringing the share on bonding and Single Risk to 50%;
- after the quota shares, the residual exposure is covered by two excess of loss treaties aimed at covering the Group against the default of a significant exposure or the accumulation of losses related to small and medium-sized exposures. This coverage aims to protect the Group against an exceptional risk with a very high adverse financial impact;
- in the long term, the Group's residual exposure is also covered by a two year stop loss reinsurance treaty covering the Group against a combination of exceptional events.

If one or more reinsurance treaties cannot be renewed or are renewed for a lower coverage amount, the Group will incur more risks than expected, which may increase the final share of the losses it will have to finance and may have a negative impact on its solvency and operating income. In the event of serious losses, reinsurance companies may increase premiums, which may also have a direct impact on the Group's operating income.

The Group faced a capacity shortage at the end of 2008 and could only partially place its proportional reinsurance programme and the overall cost of the reinsurance programme was significantly higher than in the previous year. If a similar event occurs in the future with the current reinsurance structure, this may have a negative impact on the Group's solvency margin.

1.5 Operational and compliance risk

a) Risks related to information systems and cyber security

Like any company, the Group is exposed to cyber attacks or other security vulnerabilities in its IT systems and infrastructure, or in those of its third-party service providers, which could disrupt its activities, cause significant financial losses, harm its reputation and expose it to possible sanctions from the regulatory authorities.

As dependency on technology and digital infrastructure and data increases, the risks associated with information systems and cyber security are important for the Group. Information system risks may occur in project, design or production phases, any may be caused by technical or human errors, negligence or a lack of control or skills. Cyber

⁶ The Single Risk offering provides coverage for commercial and political risks in connection with operations that are time-specific, complex, for a high amount (generally greater than €5 million) and for which the credit term is between 12 months and seven years. It gives policyholders the possibility to cover a risk linked to an investment or a particular market, as opposed to credit insurance products, which cover the risks of unpaid receivables on their entire turnover (whole turnover policies).

security risks are mainly caused by internal or external malicious acts, for example, cyber attacks. These actions and the risks associated with the information system could lead to a breach of the confidentiality, integrity or availability of the Group's in-house or outsourced information systems.

The Group is exposed to cyber attacks or major failures in information systems affecting its systems or those of its third-party service providers, which may disrupt its activities (credit insurance, factoring, bonding, debt collection, business information). These attacks may vary greatly in terms of their sophistication and execution. The main types of attack include:

- *phishing or spear phishing*: scams by e-mail, social networks, SMS, voice calls, etc. could result in financial transactions or cause viral infection of information systems, leading to direct financial loss, disclosure of confidential information or the loss of integrity of our systems;
- *data leakage*: data could be stolen or made public in breach of the Group's regulatory or contractual obligations;
- *data diddling*: data could be deleted or corrupted, resulting in business interruption, loss of business and extended disruption due to the complexity of returning to a normal situation;
- *ransomware*: key infrastructure components (such as Active Directory⁷) could be attacked, leading to the partial or complete interruption of the Group's information systems. The Group may receive ransom demands and its activity could be suspended for several weeks;
- *system failure, loss of internet access or electricity supply*: systems and applications could be slowed or interrupted, resulting in lost productivity and repair costs;
- *failure of a key supplier*: for accidental or malicious reasons – these failures could disrupt the activity and require the implementation of possibly complex alternative or isolation solutions;
- *Distributed Denial of Service (DDoS)*: the Group may be the target of DDoS attacks resulting from malicious attempts to disrupt the normal traffic of its data centres or internet portals by overloading the systems or their surrounding infrastructure with internet traffic from multiple sources. The Group's data centers or internet portals could become unavailable in the event of a successful DDoS attack.

Any of the above could cause significant damage to the Group's systems or data and could therefore lead to financial losses for the Group, harm its reputation and give rise to client complaints. This type of cyber attack may also result in a breach of the legal responsibility of the Group's executives and could also give rise to regulatory sanctions depending on the sensitivity of the data or the location of the system that is successfully attacked.

b) Model risk

The Group uses a number of models to carry out its activities. In certain circumstances, some models may no longer behave as expected, resulting in an inadequate assessment of its level of loss.

In performing its activities, the Group uses a number of models such as macroeconomic or stochastic models, debtor default prediction models, financial risk projection models to calculate premiums, and a partial internal model to calculate its regulatory capital requirement.

These models are based on estimates and assumptions that may prove incorrect. Some data may be incomplete or imperfect, and execution systems and procedures may have limitations or weaknesses, which could lead to errors in the pricing of insurance premiums in relation to the risk incurred for a given debtor, in the Group's assessment of the quality of its exposure in certain geographical areas or economic sectors, in the establishment of technical provisions or in the Group's management of its asset portfolio. As a result, if the models no longer behave as initially expected, this could have an impact on the Group's loss ratio, financial forecasts, solvency margin, cash flows, earnings and reputation.

c) Compliance risk

⁷ The main objective of Active Directory is to provide centralised identification and authentication services to a network of computers using Windows, macOS or Linux systems.

The Group is exposed to the risk of violation of economic sanctions and the breach of laws and regulations covering corruption, money laundering and terrorist financing, or external fraud, which could expose it to regulatory fines, financial losses and reputational harm.

As an entity supervised by the French Prudential Supervision and Resolution Authority (**ACPR**), the Group must comply with French, national and international laws, regulations, and professional and ethical standards relating in particular to economic sanctions, anti-money laundering and counter-terrorist financing measures, the fight against corruption, and other local financial crime regulations applicable to its activities. The Group, which comprises several subsidiaries and branches, must comply with economic sanctions issued by various sources such as the United Nations, the European Union and its members and the Office of Foreign Assets Control (**OFAC**) of the US Department of the Treasury. In particular with regard to anti-corruption laws and regulations, the Group must comply with the provisions of the Sapin II law in France, the US Foreign Corrupt Practices Act (**FCPA**) and other local laws such as the UK Bribery Act.

As it does business in more than 100 countries, the Group is exposed to the risk of violation of anti-corruption, anti-money laundering and counter-terrorist financing laws and regulations and economic sanctions in the countries in which it operates. Any breach of these laws and regulations could expose the Group to regulatory fines, financial losses and reputational harm that could have a direct and material impact on its business.

In addition, the Group is exposed to external fraud, which may take various forms, including cyber attacks and fraud committed by its policyholders' debtors. An act of fraud could generate a direct loss for the Group if it succeeds in circumventing the control or protection measures in place.

d) Outsourcing risk

The Group relies on a wide range of service providers in conducting its activities. The use of outsourcing may have consequences for its financial performance, relationship with clients or reputation. Outsourcing risk covers both the outsourcing of activities targeted by the regulations and outsourcing outside the regulatory framework to external service providers or internal service providers in the Shared Services Centers.

Outsourcing may expose Coface to several types of risks, including:

- the sub-performance of the outsourced service in relation to the Group's standards;
- vulnerability in the selection, assessment and management of a service provider;
- disruption of the business continuity system;
- leak of confidential data;
- fraud by a supplier;
- the risk of money laundering, terrorist financing or corruption;
- the risk of non-compliance with international sanctions.

Due to these many issues, policies cover the selection, governance and supervision of outsourced services.

Moreover, since the entry into force of the Solvency II Regulation, the outsourcing of important or critical functions and/or activities is strictly governed by the regulations applicable to insurance companies.

To date, the main material or critical activities outsourced by the Group concern the Company's financial investment management activity and the hosting of information systems.

Key functions are rarely outsourced with the exception of the Know Your Customer (KYC) process, which has been outsourced internally within the Group.

Deficiencies in the performance of outsourced services may expose the Group to substantial operational, financial and reputational risk. The Group's reliance on any of its affiliates to provide it with important services may also give rise to conflicts of interest. Failure to manage these conflicts of interest appropriately could have a very significant adverse effect on the Group's reputation, relationship with clients or operating income. In addition, the Group may also not be fully indemnified for the contractual breaches of the third parties.

2. Risk factors relating to the Notes

2.1 Risk factors specific to the nature of the Notes

The Notes are Ordinarily Subordinated Notes

The obligations of the Issuer under the Notes in respect of principal and interest (including Arrears of Interest as defined in Condition 1 (*Definitions*)), constitute Ordinarily Subordinated Obligations of the Issuer and rank and shall at all times rank without any preference among themselves and (i) equally and rateably with any other present and future Ordinarily Subordinated Obligations of the Issuer (including, for the purpose hereof, the 2014 Notes and the 2022 Notes), (ii) in priority to all present and future *prêts participatifs* granted to, and *titres participatifs* issued by, the Issuer, any deeply subordinated Obligations of the Issuer that by their terms rank junior to the Notes or to such *prêts participatifs* and *titres participatifs* (including *titres super subordonnés*), but (iii) behind Senior Subordinated Obligations and Unsubordinated Obligations of the Issuer.

As a result of their ranking, in the event of incomplete payment of creditors ranking senior to Noteholders (in the context of voluntary or judicial liquidation of the Issuer, bankruptcy proceedings or any other similar proceedings affecting the Issuer), the obligations of the Issuer in connection with the Notes and all payments of principal and interest (including, if relevant, any Arrears of Interest) will be terminated. Thus, the Noteholders face a significantly higher credit risk than holders of Senior Subordinated Obligations and Unsubordinated Obligations of the Issuer and could then lose all or some of their investment if the Issuer becomes insolvent.

Under certain conditions, payments of interest under the Notes will be deferred

Upon the occurrence of a Regulatory Deficiency (it being specified that the Issuer's minimum Solvency Capital Requirement is equal to 100% and that the Issuer's Solvency Capital Requirement ratio is equal to 202%, as at 31 December 2022), the Issuer will be obliged on any Mandatory Interest Deferral Date to defer payment of all (but not some only) of the interest accrued on the Notes to that date (and any such failure to pay shall not constitute a default by the Issuer for any purpose). Moreover, there may be situations where the Issuer could defer interest payments under the Notes and continue to pay dividends to its shareholders or continue to repurchase its shares under its shares buyback programme.

Any interest not paid on a Mandatory Interest Deferral Date and deferred shall so long as it remains outstanding constitute Arrears of Interest and shall be payable subject to the fulfilment of the Conditions to Settlement (as provided in Condition 5.2 (*Mandatory Interest Deferral*)). However, Noteholders will not receive any additional interest or compensation for the mandatory deferral of payment i.e. the resulting Arrears of Interest will not bear interest.

Any actual or anticipated deferral of interest payments would have a significant adverse effect on the market price of the Notes. In addition, as a result of the interest deferral provisions, the market price of the Notes may be more sensitive generally to adverse changes in the Issuer's financial condition and more volatile than the market prices of other interest-bearing debt securities that are not subject to such interest deferral provisions as Noteholders may receive less interest than initially anticipated or at a later date than initially anticipated and purchasers of Notes in the secondary market may not be entitled to the accrued interest (or part thereof) which could be reflected in the purchase price of the Notes.

The Solvency Capital Requirement and Minimum Capital Requirement ratios will be affected by the Issuer's or the Group's business decisions and, in making such decisions, the Issuer's and/or the Group's interests may not be aligned with those of the Noteholders.

The estimated Solvency Capital Requirement ratio (202% as at 31 December 2022) and the Minimum Capital Requirement Ratio could be affected by a number of factors. They will also depend on the Issuer's or the Group's decisions relating to its businesses and operations, as well as the management of its capital position. The Issuer will have no obligation to consider the interests of the Noteholders in connection with the strategic decisions of the Group, including in respect of capital management. Noteholders will not have any claim against the Issuer or any other member of the Group relating to decisions that affect the business and operations of the Group, including its capital position. Such decisions would likely negatively impact the value of the Notes.

No limitation on issuing or guaranteeing debt, including debt ranking senior to or *pari passu* with the Notes and no negative pledge

There are no restrictions under the Notes on the amount of debt which the Issuer or any member of the Group may issue or guarantee. The Issuer and its subsidiaries and affiliates may incur additional indebtedness or grant guarantees in respect of indebtedness of third parties, including indebtedness or guarantees that rank *pari passu* or senior to the obligations of the Issuer under or in connection with the Notes. If the Issuer's financial condition were to deteriorate,

the Noteholders could suffer direct and materially adverse consequences including, if the Issuer were liquidated (whether voluntarily or involuntarily), loss by Noteholders of their entire investment in the Notes. In addition, the Notes do not contain any "negative pledge" or similar clause. This prudential constraint differentiates the Notes from senior notes which can contractually include such provision or not. This means that the Issuer and/or its subsidiaries and affiliates may pledge its or their assets to secure other obligations without granting similar security in respect of the Notes in favour of the Noteholders which could materially reduce the amount (if any) recoverable by Noteholders on a winding-up of the Issuer and Noteholders could suffer loss of their entire investment if the Issuer were liquidated (whether voluntarily or not).

Deferral of redemption, including at maturity, or any purchase by the Issuer would delay the effective redemption date of the Notes

Notwithstanding that a notice of redemption has been delivered to Noteholders, the Notes may not be redeemed, including at maturity, or purchased by the Issuer pursuant to any of the redemption or purchase provisions under the Conditions unless the Conditions to Redemption and Purchase (set out in Condition 6.8 (*Conditions to Redemption and Purchase*)) are satisfied. In particular, no redemption of the Notes can take place if (subject to certain conditions) a Regulatory Deficiency (as defined in Condition 1 (*Definitions*)) has occurred and is continuing on the due date for redemption (or such redemption would itself cause a Regulatory Deficiency) or an Insolvent Insurance Affiliate Winding-up (as defined in Condition 1 (*Definitions*)) has occurred and is continuing on the date due for redemption (to the extent required under the Applicable Supervisory Regulations in order for the Notes to be treated under the Applicable Supervisory Regulations as Tier 2 Capital).

The suspension of redemption of the Notes does not constitute a default under the Notes for any purpose and does not give Noteholders any right to take any enforcement action under the Notes or file any claim against the Issuer.

The inability to satisfy any of the Conditions to Redemption and Purchase may delay the date on which the Notes are effectively redeemed or even prevent the Notes from being redeemed and such actual or anticipated delay or prevention is likely to have a material adverse effect on the value of the Notes.

Furthermore, and unless as otherwise provided in the Applicable Supervisory Regulations, the Notes may not be redeemed in any circumstance prior to the fifth anniversary of the Issue Date, and in the case of a Withholding Tax Event or a Gross-up Event only, prior to the Relevant Anniversary, unless such redemption is funded out of the proceeds of a new issuance of own-funds capital of the same or higher quality as the Notes.

Optional redemption risk

Subject to the satisfaction of certain conditions, including the Prior Approval of the Relevant Supervisory Authority, the Notes may be redeemed in whole (but not in part), at the option of the Issuer (i) at any time for certain taxation, clean-up or regulatory reasons (as set out in Conditions 6.2 (*Redemption for Taxation Reasons*) to 6.4 (*Clean-Up Redemption*)) and (ii) from and including 28 May 2033 to, but excluding, the Scheduled Maturity Date (as set out in Condition 6.5 (*Pre-Maturity Redemption*)).

Such redemption options will be made at the Redemption Amount, being the principal amount of the Notes together with interest accrued to the date of redemption (including, for the avoidance of doubt, any Arrears of Interest (if any) at such date).

The early redemption at the option of the Issuer may negatively affect the market value of the Notes. During any period when the Issuer may (or may be expected to) elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. As a consequence, the yields received upon redemption may be lower than expected. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes.

At the relevant time, Noteholders may not be able to reinvest the amounts received upon redemption at a rate that will provide the same return as their investment in the Notes. Therefore, an optional redemption may reduce the profits Noteholders may have expected in subscribing in the Notes.

There are no events of default under the Notes

The Conditions of the Notes do not provide for events of default allowing acceleration of the Notes if certain events occur. Accordingly, if the Issuer fails to meet any obligations under the Notes, including the payment of any interest, Noteholders will not have the right of acceleration of principal. Upon a payment default, the sole remedy available to Noteholders for recovery of amounts owing in respect of any payment of principal or interest on the Notes will be the institution of proceedings to enforce such payment. Notwithstanding the foregoing, the Issuer will not, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

As a result of the above, the value of the Notes or liquidity on the secondary market may be negatively affected.

Regulatory regime: Solvency II

The Notes are issued for capital adequacy regulatory purposes with the intention that all the proceeds of the Notes be eligible, (x) for the purpose of the determination of the Issuer's and the Group's solvency margin or capital adequacy levels under the Applicable Supervisory Regulations or (y) as tier two own funds regulatory capital (or whatever the terminology employed by the Applicable Supervisory Regulations) for the purposes of the determination of the Issuer's and the Group's regulatory capital under the Applicable Supervisory Regulations, except, in each case, as a result of the application of the limits on inclusion (on a solo or group-level basis) of such securities in, respectively, the Issuer's and the Group's solvency margin or own funds regulatory capital, as the case may be.

The Issuer's expectation of such eligibility is based on its review of available information at the date of this Prospectus relating to the implementation of the Solvency II Directive in France by ordinance (*ordonnance*) no. 2015-378 dated 2 April 2015 completed by the decree (*décret*) no. 2015-513 dated 7 May 2015 and the order (*arrêté*) of the same date has entered into force on 1st January 2016 and the "level two" implementation measures set out in Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 which entered into force on 18 January 2015 and Commission Delegated Regulation (EU) 2019/981 of 8 March 2019 which entered into force on 8 July 2019, as amended.

Following their initial publication, the "level two" implementation measures and "level three" guidance may be amended. There is uncertainty as to how regulators, including the ACPR, will interpret the Solvency II Directive as implemented in France, the 'level two' implementation measures and/or "level three" guidance and apply them to the Issuer or the Group. Moreover, following their initial publication, the "level two" implementation measures and "level three" guidance may be amended or the ACPR may change the way it interprets and applies these requirements to the French insurance industry.

Any such changes that may occur in the application of the Solvency II Directive in France subsequent to the date of this Prospectus and/or any subsequent changes to such rules and other variables may individually and/or in aggregate negatively affect the calculation of the Issuer's Solvency Capital Requirement (or, if different, whatever terminology is employed to denote such requirement by the then Applicable Supervisory Regulations) and render the Issuer's regulatory capital requirements more onerous and thus increase the risk of deferral of interest payments and the occurrence of a Regulatory Event and subsequent redemption of the Notes by the Issuer as a result of which a Noteholder could lose all or part of the value of their investment in the Notes.

The Issuer will not be required to redeem the Notes if it is prohibited by French law from paying additional amounts

In the event that the Issuer is required to withhold amounts in respect of French taxes from payments of interest on the Notes, the Terms and Conditions of the Notes provide that, subject to certain exceptions, the Issuer will pay additional amounts so that the Noteholders will receive the amount they would have received in the absence of such withholding as further described in the risk factor below entitled "*No gross-up obligation unless a Tax Alignment Event has occurred*". Under French tax law, there is some uncertainty as to whether the Issuer may pay such additional amounts. French debt instruments typically provide that, if an issuer is required to pay additional amounts but is prohibited by French law from doing so, the Issuer must redeem the debt instruments in full. Under Article 73.1(d) of the Commission delegated regulation (EU) 2015/35 of 10 October 2014, as amended, mandatory redemption clauses are not permitted in a Tier 2 instrument such as the Notes. As a result, the Terms and Conditions of the Notes provide for redemption at the option of the Issuer in such a case (subject to approval of the Relevant Supervisory Authority), but not for mandatory redemption. If the Issuer does not exercise its option to redeem the Notes in such a case, Noteholders will receive less than the full amount due under the Notes, and the market value of the Notes will be adversely affected.

No gross-up obligation unless a Tax Alignment Event has occurred

If French law should require any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, the Issuer will not pay such additional amounts as would be necessary for each Noteholder, after such withholding or deduction, to receive the full amount then due and payable thereon in the absence of such withholding or deduction unless a Tax Alignment Event has occurred and is continuing (as more fully described under Condition 8 (*Taxation*)) and subject to the Relevant Anniversary having elapsed. In any event, no such additional amounts will be payable prior to the fifth (5th) anniversary of the Issue Date.

2.2 Risk factors relating to markets generally

Market risks and liquidity risks relating to the Notes

Notwithstanding that application has been made for the Notes to be admitted to trading on Euronext Paris, there is currently no existing market for the Notes, a market may not develop for the Notes, there is no obligation to make a market in the Notes or Noteholders may not be able to sell their Notes at all or easily. If additional and competing products or instruments are introduced in the markets, this may adversely affect the value of the Notes.

The Notes may be designed for specific investment objectives or strategies and therefore may have a more limited secondary market and experience more price volatility than conventional debt securities. Noteholders may not be able to sell Notes readily or at prices that will enable Noteholders to realise their anticipated yield.

The development or continued liquidity of any secondary market for the Notes will be affected by a number of factors such as general economic conditions, political events in France or elsewhere, including factors affecting capital markets generally and the stock exchanges on which the Notes are traded, changes in the regulatory environment, in particular relating to regulatory capital requirements for insurance companies, the financial condition and the creditworthiness of the Issuer and/or the Group, as well as other factors such as the outstanding amount of the Notes, any redemption features of the Notes and the level, direction and volatility of interest rates generally. Such factors also will negatively affect the market value of the Notes.

The price at which a Noteholder will be able to sell the Notes prior to redemption by the Issuer may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser. The Issuer is entitled to buy the Notes, which shall then be cancelled or caused to be cancelled, and to issue further Notes which may or may not be assimilated to the Notes. Such transactions may adversely affect the price development of the Notes.

Also, to the extent the Notes are purchased by the Issuer in part, the number of Notes outstanding will decrease, resulting in a diminished liquidity for the remaining Notes. A decrease in the liquidity of the Notes may cause, in turn, a significant increase in the volatility associated with the price of the Notes in the market. Therefore, Noteholders may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and in extreme circumstances such Noteholders could suffer loss of their entire investment.

Interest rate risk for fixed rate notes

The Notes bear interest at a fixed rate of 5.750 per cent. *per annum*. Investment in such Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes. Generally, prices of fixed interest rate bonds tend to fall when market interest rates rise and accordingly are subject to volatility. Therefore, the price of the Notes at any particular time may be lower than the purchase price for the Notes paid by the Noteholder. As a consequence, part of the capital invested by the Noteholder may be lost upon any transfer of the Notes, so that the Noteholder in such case would not receive the total amount of the capital invested.

A Noteholder's actual yield on the Notes may be reduced from the stated yield by transaction costs

The yield of the Notes at the Issue Date on the basis of the issue price and redemption at par on the Scheduled Maturity Date, and assuming no deferral of interest pursuant to the Terms and Conditions of the Notes, is 5.888 per cent. *per annum* (it is not an indication of future yield)

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may significantly reduce or even exclude the profit potential of the Notes and as a consequence have a significant impact on the actual yield of the Notes. For instance, credit institutions, as a rule, charge their clients for own commissions which are either fixed minimum commissions or pro-rata commissions depending on the order value. To the extent that additional parties – domestic or foreign – are involved in the execution of an order, including, but not limited to, domestic dealers or brokers in foreign markets, Noteholders must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of securities (direct costs), Noteholders must also take into account any follow-up costs (such as custody fees).

2.3 Legal risk factors

Regulatory actions against the Issuer or an insurer in the Group in the event of resolution could materially adversely affect the value of the Notes

On 28 November 2017, the ordinance no 2017-1608 of 27 November 2017 (the **Ordinance**) establishing a resolution framework for insurers (*Ordonnance no 2017-1608 du 27 novembre 2017 relative à la création d'un régime de résolution pour le secteur de l'assurance*) was published, setting out the French legal framework providing effective resolution strategies for French insurers, which applies as from 1st July 2019.

The Ordinance is designed to provide the ACPR with a credible set of tools to intervene in an institution that is failing or likely to fail (as defined in the Ordinance) so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of the institution's failure on the economy and financial system.

The Ordinance currently contains resolution tools which could be applied to the Issuer or any insurer within its Group: bridge institution, asset separation, intervention of an administrator (*administrateur de résolution*). Due to the fact that resolution powers are intended to be used prior to the point at which ordinary insolvency proceedings would have been initiated in respect of the Issuer, Noteholders may not be able to anticipate any potential exercise of the powers nor the potential impact on the Issuer, the Group or the Notes of any exercise of such powers.

The implementation and applicability to the Issuer and the Group of such Ordinance and its implementing measures or the taking of any action pursuant to them could materially affect the rights of Noteholders, the activity and financial condition of the Issuer and the Group, the value of the Notes and could lead to holders losing some or all of the value of their investment in such Notes.

For the avoidance of doubt, the resolution powers do not contain any bail-in power as for credit institutions under the bank recovery and resolution directive.

French Insolvency Law

The Issuer is a *société anonyme* with its corporate headquarter in France. In the event that the Issuer becomes insolvent, insolvency proceedings will be generally governed by the insolvency laws of France to the extent that, where applicable, the "centre of main interests" (as construed under Regulation (EU) 2015/848, as amended) of the Issuer is located in France.

The Directive (EU) 2019/1023 on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt, and amending Directive (EU) 2017/1132 has been implemented into French law by the *Ordonnance* 2021-1193 dated 15 September 2021. Such *Ordonnance*, applicable as from 1 October 2021, amends French insolvency laws notably with regard to the process of adoption of restructuring plans under insolvency proceedings. According to this *Ordonnance*, "affected parties" (including notably creditors, and therefore the Noteholders) shall be treated in separate classes, which reflect certain class formation criteria for the purpose of adopting a restructuring plan. Classes shall be formed in such a way that each class comprises claims or interests with rights that reflect a sufficient commonality of interest based on verifiable criteria. Noteholders will no longer deliberate on the proposed restructuring plan in a separate assembly, meaning that they will no longer benefit from a specific veto power on this plan. Instead, as any other affected parties, the Noteholders will be grouped into one or several classes (with potentially other types of creditors) and their dissenting vote may possibly be overridden by a cross-class cram down.

The decision of each class is taken by a two-third (2/3rd) majority of the voting rights of the participating members, no quorum being required.

If the restructuring plan is not approved by all classes of affected parties, it can still be ratified by the court at the request of the Issuer or the receiver with the Issuer's consent and be imposed on dissenting classes through a cross-class cram down, under certain conditions.

For the avoidance of doubt, the provisions relating to the meeting of the Noteholders (described in Condition 11 (*Representation of the Noteholders*)) will not be applicable to the extent they are not in compliance with compulsory insolvency law provisions that apply in these circumstances.

The Relevant Supervisory Authority may choose to apply French insolvency law and, as a consequence, the French law provisions resulting from the *Ordonnance* 2021-1193 dated 15 September 2021, to an insurance Company such as the Issuer. Should this risk materialise, the impact on Noteholders would be high and the commencement of insolvency proceedings and any decisions taken by a class of affected parties could affect materially and adversely

the situation of the Noteholders. It may result in a significant decrease of the market value of the Notes and cause the Noteholders to lose all or part of their investment.

Proposed EU Directive on Recovery and Resolution of Insurance Undertakings

On 22 September 2021, the European Commission published a proposed directive on the recovery and resolution of insurance undertakings (proposal for a Directive of the European Parliament and of the Council establishing a framework for the recovery and resolution of insurance and reinsurance undertakings and amending Directives 2002/47/EC, 2004/25/EC, 2009/138/EC, (EU) 2017/1132 and Regulations (EU) No 1094/2010 and (EU) No 648/2012) (**IRRD**). The proposed IRRD is similar to a directive applicable to the recovery and resolution of banks in Europe. If adopted in its current form, it would provide for a variety of planning and preventative measures to minimize the likelihood of insurance undertakings requiring public financial support, and for the initiation of resolution procedures for insurance undertakings that are failing or likely to fail, where there is no prospect that private sector alternatives or supervisory measures would prevent the failure. The proposed IRRD provides, in case of resolution, for the application of a number of resolution tools, including in particular the write-down and conversion tool, which would allow resolution authorities to write down or convert to equity capital instruments and certain liabilities of insurance undertakings, generally in inverse order of their ranking in liquidation, so that the tool would apply first to equity instruments and Tier 1 capital securities, then Tier 2 capital securities (such as the Notes), then Tier 3 capital securities and then to other instruments with a higher ranking in liquidation.

If the resolution tools, including the bail-in tool, within the proposed IRRD are adopted in their current form, Noteholders could be affected and lose all or part of their investment in the Notes if the Issuer were to experience financial difficulty and be failing or likely to fail. In addition, if the Issuer's financial condition deteriorates, or is perceived to deteriorate, the existence of these powers could cause the market value and/or the liquidity of the Notes to decline more rapidly than would be the case in the absence of such powers.

Furthermore, the proposed IRRD provides that Member States shall ensure that all claims resulting from own funds items have, in normal insolvency proceedings, a lower priority ranking than any claim that does not result from an own funds item. As a result, if certain own funds instruments of the Issuer that rank *pari passu* with, or junior to, the Notes, become fully excluded from the own funds of the Issuer, they may (subject in particular to the implementation of the proposed IRRD in France) become obligations with a higher priority ranking than the Notes, and the creditors in relation to those obligations shall be paid in priority to any claim of the Noteholders.

Given that the IRRD is still being discussed and is not in its final version, it is not possible to foresee exactly how, or when, the key proposals of the IRRD will translate into changes to the current framework and their precise impact on the Issuer and other insurance undertakings in Europe, and on regulatory capital instruments issued by the Issuer, including the Notes.

Modification and waiver

The Noteholders will be grouped automatically for the defence of their common interests in a *Masse*, as defined in Condition 11 (*Representation of the Noteholders*), and a General Meeting can be held or Written Decisions can be taken. The Terms and Conditions of the Notes permit in certain cases defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant General Meeting or did not consent to the Written Decision or Noteholders who voted in a manner contrary to the relevant majority. Noteholders may through Collective Decisions adopt any proposal of resolutions relating to the modification of the Terms and Conditions including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions (as more fully described in Condition 11 (*Representation of the Noteholders*)). If a decision is adopted by a majority of Noteholders and such modifications were to impair or limit the rights of the Noteholders, this may have a negative impact on the market value of the Notes and hence Noteholders may lose part of their investment.

By exception to the above provisions, Condition 11.7 (*Exclusions of certain provisions of the French Code de commerce*) provides that (i) the provisions of Article L.228-65 I. 1° and 4° of the French *Code de commerce* (respectively providing for a prior approval of the General Meeting of the Noteholders of any change in corporate purpose or form of the Issuer or of an issue of bonds benefiting from a security (*sûreté réelle*)) and the related provisions of the French *Code de commerce* shall not apply to the Notes and (ii) the provisions of Article L.228-65 I. 3° of the French *Code de commerce* (providing for a prior approval of the Noteholders in relation to any proposal to merge or demerge the Issuer in the cases referred to in Articles L. 236-14 and L. 236-23 of the French *Code de commerce*) shall not apply to the Notes only to the extent that such proposal relates to a merger or demerger with another entity of the Group. As a result of these exclusions, the prior approval of the Noteholders will not have to be obtained on any such matters which may affect their interests generally.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the sections referred to in the table below included in the following documents, which have been previously published or are published simultaneously with this Prospectus and that have been filed with the *Autorité des marchés financiers* in France (AMF) and the information referred to in the cross-reference table below shall be incorporated in, and form part of, this Prospectus (together, the **Documents Incorporated by Reference**):

- (i) the 2021 universal registration document in French of the Issuer (entitled "*Document d'Enregistrement Universel 2021*" filed with the AMF on 6 April 2022 under number D.22-0244, which includes the audited consolidated financial statements of the Issuer for the year ended 31 December 2021 and the related auditors' report (the **2021 Universal Registration Document**) – hyperlink: <https://www.coface.com/fr/content/download/1794/file/2022+04+06+COFACE+URD+2021+FR+Web.pdf>
- (ii) the 2022 universal registration document in French of the Issuer (entitled "*Document d'Enregistrement Universel 2022*" filed with the AMF on 6 April 2023 under number D.23-0244, which includes the audited consolidated financial statements of the Issuer for the year ended 31 December 2022 and the related auditors' report (the **2022 Universal Registration Document**) – hyperlink: <https://www.coface.com/fr/content/download/1668/file/2022+04+06+COFACE+URD+2021+FR+Web+-+light.pdf>
- (iii) the 2023 interim financial report in French contained in a document entitled "*Rapport financier premier semestre 2023*" and which include the unaudited condensed half-yearly interim financial statements of the Issuer as of and for the six-month period ended 30 June 2023 and the related review report of the auditors (the **2023 Interim Financial Report**) – hyperlink: <https://www.coface.com/fr/content/download/1599/file/2023+08+10+RFS+2023+-+VFR.pdf>
- (iv) the unaudited interim consolidated financial statements of the Issuer in French as of and for the nine-month period ended 30 September 2023 (the **Nine-Months 2023 Consolidated Financial Statements**) – hyperlink: https://www.coface.com/fr/content/download/4656/file/Etats%20financiers%20Coface_2023.09%20FR%20VDEF.pdf and https://www.coface.com/fr/content/download/4656/file/Etats%20financiers%20Coface_2023.09%20FR%20VDEF.pdf
- (v) the Issuer's solvency and financial conditions report in French, dated 28 April 2023 (the **SFCR**) – hyperlink: <https://www.coface.com/fr/content/download/1666/file/COFACE+SA+-+Rapport+SFCR+2022+FR+VDEF.pdf>

An English language version of each of the Documents Incorporated by Reference is available on the website of the Issuer (<https://www.coface.com/Investors/financial-results-and-reports>). These English language versions are for information purposes only and are not incorporated by reference in this Prospectus. The only binding versions are the French language versions.

Other than in relation to the documents which are deemed to be incorporated by reference, the information on the websites to which this Prospectus (including, for the avoidance of doubt, any information on the websites that appear in the Documents Incorporated by Reference) refers does not form part of this Prospectus and has not been scrutinised or approved by the AMF.

Any statement contained in this Prospectus and in the Documents Incorporated by Reference shall be deemed to be modified or superseded for the purpose of this Prospectus, to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus. Any reference to the 2021 Universal Registration Document, the 2022 Universal Registration Document, the 2023 Interim Financial Report, the Nine-Months 2023 Consolidated Financial Statements or the SFCR shall be deemed to include only the sections mentioned in the table below. The non-incorporated parts of the Documents Incorporated by Reference in this Prospectus shall not form part of this Prospectus.

For the purpose of the Prospectus Regulation, the information incorporated by reference in this Prospectus is set out in the cross-reference table below. For the avoidance of doubt, the information requested to be disclosed by the Issuer as a result of Annex 7 of the Commission Delegated Regulation (EU) 2019/980, supplementing the Prospectus Regulation (as amended, the Commission Delegated Regulation) and not referred to in the cross-reference table below is either contained in the relevant sections of this Prospectus or is not relevant to the Issuer.

CROSS-REFERENCE LIST

INFORMATION INCORPORATED BY REFERENCE		2021 Universal Registration Document	2022 Universal Registration Document	2023 Interim Financial Report	Nine-Months 2023 Consolidated Financial Statements	SFCR
Annex 7 of the Commission Delegated Regulation (EU) 2019/980, as amended						
2.	STATUTORY AUDITORS					
2.1	Names and addresses of the issuer's auditors for the period covered by the historical financial information (together with their membership in a professional body).		Page 344			
4.	INFORMATION ABOUT THE ISSUER					
4.1	History and development of the Issuer		Pages 22-24			
4.1.1	The legal and commercial name of the issuer.		Page 338			
4.1.2	The place of registration of the issuer, its registration number and legal entity identifier ('LEI').		Page 338			
4.1.3	The date of incorporation and the length of life of the issuer, except where the period is indefinite.		Page 338			
4.1.4	The domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, the address, telephone number of its registered office (or principal place of business if different from its registered office) and website of the issuer, if any, with a disclaimer that the information on the website does not form part of the prospectus unless that information is incorporated by reference into the prospectus.		Page 338			
4.1.5	Any recent events particular to the Issuer and which are to a material extent relevant to an evaluation of the Issuer's solvency		Pages 99-100, 114-116, 193, 207	Pages 10, 20-21		Pages 63-65

5.	BUSINESS OVERVIEW					
5.1	Principal activities					
5.1.1	A brief description of the issuer's principal activities stating the main categories of products sold and/or services performed.		Pages 4, 6, 7, 11-15, 25-36, 103-105, 240-285	Pages 8-21		
5.1.2	The basis for any statements made by the issuer regarding its competitive position.		Pages 24-25, 36-40			
6.	ORGANISATIONAL STRUCTURE					
6.1	If the issuer is part of a group, a brief description of the group and the issuer's position within the group. This may be in the form of, or accompanied by, a diagram of the organisational structure if this helps to clarify the structure.		Page 5			
6.2	If the issuer is dependent upon other entities within the group, this must be clearly stated together with an explanation of this dependence.		Page 298			
9.	ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES					
9.1	Names, business addresses and functions within the issuer of the following persons and an indication of the principal activities performed by them outside of that issuer where these are significant with respect to that issuer: (a) members of the administrative, management or supervisory bodies; (b) partners with unlimited liability, in the case of a limited partnership with a share capital.		Pages 16-17, 44, 54-60, 73			

9.2	Administrative, management, and supervisory bodies conflicts of interests Potential conflicts of interests between any duties to the issuer, of the persons referred to in item 9.1, and their private interests and or other duties must be clearly stated. In the event that there are no such conflicts, a statement to that effect must be made.		Page 72			
10.	MAJOR SHAREHOLDERS					
10.1	To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control and describe the measures in place to ensure that such control is not abused.		Page 298			
11.	FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES					
11.1	Historical financial information					
11.1.1	Historical financial information covering the latest two financial years (at least 24 months) or such shorter period as the issuer has been in operation and the audit report in respect of each year.	Pages 130-195, 210-213	Pages 128-193, 208-212			
11.1.3	Accounting standards The financial information must be prepared according to International Financial Reporting Standards as endorsed in the Union based on Regulation (EC) No 1606/2002. If Regulation (EC) No 1606/2002 is not applicable the financial statements must be prepared according to: (a) a Member State's national accounting standards for issuers from the EEA as required by Directive 2013/34/EU; (b) a third country's national	Page 139	Page 137			

	<p>accounting standards equivalent to Regulation (EC) No 1606/2002 for third country issuers.</p> <p>Otherwise the following information must be included in the registration document:</p> <p>(a) a prominent statement that the financial information included in the registration document has not been prepared in accordance with International Financial Reporting Standards as endorsed in the Union based on Regulation (EC) No 1606/2002 and that there may be material differences in the financial information had Regulation (EC) No 1606/2002 been applied to the historical financial information;</p> <p>(b) immediately following the historical financial information a narrative description of the differences between Regulation (EC) No 1606/2002 as adopted by the Union and the accounting principles adopted by the issuer in preparing its annual financial statements.</p>					
11.1.5	<p>Consolidated financial statements</p> <p>If the issuer prepares both stand-alone and consolidated financial statements, include at least the consolidated financial statements in the registration document.</p>	Pages 130-195	Pages 128-193	Pages 24-60	Pages 1-38	
11.2	Auditing of Historical financial information					
11.2.1	<p>The historical annual financial information must be independently audited. The audit report shall be prepared in accordance with Directive 2006/43/EC and Regulation (EU) No 537/2014.</p> <p>Where Directive 2006/43/EC and</p>	Pages 210-213	Pages 208-212			

	<p>Regulation (EU) No 537/2014 do not apply, the historical financial information must be audited or reported on as to whether or not, for the purposes of the registration document, it gives a true and fair view in accordance with auditing standards applicable in a Member State or an equivalent standard. Otherwise, the following information must be included in the registration document:</p> <ul style="list-style-type: none"> (i) a prominent statement disclosing which auditing standards have been applied; (ii) an explanation of any significant departures from International Standards on Auditing. 					
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GENERAL DESCRIPTION OF THE NOTES

This overview is a general description of the Notes and is qualified in its entirety by the remainder of this Prospectus. It does not, and is not intended to, constitute a summary of this Prospectus within the meaning of Article 7 of the Prospectus Regulation or any implementing regulation thereof. For a more complete description of the Notes, including definitions of capitalised terms used but not defined in this section, please see the "*Terms and Conditions of the Notes*".

Issuer:	COFACE SA
Legal Entity Identifier (LEI) :	96950025N07LTJYFSN57
Sole Global Coordinator and Lead Manager:	J.P. Morgan SE
Joint Lead Managers:	BNP Paribas and J.P. Morgan SE
Fiscal Agent and Principal Paying Agent:	Uptevia
Credit ratings:	<p>The Notes are expected to be rated "BBB+" by Fitch Ratings Ireland Limited (Fitch) and "Baa1" by Moody's France S.A.S. (Moody's). The Issuer's insurer financial strength is currently rated "AA-" (stable outlook) by Fitch, "A1" (stable outlook) by Moody's and "A" (stable outlook) by A.M. Best (EU) Rating Services B.V. (AM Best).</p> <p>Each of Fitch, Moody's and AM Best is established in the European Union and is registered under the CRA Regulation, as amended, and is included in the list of registered credit rating agencies published on the European Securities and Markets Authority's website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation. Fitch, Moody's and AM Best are not established in the United Kingdom and are not registered in accordance with Regulation (EC) No. 1060/2009 as it forms part of UK domestic law by virtue of the EUWA (the UK CRA Regulation). The ratings of the Issuer have been endorsed by Fitch Ratings Ltd., Moody's Investors Service Ltd., and A.M. Best – Europe Rating Services Limited, respectively, in accordance with UK CRA Regulation and have not been withdrawn. As such, the ratings issued by each of Fitch, Moody's and AM Best may be used for regulatory purposes in the United Kingdom in accordance with the UK CRA Regulation. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by this assigning rating agency. A revision, suspension, reduction or withdrawal of the rating may adversely affect the market price of the Notes.</p>
Description:	€300,000,000 5.750% Tier 2 notes due 28 November 2033 (the Notes).
Aggregate Principal Amount:	€300,000,000.
Principal Amount and denomination:	€100,000 per Note.
Issue Price:	98.979 per cent. of the principal amount.
Scheduled Maturity Date:	The Interest Payment Date falling on or about 28 November 2033 if the Conditions to Redemption and Purchase are satisfied and otherwise as soon as possible after the Conditions to Redemption and Purchase are so satisfied.

Form of the Notes:

The Notes are issued on the Issue Date in dematerialised bearer form (*au porteur*) in the denomination of €100,000 each. Title to the Notes will be evidenced in accordance with Articles L.211-3 *et seq.* and R.211-1 *et seq.* of the French *Code monétaire et financier* by book-entries (*inscription en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes.

The Notes will, upon issue, be inscribed in the books of Euroclear France, which shall credit the accounts of the relevant Account Holders.

Title to the Notes shall be evidenced by entries in the books of Account Holders and will pass upon, and transfer of Notes may only be effected through, registration of the transfer in such books.

Status of the Notes:

The obligations of the Issuer under the Notes in respect of principal and interest (including Arrears of Interest (as defined below)), constitute Ordinarily Subordinated Obligations of the Issuer and rank and shall at all times rank without any preference among themselves and (i) equally and rateably with any other present and future Ordinarily Subordinated Obligations of the Issuer, (ii) in priority to all present and future *prêts participatifs* granted to, and *titres participatifs* issued by, the Issuer, any deeply subordinated Obligations of the Issuer that by their terms rank junior to the Notes or to such *prêts participatifs* and *titres participatifs* (including *titres super subordonnés*), but (iii) behind Senior Subordinated Obligations and Unsubordinated Obligations of the Issuer.

For the avoidance of doubt, the 2014 Notes and the 2022 Notes will be deemed to constitute Ordinarily Subordinated Obligations.

For the purpose hereof:

2014 Notes means the EUR380,000,000 Guaranteed Subordinated 4.125 per cent. Notes due 27 March 2024 issued by the Issuer on 27 March 2014 and unconditionally and irrevocably guaranteed on a subordinated basis by *Compagnie française d'assurance pour le commerce extérieur* (ISIN code: FR0011805803).

2022 Notes means the EUR300,000,000 6.000 per cent. Tier 2 Notes due 22 September 2032 issued by the Issuer on 22 September 2022 (ISIN code: FR001400CSY7).

Obligation means any payment obligation expressed to be assumed by or imposed on, the Issuer under or arising as a result of any contract, agreement, document, instrument or conduct or relationship or by operation of law (including any bonds, borrowings or notes).

Ordinarily Subordinated Obligations means, in respect of any person, any Obligations of such person which constitute direct and subordinated Obligations of such

person which rank and will at all times rank (i) equally and rateably with its other present and future Ordinarily Subordinated Obligations, and (ii) in priority to present and future *prêts participatifs* granted to, and present and future *titres participatifs* issued by it, any deeply subordinated Obligations of it that by their terms (including *titres super subordonnés*) rank junior to such *prêts participatifs* and *titres participatifs* but (iii) behind its Senior Subordinated Obligations and its Unsubordinated Obligations.

Senior Subordinated Obligations means, in respect of any person, any Obligations of such person which constitute direct and subordinated Obligations of such person which rank and will at all times rank equally and rateably with its other present and future Senior Subordinated Obligations, and in priority to present and future Ordinarily Subordinated Obligations, *prêts participatifs* granted to, and present and future *titres participatifs* issued by it, any deeply subordinated Obligations of it that by their terms (including *titres super subordonnés*) rank junior to such *prêts participatifs* and *titres participatifs* but behind its Unsubordinated Obligations.

Unsubordinated Obligations means, in respect of any person, any Obligations which constitute direct and unsubordinated Obligations of such person and which rank and will at all times rank equally and rateably with its other existing or future Unsubordinated Obligations and in priority to Senior Subordinated Obligations, Ordinarily Subordinated Obligations, *prêts participatifs* granted to, *titres participatifs* issued by, the Issuer, and deeply subordinated Obligations that by their terms rank junior to such *prêts participatifs* and *titres participatifs* of, such person.

Negative Pledge:

There will be no negative pledge in respect of the Notes.

Enforcement events:

There will be no events of default in respect of the Notes. However, each Note shall become immediately due and payable, at its Principal Amount, together with accrued interest thereon, if any, to the date of payment and any Arrears of Interest, in the event that a judgment is rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) of the Issuer, or in the event of a transfer of the whole of the business of the Issuer (*cession totale de l'entreprise*) subsequent to the opening of a judicial recovery procedure (*redressement judiciaire*), or if the Issuer is liquidated for any other reason (other than pursuant to a consolidation, amalgamation or merger or other reorganization outside the context of an insolvency).

Interest:

Each Note will bear interest on its Principal Amount at a fixed rate of 5.750 per cent. *per annum* (the **Interest Rate**) from (and including) the Issue Date to (but

excluding) the Scheduled Maturity Date. Interest is payable annually in arrear on 28 November in each year (each an **Interest Payment Date**), commencing on 28 November 2024.

On each Interest Payment Date, the Issuer shall pay interest on the Notes accrued to that date in respect of the Interest Period ending immediately prior to such Interest Payment Date, subject to the *Mandatory Interest Deferral* below.

Mandatory Interest Deferral:

On any Mandatory Interest Deferral Date, the Issuer will be obliged to defer payment (in whole but not in part) of the interest accrued to that date and such non-payment resulting from such deferral shall not constitute a default by the Issuer for any purpose.

Any interest not paid on a Mandatory Interest Deferral Date shall constitute **Arrears of Interest**. Arrears of Interest on all outstanding Notes shall become due in full following the occurrence of certain circumstances.

All Arrears of Interest may, subject to the fulfilment of the Conditions to Settlement (as defined below), at the option of the Issuer, be paid in whole or in part at any time but all Arrears of Interest in respect of all Notes for the time being outstanding shall become due in full on whichever is the earliest of:

- (A) the next Interest Payment Date which is not a Mandatory Interest Payment Date; or
- (B) the date of any redemption of the Notes in accordance with the provisions relating to redemption of the Notes; or
- (C) the date upon which a judgment is rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) of the Issuer, or in the event of a transfer of the whole of the business of the Issuer (*cession totale de l'entreprise*) subsequent to the opening of a judicial recovery procedure (*redressement judiciaire*) or if the Issuer is liquidated for any other reason (other than pursuant to a consolidation, amalgamation or merger or other reorganization outside the context of an insolvency).

Arrears of Interest shall not themselves bear interest.

For the purpose hereof:

Applicable Supervisory Regulations means the Solvency II Directive as implemented in France, the Solvency II Regulation and any other capital requirements or regulatory capital rules (including the guidelines and recommendations of the European Insurance and Occupational Pensions Authority (or any successor authority), the official application or interpretation of the Relevant Supervisory Authority thereof and any applicable decision of any court or tribunal) from time to time in effect in France (or if the Issuer becomes domiciled in a jurisdiction other than France, such other jurisdiction) and applicable to the

Issuer and/or the Group (including for the purpose of any capital requirements of internationally active insurance groups, as applicable), which would lay down the requirements to be fulfilled by financial instruments for inclusion as at least Tier 2 Capital, as opposed to own funds regulatory capital of any other tier (or, if different, whatever terminology is employed to denote such concept), for single solvency and group solvency purposes of the Issuer and/or the Group.

Conditions to Settlement are satisfied on any day with respect to any payment of Arrears of Interest, if any, if such day would not be, if it fell on an Interest Payment Date, a Mandatory Interest Deferral Date.

Mandatory Interest Deferral Date means each Interest Payment Date in respect of which the Noteholders and the Fiscal Agent have been notified by the Issuer that a Regulatory Deficiency has occurred and such Regulatory Deficiency is continuing on such Interest Payment Date, or such interest payment (and, if relevant, any Arrears of Interest) would itself cause a Regulatory Deficiency provided, however, that the relevant Interest Payment Date will not be a Mandatory Interest Deferral Date in relation to such interest payment (or such part thereof) if, cumulatively:

- (i) the Relevant Supervisory Authority has exceptionally waived the deferral of such interest payment (and, if relevant, any Arrears of Interest) (to the extent the Relevant Supervisory Authority can give such waiver in accordance with the Applicable Supervisory Regulations);
- (ii) paying the interest payment (and, if relevant, any Arrears of Interest) does not further weaken the solvency position of the Issuer as determined in accordance with the Applicable Supervisory Regulations; and
- (iii) the Minimum Capital Requirement will be complied with immediately after the interest payment (and, if relevant, any Arrears of Interest) is made.

Minimum Capital Requirement means the minimum capital requirement (**MCR**) and (i) the minimum consolidated group solvency capital requirement, or (ii) any applicable successor trigger metric, all as defined and, in accordance with, the Applicable Supervisory Regulations.

Prior Approval of the Relevant Supervisory Authority means the prior written approval of the Relevant Supervisory Authority, if such approval is required at the time under any Applicable Supervisory Regulations and provided that such approval has not been withdrawn by the date set for redemption, purchase or payment, as the case may be.

Regulatory Deficiency means that:

- (i) the own funds regulatory capital (or, if different, whatever terminology is employed by the then

Applicable Supervisory Regulations) of the Issuer or of the Group is not sufficient to cover its capital requirements (including, for the avoidance of doubt, the applicable Solvency Capital Requirement and the Minimum Capital Requirement) (or, if different, whatever terminology is employed by the then Applicable Supervisory Regulations) of the Issuer or of the Group, whichever occurs the earlier; or

- (ii) the Relevant Supervisory Authority has notified the Issuer that it has determined, in view of the financial condition of the Issuer and/or any entity of the Group, that in accordance with the Applicable Supervisory Regulations at such time, the Issuer must take specified action in relation to payments under the Notes;

in each case without taking into account any Prior Approval of the Relevant Supervisory Authority being granted on an exceptional basis with respect to the payment of interest or Arrears of Interest on, and/or the redemption or purchase of, the Notes.

For the avoidance of doubt, a Regulatory Deficiency will be deemed to have occurred if and when the Issuer or the Group fails to meet the Solvency Capital Requirement or Minimum Capital Requirement.

Relevant Supervisory Authority means any relevant regulator having jurisdiction over the Issuer and/or the Group, in the event that the Issuer and/or the Group is required to comply with certain applicable solvency margins or capital adequacy levels. The current Relevant Supervisory Authority is the *Autorité de contrôle prudentiel et de résolution (ACPR)*.

Solvency II Directive means Directive 2009/138/EC of the European Union of 25 November 2009 on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II), as amended from time to time, the further legislative acts of the European Union enacted in relation thereto and the French legislation implementing the same.

Solvency II Regulation means Commission Delegated Regulation (EU) 2015/35 of 10 October 2014, as amended from time to time.

Taxation - Additional Amounts:

All payments in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of France or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law.

If French law should require that payments made by the Issuer in respect of any Note be subject to withholding or deduction in respect of any present or future taxes, duties, assessments or governmental charges of whatever nature, and provided a Tax Alignment Event has occurred and is continuing, the Issuer will, to the fullest extent then

permitted by law, pay such additional amounts (**Additional Amounts**) as shall result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required except that no such Additional Amounts shall be payable with respect to any Note, as the case may be: (i) to, or to a third party on behalf of, a Noteholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, by reason of his having some connection with France other than the mere holding of the Note; or (ii) where such additional amount is due prior to the Relevant Anniversary (as defined in "Conditions to Redemption and Purchase" below).

A **Tax Alignment Event** will be deemed to have occurred if at any time the Issuer determines, in consultation with the Relevant Supervisory Authority, that the obligation to pay Additional Amounts would not cause the Notes to no longer be treated under Applicable Supervisory Regulations as at least Tier 2 Capital and gives notice of such fact to the Fiscal Agent and the Noteholders.

Redemption at maturity:

Subject to the Conditions to Redemption and Purchase and to the Prior Approval of the Relevant Supervisory Authority, unless previously redeemed or purchased and cancelled, the Notes will be redeemed at their Principal Amount, together with accrued interest thereon, if any, and any Arrears of Interest, on the Scheduled Maturity Date.

Redemption for Taxation Reasons:

Subject to the Conditions to Redemption and Purchase, which includes the Prior Approval of the Relevant Supervisory Authority:

(1) If, by reason of a change in any French law or regulation, or any change in the official application or interpretation thereof, becoming effective after the Issue Date, the Issuer would, on the occasion of the next payment of principal or interest due in respect of the Notes, not be able to make such payment without having to pay Additional Amounts (a **Gross-Up Event**), the Issuer may, subject to having given not more than forty-five (45) nor less than thirty (30) calendar days' prior notice to the Fiscal Agent and the Noteholders (which notice shall be irrevocable), redeem the Notes in whole, but not in part, at their Redemption Amount, provided that the due date for redemption shall be no earlier than the latest practicable Interest Payment Date on which the Issuer could make payment of principal or interest without withholding or deduction for French taxes.

(2) If the Issuer would on the next payment of principal or interest in respect of the Notes be obliged to pay Additional Amounts and the Issuer would be prevented by French law from making payment to the Noteholders of the full amount then due and payable, notwithstanding the undertaking to pay Additional Amounts (a **Withholding Tax Event**), then the Issuer may, upon giving not less than seven (7)

calendar days' prior notice to the Fiscal Agent and the Noteholders (which notice shall be irrevocable), redeem the Notes in whole, but not in part, at their Redemption Amount, on the latest practicable date on which the Issuer could make payment of the full amount of principal or interest payable in respect of the Notes or, if such date is past, as soon as practicable thereafter.

(3) If an opinion of a recognised law firm of international standing has been delivered to the Issuer and the Fiscal Agent, stating that by reason of a change in French law or regulation, or any change in the official application or interpretation of such law, becoming effective after the Issue Date, the tax regime of any payments under the Notes is modified and such modification results in the part of the interest payable by the Issuer in respect of the Notes that is tax-deductible for French corporate income tax purposes being reduced (a **Tax Deductibility Event**), so long as this cannot be avoided by the Issuer taking reasonable measures available to it at the time, the Issuer may, redeem the Notes in whole, but not in part, at their Redemption Amount, on the latest practicable date on which the Issuer could make such payment with the part of the interest payable under the Notes being tax-deductible not being reduced or, if such date is past, as soon as practicable thereafter. The Issuer shall give the Fiscal Agent and the Noteholders (which notice shall be irrevocable) notice of any such redemption not less than thirty (30) nor more than forty-five (45) calendar days before the date fixed for redemption.

Redemption Amount is equal to the Principal Amount of the Notes together with any accrued and unpaid interest up to the date fixed for redemption (including any Arrears of Interest).

Optional Redemption for Regulatory Reasons:

If, at any time on or after the Issue Date, the Issuer determines that a Regulatory Event has occurred with respect to the Notes the Issuer may, subject to the Prior Approval of the Relevant Supervisory Authority and the Conditions to Redemption and Purchase redeem the Notes in whole, but not in part, subject to having given not more than forty-five (45) nor less than thirty (30) calendar days' prior notice to the Fiscal Agent and the Noteholders (which notice shall be irrevocable), at their Redemption Amount.

Regulatory Event means that, on or after the Issue Date, the Relevant Supervisory Authority has notified the Issuer:

(i) that under the then Applicable Supervisory Regulations, the Notes (in whole or in part) would not be treated, for the purposes of the determination of the Issuer's or the Group's regulatory capital, as own funds regulatory capital of at least Tier 2 Capital (or, if different, whatever terminology is employed by the then Applicable Supervisory Regulations); or

(ii) that under the then Applicable Supervisory Regulations, the Notes (in whole or in part) no longer fulfil the requirements in order to be treated for the purposes of the determination of the Issuer or the Group's regulatory capital, as own funds regulatory capital of at least Tier 2 Capital (or, if different, whatever terminology is employed by the then Applicable Supervisory Regulations), provided that on the Issue Date, the Notes did fulfil the requirements for inclusion in the own funds regulatory capital of the Issuer or the Group of at least Tier 2 Capital (or, if different, whatever terminology is employed by the then Applicable Supervisory Regulations),

except where in the case of each of (i) and (ii), this is merely the result of exceeding any applicable limits on the inclusion of such securities in the own funds regulatory capital of the Issuer or the Group of least Tier 2 Capital (or if different, whatever terminology is employed by the then Applicable Supervisory Regulations), pursuant to the then Applicable Supervisory Regulations.

Pre-Maturity Redemption:

The Issuer may, at its option, at any time, subject to the Prior Approval of the Relevant Supervisory Authority and to the Conditions to Redemption and Purchase, as from and including 28 May 2033 to, but excluding, the Scheduled Maturity Date redeem the Notes in whole, but not in part, subject to having given not more than forty-five (45) nor less than thirty (30) calendar days' prior notice to the Fiscal Agent and the Noteholders (which notice shall be irrevocable), at their Redemption Amount.

Clean-up Redemption:

The Issuer may, at any time, elect, subject to the Prior Approval of the Relevant Supervisory Authority and the Conditions to Redemption and Purchase, to redeem the Notes, in whole, but not in part, at their Redemption Amount if 80% or more of the Notes issued on the Issue Date (and, if applicable, on the relevant issue date(s) of any Further Notes) has been purchased and cancelled at the time of such election and subject to having given not more than forty-five (45) nor less than thirty (30) days' prior notice to the Fiscal Agent and the Noteholders.

Conditions to Redemption and Purchase:

Any redemption or purchase of the Notes is subject to the conditions (in addition to others as described herein) that (i) the Issuer has obtained the Prior Approval of the Relevant Supervisory Authority, (ii) no Regulatory Deficiency has occurred and is continuing on the due date for redemption or purchase and such redemption or purchase would not of itself cause a Regulatory Deficiency and (iii) if and to the extent required under the then Applicable Supervisory Regulation in order for the Notes to be treated, for the purposes of the determination of the Issuer's or the Group's regulatory capital, as own funds regulatory capital of least Tier 2 Capital (or, if different, whatever terminology is employed by the then Applicable Supervisory Regulation) that the Notes would be expected to fall under on or about the Issue Date, no Insolvent Insurance Affiliate Winding-up has occurred and is continuing on the date to for redemption or purchase.

Should a Regulatory Deficiency or an Insolvent Insurance Affiliate Winding-up occur after a notice for redemption has been given to the Noteholders, such redemption notice shall become automatically void and notice of such fact shall be given promptly by the Issuer.

Notwithstanding that a Regulatory Deficiency may have occurred and be continuing on the date due for redemption or purchase, or if such redemption or purchase would itself cause a Regulatory Deficiency, the Notes may still be redeemed or purchased on such Date to the extent permitted under, and in accordance with the Solvency II Directive and the Applicable Supervisory Regulations, and provided that all of the following conditions are met:

(A) on or prior to such date, the Prior Approval of the Relevant Supervisory Authority has been exceptionally given with respect to the relevant redemption or purchase of the Notes;

(B) the relevant redeemed or purchased Notes are replaced by other own funds regulatory capital of at least the same quality; and

(C) the applicable Minimum Capital Requirement (or, if different, whatever terminology is employed by the then Applicable Supervisory Regulations) is complied with after the relevant redemption or purchase of the Notes has been made.

Notwithstanding that an Insolvent Insurance Affiliate Winding-up may have occurred and be continuing on the date due for redemption or purchase, the Notes may still be redeemed or purchased on such date to the extent permitted under, and in accordance with, the Solvency II Directive and the Applicable Supervisory Regulations and provided that, on or prior to such date, the Prior Approval of the Relevant Supervisory Authority has been exceptionally given with respect to the relevant redemption or purchase of the Notes.

The Notes may not be redeemed or purchased pursuant to a Clean-up Redemption (as defined above), a Pre-Maturity Redemption (as defined above) or Purchases (as defined below) prior to the fifth (5th) anniversary of the Issue Date or, if applicable and to the extent so required by applicable laws and regulations, the issue date of the last tranche of any Further Notes (whichever occurs later), unless (but only if, and to the extent so required or otherwise as provided by the Solvency II Directive and the Applicable Supervisory Regulation at the time of such redemption or purchase) the relevant redeemed or purchased Notes are replaced by other own funds regulatory capital of at least the same quality.

The Notes may not be redeemed pursuant to an Optional Redemption for Regulatory Reasons (as defined above) prior to the fifth (5th) anniversary of the Issue Date or, if applicable and to the extent so required by applicable laws and regulations, the issue date of the last tranche of any Further Notes (whichever occurs later), unless (i) (x) the

Relevant Supervisory Authority has confirmed to the Issuer that it is satisfied that the Solvency Capital Requirement of the Issuer and the Group is exceeded by an appropriate margin (taking into account the position of the Issuer and the Group including the Issuer's and the Group's medium-term capital plan) and (y) the Issuer demonstrates to the satisfaction of the Relevant Supervisory Authority that the Regulatory Event was not reasonably foreseeable at the time of the issuance of the Notes and (z) the Relevant Supervisory Authority considers such change in the regulatory classification of the Notes to be sufficiently certain or (ii) the redemption or purchase has been funded out of the proceeds of a new issuance of own funds capital of at least the same quality as the Notes, in each case, if required pursuant to Solvency II Directive and Applicable Supervisory Regulations

The Notes may not be redeemed or purchased pursuant to a Tax Deductibility Event (as defined above), or, if a Redemption Alignment Event (as defined above) has occurred, upon the occurrence of a Gross-Up Event (as defined above) or a Withholding Tax Event (as defined above), prior to the fifth (5th) anniversary of the Issue Date or, if applicable and to the extent so required by applicable laws and regulations, the issue date of the last tranche of any Further Notes (whichever occurs later), unless (i) (x) the Relevant Supervisory Authority has confirmed to the Issuer that it is satisfied that the Solvency Capital Requirement, after redemption, of the Issuer and the Group is exceeded by an appropriate margin (taking into account the position of the Issuer including the Issuer's and the Group's medium-term capital plan) and (y) Issuer demonstrates to the satisfaction of the Relevant Supervisory Authority that the Tax Deductibility Event, the Withholding Tax Event or, as the case may be, the Gross-Up Event is material and was not reasonably foreseeable at the Issue Date or, if applicable and to the extent so required by applicable laws and regulations, the issue date of the last tranche of any Further Notes (whichever occurs later) or (ii) the redemption or purchase has been funded out of the proceeds of a new issuance of own funds capital of at least the same quality as the Notes. For the avoidance of doubt, the conditions set out in paragraph (i) above are deemed to be fulfilled once the Issuer has obtained the Prior Approval of the Relevant Supervisory Authority.

Except in circumstances where a Redemption Alignment Event has occurred, the Notes may not be redeemed upon occurrence of a Gross-Up Event or a Withholding Tax Event) prior to the tenth (10th) anniversary of the Issue Date or, if applicable and to the extent so required by applicable laws and regulations, the issue date of the last tranche of any Further Notes (whichever occurs later), unless the relevant redeemed Notes are replaced by other own funds regulatory capital of at least the same quality.

Insolvent Insurance Affiliate Winding-up means:

- (i) the winding-up of any Insurance Undertaking or any Reinsurance Undertaking within the Group; or
- (ii) the appointment of an administrator of any Insurance Undertaking or any Reinsurance Undertaking within the Group,

in each case, where the Issuer has determined, acting reasonably and in consultation with the Relevant Supervisory Authority, that the assets of that Insurance Undertaking or that Reinsurance Undertaking within the Group may or will not be sufficient to meet all claims of the policyholders pursuant to a contract of insurance of that Insurance Undertaking or to a contract of reinsurance of that Reinsurance Undertaking which is subject to a winding-up or administration process (and for these purposes, the claims of policyholders pursuant to any such contract of insurance or to any such contract of reinsurance shall include all amounts to which policyholders are entitled under applicable legislation or rules relating to the winding-up of Insurance Undertakings or the winding-up of Reinsurance Undertakings that reflect any right to receive or expectation of receiving benefits which policyholders may have).

Insurance Undertaking has the meaning ascribed to it in the Solvency II Directive.

Redemption Alignment Event will be deemed to have occurred if, at any time, the Issuer determines, in consultation with the Relevant Supervisory Authority (if required pursuant to Applicable Supervisory Regulations), that the option to redeem or purchase the Notes upon the occurrence of a Gross-Up Event or Withholding Tax Event from the fifth (5th) anniversary of the Issue Date or, if applicable and to the extent so required by applicable laws and regulations, the issue date of the last tranche of any Further Notes (whichever occurs later), without such redemption or purchase being funded out of the proceeds of a new issuance of own funds capital of at least the same quality as the Notes would not cause the Notes to no longer fulfil the requirements in order to be treated, for the purpose of the determination of the Issuer's or the Group's regulatory capital under the then Applicable Supervisory Regulations, as own funds regulatory capital of at least Tier 2 Capital (or, if different, whatever terminology is employed by the then Applicable Supervisory Regulations) and the Issuer gives notice of such determination to the Fiscal Agent and the Noteholders.

Reinsurance Undertaking has the meaning ascribed to it in the Solvency II Directive.

Relevant Anniversary means the tenth (10th) anniversary of the Issue Date of the Notes or, if applicable, the issue date of the last tranche of any Further Notes (whichever occurs later), provided however that Relevant Anniversary shall mean the fifth (5th) anniversary of the Issue Date of the Notes or, if applicable, the issue date of

the last tranche of any Further Notes (whichever occurs later), if a Redemption Alignment Event has occurred.

Miscellaneous:

The Issuer may, at any time, subject to the Prior Approval of the Relevant Supervisory Authority and the Conditions to Redemption and Purchase, purchase Notes in the open market or otherwise at any price in accordance with applicable laws and regulations (**Purchases**). All Notes so purchased by the Issuer may (i) be held and resold in accordance with Articles L.213-0-1 and D.213-0-1 of the French *Code monétaire et financier* for the purpose of enhancing the liquidity of the Notes or (ii) be cancelled in accordance with Article L.228-74 of the French *Code de commerce*.

All Notes which are redeemed or purchased for cancellation by the Issuer will forthwith be cancelled (together with rights to interest any other amounts relating thereto) by transfer to an account in accordance with the rules and procedures of Euroclear France.

Any Notes so cancelled may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

Representation of Noteholders:

The Noteholders will be grouped automatically for the defence of their respective common interests in a *masse* governed by the provisions of the French *Code de commerce* subject to certain exceptions and provisions (the **Masse**). The Masse will be a separate legal entity, and will be acting in part through one representative and in part through collective decisions of the Noteholders.

Listing:

Application has been made for the Notes to be admitted to trading on Euronext Paris as from their Issue Date.

Selling Restrictions:

There are certain restrictions on the offer and sale of Notes and the distribution of offering material relating thereto in various jurisdictions. See "Subscription and Sale".

Clearing Systems:

The Notes have been accepted for clearance through Euroclear France, Clearstream Banking S.A. and Euroclear Bank SA/NV

Governing Law and Jurisdiction:

French law. Jurisdiction of the competent courts within the jurisdiction of the *Cour d'Appel* of Paris.

An investment in the Notes involves certain risks. Potential investors should review all the information contained or incorporated by reference in this document and, in particular, the information set out in the section entitled "Risk Factors" before making a decision to invest in the Notes.

TERMS AND CONDITIONS OF THE NOTES

The terms and conditions of the Notes will be as follows:

The issue of EUR 300,000,000 5.750 per cent. Tier 2 notes due 28 November 2033 (the **Notes**) of COFACE SA (the **Issuer**) was authorised pursuant to a resolution of the Board of Directors (*Conseil d'administration*) of the Issuer dated 14 November 2023 and a decision of its Chief Financial Officer (*Directeur Financier*) dated 21 November 2023.

The Issuer has entered into a fiscal agency agreement (the **Fiscal Agency Agreement**) dated 24 November 2023 with Uptevia as fiscal agent and principal paying agent. The fiscal agent, the principal paying agent and the paying agents for the time being are referred to in these Conditions, respectively, as the **Fiscal Agent**, the **Principal Paying Agent** and the **Paying Agents** (which expression shall include the Principal Paying Agent and any future paying agent duly appointed by the Issuer in accordance with the Fiscal Agency Agreement), each of which expression shall include the successors from time to time of the relevant persons, in such capacities, under the Fiscal Agency Agreement, and are collectively referred to as the **Agents**. Copies of the Fiscal Agency Agreement are available for inspection at the specified offices of the Paying Agents. References to **Conditions** are, unless the context otherwise requires, to the numbered paragraphs below.

1. DEFINITIONS

For purposes hereof, the following definitions shall apply:

2014 Notes means the EUR380,000,000 Guaranteed Subordinated 4.125 per cent. Notes due 27 March 2024 issued by the Issuer on 27 March 2014 and unconditionally and irrevocably guaranteed on a subordinated basis by *Compagnie française d'assurance pour le commerce extérieur* (ISIN code: FR0011805803).

2022 Notes means the EUR300,000,000 6.000 per cent. Tier 2 Notes due 22 September 2032 issued by the Issuer on 22 September 2022 (ISIN code: FR001400CSY7).

Account Holder means any authorised financial intermediary institution entitled to hold accounts directly or indirectly on behalf of its customers with Euroclear France, and includes Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking SA (**Clearstream**).

Actual/Actual (ICMA) Day Count Fraction means:

- (i) where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Issue Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Interest Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the number of days in such Interest Period; or
- (ii) where the Accrual Period is longer than the Interest Period during which the Accrual Period ends, the sum of:
 - (a) the number of days in such Accrual Period falling in the Interest Period in which the Accrual Period begins divided by the number of days in such Interest Period; and
 - (b) the number of days in such Accrual Period falling in the next Interest Period divided by the number of days in such Interest Period.

Additional Amounts has the meaning ascribed to it in Condition 8 (*Taxation*).

Applicable Supervisory Regulations means the Solvency II Directive as implemented in France, the Solvency II Regulation and any other capital requirements or regulatory capital rules (including the

guidelines and recommendations of the European Insurance and Occupational Pensions Authority (or any successor authority), the official application or interpretation of the Relevant Supervisory Authority thereof and any applicable decision of any court or tribunal) from time to time in effect in France (or if the Issuer becomes domiciled in a jurisdiction other than France, such other jurisdiction) and applicable to the Issuer and/or the Group (including for the purpose of any capital requirements of internationally active insurance groups, as applicable), which would lay down the requirements to be fulfilled by financial instruments for inclusion as at least Tier 2 Capital, as opposed to own funds regulatory capital of any other tier (or, if different, whatever terminology is employed to denote such concept), for single solvency and group solvency purposes of the Issuer and/or the Group.

Arrears of Interest has the meaning ascribed to it in Condition 5.2 (*Mandatory Interest Deferral*).

Business Day means, except as otherwise specified herein, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchanges settle payments and are open for business (including dealings in foreign exchanges and foreign currency deposits) in Paris and a T2 Settlement Day.

Conditions to Settlement are satisfied on any day with respect to any payment of Arrears of Interest, if any, if such day would not be, if it fell on an Interest Payment Date, a Mandatory Interest Deferral Date.

Day Count Fraction means Actual/Actual (ICMA) Day Count Fraction.

Further Notes has the meaning ascribed to it in Condition 13 (*Further Notes*).

Group means the Issuer and its consolidated subsidiaries taken as a whole.

Gross-Up Event has the meaning ascribed to it in Condition 6.2 (*Redemption for Taxation Reasons*).

Independent Agent means an investment bank, or a syndicate of investment banks, of international repute and with a leading franchise in the underwriting and distribution of capital instruments for French and international financial institutions.

Interest Payment Date means 28 November in each year commencing on 28 November 2024 to (and including) the Scheduled Maturity Date.

Interest Period means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

Interest Rate means 5.750 per cent. *per annum*.

Insolvent Insurance Affiliate Winding-up means:

- (i) the winding-up of any Insurance Undertaking or any Reinsurance Undertaking within the Group; or
- (ii) the appointment of an administrator of any Insurance Undertaking or any Reinsurance Undertaking within the Group,

in each case, where the Issuer has determined, acting reasonably and in consultation with the Relevant Supervisory Authority, that the assets of that Insurance Undertaking or that Reinsurance Undertaking within the Group may or will not be sufficient to meet all claims of the policyholders pursuant to a contract of insurance of that Insurance Undertaking or to a contract of reinsurance of that Reinsurance Undertaking which is subject to a winding-up or administration process (and for these purposes, the claims of policyholders pursuant to any such contract of insurance or to any such contract of reinsurance shall include all amounts to which policyholders are entitled under applicable legislation or rules relating to the winding-

up of Insurance Undertakings or the winding-up of Reinsurance Undertakings that reflect any right to receive or expectation of receiving benefits which policyholders may have).

Issue Date means 28 November 2023.

Insurance Undertaking has the meaning ascribed to it in the Solvency II Directive.

Issuer Liquidation is deemed to have occurred when a judgment is rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) of the Issuer, or in the event of a transfer of the whole of the business of the Issuer (*cession totale de l'entreprise*) subsequent to the opening of a judicial recovery procedure (*redressement judiciaire*), or if the Issuer is liquidated for any other reason (other than pursuant to a consolidation, amalgamation or merger or other reorganization outside the context of an insolvency).

Mandatory Interest Deferral Date means each Interest Payment Date in respect of which the Noteholders and the Fiscal Agent have been notified by the Issuer that a Regulatory Deficiency has occurred and such Regulatory Deficiency is continuing on such Interest Payment Date, or such interest payment (and, if relevant, any Arrears of Interest) would itself cause a Regulatory Deficiency provided, however, that the relevant Interest Payment Date will not be a Mandatory Interest Deferral Date in relation to such interest payment (or such part thereof), to the extent permitted under, and in accordance with the Solvency II Directive and the Applicable Supervisory Regulations, if cumulatively:

- (i) the Relevant Supervisory Authority has exceptionally waived the deferral of such interest payment (and, if relevant, any Arrears of Interest) (to the extent the Relevant Supervisory Authority can give such waiver in accordance with the Applicable Supervisory Regulations);
- (ii) paying the interest payment (and, if relevant, any Arrears of Interest) does not further weaken the solvency position of the Issuer as determined in accordance with the Applicable Supervisory Regulations; and
- (iii) the Minimum Capital Requirement will be complied with immediately after the interest payment (and, if relevant, any Arrears of Interest) is made.

Minimum Capital Requirement means the minimum capital requirement (**MCR**) and (i) the minimum consolidated group solvency capital requirement, or (ii) any applicable successor trigger metric, all as defined and, in accordance with, the Applicable Supervisory Regulations.

Noteholder means, in respect of any Notes, the person whose name appears in the account of the relevant Account Holder as being entitled to such Notes.

Obligation means any payment obligation expressed to be assumed by or imposed on, the Issuer under or arising as a result of any contract, agreement, document, instrument or conduct or relationship or by operation of law (including any bonds, borrowings or notes).

Ordinarily Subordinated Obligations means, in respect of any person, any Obligations of such person which constitute direct and subordinated Obligations of such person which rank and will at all times rank (i) equally and rateably with its other present and future Ordinarily Subordinated Obligations, and (ii) in priority to present and future *prêts participatifs* granted to, and present and future *titres participatifs* issued by it, any deeply subordinated Obligations of it that by their terms (including *titres super subordonnés*) rank junior to such *prêts participatifs* and *titres participatifs* but (iii) behind its Senior Subordinated Obligations and its Unsubordinated Obligations.

Prior Approval of the Relevant Supervisory Authority means the prior written approval of the Relevant Supervisory Authority, if such approval is required at the time under any Applicable Supervisory

Regulations and provided that such approval has not been withdrawn by the date set for redemption, purchase or payment, as the case may be.

Principal Amount means in respect of each Note, €100,000 being the principal amount of each Note on the Issue Date.

A **Redemption Alignment Event** will be deemed to have occurred if, at any time, the Issuer determines, in consultation with the Relevant Supervisory Authority (if required pursuant to Applicable Supervisory Regulations), that the option to redeem or purchase the Notes upon the occurrence of a Gross-Up Event or Withholding Tax Event from the fifth (5th) anniversary of the Issue Date or, if applicable and to the extent so required by applicable laws and regulations, the issue date of the last tranche of any Further Notes (whichever occurs later), without such redemption or purchase being funded out of the proceeds of a new issuance of own funds capital of at least the same quality as the Notes would not cause the Notes to no longer fulfil the requirements in order to be treated, for the purpose of the determination of the Issuer's or the Group's regulatory capital under the then Applicable Supervisory Regulations, as own funds regulatory capital of at least Tier 2 Capital (or, if different, whatever terminology is employed by the then Applicable Supervisory Regulations) and the Issuer gives notice of such determination to the Fiscal Agent and the Noteholders.

Redemption Amount is equal to the Principal Amount of the Notes together with any accrued and unpaid interest up to the date fixed for redemption (including any Arrears of Interest).

Regulatory Deficiency means that:

- (i) the own funds regulatory capital (or, if different, whatever terminology is employed by the then Applicable Supervisory Regulations) of the Issuer or of the Group is not sufficient to cover its capital requirements (including, for the avoidance of doubt, the applicable Solvency Capital Requirement and the Minimum Capital Requirement) (or, if different, whatever terminology is employed by the then Applicable Supervisory Regulations) of the Issuer or of the Group, whichever occurs the earlier; or
- (ii) the Relevant Supervisory Authority has notified the Issuer that it has determined, in view of the financial condition of the Issuer and/or any entity of the Group, that in accordance with the Applicable Supervisory Regulations at such time, the Issuer must take specified action in relation to payments under the Notes,

in each case without taking into account any Prior Approval of the Relevant Supervisory Authority being granted on an exceptional basis with respect to the payment of interest or Arrears of Interest on, and/or the redemption or purchase of, the Notes.

For the avoidance of doubt, a Regulatory Deficiency will be deemed to have occurred if and when the Issuer or the Group fails to meet the Solvency Capital Requirement or Minimum Capital Requirement.

Regulatory Event means that, on or after the Issue Date, the Relevant Supervisory Authority has notified the Issuer:

- (i) that under the then Applicable Supervisory Regulations, the Notes (in whole or in part) would not be treated, for the purposes of the determination of the Issuer's or the Group's regulatory capital, as own funds regulatory capital of at least Tier 2 Capital (or, if different, whatever terminology is employed by the then Applicable Supervisory Regulations); or
- (ii) that under the then Applicable Supervisory Regulations, the Notes (in whole or in part) no longer fulfil the requirements in order to be treated for the purposes of the determination of the Issuer or the Group's regulatory capital, as own funds regulatory capital of at least Tier 2 Capital (or, if different, whatever terminology is employed by the then Applicable Supervisory Regulations),

provided that on the Issue Date, the Notes did fulfil the requirements for inclusion in the own funds regulatory capital of the Issuer or the Group of at least Tier 2 Capital (or, if different, whatever terminology is employed by the then Applicable Supervisory Regulations),

except where in the case of each of (i) and (ii), this is merely the result of exceeding any applicable limits on the inclusion of such securities in the own funds regulatory capital of the Issuer or the Group of least Tier 2 Capital (or if different, whatever terminology is employed by the then Applicable Supervisory Regulations), pursuant to the then Applicable Supervisory Regulations.

Reinsurance Undertaking has the meaning ascribed to it in the Solvency II Directive.

Relevant Anniversary means the tenth (10th) anniversary of the Issue Date of the Notes or, if applicable, the issue date of the last tranche of any Further Notes (whichever occurs later), provided however that Relevant Anniversary shall mean the fifth (5th) anniversary of the Issue Date of the Notes or, if applicable, the issue date of the last tranche of any Further Notes (whichever occurs later), if a Redemption Alignment Event has occurred.

Relevant Supervisory Authority means any relevant regulator having jurisdiction over the Issuer and/or the Group, in the event that the Issuer and/or the Group is required to comply with certain applicable solvency margins or capital adequacy levels. The current Relevant Supervisory Authority is the *Autorité de contrôle prudentiel et de résolution*.

Scheduled Maturity Date means on the Interest Payment Date falling on or about 28 November 2033 if the conditions to redemption and purchase set out in Condition 6.8 (*Conditions to Redemption and Purchase*) are satisfied and otherwise as soon as possible after the conditions to redemption and purchase are so satisfied.

Senior Subordinated Obligations means, in respect of any person, any Obligations of such person which constitute direct and subordinated Obligations of such person which rank and will at all times rank equally and rateably with its other present and future Senior Subordinated Obligations, and in priority to present and future Ordinarily Subordinated Obligations, *prêts participatifs* granted to, and present and future *titres participatifs* issued by it, any deeply subordinated Obligations of it that by their terms (including *titres super subordonnés*) rank junior to such *prêts participatifs* and *titres participatifs* but behind its Unsubordinated Obligations.

Solvency II Directive means Directive 2009/138/EC of the European Union of 25 November 2009 on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II), as amended from time to time, the further legislative acts of the European Union enacted in relation thereto and the French legislation implementing the same.

Solvency II Regulation means Commission Delegated Regulation (EU) 2015/35 of 10 October 2014, as amended from time to time.

Solvency Capital Requirement has the meaning ascribed to it in the Applicable Supervisory Regulations.

T2 means the real-time gross settlement system operated by the Eurosystem or any successor thereto.

T2 Settlement Day means any day on which T2 is operating.

A **Tax Alignment Event** will be deemed to have occurred if at any time the Issuer determines, in consultation with the Relevant Supervisory Authority, that the obligation to pay Additional Amounts would not cause the Notes to no longer be treated under Applicable Supervisory Regulations as at least Tier 2 Capital and gives notice of such fact to the Fiscal Agent and the Noteholders, in accordance with Condition 12 (*Notices*).

Tax Deductibility Event has the meaning ascribed to it in Condition 6.2 (*Redemption for Taxation Reasons*).

Tier 2 Capital has the meaning given to such term in the Applicable Supervisory Regulations from time to time (or, if different, whatever terminology is employed by the then Applicable Supervisory Regulations).

Unsubordinated Obligations means, in respect of any person, any Obligations which constitute direct and unsubordinated Obligations of such person and which rank and will at all times rank equally and rateably with its other existing or future Unsubordinated Obligations and in priority to Senior Subordinated Obligations, Ordinarily Subordinated Obligations, *prêts participatifs* granted to, *titres participatifs* issued by, and deeply subordinated Obligations that by their terms rank junior to such *prêts participatifs* and *titres participatifs* of, such person.

Waived Set-Off Rights has the meaning ascribed to it in Condition 14 (*Waiver of Set-off*).

Withholding Tax Event has the meaning ascribed to it in Condition 6.2 (*Redemption for Taxation Reasons*).

2. FORM, DENOMINATION AND TITLE

The Notes are issued on the Issue Date in dematerialised bearer form (*au porteur*) in the denomination of €100,000 each. Title to the Notes will be evidenced in accordance with Articles L.211-3 *et seq.* and R.211-1 *et seq.* of the French *Code monétaire et financier* by book-entries (*inscription en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes. The Notes will, upon issue, be inscribed in the books of Euroclear France (**Euroclear France**), which shall credit the accounts of the relevant Account Holders.

Title to the Notes shall be evidenced by entries in the books of Account Holders and will pass upon, and transfer of Notes may only be effected through, registration of the transfer in such books.

3. STATUS OF THE NOTES

3.1 Subordinated Obligations

The obligations of the Issuer under the Notes in respect of principal and interest (including Arrears of Interest (as defined below)), constitute Ordinarily Subordinated Obligations of the Issuer and rank and shall at all times rank without any preference among themselves and (i) equally and rateably with any other present and future Ordinarily Subordinated Obligations of the Issuer, (ii) in priority to all present and future *prêts participatifs* granted to, and *titres participatifs* issued by, the Issuer, any deeply subordinated Obligations of the Issuer that by their terms rank junior to the Notes or to such *prêts participatifs* and *titres participatifs* (including *titres super subordonnés*), but (iii) behind Senior Subordinated Obligations and Unsubordinated Obligations of the Issuer.

For the avoidance of doubt, the 2014 Notes and the 2022 Notes will be deemed to constitute Ordinarily Subordinated Obligations for the purpose of these Conditions.

3.2 Payment on the Notes in the event of the liquidation of the Issuer

In the event of an Issuer Liquidation, the rights of the Noteholders in respect of principal and interest (including any Arrears of Interest) will be subordinated to the payment in full of the Unsubordinated Obligations and Senior Subordinated Obligations of the Issuer and, subject to such payment in full, the Noteholders will be paid in priority to any *prêts participatifs* granted to the Issuer, any *titres participatifs* issued by the Issuer and any other subordinated Obligations of the Issuer that by their terms rank junior to the Notes or to such *prêts participatifs* and *titres participatifs* (including *titres super subordonnés*).

In the event of incomplete payment of the creditors in respect of Unsubordinated Obligations or Senior Subordinated Obligations of the Issuer, the obligations of the Issuer in respect of principal and interest (including Arrears of Interest) on the Notes will be terminated by operation of law.

4. **NEGATIVE PLEDGE**

There will be no negative pledge in respect of the Notes.

5. **INTEREST**

5.1 **Rate of Interest**

The Notes bear interest on their Principal Amount, from (and including) the Issue Date to (but excluding) the Scheduled Maturity Date, at the Interest Rate, payable annually in arrear on each Interest Payment Date.

On each Interest Payment Date, the Issuer shall pay interest on the Notes accrued to that date in respect of the Interest Period ending immediately prior to such Interest Payment Date, subject to the provisions of the Condition 5.2 (*Mandatory Interest Deferral*) below.

The amount of interest payable on each Note and on each Interest Payment Date will be the product of the Principal Amount of such Note and the Interest Rate, multiplied by the Day Count Fraction and rounding the resulting figure, if necessary, to the nearest Euro cent (half a Euro cent being rounded upwards).

The Notes will cease to bear interest from and including the due date for redemption unless payment of the principal in respect of the Notes is improperly withheld or refused on such date or unless default is otherwise made in respect of the payment. In such event, the Notes will continue to bear interest at the Interest Rate on their remaining unpaid amount until the day on which all sums due in respect of the Notes up to (but excluding) that day are received by or on behalf of the relevant Noteholders.

5.2 **Mandatory Interest Deferral**

(a) **Mandatory interest deferral in the event of Regulatory Deficiency**

On any Mandatory Interest Deferral Date, the Issuer will be obliged to defer payment (in whole but not in part) of the interest accrued to that date and such non-payment resulting from such deferral shall not constitute a default by the Issuer for any purpose.

(b) **Arrears of Interest**

Any interest not paid on a Mandatory Interest Deferral Date shall constitute **Arrears of Interest**. Arrears of Interest on all outstanding Notes shall become due in full following the occurrence of certain circumstances.

All Arrears of Interest may, subject to the fulfilment of the Conditions to Settlement, at the option of the Issuer, be paid in whole or in part at any time but all Arrears of Interest in respect of all Notes for the time being outstanding shall become due in full on whichever is the earliest of:

- (i) the next Interest Payment Date which is not a Mandatory Interest Deferral Date;
- (ii) the date of any redemption of the Notes in accordance with the provisions relating to redemption of the Notes; or
- (iii) the date upon which a judgment is rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) of the Issuer, or in the event of a transfer of the whole of the business of the Issuer (*cession totale de l'entreprise*) subsequent to the opening of

a judicial recovery procedure (*redressement judiciaire*) or if the Issuer is liquidated for any other reason (other than pursuant to a consolidation, amalgamation or merger or other reorganization outside the context of an insolvency).

Arrears of Interest shall not themselves bear interest.

(c) Partial Payment of Arrears of Interest

If amounts in respect of Arrears of Interest are paid in part:

- (i) Arrears of Interest accrued for any period shall not be payable until full payment has been made of all Arrears of Interest that have accrued during any earlier period; and
- (ii) the amount of Arrears of Interest payable in respect of any Note in respect of any period, shall be calculated *pro rata* to the total amount of all unpaid Arrears of Interest accrued in respect of that period to the date of payment.

(d) Notice of Deferral and Payment of Arrears of Interest

The Issuer shall give not less than five (5) nor more than thirty (30) Business Days' prior notice to the Noteholders in accordance with Condition 12 (*Notices*) and to the Fiscal Agent:

- (i) of any Mandatory Interest Deferral Date and specifying that interest will not be paid due to a Regulatory Deficiency, either continuing or being caused by such interest payment, on the next Interest Payment Date, provided that if the Regulatory Deficiency occurs less than five (5) Business Days before such Interest Payment Date, the Issuer shall give notice of the interest deferral as soon as practicable under the circumstances before such Mandatory Interest Deferral Date; and
- (ii) of any date upon which amounts in respect of Arrears of Interest shall become due and payable.

So long as the Notes are listed or admitted to trading on Euronext Paris and/or any other regulated market or stock exchange and the rules of any such regulated market or stock exchange so require, notice of any such deferral or suspension shall also be given as soon as reasonably practicable to such regulated market or stock exchange.

This notice will not be a condition to the deferral of interest. Any delay or failure by the Issuer to give such notice shall not affect the deferral described above nor constitute a default or event of default by the Issuer for any purpose.

5.3 Notifications, etc. to be final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5 (*Interest*), by the Fiscal Agent, will (in the absence of wilful default, bad faith or manifest error) be final and binding on the Issuer, the Fiscal Agent, the Paying Agent and all Noteholders and (in the absence of wilful default, bad faith or manifest error) no liability to the Issuer or the Noteholders shall attach to the Fiscal Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition 5 (*Interest*).

6. REDEMPTION AND PURCHASE

6.1 Redemption at maturity

Subject to Condition 6.8 (*Conditions to Redemption and Purchase*) and to the Prior Approval of the Relevant Supervisory Authority, unless previously redeemed or purchased and cancelled as provided for below, the Notes will be redeemed at their Principal Amount, together with accrued interest thereon, if any, and any Arrears of Interest, on the Scheduled Maturity Date.

6.2 Redemption for Taxation Reasons

- (a) If, by reason of a change in any French law or regulation, or any change in the official application or interpretation thereof, becoming effective after the Issue Date, the Issuer would, on the occasion of the next payment of principal or interest due in respect of the Notes, not be able to make such payment without having to pay Additional Amounts as specified in Condition 8 (*Taxation*) (a **Gross-Up Event**), the Issuer may, subject to the Prior Approval of the Relevant Supervisory Authority and Condition 6.8 (*Conditions to Redemption and Purchase*), subject to having given not more than forty-five (45) nor less than thirty (30) calendar days' prior notice to the Fiscal Agent and the Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable), redeem the Notes in whole, but not in part, at their Redemption Amount, provided that the due date for redemption shall be no earlier than the latest practicable Interest Payment Date on which the Issuer could make payment of principal or interest without withholding or deduction for French taxes.
- (b) If the Issuer would on the next payment of principal or interest in respect of the Notes be obliged to pay Additional Amounts as specified under Condition 8 (*Taxation*) and the Issuer would be prevented by French law from making payment to the Noteholders of the full amount then due and payable, notwithstanding the undertaking to pay Additional Amounts contained in Condition 8 (*Taxation*) (a **Withholding Tax Event**), then the Issuer may, subject to the Prior Approval of the Relevant Supervisory Authority and Condition 6.8 (*Conditions to Redemption and Purchase*) and upon giving not less than seven (7) calendar days' prior notice to the Fiscal Agent and the Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable), redeem the Notes in whole, but not in part, at their Redemption Amount, on the latest practicable date on which the Issuer could make payment of the full amount of principal or interest payable in respect of the Notes or, if such date is past, as soon as practicable thereafter.
- (c) If an opinion of a recognised law firm of international standing has been delivered to the Issuer and the Fiscal Agent, stating that by reason of a change in French law or regulation, or any change in the official application or interpretation of such law, becoming effective after the Issue Date, the tax regime of any payments under the Notes is modified and such modification results in the part of the interest payable by the Issuer in respect of the Notes that is tax-deductible for French corporate income tax purposes being reduced (a **Tax Deductibility Event**), so long as this cannot be avoided by the Issuer taking reasonable measures available to it at the time, the Issuer may, subject to the Prior Approval of the Relevant Supervisory Authority and Condition 6.8 (*Conditions to Redemption and Purchase*), redeem the Notes in whole, but not in part, at their Redemption Amount, on the latest practicable date on which the Issuer could make such payment with the part of the interest payable under the Notes being tax-deductible not being reduced or, if such date is past, as soon as practicable thereafter. The Issuer shall give the Fiscal Agent and the Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable) notice of any such redemption not less than thirty (30) nor more than forty-five (45) calendar days before the date fixed for redemption.

6.3 Optional Redemption for Regulatory Reasons

If, at any time on or after the Issue Date, the Issuer determines that a Regulatory Event has occurred with respect to the Notes the Issuer may, subject to the Prior Approval of the Relevant Supervisory Authority and Condition 6.8 (*Conditions to Redemption and Purchase*), redeem the Notes in whole, but not in part, subject to having given not more than forty-five (45) nor less than thirty (30) calendar days' prior notice to the Fiscal Agent and the Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable), at their Redemption Amount.

6.4 Clean-up Redemption

The Issuer may, at any time, elect, subject to the Prior Approval of the Relevant Supervisory Authority and Condition 6.8 (*Conditions to Redemption and Purchase*), to redeem the Notes, in whole, but not in part, at their Redemption Amount if 80% (eighty per cent.) or more of the Notes issued on the Issue Date (and, if applicable, on the relevant issue date(s) of any Further Notes) has been purchased and cancelled at the time of such election and subject to having given not more than forty-five (45) nor less than thirty (30) days' prior notice to the Fiscal Agent and the Noteholders in accordance with Condition 12 (*Notices*).

6.5 Pre-Maturity Redemption

The Issuer may, at its option, at any time, subject to the Prior Approval of the Relevant Supervisory Authority and Condition 6.8 (*Conditions to Redemption and Purchase*), as from and including 28 May 2033 to, but excluding, the Scheduled Maturity Date redeem the Notes in whole, but not in part, subject to having given not more than forty-five (45) nor less than thirty (30) calendar days' prior notice to the Fiscal Agent and the Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable), at their Redemption Amount.

6.6 Purchases

The Issuer may, at any time, subject to the Prior Approval of the Relevant Supervisory Authority and Condition 6.8 (*Conditions to Redemption and Purchase*), purchase Notes in the open market or otherwise at any price in accordance with applicable laws and regulations. All Notes so purchased by the Issuer may (i) be held and resold in accordance with Articles L.213-0-1 and D.213-0-1 of the French *Code monétaire et financier* for the purpose of enhancing the liquidity of the Notes or (ii) be cancelled in accordance with Article L.228-74 of the French *Code de commerce*.

6.7 Cancellation

All Notes which are redeemed or purchased for cancellation by the Issuer pursuant to this Condition 6 (*Redemption and Purchase*) will forthwith be cancelled (together with rights to interest any other amounts relating thereto) by transfer to an account in accordance with the rules and procedures of Euroclear France.

Any Notes so cancelled may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

6.8 Conditions to Redemption and Purchase

Any redemption or purchase of the Notes is subject to the conditions (in addition to others as described herein) that (i) the Issuer has obtained the Prior Approval of the Relevant Supervisory Authority, (ii) no Regulatory Deficiency has occurred and is continuing on the due date for redemption or purchase and such redemption or purchase would not of itself cause a Regulatory Deficiency and (iii) if and to the extent required under the then Applicable Supervisory Regulation in order for the Notes to be treated, for the purposes of the determination of the Issuer's or the Group's regulatory capital, as own funds regulatory capital of least Tier 2 Capital (or, if different, whatever terminology is employed by the then Applicable Supervisory Regulation) that the Notes would be expected to fall under on or about the Issue Date, no

Insolvent Insurance Affiliate Winding-up has occurred and is continuing on the date to for redemption or purchase.

Should a Regulatory Deficiency or an Insolvent Insurance Affiliate Winding-up occur after a notice for redemption has been given to the Noteholders, such redemption notice shall become automatically void and notice of such fact shall be given promptly by the Issuer.

Notwithstanding that a Regulatory Deficiency may have occurred and be continuing on the date due for redemption or purchase, or if such redemption or purchase would itself cause a Regulatory Deficiency, the Notes may still be redeemed or purchased on such Date to the extent permitted under, and in accordance with the Solvency II Directive and the Applicable Supervisory Regulations, and provided that all of the following conditions are met:

- (A) on or prior to such date, the Prior Approval of the Relevant Supervisory Authority has been exceptionally given with respect to the relevant redemption or purchase of the Notes;
- (B) the relevant redeemed or purchased Notes are replaced by other own funds regulatory capital of at least the same quality; and
- (C) the applicable Minimum Capital Requirement (or, if different, whatever terminology is employed by the then Applicable Supervisory Regulations) is complied with after the relevant redemption or purchase of the Notes has been made.

Notwithstanding that an Insolvent Insurance Affiliate Winding-up may have occurred and be continuing on the date due for redemption or purchase, the Notes may still be redeemed or purchased on such date to the extent permitted under, and in accordance with, the Solvency II Directive and the Applicable Supervisory Regulations and provided that, on or prior to such date, the Prior Approval of the Relevant Supervisory Authority has been exceptionally given with respect to the relevant redemption or purchase of the Notes.

The Notes may not be redeemed or purchased pursuant to Condition 6.4 (*Clean-up Redemption*), Condition 6.5 (*Pre-Maturity Redemption*) or pursuant to Condition 6.6 (*Purchases*) prior to the fifth (5th) anniversary of the Issue Date or, if applicable and to the extent so required by applicable laws and regulations, the issue date of the last tranche of any Further Notes (whichever occurs later), unless (but only if, and to the extent so required or otherwise as provided by the Solvency II Directive and the Applicable Supervisory Regulation at the time of such redemption or purchase) the relevant redeemed or purchased Notes are replaced by other own funds regulatory capital of at least the same quality.

The Notes may not be redeemed pursuant to Condition 6.3 (*Optional Redemption for Regulatory Reasons*) prior to the fifth (5th) anniversary of the Issue Date or, if applicable and to the extent so required by applicable laws and regulations, the issue date of the last tranche of any Further Notes (whichever occurs later), unless (i) (x) the Relevant Supervisory Authority has confirmed to the Issuer that it is satisfied that the Solvency Capital Requirement of the Issuer and the Group is exceeded by an appropriate margin (taking into account the position of the Issuer and the Group including the Issuer's and the Group's medium-term capital plan) and (y) the Issuer demonstrates to the satisfaction of the Relevant Supervisory Authority that the Regulatory Event was not reasonably foreseeable at the time of the issuance of the Notes and (z) the Relevant Supervisory Authority considers such change in the regulatory classification of the Notes to be sufficiently certain or (ii) the redemption or purchase has been funded out of the proceeds of a new issuance of own funds capital of at least the same quality as the Notes, in each case, if required pursuant to Solvency II Directive and Applicable Supervisory Regulations

The Notes may not be redeemed or purchased pursuant to Condition 6.2 (c) (*Tax Deductibility Event*), or, if a Redemption Alignment Event has occurred, pursuant to Condition 6.2 (a) (*Gross-Up Event*) or Condition 6.2 (b) (*Withholding Tax Event*), prior to the fifth (5th) anniversary of the Issue Date or, if applicable and to the extent so required by applicable laws and regulations, the issue date of the last tranche of any Further Notes (whichever occurs later), unless (i) (x) the Relevant Supervisory Authority has

confirmed to the Issuer that it is satisfied that the Solvency Capital Requirement, after redemption, of the Issuer and the Group is exceeded by an appropriate margin (taking into account the position of the Issuer including the Issuer's and the Group's medium-term capital plan) and (y) Issuer demonstrates to the satisfaction of the Relevant Supervisory Authority that the Tax Deductibility Event, the Withholding Tax Event or, as the case may be, the Gross-Up Event is material and was not reasonably foreseeable at the Issue Date or, if applicable and to the extent so required by applicable laws and regulations, the issue date of the last tranche of any Further Notes (whichever occurs later) or (ii) the redemption or purchase has been funded out of the proceeds of a new issuance of own funds capital of at least the same quality as the Notes. For the avoidance of doubt, the conditions set out in paragraph (i) above are deemed to be fulfilled once the Issuer has obtained the Prior Approval of the Relevant Supervisory Authority.

Except in circumstances where a Redemption Alignment Event has occurred, the Notes may not be redeemed pursuant to Condition 6.2 (a) (*Gross-Up Event*) or Condition 6.2 (b) (*Withholding Tax Event*) prior to the tenth (10th) anniversary of the Issue Date or, if applicable and to the extent so required by applicable laws and regulations, the issue date of the last tranche of any Further Notes (whichever occurs later), unless the relevant redeemed Notes are replaced by other own funds regulatory capital of at least the same quality.

7. PAYMENTS

7.1 Method of Payment

Payments of principal, interest (including, for the avoidance of doubt, Arrears of Interest) and other amounts in respect of the Notes will be made in Euro, by credit or transfer to a Euro-denominated account (or any other account to which Euro may be credited or transferred) specified by the payee in a country within T2. Such payments shall be made for the benefit of the Noteholders to the Account Holders and all payments validly made to such Account Holders in favour of Noteholders will be an effective discharge of the Issuer and the Fiscal Agent, as the case may be, in respect of such payment.

None of the Issuer, the Fiscal Agent or the Paying Agents shall be liable to any Noteholder or other person for any commissions, costs, losses or expenses in relation to, or resulting from, the credit or transfer of Euro, or any currency conversion or rounding effect in connection with such payment being made in Euro.

Payments in respect of principal and interest (including, for the avoidance of doubt, Arrears of Interest) in respect of the Notes will, in all cases, be made subject to any fiscal or other laws and regulations or orders of courts of competent jurisdiction applicable in respect of such payments to the Issuer, the relevant Paying Agent, the relevant Account Holder or, as the case may be, the person shown in the records of Euroclear France, Euroclear or Clearstream as the holder of a particular nominal amount of Notes, but without prejudice to the provisions of Condition 8 (*Taxation*).

7.2 Payments on Business Days

If the due date for payment of any amount of principal, interest or other amounts in respect of any Note is not a Business Day, then the holder of such Note shall not be entitled to payment of the amount due until the next following Business Day and will not be entitled to any interest or other sums in respect of such postponed payment.

7.3 Fiscal Agent and Paying Agents

The name of the initial Fiscal Agent and Principal Paying Agent and its specified office are set out below:

Uptevia
90-110 Esplanade du Général de Gaulle
92931 Paris La Défense Cedex
France

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or a Paying Agent and/or appoint additional or other Paying Agents or approve any change in the office through which any such Agent acts, provided that there will at all times be a Fiscal Agent, and a Principal Paying Agent having a specified office in a European city. Notice of any such change or any change of specified office shall promptly be given as soon as reasonably practicable to the Noteholders in accordance with Condition 12 (*Notices*) and, so long as the Notes are listed or admitted to trading on Euronext Paris and/or on any other regulated market or stock exchange and if the rules applicable to any such regulated market or stock exchange so require, to such regulated market or stock exchange.

Any termination or appointment shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not more than forty-five (45) nor less than thirty (30) calendar days' notice thereof shall have been given to the Noteholders by the Issuer in accordance with Condition 12 (*Notices*).

8. TAXATION

All payments in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of France or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law.

If French law should require that payments made by the Issuer in respect of any Note be subject to withholding or deduction in respect of any present or future taxes, duties, assessments or governmental charges of whatever nature, and provided a Tax Alignment Event has occurred and is continuing, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts (**Additional Amounts**) as shall result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required except that no such Additional Amounts shall be payable with respect to any Note, as the case may be:

- (i) to, or to a third party on behalf of, a Noteholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, by reason of his having some connection with France other than the mere holding of the Note; or
- (ii) where such additional amount is due prior to the Relevant Anniversary.

9. PRESCRIPTION

Claims against the Issuer for the payment of principal and interest (including, for the avoidance of doubt, any Arrears of Interest) in respect of the Notes shall become prescribed ten (10) years (in the case of principal) and five (5) years (in the case of interest) from the appropriate relevant due date for payment thereof.

10. ENFORCEMENT EVENTS

There will be no events of default in respect of the Notes. However, each Note shall become immediately due and payable, at its Principal Amount, together with accrued interest thereon, if any, to the date of payment and any Arrears of Interest, in the event that a judgment is rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) of the Issuer, or in the event of a transfer of the whole of the business of the Issuer (*cession totale de l'entreprise*) subsequent to the opening of a judicial recovery procedure (*redressement judiciaire*), or if the Issuer is liquidated for any other reason (other than pursuant to a consolidation, amalgamation or merger or other reorganization outside the context of an insolvency).

11. REPRESENTATION OF THE NOTEHOLDERS

The Noteholders will be grouped automatically for the defence of their respective common interests in a *masse* (hereinafter referred to as the **Masse**) which will be governed by the provisions of Articles L.228-46 et seq. of the French *Code de commerce* as supplemented by this Condition 11.

11.1 Legal Personality

The *Masse* will be a separate legal entity, by virtue of Article L.228-46 of the French *Code de commerce*, acting in part through a representative (the **Representative**) and in part through collective decisions of Noteholders (the **Collective Decisions**).

The *Masse* alone, to the exclusion of all individual Noteholders, shall exercise the common rights, actions and benefits which now or in the future may accrue with respect to the Notes.

11.2 Representative

The Representative shall be:

DIIS GROUP
12 rue Vivienne
75002 Paris
Adresse mail : rmo@diisgroup.com

The Representative will be entitled to a remuneration of EUR 500 (VAT excluded) per year payable by the Issuer in accordance with the terms agreed upon between the Issuer and the Representative, with the first payment at the Issue Date.

The Representative will exercise its duty until its dissolution, resignation or termination of its duty by a general assembly of Noteholders or until it becomes unable to act. Its appointment shall automatically cease on the total redemption of the Notes.

All interested parties will at all times have the right to obtain the name and the address of the Representative at the head office of the Issuer and at the offices of any of the Paying Agents.

11.3 Powers of the Representative

The Representative shall, in the absence of any Collective Decision to the contrary, have the power to take all acts of management necessary in order to defend the common interests of the Noteholders, with the capacity to delegate its powers.

All legal proceedings against the Noteholders or initiated by them, in order to be valid, must be brought against the Representative or by it.

11.4 Collective Decisions

Collective Decisions are adopted either in a general meeting (the **General Meeting**) or by unanimous consent following a written consultation (the **Written Decision**).

In accordance with Article R.228-71 of the French *Code de commerce*, the rights of each Noteholder to participate in Collective Decisions will be evidenced by the entries in the books of the relevant Account Holder or the Issuer of the name of such Noteholder as of 0:00 Paris time, on the second (2nd) business day in Paris preceding the date set for the Collective Decision.

Collective Decisions must be published in accordance with Condition 11.9 (*Notice to Noteholders*).

The Issuer shall hold a register of the Collective Decisions and shall make it available, upon request, to any subsequent holder of the Notes.

11.5 General Meetings

General Meetings of Noteholders may be held at any time, on convocation either by the Issuer or by the Representative. One or more Noteholders, holding together at least one-thirtieth (1/30) of the Principal Amount of the Notes outstanding may address to the Issuer and the Representative a demand for convocation of the General Meeting. If such General Meeting has not been convened within two (2) months after such demand, such Noteholders may commission one of themselves to petition the competent court in Paris to appoint an agent (*mandataire*) who will call the General Meeting.

General Meetings may deliberate validly on first convocation only if Noteholders present or represented hold at least one fifth (1/5) of the Principal Amount of the Notes then outstanding. On second convocation, no quorum shall be required. Decisions of the General Meetings shall be taken by a two-thirds (2/3) majority of votes held by the Noteholders attending such General Meeting or represented thereat.

Notice of the date, hour, place, agenda and quorum requirements of any General Meeting will be published as provided under Condition 11.9 (*Notice to Noteholders*) not less than fifteen (15) calendar days prior to the date of the General Meeting on first convocation and not less than five (5) calendar days prior to the date of the General Meeting on second convocation.

Each Noteholder has the right to participate in a General Meeting in person, by proxy by correspondence or by visioconference or by any other means of telecommunication allowing the participation of the Noteholders. Each Note carries the right to one vote.

Each Noteholder or representative thereof will have the right to consult or make a copy of the text of the resolutions which will be proposed and of the reports, if any, which will be presented at the General Meeting, all of which will be available for inspection by the relevant Noteholders at the registered office of the Issuer and at any other place specified in the notice of the General Meeting, during the fifteen (15) calendar day period preceding the holding of the General Meeting on first convocation, or during the five (5) calendar day period preceding the holding of the General Meeting on second convocation.

11.6 Written Decision

At the initiative of the Issuer or the Representative, Collective Decisions may also be taken by a Written Decision.

Such Written Decision shall be signed by or on behalf of the Noteholders holding not less than 80% of the Notes without having to comply with formalities and time limits referred to in Condition 11.5 (*General Meeting*). Any such decision shall, for all purposes, have the same effect as a resolution passed at a General Meeting of such Noteholders. Such Written Decision may be contained in one document or in several documents in like form each signed by or on behalf of one or more of such Noteholders and shall be published in accordance with Condition 11.9 (*Notice to Noteholders*).

11.7 Exclusion of certain provisions of the French Code de commerce

The provisions of Article L.228-65 I. 1° and 4° of the French *Code de commerce* (respectively providing for a prior approval of the General Meeting of the Noteholders of any change in corporate purpose or form of the Issuer or of an issue of bonds benefiting from a security (*sûreté réelle*)) and the related provisions of the French *Code de commerce* shall not apply to the Notes.

The provisions of Article L.228-65 I. 3° of the French *Code de commerce* (providing for a prior approval of the Noteholders in relation to any proposal to merge or demerge the Issuer in the cases referred to in

Articles L.236-14 and L.236-23 of the French *Code de commerce*) shall not apply to the Notes only to the extent that such proposal relates to a merger or demerger with another entity of the Group.

11.8 Expenses

The Issuer will pay all reasonable expenses incurred in the operation of the *Masse*, including expenses relating to the calling and holding of Collective Decisions and the expenses which arise by virtue of the remuneration of the Representative, and more generally all administrative expenses resolved upon by Collective Decisions, it being expressly stipulated that no expenses may be imputed against interest payable under the Notes.

For the avoidance of doubt, in this Condition 11, “outstanding” shall not include those Notes purchased by the Issuer pursuant to Article L.213-0-1 of the French *Code monétaire et financier* that are held by it and not cancelled.

11.9 Notices to Noteholders

Any notice to be given to Noteholders in accordance with this Condition 11 shall be given in accordance with Condition 12 (*Notices*). For the avoidance of doubt, any notice to be given to Noteholders in accordance with Article R.228-79 of the French *Code de commerce* shall be given in accordance with Condition 12 (*Notices*).

12. NOTICES

Notices required to be given to the Noteholders pursuant to these Conditions shall be validly given by delivery of the relevant notice to Euroclear France, Euroclear, Clearstream and any other clearing system through which the Notes are for the time being cleared and shall be published on the website of the Issuer (www.coface.fr), except that:

- notices will be published (a) so long as such Notes are admitted to trading on Euronext Paris and the rules of Euronext Paris so require, in a leading daily newspaper of general circulation in France (which is expected to be *Les Echos*), or (b) pursuant to Articles 221-3 and 221-4 of the General Regulations (*Règlement Général*) of the AMF.
- notices relating to the convocation and decision(s) of the General Meetings and Written Decisions pursuant to Condition 11 (*Representation of the Noteholders*) shall also be published (a) on the website of the Issuer, and (b) so long as such Notes are admitted to trading on Euronext Paris and the rules of Euronext Paris so permit, on the website of the AMF or Euronext Paris, or (c) in a leading newspaper of general circulation in Europe.

Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication.

13. FURTHER ISSUES

Subject to prior approval of the Relevant Supervisory Authority, the Issuer may from time to time without the consent of the Noteholders, issue further notes (**Further Notes**) to be assimilated and form a single series (*assimilables*) with the Notes as regards their financial service, provided that such Further Notes and the Notes shall carry rights identical in all respects (or in all respects except for the first payment of interest thereon) and that the terms of such Further Notes shall provide for such assimilation. In the event of such assimilation, the Noteholders and the holders of any Further Notes will for the defence of their common interests be grouped in a single *Masse* having legal personality.

14. WAIVER OF SET-OFF

No Noteholder may at any time exercise or claim any Waived Set-Off Rights against any right, claim, or liability the Issuer has or may have or acquire against such Noteholder, directly or indirectly, howsoever arising (and, for the avoidance of doubt, including all such rights, claims and liabilities arising under or in relation to any and all agreements or other instruments of any sort or any non-contractual obligations, in each case whether or not relating to the Notes) and each such Noteholder shall be deemed to have waived all Waived Set-Off Rights to the fullest extent permitted by applicable law in relation to all such actual and potential rights, claims and liabilities.

For the avoidance of doubt, nothing in this Condition 14 is intended to provide or shall be construed as acknowledging any right of deduction, set-off, netting, compensation, retention or counterclaim or that any such right is or would be available to any Noteholder but for this Condition 14.

For the purposes of this Condition 14, **Waived Set-Off Rights** means any and all rights of or claims of any Noteholder for deduction, set-off, netting, compensation, retention or counterclaim arising directly or indirectly under or in connection with any such Note.

15. GOVERNING LAW AND JURISDICTION

The Notes are governed by the laws of France.

Any claim against the Issuer in connection with any Notes may be brought before any competent courts within the jurisdiction of the *Cour d'Appel* of Paris.

USE OF PROCEEDS

The net proceeds of the issue of the Notes will be used for general financing purposes of the Group and, in particular, to refinance the upcoming maturing Tier 2 debt.

DESCRIPTION OF THE ISSUER

In addition to the information provided in the section “*Documents Incorporated by Reference*”, the below information is provided in relation with the solvency position of the Issuer.

Combined Ratio

>	Combined ratio before reinsurance
	loss ratio before reinsurance $\frac{(B)}{(A)}$ + cost ratio before reinsurance $\frac{(C)}{(A)}$
>	Combined ratio after reinsurance
	loss ratio after reinsurance $\frac{(E)}{(D)}$ + cost ratio after reinsurance $\frac{(F)}{(D)}$

Ratios	9M-2022	9M-2023
Loss ratio before reinsurance	35.5%	38.8%
Loss ratio after reinsurance	38.9%	40.2%
Cost ratio before reinsurance	30.6%	30.5%
Cost ratio after reinsurance	26.8%	25.7%
Combined ratio before reinsurance	66.1%	69.3%
Combined ratio after reinsurance	65.7%	66.0%

In €k	9M-2022	9M-2023
Earned Premiums		
Insurance revenue [A]	1,136,622	1,187,811
Ceded premiums	(305,340)	(323,626)
Net earned premiums [D]	831,282	864,185
Claims expenses		
Claims expenses [B]	(403,238)	(460,865)
<i>Loss component</i>	2,576	1,019
Ceded claims	80,676	113,561
Ceded loss component	(602)	(275)
Net claims expenses [E]	(323,164)	(347,580)
Technical expenses		
Operating expenses	(566,900)	(596,246)
Employee profit sharing and incentive plans	8,487	3,993
Other revenue	210,417	229,973
Operating expenses, net of revenues from other services before reinsurance [C]	(347,995)	(362,281)
Commissions received from reinsurers	125,201	139,880
Operating expenses, net of revenues from other services after reinsurance [F]	(222,795)	(222,401)

Solvency required capital

€m	31/12/2019 (PIM)**	30/06/2020 (PIM)**	31/12/2020 (PIM)**	30/06/2021 (PIM)**	31/12/2021 (PIM)**	30/06/2022 (PIM)**	31/12/2022 (PIM)**	30/06/2023 (PIM)**
Required capital - Non-life underwriting risk	705	674	682	771	831	821	729	809
Required capital - Market risk	324	283	305	339	388	295	328	310
Required capital - Counterparty risk	116	124	121	126	120	167	168	164
Required capital - Operational risk	37	37	37	38	40	43	46	49
Diversification	-137	-132	-140	-149	-157	-160	-165	-163
Tax adjustment	-101	-61	-97	-115	-168	-165	-129	-134
Insurance required capital	944	926	908	1,010	1,055	1,000	976	1,037
Factoring required capital	213	205	169	178	209	236	223	242
Group SCR	1,158	1,131	1,077	1,188	1,264	1,236	1,199	1,278
T1 capital	1,893	1,723	1,757	1,830	2,032	1,949	1,867	1,908
T2 capital	419	411	417	404	407	386	515	524
T3 capital	35	21	29	29	34	34	22	19
Total eligible own funds	2,347	2,155	2,204	2,264	2,472	2,368	2,404	2,451
SOLVENCY RATIO	203%	191%	205%	191%	196%	192%	201%	192%

¹ End-2017 final solvency ratio stands at 164% (based on the interpretation by Coface of Solvency II and integrating a stricter estimation for Factoring SCR to anticipate regulatory changes). Not audited.

² End-2018 final solvency ratio stands at 169% (based on the interpretation by Coface of Solvency II and integrating a stricter estimation for Factoring SCR to anticipate regulatory changes). Not audited.

* This estimated solvency ratio is a preliminary calculation made according to Coface's interpretation of the Solvency 2 Regulations. The result of the final calculation could differ from this preliminary calculation. The estimated solvency ratio has not been audited. It includes a stricter estimate of the factoring business line.

** This estimated solvency ratio constitutes a preliminary calculation made according to Coface's interpretation of Solvency II regulations and using the Partial Internal Model. The result of the definitive calculation may differ from the preliminary calculation. The estimated solvency ratio is not audited.

RECENT DEVELOPMENTS



PRESS RELEASE

Coface records excellent income of €189.7m in the first nine months amidst slowing inflation and claims normalisation. Annualised ROATE at 14.1%

Paris, 14 November 2023 – 17.35

- **Turnover of first nine months: €1,418m, up 7.1% at constant FX and perimeter and up 5.3% on a reported basis**
 - Trade credit insurance rose by +6.6% at constant FX. In Q3-23, growth in client activity was negative as a result of falling inflation and economic slowdown, which both weighed on premiums. Commissions were up +10.2%
 - Client retention stood at a record high (93.9%); price effect was still negative (-2.0%) but stabilised in Q3-23
 - Double-digit growth in business information (+14.7% at constant FX) and debt collection, which proved to be less cyclical; factoring up by +3.8%
- **9M-23 net loss ratio at 40.2%, up by 1.3 ppt; net combined ratio at 66.0%, up by 0.3 ppt vs pro forma 9M-22**
 - Gross loss ratio at 38.8%, up 3.3 ppts in a risk environment now close to historical averages
 - Net cost ratio improved by 1.1 ppt at 25.7% reflecting high reinsurance commissions and business mix while we continue to invest
 - Net combined ratio for Q3-23 at 66.8% improving by 3.0 ppts on better loss ratio
 - Risk exposure in Israel is limited to €4.6bn. Israel is also a historical market for Coface's business information division, representing close to ¼ of total BI with slower growth
- **Net income (group share) at €189.7m, including €60.9m for Q3-23; annualised RoATE¹ at 14.1%**
- **Moody's upgraded Coface's rating from A2 to A1 with a stable outlook**

Unless otherwise indicated, change comparisons refer to the pro forma IFRS 17 results as at 30 September 2022.

Xavier Durand, Coface's Chief Executive Officer, commented:

"In the third quarter, both the global economy and inflation, particularly for commodities, experienced a net slowdown which led our clients' turnover to contract over the period,

Coface's turnover has nevertheless risen +7.1% year to date at constant FX due to an excellent performance at the start of the year, client retention which remains at record highs and a continued increase in service revenues. Business information revenue in particular was up +14.7%, confirming it is less cyclical.

Coface has a significant historical presence in Israel, particularly in business information. Despite its horrific human cost, the current conflict does not yet appear to have had a major economic impact. While there is a real risk that the conflict will persist or expand, we continue to support our local teams and clients in the region. In an environment of rising business insolvencies, risk prevention measures from the beginning of the year so far enabled us to limit claims, and our sound cost management led to a net combined ratio of 66.0% for the first nine months of the year.

Over the last quarter, Coface's net income was €61m with a year-to-date annualised RoATE of 14.1%, which is well over our mid-cycle targets.

Lastly, we welcome Moody's decision to raise Coface's credit rating from A2 to A1, associated with a stable outlook. This recognizes our team's hard work and attests to Coface's agility and resilience, as well as the quality of its risk management, which are at the heart of our culture and expertise."

¹Return on average tangible equity

PRESS RELEASE

Key figures at 30 September 2023

The Board of Directors of COFACE SA examined the consolidated financial statements at 30 September 2023 (non-audited figures) at its meeting of 14 November 2023. The Audit Committee at its meeting on 13 November 2023 also previously reviewed them.

Income statements items in €m	9M-22	9M-23	Variation	% ex. FX*
Insurance revenue	1,136.6	1,187.8	+4.5%	+6.6%
Services revenue	210.4	230.0	+9.3%	+10.0%
REVENUE	1,347.0	1,417.8	+5.3%	+7.1%
UNDERWRITING INCOME/LOSS AFTER REINSURANCE	276.7	290.0	+4.8%	+6.3%
Investment income, net of management expenses	36.3	14.5	(60.2)%	(34.8)%
Insurance Finance Expenses	(32.4)	(30.1)	(7.3)%	+24.0%
CURRENT OPERATING INCOME	280.5	274.4	(2.2)%	(1.1)%
Other operating income / expenses	(5.0)	(0.9)	(81.0)%	(79.9)%
OPERATING INCOME	275.5	273.4	(0.8)%	+0.3%
NET INCOME	185.8	189.7	+2.1%	+3.0%
Key ratios	9M-22	9M-23	Variation	
Loss ratio net of reinsurance	38.9%	40.2%	+1.3	ppt
Cost ratio net of reinsurance	26.8%	25.7%	(1.1)	ppt
COMBINED RATIO NET OF REINSURANCE	65.7%	66.0%	+0.3	ppt
Balance sheet items in €m	2022	9M-23	Variation	
Total Equity (group share)	2,018.6	1,983.7	(1.7)%	

*Also excludes scope impact

PRESS RELEASE

1. Turnover

Coface recorded a consolidated turnover of €1,417.8m over the first nine months, up +7.1% at constant FX and perimeter compared to 9M-22. As reported (at current FX and perimeter), turnover rose +5.3%.

Revenues from insurance activities (including surety bonds and single risk) increased by +6.6% at constant FX and perimeter. Growth was bolstered by a rise in client activity at the beginning of the year which fell into negative territory in Q3-23 following a decline in inflation and the economic slowdown. The retention rate reached a record level of 93.9% (up +0.4% compared to 9M-22). Buoyed by the mid-market segment, new business rose to €89m, up €7m compared to 9M-22. This level is relatively close to pre-COVID levels (€96m at 9M-19).

The growth in Coface's client activity had a positive impact of +2.4% as of 9M-23. However, this growth reflects the slowdown of the economy and inflation (-8.7 ppts compared to 9M-22). The price effect remained negative, coming in at -2.0% for 9M-23 (compared to -3.0% for 9M-22) and stabilised in Q3-23. This is largely due to very low past losses offset by the current normalisation environment.

Turnover from non-insurance activities was up +9.8% compared to 9M-22. All the business lines are experiencing positive growth. Turnover from factoring rose +3.8%, mainly due to the increase in volumes refinanced in Germany. Information services turnover rose +14.7%. Fee and commission income (debt collection commissions) increased +41.3% due to the increase in claims to be collected. Commissions were up +10.2%.

Total revenue - in €m (by country of invoicing)	9M-22	9M-23	Variation	% ex. FX ¹
Northern Europe	280.1	291.3	+4.0%	+4.3%
Western Europe	270.7	289.8	+7.0%	+7.4%
Central & Eastern Europe	138.0	132.1	(4.3)%	(5.6)%
Mediterranean & Africa	359.7	398.7	+10.9%	+14.5%
North America	123.4	128.4	+4.0%	+6.9%
Latin America	76.7	76.5	(0.2)%	+6.3%
Asia Pacific	98.4	101.0	+2.7%	+6.5%
Total Group	1,347.0	1,417.8	+5.3%	+7.1%

In Northern Europe, turnover increased +4.3% at constant FX and +4.0% at current FX. The region saw a slump in client activity but adjacent activities were on the rise (+6.4% in factoring revenue).

In Western Europe, turnover increased +7.4% at constant FX (+7.0% at current FX). All the business lines contributed to this growth.

In Central and Eastern Europe, turnover fell -5.6% at constant FX (-4.3% at current FX) due to the decline in business in Russia. Excluding Russia, growth would be +1.7%.

In the Mediterranean and Africa region, which is driven by Italy and Spain, turnover rose +14.5% at constant FX and +10.9% at current FX due to new business and resilient activity.

¹ Hors effet périmètre



PRESS RELEASE

In North America, turnover increased +6.9% at constant FX and +4.0% as reported, driven by the return in client activity and rising commissions.

In Latin America, turnover increased +6.3% at constant FX and fell 0.2% at current FX. The region saw a slump in client activity mainly in commodities and metals.

In Asia-Pacific, turnover increased +6.5% at constant FX and +2.7% at current FX. The boost in revenue was driven by past sales performances which sustained the growth of the portfolio.

2. Result

- Combined ratio

The combined ratio net of reinsurance was 66.0% in 9M-23, up +0.3 ppt year on year.

(i) Loss ratio

The gross loss ratio stood at 38.8%, up 3.3 ppts compared to the previous year. This reflects an increased claims frequency since H1-21, with the number of claims nearing pre-COVID levels. The amount of claims recorded is now higher than in 2019. Lastly, large losses have become relatively significant in size again while remaining below the historical average.

The Group's provisioning policy remained unchanged. The amount of provisions related to the underwriting year, although discounted, remained in line with the historical average. Strict management of past claims enabled the Group to record 36.8 ppts of recoveries.

The net loss ratio rose to 40.2%, up 1.3 ppt compared to 9M-22.

(ii) Cost ratio

Coface follows a strict cost management policy. Coface remained disciplined over the first nine months of the year, with costs rising 8.2% at constant FX and perimeter (+4.0% in Q3-23). This increase was slightly more than growth in revenue over the year (7.1%) due to ongoing investment. The cost ratio before reinsurance stood at 30.5%, down 0.1 ppt despite slowed revenue growth due to an improvement in the product mix.

The cost ratio net of reinsurance was 25.7% for 9M-23, an improvement of 1.1 ppt year on year as a result of reinsurance commissions that remain high.

PRESS RELEASE

- Financial result

Net financial income was +€14.5m over the first nine months. This amount includes market value adjustments for -€19.6m (including -€25.8m for real estate funds), positive hedging results and currency effect of -€17.8m due to the application of IAS 29 (hyperinflation) in Argentina and in Turkey as well as the rise of the euro against the other currencies in which the group operates.

The portfolio's current yield (i.e. excluding capital gains, depreciation and FX) was €49.8m. The accounting yield¹, excluding capital gains and fair value effect, was 1.7% for 9M-23. The yield on new investments was 3.9%.

Insurance Finance Expenses (IFE) stood at €30.1m for the first nine months of the year due to higher discount rates and higher loss reserves.

- Operating income and net income

Operating income amounted to €273.4m in 9M-23, down -0.8%.

The effective tax rate was 24%, compared to 27% for 9M-22.

In total, net income (group share) stood at €189.7m, up +2.1% compared to 9M-22, of which €60.9m in Q3-23.

3. Shareholders' equity & solvency

At 30 September 2023, Group shareholders' equity stood at €1,983.7m, down €34.9m, or -1.7% (compared to €2,018.6m at 31 December 2022).

This change is mainly due to positive net income of €189.7m, the payment of the dividend (-€227.0m) and a rise in unrealised capital gains (€12.4m).

The annualised return on average tangible equity (RoATE) was 14.1% at 30 September 2023, mainly due to the improvement in underwriting income.

¹ Book yield calculated on the average of the investment portfolio excluding non-consolidated subsidiaries



PRESS RELEASE

4. Outlook

The global economy experienced a net slowdown over the last quarter. Monetary tightening from central banks affected multiple sectors of the economy, particularly real estate, and ultimately also hampered consumption. The full impact of these policies is yet to come. Meanwhile, price drops across most commodities caused an accelerated dip in inflation which affected Coface's clients growth, and therefore Coface's premium revenue.

Coface still expects modest growth for the global economy both in 2023 (2.4%) and 2024 (2.2%), and a further decline in inflation.

As expected at the start of the year, business failures continued to rise, sometimes above pre-pandemic levels. However, the many preventive measures taken by Coface so far avoided a major spike in recorded claims. Year-to-date their number is currently 8% lower than in 2019 for a total amount that is now equivalent.

Geopolitical instability (Ukraine, Israel, etc.) and the potential for enduring conflicts also translate to downside risks weighing on the economy.

As such, the credit insurance sector is entering a new phase in the cycle, characterised by weaker client activity that may be negative in the short-term, an increase in business insolvencies and reduced pressure on prices and an increase on demand. Amidst this clearly less encouraging environment, Coface remains dedicated to strict risks and costs management while honouring its strategy of closely collaborating with its clients.

One of Coface's strategic initiatives is focused on expanding services, which have low capital requirements. This strategy is now even more relevant as they tend to be less sensitive to the economic environment.

Coface is actively devising its next strategic plan, which will be presented to investors on 5 March 2024.

Conference call for financial analysts

Coface's results for 9M-2023 will be discussed with financial analysts during the conference call on 14 November 2023 at 18.00 (Paris time). Dial one of the following numbers:

- By webcast: [Coface 9M-23 results - Webcast](#)
- By telephone (for the sell-side analyst): [Coface 9M-23 - conference call](#)

The presentation will be available (in English only) at the following address:
<http://www.coface.com/Investors/financial-results-and-reports>

PRESS RELEASE

Appendix

Quarterly results

Income statements items in €m quarterly figures	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	Q3-23	%	% ex. FX*
Insurance revenue	359.2	374.0	403.5	379.0	395.3	407.8	384.7	(4.7)%	(1.7)%
Other revenues	68.8	71.6	70.1	73.0	79.8	76.8	73.4	+4.8%	+8.1%
REVENUE	428.0	445.6	473.5	452.0	475.1	484.5	458.1	(3.3)%	(0.3)%
UNDERWRITING INCOME (LOSS) AFTER REINSURANCE	82.3	109.5	84.9	72.0	95.3	103.5	91.2	+7.4%	+11.7%
Investment income, net of management expenses	11.3	11.5	13.5	(0.6)	(2.6)	4.0	13.0	(3.7)%	+40.8%
Insurance Finance Expenses	(11.5)	(10.4)	(10.5)	14.9	(2.4)	(12.3)	(15.4)	+46.2%	+112.3%
CURRENT OPERATING INCOME	82.0	110.6	87.9	86.2	90.4	95.2	88.9	+1.1%	+4.0%
Other operating income / expenses	(1.2)	(3.2)	(0.7)	(4.1)	(0.3)	(0.4)	(0.2)	(54.2)%	(79.0)%
OPERATING INCOME	80.8	107.4	87.3	82.1	90.0	94.8	88.6	+1.6%	+4.6%
NET INCOME	52.3	82.5	51.0	54.6	61.2	67.7	60.9	+19.4%	+25.2%
Income tax rate	31.0%	19.3%	32.8%	25.5%	25.5%	21.9%	24.2%	(8.5) ppts.	

Cumulated results

Income statements items in €m cumulated figures	Q1-22	H1-22	9M-22	2022	Q1-23	H1-23	9M-23	%	% ex. FX*
Insurance revenue	359.2	733.2	1,136.6	1,515.7	395.3	803.1	1,187.8	+4.5%	+6.6%
Other revenues	68.8	140.4	210.4	283.4	79.8	156.6	230.0	+9.3%	+10.0%
REVENUE	428.0	873.5	1,347.0	1,799.0	475.1	959.7	1,417.8	+5.3%	+7.1%
UNDERWRITING INCOME (LOSS) AFTER REINSURANCE	82.3	191.8	276.7	348.6	95.3	198.8	290.0	+4.8%	+6.3%
Investment income, net of management expenses	11.3	22.8	36.3	35.7	(2.6)	1.4	14.5	(60.2)%	(34.8)%
Insurance Finance Expenses	(11.5)	(21.9)	(32.4)	(17.6)	(2.4)	(14.7)	(30.1)	(7.3)%	+24.0%
CURRENT OPERATING INCOME	82.0	192.6	280.5	366.8	90.4	185.5	274.4	(2.2)%	(1.1)%
Other operating income / expenses	(1.2)	(4.3)	(5.0)	(9.1)	(0.3)	(0.7)	(0.9)	(81.0)%	(79.9)%
OPERATING INCOME	80.8	188.3	275.5	357.7	90.0	184.8	273.4	(0.8)%	+0.3%
NET INCOME	52.3	134.8	185.8	240.4	61.2	128.8	189.7	+2.1%	+3.0%
Income tax rate	31.0%	24.3%	26.8%	26.5%	25.5%	23.7%	23.8%	(3.0) ppts.	

*Also excludes scope impact

PRESS RELEASE

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FINANCIAL CALENDAR 2023/2024 (subject to change)

FY-2023 results: 27 February 2024 (after market close)

Capital market day: 5 March 2024 (Paris)

Q1-2024 results: 6 May 2024 (after market close)

Annual General Shareholders' Meeting 2023: 16 May 2024

H1-2024 results: 5 August 2024 (after market close)

9M-2024 results: 5 November 2024 (after market close)

FINANCIAL INFORMATION

This press release, as well as COFACE SA's integral regulatory information, can be found on the Group's website:

<http://www.coface.com/Investors>

For regulated information on Alternative Performance Measures (APM), please refer to our Interim Financial Report for H1-2023 and our [2022 Universal Registration Document](#) (see part 3.7 "Key financial performance indicators").



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COFACE: FOR TRADE

With over 75 years of experience and the most extensive international network, Coface is a leader in trade credit insurance & risk management, and a recognized provider of Factoring, Debt Collection, Single Risk insurance, Bonding, and Information Services. Coface's experts work to the beat of the global economy, helping ~50,000 clients in 100 countries build successful, growing, and dynamic businesses. With Coface's insight and advice, these companies can make informed decisions. The Group's solutions strengthen their ability to sell by providing them with reliable information on their commercial partners and protecting them against non-payment risks, both domestically and for export. In 2022, Coface employed ~4,720 people and registered a turnover of €1.81 billion.

www.coface.com

COFACE SA is quoted in Compartment A of Euronext Paris
Code ISIN: FR0010667147 / Mnémonique : COFA



DISCLAIMER - Certain declarations featured in this press release may contain forecasts that notably relate to future events, trends, projects or targets. By nature, these forecasts include identified or unidentified risks and uncertainties, and may be affected by many factors likely to give rise to a significant discrepancy between the real results and those stated in these declarations. Please refer to chapter 5 "Main risk factors and their management within the Group" of the Coface Group's 2022 Universal Registration Document filed with AMF on 6 April 2023 under the number D.23-0244 in order to obtain a description of certain major factors, risks and uncertainties likely to influence the Coface Group's businesses. The Coface Group disclaims any intention or obligation to publish an update of these forecasts, or provide new information on future events or any other circumstance.

TAXATION

The following is a summary of certain withholding tax considerations relating to the Notes. This summary is based on the laws in force in France as of the date of this Prospectus and is subject to any change in law and/or interpretation thereof, possibly with a retroactive effect. It does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of, the Notes. Each prospective holder or beneficial owner of Notes should consult its own tax adviser as to the tax consequences of any investment in, or ownership and disposal of, the Notes applicable in France or elsewhere.

Payments made outside France

The following is a summary of certain French withholding tax considerations relevant to holders of the Notes who do not concurrently hold shares of the Issuer.

Payments of interest and other assimilated revenues made by the Issuer with respect to the Notes will not be subject to the withholding tax set out under Article 125 A III of the French *Code général des impôts* unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French *Code général des impôts* (a **Non-Cooperative State**) other than those mentioned in 2° of 2 *bis* of the same Article 238-0 A. If such payments under the Notes are made outside France in a Non-Cooperative State other than those mentioned in 2° of 2 *bis* of Article 238-0 A of the French *Code général des impôts*, a 75% withholding tax will be applicable by virtue of Article 125 A III of the French *Code général des impôts* (subject to certain exceptions and to the more favourable provisions of an applicable double tax treaty). The list of Non-Cooperative States is published by a ministerial executive order, which is updated regularly and, in principle, at least on a yearly basis. The list of Non-Cooperative States is updated regularly and, in principle, once a year. The last list of Non-Cooperative States was published in a decree dated 3 February 2023 and include the following Non-Cooperative States: British Virgin Islands, Seychelles, Anguilla, Panama, Bahamas, Turks and Caicos Islands, Vanuatu, Fiji, Guam, American Virgin Islands, Palau, American Samoa, Samoa and Trinidad and Tobago.

Furthermore, in application of Article 238 A of the French *Code général des impôts*, interest and other assimilated revenues on such Notes will not be deductible from the Issuer's taxable income if they are paid or accrued to persons established or domiciled in a Non-Cooperative State or paid onto an account held with a financial institution established in such a Non-Cooperative State (the **Deductibility Exclusion**). Under certain conditions, any such non-deductible interest and other assimilated revenues may be recharacterised as constructive dividends pursuant to Articles 109 *et seq.* of the French *Code général des impôts*, in which case such non-deductible interest and other assimilated revenues may be subject to the withholding tax set out under Article 119 *bis* 2 of the French *Code général des impôts*, at (i) a rate of 12.8% for payments benefiting individuals who are not French tax residents (ii) the standard corporate income tax rate set forth in the second paragraph of Article 219-I of the French *Code général des impôts* (i.e. 25% for fiscal years beginning as from 1st January 2022) for payments benefiting legal persons who are not French tax residents or (iii) a rate of 75% for payments made outside France in a Non-Cooperative State other than those mentioned in 2° of 2 *bis* of Article 238-0 A of the French *Code général des impôts* (subject to certain exceptions and to the more favourable provisions of an applicable double tax treaty).

Notwithstanding the foregoing, neither the 75% withholding tax set out under Article 125 A III of the French *Code général des impôts* nor, to the extent the relevant interest and other assimilated revenues relate to genuine transactions and are not in an abnormal or exaggerated amount, the Deductibility Exclusion nor the withholding tax set out under Article 119 *bis* 2 of the French *Code général des impôts* that may be levied as a result of such Deductibility Exclusion, will apply in respect of the Notes if the Issuer can prove that the main purpose and effect of the issue of the Notes was not that of allowing the payments of interest and other assimilated revenues to be made in a Non-Cooperative State (the **Exception**). Pursuant to the *Bulletin Officiel des Finances Publiques - Impôts* - BOI-INT-DG-20-50-30 no 150 dated 14 June 2022 and BOI-INT-DG-20-50-20 no 290 dated 6 June 2023, the Notes will benefit from the Exception without the Issuer having to provide any proof of the purpose and effect of the issue of the Notes, if the Notes are *inter alia*:

- (i) admitted to trading on a French or foreign regulated market or multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider or any other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; and/or
- (ii) admitted, at the time of their issue, to the operations of a central depository or of a securities delivery and payment systems operator within the meaning of Article L.561-2 of the French *Code monétaire et financier*, or of one or more similar foreign depositories or operators provided that such depository or operator is not located in a Non-Cooperative State.

Consequently, payments of interest and other assimilated revenues made by the Issuer under the Notes are neither subject to the withholding tax set out under Article 125 A III of the French *Code général des impôts* nor, to the extent the relevant interest and other assimilated revenues relate to genuine transactions and are not in an abnormal or exaggerated amount, to the Deductibility Exclusion and, as a result, will not be subject to the related withholding tax set out under Article 119 *bis* 2 of the French *Code général des impôts*.

Payments made to individuals fiscally domiciled in France

Pursuant to Article 125 A I of the French *Code général des impôts*, where the paying agent (*établissement payeur*) is established in France and subject to certain exceptions, interest and similar revenues received by individuals who are fiscally domiciled (*domiciliés fiscalement*) in France are subject to a 12.8% withholding tax, which is deductible from their personal income tax liability in respect of the year in which the payment has been made. Social contributions (CSG, CRDS and solidarity levy) are also levied by way of withholding at an aggregate rate of 17.2% on such interest and similar revenues paid to individuals who are fiscally domiciled (*domiciliés fiscalement*) in France, subject to certain exceptions.

SUBSCRIPTION AND SALE

J.P. Morgan SE (the **Sole Global Coordinator and Lead Manager**) and BNP Paribas (together with the Sole Global Coordinator and Lead Manager, the **Joint Lead Managers**) have pursuant to a subscription agreement dated 24 November 2023 (the **Subscription Agreement**) jointly and severally agreed with the Issuer, subject to satisfaction of certain conditions, procure subscription and payment, or failing which, to subscribe and pay, for the Notes at a price equal to 98.979 per cent. of their principal amount, less an amount of commission agreed between the Issuer and the Joint Lead Managers. The Issuer has agreed to reimburse the Joint Lead Managers for certain of their expenses in connection with the issue of the Notes. The Subscription Agreement entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

General Restrictions

No action has been or will be taken in any country or jurisdiction, to the best of each Joint Lead Manager's knowledge, permit a non-exempt offer of the Notes, or the possession or distribution of this Prospectus or any other offering material relating to the Notes, in any country or jurisdiction where action for that purpose is required. Accordingly, any Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any circular, prospectus, form of application, advertisement or other offering material relating to the Notes may be distributed in or from, or published in, any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

Republic of France

Each Joint Lead Manager has represented and agreed to comply with applicable French laws and regulations in force regarding the offer, the placement or the sale of the Notes and the distribution in France of the Prospectus or any other offering material relating to the Notes.

Prohibition of Sales to EEA Retail Investors

Each of the Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA.

For the purposes of this provision, the expression "retail investor" means a person who is one (or both) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (ii) a customer within the meaning of Directive 2016/97/EU, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Republic of Italy

Each of the Joint Lead Manager has represented and agreed that the offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* (**CONSOB**) pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy (**Italy**), except:

- (i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2 of Regulation (EU) No. 1129 of 14 June 2017, as amended (the **Prospectus Regulation**) and any applicable provision of Italian laws and CONSOB regulations; or
- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 34-ter of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time, and the applicable Italian laws.

Any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must:

- a) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Legislative Decree No. 58 of 24 February 1998, as amended (the **Italian Financial Services Act**), CONSOB Regulation No.20307 of 15 February 2018 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the **Banking Act**); and
- b) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act

and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

United States of America

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or the securities laws of any State or other jurisdiction of the United States. The Notes may not be offered, sold or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or such state securities laws. The Notes are being offered and sold only outside of the United States to non-U.S. persons in reliance on Regulation S under the Securities Act (**Regulation S**).

Terms used in the preceding paragraph have the meanings given to them by Regulation S.

In addition, until forty (40) calendar days after the commencement of the offering of the Notes, an offer or sale of the Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

Prohibition of Sales to UK Retail Investors

Each Joint Lead Manager has represented and agreed that: it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression **retail investor** means a person who is one (both) of the following:
 - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**); and/or
 - (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the **FSMA**) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA.

Other regulatory restrictions

Each Joint Lead Manager has represented and agreed that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the **FSMA** received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA would not, if the Issuer were not an authorised person, apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Singapore

Each Joint Lead Manager has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the **SFA**)) pursuant to Section 274 of the SFA, or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Canada

Each Joint Lead Managers has represented and agreed that it has not offered or sold and will not offer or sell the Notes in Canada other than to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

GENERAL INFORMATION

1. AMF approval and admission to trading

The Prospectus has been approved by the AMF in France in its capacity as competent authority under the Prospectus Regulation and received the approval number no. 23-488 dated 24 November 2023.

The AMF only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of either the Issuer or the quality of the Notes that are the subject of this Prospectus and investors should make their own assessment as to the suitability of investing in the Notes.

This Prospectus will be valid until the date of admission of the Notes to trading on Euronext Paris (i.e. on 28 November 2023). The obligation to supplement the Prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when the Prospectus is no longer valid.

Application has been made to admit the Notes to trading on Euronext Paris as from the Issue Date. Euronext Paris is a regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments, as amended.

2. Clearing of the Notes

The Notes have been accepted for clearance through Euroclear France, Clearstream and Euroclear with the Common Code number 272523100. The International Securities Identification Number (ISIN) for the Notes is FR001400M8W6.

The address of Euroclear France is 66 rue de la Victoire, 75009 Paris, France, the address of Clearstream is 42 avenue John Fitzgerald Kennedy, L-1855 Luxembourg, Grand-Duchy of Luxembourg and the address of Euroclear is 1 boulevard du Roi Albert II, 1210 Bruxelles, Belgium.

3. Listing fees

The estimate of the total expenses related to admission to trading is €15,650 (including the AMF's fees).

4. Consents, approvals and authorisations

The Issuer has obtained all necessary consents, approvals and authorisations in the Republic of France in connection with the issue and performance of the Notes.

The issue of the Notes was authorised pursuant to a resolution of the Board of Directors (*Conseil d'administration*) of the Issuer dated 14 November 2023 and a decision of its Chief Financial Officer (*Directeur Financier*) dated 21 November 2023.

5. No significant change

Except as disclosed on pages 68 to 75 of this Prospectus, there has been no significant change in the financial performance and/or position of the Issuer or the Group since 30 September 2023.

6. No material adverse change

There has been no material adverse change in the prospects of the Issuer or the Group since 31 December 2022.

7. Interest material to the issue

Save as disclosed in "Subscription and Sale", there are at the date hereof and to the knowledge of the Issuer no interests including conflicting ones that are material to the issue of the Notes.

8. Legal and arbitration proceedings

Neither the Issuer nor any of its subsidiaries is or has been engaged (whether as defendant or otherwise) in, nor has the Issuer knowledge of the existence of, or any threat of, any legal, arbitration, administrative or other proceedings (including any such proceedings which are pending or threatened of which the Issuer or any such subsidiary is aware) which may have or have had, during the twelve (12) months preceding the date of this

Prospectus, a material adverse effect on the financial position or profitability of the Issuer or the Group, nor so far as the Issuer or any such subsidiary is aware is any such legal, arbitration, administrative or other proceeding pending or threatened.

9. Documents available

For so long as any of the Notes are outstanding, copies of the following documents may be obtained free of charge during normal business hours at the specified office of the Fiscal and Paying Agent and at the registered office of the Issuer in Paris:

- (a) the Agency Agreement;
- (b) the Documents Incorporated by Reference in this Prospectus; and
- (c) copies of this Prospectus.

This Prospectus will be published on the website of the AMF (www.amf-france.org) and of the Issuer. The *statuts* of the Issuer are included on pages 338 to 342 of the 2022 Universal Registration Document.

10. No material contract

There are no material contracts not entered into in the ordinary course of the Issuer's business, which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Noteholders in respect of the Notes being issued.

11. Estimated net proceeds

The estimated net amount of the proceeds of the Notes amounts to €296,937,000.

12. Auditors

Deloitte & Associés and Mazars (both entities duly authorised as *Commissaires aux Comptes* and are members of the *compagnie régionale des commissaires aux comptes* of *Versailles et du Centre*) have audited and rendered an unqualified audit report on the consolidated financial statements of the Issuer for the financial years ended 31 December 2022 and 31 December 2021 and reviewed the unaudited condensed half-yearly interim financial statements of the Issuer as of and for the 6-month period ended 30 June 2023. Deloitte & Associés and Mazars have not audited or reviewed the unaudited interim consolidated financial statements of the Issuer as of and for the nine-month period ended 30 September 2023.

13. Yield

The yield of the Notes at the Issue Date on the basis of the issue price and redemption at par on the Scheduled Maturity Date, and assuming no deferral of interest pursuant to the Terms and Conditions of the Notes, is 5.888 per cent. *per annum*. It is not an indication of future yield.

14. Rating

The Notes are expected to be rated "BBB+" by Fitch Ratings Ireland Limited (**Fitch**) and "Baa1" by Moody's France S.A.S. (**Moody's**). The Issuer's insurer financial strength is currently rated "AA-" (stable outlook) by Fitch, "A1" (stable outlook) by Moody's and "A" (stable outlook) by A.M. Best (EU) Rating Services B.V. (**AM Best**). Each of Fitch, Moody's and AM Best is established in the European Union and is established and registered under the CRA Regulation, as amended, and is included in the list of credit rating agencies registered in accordance with the CRA Regulation and published on the European Securities and Markets Authority's website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation as of the date of this Prospectus. Fitch, Moody's and AM Best are not established in the United Kingdom and are not registered in accordance with Regulation (EC) No. 1060/2009 as it forms part of UK domestic law by virtue of the EUWA (the **UK CRA Regulation**). The ratings of the Issuer have been endorsed by Fitch Ratings Ltd., Moody's Investors Service Ltd., and A.M. Best – Europe Rating Services Limited, respectively, in accordance with UK CRA Regulation and have not been withdrawn. As such, the ratings issued by each of Fitch, Moody's and AM Best may be used for regulatory purposes in the United Kingdom in accordance with the UK CRA Regulation. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by this assigning

rating agency. A revision, suspension, reduction or withdrawal of the rating may adversely affect the market price of the Notes.

15. **Forward-Looking Statements**

Certain statements contained or incorporated by reference herein are forward-looking statements including, but not limited to, statements that are predictions of or indicate future events, trends, plans or objectives, based on certain assumptions and include any statement that does not directly relate to a historical fact or current fact. The Issuer and the Group may also make forward-looking statements in its audited annual financial statements, in its interim financial statements, in its prospectuses, in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Forward-looking statements are typically identified by words or phrases such as, without limitation, "anticipate", "assume", "believe", "continue", "estimate", "expect", "foresee", "intend", "may increase" and "may fluctuate" and similar expressions or by future or conditional verbs such as, without limitation, "will", "should", "would" and "could". Undue reliance should not be placed on such statements, because, by their nature, they are subject to known and unknown risks, uncertainties, and other factors. Please refer to the section entitled "Risk Factors" above.

The Issuer operates in a continually changing environment and new risks emerge continually. Forward-looking statements speak only as of the date they are made and the Issuer does not undertake any obligation to update or revise any of these forward-looking statements, to reflect new information, future events or circumstances or otherwise. These forward-looking statements do not constitute profit forecasts or estimates under Delegated Regulation (EU) 2019/980 (as amended) supplementing the Prospectus Regulation.

16. **LEI**

The Issuer's Legal Entity Identifier (LEI) is: 96950025N07LTJYFSN57.

17. **Conflicts of Interest**

All or some of the Joint Lead Managers and their respective affiliates have and/or may in the future engage, in investment banking, commercial banking and other financial advisory and commercial dealings with the Issuer and its affiliates and in relation to securities issued by the Issuer or any of its affiliates. They have or may (i) engage in investment banking, trading or hedging activities including activities that may include prime brokerage business, financing transactions or entry into derivative transactions, (ii) act as underwriters in connection with offering of shares or other securities issued by the Issuer or any of its affiliates or (iii) act as financial advisers to the Issuer or any of its affiliates. In the context of these transactions, certain of such Joint Lead Managers and their respective affiliates have or may hold shares or other securities issued by the Issuer or any of its affiliates. Where applicable, they have or will receive customary fees and commissions for these transactions. The Joint Lead Managers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

18. **Stabilisation**

In connection with the issue of the Notes, J.P. Morgan SE will act as stabilising manager (the **Stabilising Manager**). The Stabilising Manager (or persons acting on behalf of the Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of thirty (30) calendar days after the issue date of the Notes and sixty (60) calendar days after the date of the allotment of the Notes. Any stabilisation action or over-allotment shall be conducted in accordance with applicable laws and rules.

The Issuer confirms the appointment of J.P. Morgan SE as the central point responsible for adequate public disclosure of information, and handling any request from a competent authority, in accordance with Article 6(5) of Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures.

RESPONSIBILITY STATEMENT

Person assuming responsibility for this Prospectus

Paris, 24 November 2023

I hereby certify, that the information contained in this Prospectus is, to my knowledge, in accordance with the facts and contains no omission likely to affect its import.

COFACE SA

1, place Costes et Bellonte 92270 Bois-Colombes France
Duly represented by: Phalla Gervais, *Chief financial officer*
dated 24 November 2023



This Prospectus has been approved by the AMF, in its capacity as competent authority under Regulation (EU) 2017/1129, as amended.

The AMF has approved this Prospectus after having verified that the information it contains is complete, coherent and comprehensible with the meaning of Regulation (EU) 2017/1129, as amended.

This approval is not a favourable opinion on the Issuer and on the quality of the Notes described in this Prospectus. Investors should make their own assessment of the opportunity to invest in such Notes.

This Prospectus has been approved on 24 November 2023 and is valid until the date of admission of the Notes to trading on Euronext Paris and shall, during this period and in accordance with the provisions of Article 23 of the Regulation (EU) 2017/1129, as amended, be completed by a supplement to the Prospectus in the event of new material facts or substantial errors or inaccuracies. This Prospectus obtained the following approval number: 23-488.

REGISTERED OFFICE OF THE ISSUER

COFACE SA

1, place Costes et Bellonte
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France

SOLE GLOBAL COORDINATOR AND LEAD MANAGER

J.P. Morgan SE

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Germany

JOINT LEAD MANAGERS

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France

J.P. Morgan SE

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60310 Frankfurt am Main
Germany

FISCAL AGENT AND PRINCIPAL PAYING AGENT

Uptevia

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To the Issuer as to French law

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To the Joint Lead Managers as to French law

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