

COFACE SA

Public Limited Company with capital: 304 063 898 euros
Head office : 1, Place Costes et Bellonte – 92270 Bois Colombes
432 413 599 RCS Nanterre

Important notice relating to the participation to the Combined Shareholders' Meeting of 14 May 2020

Within the current health crisis of COVID 19, and according to the provision of French Order n° 2020-321 of 25 March 2020, the General Meeting shall be held without the physical presence of its shareholders.

You are invited to vote on the resolutions online or by post, using either the postal voting form or the Votaccess platform using the following address ct-assemblies@caceis.com. You can also appoint the Chairman to represent you. No admission card is necessary and no shareholder shall be represented by another natural person.

Any written questions shall be submitted via the dedicated email address: investors@coface.com according to the terms specified hereafter.

You are invited to regularly consult the section dedicated to the Annual General Meeting on the website <https://www.coface.com/fr/Investisseurs/Assemblee-generale> which will be updated to specify the final terms of participation to the Combined Shareholders' Meeting.

NOTICE OF MEETING

The shareholders of **COFACE SA** are hereby informed that a combined shareholders' meeting will be held on **14 May 2020** at **9:00 a.m.** without the physical presence of the shareholders.

The agenda of the meeting will be as follows:

- **Within the authority of the ordinary shareholders' meeting:**
 - Reports of the Board of Directors and the Statutory Auditors on the Company's operations during the year ended December 31, 2019.
 - Approval of the parent company financial statements for 2019.
 - Approval of the consolidated financial statements for 2019.

- Allocation of earnings.
- Ratification of the co-opting of a director.
- Authorisation given to the Board of Directors to trade the Company's shares.
- Approval of the special report of the Statutory Auditors on the agreements and commitments mentioned in Articles L.225-38 et seq. of the French Commercial Code.
- Approval of the directors' compensation policy for the financial year ended December 31, 2019, as referred to in Article L.225-37-3 of the French Commercial Code, pursuant to Article L.225-100, II of the French Commercial Code
- Approval of fixed, variable and exceptional components of the total compensation and benefits of all kinds paid during the financial year ended December 31, 2019, or allocated for the same financial year, to the Chief Executive Officer, pursuant to Article L.225-100, III of the French Commercial Code
- Approval of the Chief Executive Officer's compensation policy for the 2020 financial year, pursuant to Article L.225-37-2 of the French Commercial Code
- Approval of the directors' compensation policy for the 2020 financial year, pursuant to Article L.225-37-2 of the French Commercial Code
- Appointment of a Statutory Auditor
- Noting the expiry of the term of office of an alternate Statutory Auditor and decision not to replace it

- **Within the authority of the extraordinary shareholders' meeting:**

- Authorisation to the Board of Directors to reduce the Company's share capital by cancelling treasury shares.
- Delegation of authority to the Board of Directors to increase the share capital by incorporating reserves, profits or premiums, or any other sum that can be legally capitalised.
- Delegation of authority to the Board of Directors to increase the share capital by issuing shares, with preferential subscription rights, and/or equity securities which confer entitlement to other equity securities and/or entitlement to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued.
- Delegation of authority to the Board of Directors to increase the share capital by issuing, without preferential subscription rights, shares and/or equity securities which confer entitlement to other equity securities and/or entitlement to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued, through public offers other than those specified in Article L.411-2 of the French Monetary and Financial Code.
- Delegation of authority to the Board of Directors to increase the share capital by issuing, without preferential subscription rights, shares and/or equity securities which confer entitlement to other equity securities and/or entitlement to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued,

through the public offers specified in Article L.411-2, 1 of the French Monetary and Financial Code.

- Delegation of authority to the Board of Directors to increase the share capital by issuing shares and/or equity securities which confer entitlement to other equity securities and/or entitlement to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued as compensation for contributions in kind.
- Delegation of authority to the Board of Directors to increase the share capital by issuing, without preferential subscription rights, shares of the Company reserved for members of a company savings plan.
- Delegation of authority to the Board of Directors to increase the share capital by issuing shares without preferential subscription rights, to a specific category of beneficiaries.
- Amendment of article 13 of the articles of association.
- Powers to carry out formalities.

Important Notice

The information described below takes into consideration the exceptional situation linked to the current global health crisis and are based on the provisions of French ordinance n ° 2020-321 of March 25, 2020 adapting the rules of meeting and deliberation of assemblies and governing bodies of legal persons and entities lacking legal personality under private law due to the Covid-19 epidemic and French order n ° 2020-418 of April 10, 2020 by implementing the measures provided under the ordinance.

A] Prior formalities to participate in the Shareholders' Meeting

Any shareholder, regardless of the number of shares he owns may take part in the Meetings or be represented there under the conditions and according to the terms and conditions established by law and regulations.

In accordance with article R.225-85 of the French Commercial Code, the right to participate in the Shareholders' Meeting is subject to the registration of the securities in the name of the shareholder or of the intermediary registered on their behalf, on the second working day preceding the Shareholders' Meeting at midnight Paris time (i.e. Tuesday May 12, 2020 at midnight):

- either in the registered securities accounts kept for the Company by its proxy, Caceis Corporate Trust - Operations Department - Shareholders' Meetings - 14 rue Rouget de Lisle - 92130 Issy-Les-Moulineaux, for shareholders owning registered shares.

- or in bearer securities accounts maintained by an authorized intermediary, for shareholders owning bearer shares.

The registration of the securities in the bearer securities accounts kept by the authorized intermediary is evidenced by a certificate of participation issued by the latter, which will thus provide proof of its status as shareholder.

The certificate of participation issued by the authorized intermediary must be attached to the remote voting form or by proxy, sent, by the authorized intermediary, to Caceis Corporate Trust - Operations Department - Shareholders' Meetings - 14 rue Rouget de Lisle - 92130 Issy-Les-Moulineaux.

Only shareholders demonstrating this status on Tuesday May 12, 2020 at midnight Paris time may, under the conditions mentioned above, participate in the Shareholders' Meeting.

B] Modes of participation in the Shareholders' Meeting

1. The Shareholders' Meeting of May 14, 2020 shall be held without the physical presence of the shareholders

The Shareholders' Meeting of May 14, 2020 shall be held without the members and other persons having the right to attend are physically present or by conference call or audio-visual, therefore no admission card to this Shareholders' Meeting will be issued.

Consequently, shareholders will not be able to physically attend the Shareholders' Meeting, nor be represented physically by another natural person.

2. Voting by proxy or by correspondence

2.1 Voting by proxy or by correspondence with the paper form (post)

The postal voting or proxy form to the Chairman is available on the company's website.

Shareholders wishing to vote remotely or be represented by giving a proxy to the Chairman of the Meeting, may:

- **for registered shareholders (“*actionnaires nominatifs*”)**: return the single remote voting or proxy voting form, which will be sent to him with the invitation to the following address: Caceis Corporate Trust - Operations Department - Shareholders' Meetings - 14 rue Rouget de Lisle - 92130 Issy -Les- Moulineaux;

- **for bearer shareholders (“*actionnaires au porteur*”)**: request the single remote voting or proxy voting form from the intermediary with which their shares are registered or by letter addressed to Caceis Corporate Trust - Operations Department - Shareholders' Meetings - 14 rue Rouget de Lisle - 92130 Issy-Les- Moulineaux.

To be honored, this form request must have reached Caceis Corporate Trust no later than six (6) days before the date of the Shareholders' Meeting, that is, on May 8, 2020.

The single remote voting form (single form with proxy form) duly completed and signed (and accompanied by the participation certificate for bearer shareholders) must be returned to Caceis Corporate Trust at the address indicated above).

Remote voting will only be taken into account if it reaches at least three (3) days before the

date of Shareholders' Meetings, that is May 11, 2020, Caceis Corporate Trust (at the address indicated above).

In application of the provisions of article 6 of French Order n ° 2020-418 of April 10, 2020 adapting the rules of meeting and deliberation of assemblies and governing bodies of legal persons and entities lacking legal personality under private law due to the Covid-19 epidemic, any shareholder giving a mandate to one of the persons mentioned in I of article L.225-106 of the French Commercial Code must transmit its mandate to Caceis Corporate Trust with indication of the proxy no later than the fourth day preceding the Shareholders' Meeting.

The agent must send his instructions for the exercise of the mandates to Caceis Corporate Trust by electronic message to the following electronic address ct-mandataires-assemblees@caceis.com, in the form of the form mentioned in article R .225-76 of the French Commercial Code, and at the latest on the fourth day preceding the Shareholders' Meeting.

2.2 Proxy and Internet Mail Voting

In application of the provisions of article 5 of French Order n ° 2020-418 of April 10, 2020 adapting the rules of meeting and deliberation of assemblies and governing bodies of legal persons and entities lacking legal personality under private law due to the Covid-19 epidemic, shareholders have the possibility, without a clause of the articles of association being necessary for this purpose, to transmit their voting instructions, and to appoint or revoke a proxy by Internet before the Shareholders' Meeting, on the VOTACCESS site, dedicated to the Shareholders' Meeting, under the conditions described below:

- **For registered shareholders (“*actionnaires au nominatifs pur et administré*”)**: registered shareholders will be able to access the VOTACCESS site via the OLIS Shareholder site at the address <https://www.nomi.olisnet.com>:

Registered shareholders in the pure form (“*actionnaires au nominatifs pur*”) will have to connect to the OLIS Shareholder site with their usual access codes. Their connection identifier will be mentioned on the postal voting form or on the electronic notice;

Registered shareholders in the administered form (“*actionnaires au nominatifs administré*”) must connect to the OLIS Shareholder site using the internet connection identifier given on the voting form or on the electronic notice.

Once on the home page of the site, they will have to follow the instructions on the screen. After logging on to the Shareholder OLIS site, registered shareholders must follow the instructions given on the screen in order to access the VOTACCESS site and vote or appoint or dismiss a proxy.

- **For bearer shareholders (“*actionnaires au porteur*”)**: it is up to bearer shareholders to inquire in order to know whether their account-keeping establishment is connected or not to the VOTACCESS site and, if necessary, to take note of the conditions of use of the VOTACCESS site.

If the shareholder's account-keeping establishment is connected to the VOTACCESS site, the shareholder must identify himself on the Internet portal of his account-keeping establishment

with his usual access codes. He must then follow the instructions given on the screen in order to access the VOTACCESS site and vote or appoint or dismiss a representative.

It should be noted that only bearer shareholders, whose account-keeping establishment has joined the VOTACCESS site, will be able to vote (or appoint or dismiss a proxy) online.

If the shareholder's account-keeping establishment is not connected to the VOTACCESS site, it is specified that the notification of the appointment and revocation of a proxy may however be made electronically in accordance with the provisions of the article R. 225-79 of the French Commercial Code, by sending an email to the following email address:

ct-mandataires-assemblees@caceis.com

This email must include as an attachment a scanned copy of the proxy voting form specifying the surname, first name, address and full bank references of the shareholder as well as the surname, first name and address of the appointed or revoked proxy, together with the participation certificate issued by the authorized intermediary.

Shareholders must imperatively ask the financial intermediary responsible for managing their securities account to send a written confirmation on D-4, that is on May 9, 2020, by post to CACEIS Corporate Trust - Shareholders' Meeting Service - 14, rue Rouget de Lisle, 92862 Issy-les-Moulineaux Cedex 9, or by email to the following address: ct-mandataires-assemblees@caceis.com or by fax at 01.49.08.05.82 or 01.49.08.05.83.

In application of the provisions of article 6 of French Order n ° 2020-418 of April 10, 2020 adapting the rules of meeting and deliberation of assemblies and governing bodies of legal persons and entities lacking legal personality under private law due to the Covid-19 epidemic, any shareholder giving a mandate to one of the persons mentioned in I of article L.225-106 of the French Commercial Code must transmit its mandate to Caceis Corporate Trust with indication of the proxy no later than the fourth day preceding the Shareholders' Meeting.

The agent must send his instructions for the exercise of the mandates at his disposal, to Caceis Corporate Trust by electronic message to the following electronic address ct-mandataires-assemblees@caceis.com, in the form of the form mentioned in article R.225-76 of the French Commercial Code, and at the latest on the fourth day preceding the Shareholders' Meeting.

The VOTACCESS website for the Shareholders' Meeting of May 14, 2020 will be open from April 23, 2020.

The possibility to vote by mail, or to give your proxy to the Chairman via the Internet before the Shareholders' Meeting will end the day before the Shareholders' Meeting at 3 p.m. Paris time.

Mandates with indication of proxy, including those given electronically under the conditions defined in article R 225-61 of the Commercial Code may validly reach the company up to the fourth day preceding the date of the Shareholders' Meeting.

In order to avoid any possible congestion on the VOTACCESS website, shareholders are advised not to wait until the day before the Shareholders' Meeting to enter their instructions.

By way of derogation to the paragraph III of article R. 225-85 of the French Commercial Code and without a statutory clause being necessary for this purpose, a shareholder who has already cast his vote remotely, sent a proxy or requested his card of admission or a certificate of participation under the conditions provided for in the last sentence of paragraph II of the same article may choose another mode of participation in the meeting provided that its instruction in this sense reaches the company within deadlines compatible with provisions of the first paragraph of article R. 225-77 and article R. 225-80 of the same code, as laid out by article 6 of French Order n ° 2020-418 of 10 April 2020.

By way of derogation to the second sentence of article R. 225-80 of this code, the previous instructions received are then revoked.

III. - Request for the inclusion of draft resolutions or agenda items

Requests for the inclusion of points or draft resolutions on the agenda of the Shareholders' Meeting by shareholders fulfilling the legal conditions in force, must be sent to the Company's registered office **COFACE SA 1 Place Costes et Bellonte 92270 BOIS COLOMBES**, by registered letter with acknowledgment of receipt or electronically to the following address investors@coface.com no later than April 18, 2020.

These requests must be justified and accompanied by an account registration certificate justifying the possession or representation by the authors of the request of the fraction of the capital required by article R. 225-71 of the French Commercial Code at the date of the request.

It is also recalled that the examination by the Shareholders' Meeting of the points on the agenda and the resolutions which will be presented is subject to the transmission by the interested parties, at the latest on D-2, of a new certificate justifying the entry into account of their securities.

The wording of the draft resolutions presented by the shareholders with their explanatory memorandum as well as the list of items added to the agenda will be brought to the attention of the shareholders under the conditions determined by the applicable regulations, and will be published without delay on the Company's website: <http://www.coface.com>.

IV. - Written questions

In accordance with article R. 225-84 of the French Commercial Code, any shareholder has the right to ask questions in writing. These questions must be addressed to the legal Board of Directors by registered letter with request for acknowledgment of receipt to the address **COFACE SA 1 Place Costes et Bellonte 92270 BOIS COLOMBES** or by electronic means to the following address investors@coface.com no later than the fourth (4th) working day preceding the date of the Shareholders' Meeting. These questions must imperatively be accompanied by an account registration certificate.

V. - Right of communication

In accordance with the applicable legal and regulatory provisions, all the documents which must be made available to shareholders during Shareholders' Meetings will be available, at the Company's registered office within the time limits, and, for the documents provided for in article R .225-73-1 of the French Commercial Code, on the Company's website at the following address <http://www.coface.com> no later than the twenty-first day preceding the Shareholders' Meeting.

THE BOARD OF DIRECTORS

This document is a free translation of the French "*avis de convocation*". It is provided for the convenience of English-speaking readers only.

COFACE SA

Public Limited Company with capital: 304 063 898 euros
Head office : 1, Place Costes et Bellonte – 92270 Bois Colombes
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COMBINED SHAREHOLDERS MEETING OF MAY 14th 2020

Draft resolutions to be submitted to the Combined Shareholders' Meeting

Ordinary resolutions:

First resolution - (Approval of the parent company financial statements for 2019)

The Shareholders' Meeting, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, having duly noted the reports of the Board of Directors and Statutory Auditors on the parent company financial statements for the financial year ended December 31, 2019, approves the parent company financial statements for said financial year as they have been presented, as well as the operations reflected in these financial statements and summarised in these reports.

Second resolution - (Approval of the consolidated financial statements for 2019)

The Shareholders' Meeting, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, having duly noted the reports of the Board of Directors and Statutory Auditors on the consolidated financial statements for the financial year ended December 31, 2019, approves the consolidated financial statements for said financial year as they have been presented, as well as the operations reflected in these financial statements and summarised in these reports.

Third resolution - (Allocation of earnings)

The Shareholders' Meeting, deliberating according to the quorum and majority conditions for Ordinary Shareholders' Meetings:

- duly notes that the parent company financial statements for the financial year ending December 31, 2019 show a net profit of €132,677,046;
- duly notes that the legal reserve, amounting to €31,449,646 as of December 31, 2019, is above the legal requirements;
- duly notes that the retained earnings as of December 31, 2019, amount to €23,175,245;

- resolves to allocate the entire net profit for the financial year, i.e. €132,677,046, to retained earnings, which are thus increased to €155,852,291.

The Shareholders' Meeting notes, in compliance with the legal provisions, that the dividends distributed for the three preceding financial years were as follows:

Financial year	Number of remuneration shares (1)	Total amount (in €)
2016	156,905,819	20,397,756
2017	155,574,817	52,895,437
2018	151,169,375	119,423,806
(1) The number of remuneration shares does not include treasury shares.		

Fourth resolution - (Ratification of the co-opting of a director)

The Shareholders' Meeting, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, ratifies the co-opting of Ms Marie Pic-Pâris, to replace Mr Jean-Paul Dumortier, who has resigned, until the expiry of the directorship of Mr Dumortier, i.e., until the end of the Shareholders' Meeting convened in 2021 to approve the financial statements for the financial year ending December 31, 2020.

Fifth resolution - (Authorisation given to the Board of Directors to trade the Company's shares)

The Shareholders' Meeting, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, having reviewed the Board of Directors' report:

1. authorises the Board of Directors, with the power to further delegate under the legal and regulatory conditions, in compliance with the provisions of Article L.225-209 et seq. of the French Commercial Code, to purchase, on one or more occasions and at the times that it will establish, a number of the Company's shares that may not exceed:

i. 10% of the total number of shares composing the share capital at any time whatsoever, or

ii. 5% of the total number of shares composing the share capital, if they are shares acquired by the Company with a view to keeping them and subsequently transferring them as payment or exchange in connection with a merger, spin-off or contribution.

iii. These percentages apply to a number of shares adjusted, where appropriate, according to the operations that could impact the share capital subsequent to this Shareholders' Meeting.

iv. The acquisitions made by the Company may not, under any circumstances, lead it to hold more than 10% of the shares composing its share capital at any time;

2. resolves that this authorisation may be used to:

i. ensure liquidity and boost the market for the Company's stock through an

investment service provider acting independently under a liquidity agreement, in compliance with the market practice accepted by the Autorité des marchés financiers on July 2, 2018,

ii. allocate shares to the corporate officers and employees of the Company and of other Group entities, in particular for the purposes of (i) employee profit sharing, (ii) any Company stock option plan, pursuant to Article L.225-177 et seq. of the French Commercial Code, or (iii) any savings plan in compliance with Article L.3331-1 et seq. of the French Labour Code or (iv) any allocation of bonus shares pursuant to the provisions of Article L.225-197-1 et seq. of the French Commercial Code; additionally, perform all hedging operations relating to these transactions, under the conditions provided for by the market authorities and at the times to be determined by the Board of Directors or the person acting by delegation thereof,

iii. transfer the Company's shares upon exercise of the rights attached to securities entitling their bearers, directly or indirectly, through reimbursement, conversion, exchange, presentation of a warrant or in any other manner, to the allocation of the Company's shares pursuant to current regulations; additionally, perform all hedging operations relating to these transactions, under the conditions provided for by the market authorities and at the times to be determined by the Board of Directors or the person acting by delegation thereof,

iv. keep the Company's shares and subsequently remit them in payment or exchange in connection with any external growth, merger, spin-off or contribution operations,

v. cancel all or part of the stock thus purchased,

vi. implement all market practices accepted by the Autorité des marchés financiers and, more generally, execute all transactions in compliance with current regulations;

3. resolves that the maximum purchase price per unit may not exceed €14 per share, excluding costs. The Board of Directors may nevertheless, for operations involving the Company's capital, particularly a change to the par value of the share, a capital increase by incorporation of reserves following the creation and allocation of bonus shares, a stock split or reverse stock split, adjust the aforementioned maximum purchase price in order to take into account the impact of these operations on the value of the Company's stock;

4. resolves that the acquisition, disposal or transfer of these shares may be completed and paid for by any methods authorised by the current regulations, on a regulated market, multilateral trading system, systematic internaliser or over the counter, in particular through the acquisition or disposal of blocks of shares, using options or other derivative financial instruments or warrants or, more generally, securities entitling their bearers to shares of the Company, at the times that the Board of Directors will determine;

5. resolves that unless it has the prior authorisation of the Shareholders' Meeting, the Board of Directors may not use this delegation of authority once a third party has filed a public offer for the Company's shares, and until the end of the offer period;

6. resolves that the Board of Directors shall have all powers, which it may in turn delegate in compliance with legal and regulatory conditions, in order to, in accordance with applicable legal and regulatory provisions, proceed with the allocation and, if applicable, permitted reallocation of repurchased shares in view of one of the objectives of the programme, to one or more of its other objectives, or even their disposal, on or off the market.

All powers are consequently granted to the Board of Directors, which it may in turn delegate in compliance with legal and regulatory provisions, to implement this authorisation and specify, if necessary, the conditions and set the procedures in accordance with legal conditions and pursuant to this resolution, and in particular to issue all stock market orders, enter into all agreements, in particular for maintaining registers of purchases and sales of shares, complete all declarations to the Autorité des marchés financiers or any other

competent authority, prepare all documents, specifically informational documentation, complete all formalities and, generally, do whatever is necessary.

The Board of Directors must inform the Shareholders' Meeting, in accordance with legal conditions, of the operations performed by virtue of this authorisation;

7. resolves that this authorisation, which cancels and replaces the authorisation granted by the fifth resolution of the Shareholders' Meeting of May 16, 2019, be granted for a period of eighteen (18) months as from this Shareholders' Meeting.

Sixth resolution - (Approval of the special report of the Statutory Auditors on the agreements and commitments mentioned in Articles L.225-38 et seq. of the French Commercial Code)

The Shareholders' Meeting, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, having duly noted the special report of the Statutory Auditors on the agreements and commitments subject to the provisions of Article L.225-38 et seq. of the French Commercial Code, approves this report in all its provisions as well as the new agreements mentioned therein, having been authorised by the Board of Directors during the financial year ended December 31, 2019.

Seventh resolution - (Approval of the directors' compensation policy for the financial year ended December 31, 2019, as referred to in Article L.225-37-3 of the French Commercial Code, pursuant to Article L.225-100, II of the French Commercial Code)

The Shareholders' Meeting, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, having duly noted the corporate governance report referred to in Article L.225-37 of the French Commercial Code, approves, pursuant to Article L.225-100, II of the French Commercial Code, the information relating to the compensation of corporate officers for the financial year ended December 31, 2019, referred to in Article L.225-37-3, I of the French Commercial Code, as set out in Chapter 7, Section 6.3 of the 2019 universal registration document.

Eighth resolution - (Approval of fixed, variable and exceptional components of the total compensation and benefits of all kinds paid during the financial year ended December 31, 2019, or allocated for the same financial year, to the Chief Executive Officer, pursuant to Article L.225-100, III of the French Commercial Code)

The Shareholders' Meeting, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, having duly noted the corporate governance report referred to in Article L.225-37 of the French Commercial Code, approves, pursuant to Article L.225-100, III of the French Commercial Code, the fixed, variable and exceptional components of the total compensation and benefits of all kinds paid during the financial year ended December 31, 2019, or allocated for the same financial year, to Mr Xavier Durand, Chief Executive Officer of the Company, as set out in Chapter 7, Section 6.3 of the 2019 universal registration document.

Ninth resolution - (Approval of the Chief Executive Officer's compensation policy for the 2020 financial year, pursuant to Article L.225-37-2 of the French Commercial Code)

The Shareholders' Meeting, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, having duly noted the corporate governance report referred to in Article L.225-37 of the French Commercial Code describing the components of the compensation policy for corporate officers, approves, pursuant to Article L.225-37-2, II of the French Commercial Code, the compensation policy for Mr Xavier Durand, Chief Executive Officer of the Company, as set out in Chapter 7, Section 6.3 of the 2019 universal registration document.

Tenth resolution - (Approval of the directors' compensation policy for the 2020 financial year, pursuant to Article L.225-37-2 of the French Commercial Code)

The Shareholders' Meeting, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, having duly noted the corporate governance report referred to in Article L.225-37 of the French Commercial Code describing the components of the compensation policy for corporate officers, approves, pursuant to Article L.225-37-2, II of the French Commercial Code, the directors' compensation policy as set out in Chapter 7, Section 6.3 of the 2019 universal registration document.

Eleventh resolution - (Appointment of a Statutory Auditor)

The Shareholders' Meeting, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, appoints Mazars SA, 61 rue Henri Regnault, 92400 Courbevoie, France as Statutory Auditor for the financial years 2020 to 2025 inclusive, i.e. until the Shareholders' Meeting convened in 2026 to approve the financial statements for the financial year ended December 31, 2025.

Twelfth resolution - (Noting the expiry of the term of office of an alternate Statutory Auditor and decision not to replace it)

The Shareholders' Meeting, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, noting the expiry of the term of office of the alternate Statutory Auditor KPMG Audit FS1 at the end of this meeting, resolves not to replace or renew it.

Extraordinary resolutions:

Thirteenth resolution - (Authorisation to the Board of Directors to reduce the Company's share capital by cancelling treasury shares)

The Shareholders' Meeting, deliberating according to the quorum and majority required for Extraordinary Shareholders' Meetings, having reviewed the Board of Directors' report and the Statutory Auditors' special report:

1. authorises the Board of Directors, with the option to sub-delegate under the legislative and regulatory conditions, to:

i. cancel, at its sole discretion, on one or more occasions, subject to a limit of 10% of the amount of the existing share capital on the date of cancellation (i.e., adjusted according to transactions conducted on the share capital since the adoption of this resolution), for a period of 24 months, all or part of the shares acquired by the Company under a share buyback programme authorised by the shareholders,

ii. reduce the share capital accordingly and allocate the difference between the buyback price of the cancelled shares and their nominal value to premiums and available reserves as it chooses;

2. confers all powers to the Board of Directors, with the option to sub-delegate under the legislative and regulatory conditions, to set the definitive amount of capital reductions within the limits provided for by law and by this resolution, establishing the terms and conditions, noting their fulfilment, performing all acts, formalities or declarations with a view to finalising the capital reductions that might be conducted under this authorisation and to amend the Articles of Association accordingly;

3. resolves that this authorisation, which cancels and replaces the authorisation granted by the fourteenth resolution of the Shareholders' Meeting of May 16, 2018, be granted for a period of twenty-six (26) months as from this Shareholders' Meeting.

Fourteenth resolution - (Delegation of authority to the Board of Directors to increase the share capital by incorporating reserves, profits or premiums, or any other sum that can be legally capitalised)

The Shareholders' Meeting, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, having reviewed the Board of Directors' report and in accordance with the provisions of the French Commercial Code and specifically Articles L.225-129, L.225-129-2 and L.225-130 thereof:

1. delegates to the Board of Directors, with the option to sub-delegate under the legislative and regulatory conditions, its authority to increase the Company's share capital, on one or more occasions, in the proportions and at the times that it will determine, by incorporating reserves, profits or issue, merger or contribution premiums, or any other amount which may be capitalised by law or the Articles of Association, to be carried out by issuing new shares or by raising the nominal amount of existing shares or by combining these two operating procedures according to the terms and conditions that it will determine;

2. resolves that the nominal amount of capital increases likely to be decided by the Board of Directors and conducted under this delegation, immediately and/or over time, may not exceed a maximum amount of seventy-five million euros (€75,000,000). This limit will be increased, as necessary, by the nominal value of the shares to be issued in order to preserve the rights of holders of securities or other rights which confer entitlement to the Company's share capital, pursuant to applicable laws and regulations and contractual provisions, where appropriate;

3. specifies that in the event of a capital increase giving rise to the free allocation of new shares, the Board of Directors may decide that fractional shares will not be transferable and that the corresponding shares will be sold, in accordance with the provisions of Article L.225-130 of the French Commercial Code, with the sums resulting from the sale being allocated to rights holders within the regulatory deadlines;

4. resolves that the Board of Directors shall have all powers, which it may in turn delegate in accordance with legal and regulatory conditions, to implement this delegation and in particular to:

i. determine the terms and conditions for authorised transactions and specifically set the amount and nature of reserves, profits, premiums or other amounts to be incorporated into the capital, establish the number of new shares to be issued and/or the amount by which the nominal value of existing shares comprising the share capital will be increased, set the date, even retroactively, from which the new shares will be entitled to receive dividends or the date on which the increase in the nominal value will take effect and, where applicable, make all charges against the issue premium (or premiums) and in particular the charges incurred by conducting issues,

ii. take any measures designed to protect the rights of shareholders or other rights conferring entitlement to the capital in existence on the day of the capital increase,

iii. take all necessary measures and enter into all agreements in order to ensure the successful execution of the planned transaction(s) and, generally, to do all that is required, perform all acts and formalities to finalise the capital increases that may be conducted under this delegation, and to amend the Company's Articles of Association accordingly;

5. resolves that unless it has the prior authorisation of the Shareholders' Meeting, the Board of Directors may not use this delegation of authority once a third party has filed a public offer for the Company's shares, and until the end of the offer period;

6. decides that this authorisation, which cancels and replaces the authorisation granted by the fifteenth resolution of the Shareholders' Meeting of May 16, 2018, be granted for a period of twenty-six (26) months as from this Shareholders' Meeting.

Fifteenth resolution - (Delegation of authority to the Board of Directors to increase the share capital by issuing shares, with preferential subscription rights, and/or equity securities which confer entitlement to other equity securities and/or entitlement to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued)

The Shareholders' Meeting, deliberating according to the quorum and majority required for Extraordinary Shareholders' Meetings, having reviewed the Board of Directors' report and the Statutory Auditors' special report and in accordance with the provisions of the French Commercial Code and specifically Articles L.225-129 et seq., L.225-132, L.225-133 and L.228-91 et seq. thereof:

1. delegates to the Board of Directors, with the option to sub-delegate under the legislative and regulatory conditions, the authority to decide to issue, with preferential subscription rights, on one or more occasions, in the proportions and at the times that it will determine, both in France and abroad, in euros or currencies or units of account established by reference to several currencies, Company shares and/or equity securities which confer entitlement to other equity securities and/or entitlement to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued, which may be subscribed for in cash or by offsetting them against unquestionable, liquid and payable debts, or, in whole or in part, by incorporation of reserves, profits or premiums;

2. resolves that the total nominal amount of capital increases likely to be made immediately and/or over time under this delegation may not exceed a maximum of one hundred and fifteen million euros (€115,000,000), or the equivalent in any other currency or currency unit established by reference to several currencies, on the understanding that the nominal amount of capital increases made pursuant to this resolution as well as the sixteenth to twentieth resolutions submitted to this Shareholders' Meeting will count towards this cap. This limit will be increased, as necessary, by the nominal value of the shares to be issued in order to preserve the rights of holders of securities or other rights which confer entitlement to the Company's share capital, pursuant to applicable laws and regulations and contractual provisions, where appropriate;

3. resolves that the transferable securities thus issued conferring entitlement to equity securities to be issued by the Company may consist of debt securities or be associated with the issue of such securities, or enable them to be issued, as intermediate securities. The overall maximum nominal amount of debt securities that could be issued on the basis of this delegation may not exceed five hundred million euros (€500,000,000) or the equivalent thereof in currencies or units of account established by reference to several currencies, on the understanding that the nominal amount of debt securities issued pursuant to this resolution as well as the sixteenth to eighteenth resolutions submitted to this Shareholders' Meeting will count towards this cap;

4. acknowledges that this delegation implies a waiver by the shareholders of their preferential subscription rights to equity securities of the Company to which the transferable securities that might be issued on the basis of this delegation may give immediate or future entitlement;

5. resolves that shareholders may exercise, under the conditions stipulated by law, their preferential subscription right to the equity securities and/or the transferable securities which the Board of Directors may decide to issue under this delegation of authority. The Board of Directors will have the option to grant shareholders the right to subscribe, on a reducible basis, for a greater number of transferable securities than they could subscribe for on an irreducible basis, in proportion to the subscription rights that they have and, in any event, within the limits of their requests.

If all of the equity securities and/or transferable securities issued have not been subscribed on an irreducible basis or, where applicable, on a reducible basis, the Board of Directors will have the option, in the order that it will determine, either to limit, in accordance with the law, the issue in question to the amount of subscriptions received, provided that it reaches at least three-quarters of the issue initially decided, or to freely distribute all or part of the unsubscribed securities between the persons of its choice, or to offer all or part of the unsubscribed securities in the same way to the public, on the French or international market,

with the Board of Directors being able to use all the options set out above or just some of them;

6. further specifies that the Board of Directors, with the option to sub-delegate under the legislative and regulatory conditions, may in particular:

i. decide and establish the characteristics of share issues and transferable securities to be issued and, in particular, their issue price (with or without issue premium), the terms and conditions of their subscription, their full payment and their date of entitlement (even retroactive),

ii. in the event of the issue of share subscription warrants, set the number and characteristics and decide, if it deems it appropriate, subject and according to the terms and conditions that it will establish, that the warrants may be reimbursed or redeemed, or that they will be allocated free of charge to shareholders in proportion to their rights in the share capital,

iii. generally, set the characteristics of all transferable securities and, in particular, the terms and conditions for the allocation of shares, the term of loans that may be issued in bond form, whether subordinated or not, the issue currency, the terms and conditions for redemption of the principal, with or without a premium, the terms and conditions for depreciation and, where applicable, purchase, exchange or early redemption, fixed or variable interest rates, and the payment date; remuneration may include a variable portion calculated by reference to items relating to the Company's business and results and a deferred payment in the absence of distributable profits,

iv. decide to use the shares acquired as part of a share buyback programme authorised by the shareholders, to allocate them as a result of the issue of transferable securities issued on the basis of this delegation,

v. take any measures to preserve the rights of holders of transferable securities issued or other rights conferring entitlement to the capital of the Company that are required by legislative and regulatory provisions and the applicable contractual stipulations,

vi. potentially suspend the exercise of rights attached to these transferable securities for a fixed period in compliance with the legislative and regulatory provisions and the applicable contractual stipulations,

vii. note the completion of any capital increases and transferable securities issues, amend the Articles of Association accordingly, allocate the issue costs to premiums and, if it considers it appropriate, deduct from the amount of capital increases the sums required to increase the legal reserve to one tenth of the new share capital,

viii. take all measures and carry out any formalities required for admission to trading on a regulated market of the securities created;

7. resolves that unless it has the prior authorisation of the Shareholders' Meeting, the Board of Directors may not use this delegation of authority once a third party has filed a public offer for the Company's shares, and until the end of the offer period;

8. resolves that this authorisation, which cancels and replaces the authorisation granted by the sixteenth resolution of the Shareholders' Meeting of May 16, 2018, be granted for a period of twenty-six (26) months as from this Shareholders' Meeting.

Sixteenth resolution - (Delegation of authority to the Board of Directors to increase the share capital by issuing, without preferential subscription rights, shares and/or equity securities which confer entitlement to other equity securities and/or entitlement to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued, through public offers other than those specified in Article L.411-2 of the French Monetary and Financial Code)

The Shareholders' Meeting, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, having reviewed the Board of Directors' report and the Statutory Auditors' special report, in accordance with the provisions of the French Commercial Code and specifically Articles L.225-129 et seq., L.225-135, L.225-136, L.225-148 and L.228-92 thereof:

1. delegates to the Board of Directors, with the option to sub-delegate under the legislative and regulatory conditions, the authority to decide to issue, without preferential subscription rights, by way of public offers other than those referred to in Article L.411-2 of the French Monetary and Financial Code, on one or more occasions, in the proportions and at the times that it will determine, both in France and abroad, in euros or currencies or units of account established by reference to several currencies, Company shares and/or equity securities which confer entitlement to other equity securities and/or entitlement to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued, which may be subscribed for in cash or by offsetting them against unquestionable, liquid and payable debts; These transferable securities may, in particular, be issued as remuneration for securities contributed to the Company as part of a public exchange offer made in France or abroad according to local rules (for example, for the purpose of a reverse merger) on securities that comply with the conditions set out in Article L.225-148 of the French Commercial Code;

2. resolves that the total nominal amount of capital increases likely to be made immediately and/or over time under this delegation may not exceed a maximum of twenty-nine million euros (€29,000,000), or the equivalent in any other currency or currency unit established by reference to several currencies, on the understanding that (i) the nominal amount of capital increases made pursuant to this resolution as well as the seventeenth to eighteenth resolutions submitted to this Shareholders' Meeting will be count towards this cap and (ii) that the nominal amount of any capital increase carried out pursuant to this delegation will count towards the overall nominal cap stipulated for capital increases in paragraph 2 of the fifteenth resolution of this Shareholders' Meeting.

These limits will be increased, as necessary, by the nominal value of the shares to be issued in order to preserve the rights of holders of securities or other rights which confer entitlement to the Company's share capital, pursuant to applicable laws and regulations and contractual provisions, where appropriate;

3. resolves to remove the preferential subscription rights of shareholders to shares and other transferable securities to be issued under this resolution;

4. resolves that, with regard to issues carried out under this delegation, the Board of Directors may establish a subscription priority period for shareholders, on an irreducible and potentially reducible basis, which does not confer entitlement to the creation of transferable rights, and therefore delegates to the Board of Directors, with the option to sub-delegate under the legislative and regulatory conditions, the option to set this deadline as well as its terms and conditions, in accordance with the provisions of Article L.225-135, paragraph 5 of the French Commercial Code;

5. resolves that the transferable securities thus issued conferring entitlement to equity securities to be issued by the Company may consist of debt securities or be associated with the issue of such securities, or enable them to be issued, as intermediate securities. The overall maximum nominal amount of debt securities that might be issued immediately or over time on the basis of this delegation may not exceed five hundred million euros (€500,000,000) or the equivalent thereof in currencies or units of account established by reference to several currencies, on the understanding that this amount will count towards the overall nominal cap for debt security issues provided for in paragraph 3 of the fifteenth resolution;

6. acknowledges that this delegation implies a waiver by the shareholders of their preferential subscription rights to equity securities of the Company to which the transferable securities that might be issued on the basis of this delegation may give entitlement;

7. resolves that if all of the equity securities and/or transferable securities issued have not been subscribed, the Board of Directors will have the option, in the order that it will determine, either to limit the issue to the amount of subscriptions received, provided that it reaches at least three-quarters of the issue initially decided, or to freely distribute all or part of the unsubscribed securities between the persons of its choice, or to offer the unsubscribed securities in the same way to the public, with the Board of Directors being able to use all the options set out above or just some of them;

8. further specifies that the Board of Directors, with the option to sub-delegate under the legislative and regulatory conditions, may in particular:

i. decide and establish the characteristics of share issues and transferable securities to be issued and, in particular, their issue price (with or without issue premium), the terms and conditions of their subscription, their full payment and their date of entitlement,

ii. in the event of the issue of share subscription warrants, set the number and characteristics and decide, if it deems it appropriate, subject and according to the terms and conditions that it will establish, that the warrants may be reimbursed or redeemed, or that they will be allocated free of charge to shareholders in proportion to their rights in the share capital,

iii. generally, set the characteristics of all transferable securities and, in particular, the terms and conditions for the allocation of shares, the term of loans that may be issued in bond form, whether subordinated or not, the issue currency, the terms and conditions for redemption of the principal, with or without a premium, the terms and conditions for depreciation and, where applicable, purchase, exchange or early redemption, fixed or variable interest rates, and the payment date; remuneration may include a variable portion calculated by reference to items

relating to the Company's business and results and a deferred payment in the absence of distributable profits,

iv. set the issue price of the shares or transferable securities that may be created under the preceding paragraphs such that the Company receives, for each share created or allocated, irrespective of any remuneration in any form including interest or issue or redemption premiums, a sum at least equal to the minimum price stipulated by the legislative or regulatory provisions applicable on the date of issue (i.e., at this time, the weighted average of the Company's share price in the last three trading sessions on the Euronext Paris regulated market prior to the start of the public offer within the meaning of Regulation (EU) No. 2017/1129 of June 14, 2017, potentially reduced by a maximum discount of 10%),

v. take any measures to preserve the rights of holders of transferable securities issued or other rights conferring entitlement to the capital of the Company that are required by legislative and regulatory provisions and the applicable contractual stipulations,

vi. potentially suspend the exercise of rights attached to these transferable securities for a fixed period in compliance with the legislative and regulatory provisions and the applicable contractual stipulations,

vii. note the completion of any capital increases and transferable securities issues, amend the Articles of Association accordingly, allocate the issue costs to premiums and, if it considers it appropriate, deduct from the amount of capital increases the sums required to increase the legal reserve to one tenth of the new share capital,

viii. take all measures and carry out any formalities required for admission to trading on a regulated market of the securities created;

9. resolves that unless it has the prior authorisation of the Shareholders' Meeting, the Board of Directors may not use this delegation of authority once a third party has filed a public offer for the Company's shares, and until the end of the offer period;

10. resolves that this authorisation, which cancels and replaces the authorisation granted by the seventeenth resolution of the Shareholders' Meeting of May 16, 2018, be granted for a period of twenty-six (26) months as from this Shareholders' Meeting.

Seventeenth resolution - (Delegation of authority to the Board of Directors to increase the share capital by issuing, without preferential subscription rights, shares and/or equity securities which confer entitlement to other equity securities and/or entitlement to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued, through the public offers specified in Article L.411-2, 1 of the French Monetary and Financial Code)

The Shareholders' Meeting, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, having reviewed the Board of Directors' report and the Statutory Auditors' special report, in accordance with the provisions of the French Commercial Code and specifically Articles L.225-129 et seq., L.225-135, L.225-136 and L.228-91 et seq. thereof:

1. delegates to the Board of Directors, with the option to sub-delegate under the legislative and regulatory conditions, the authority to decide to issue, without preferential subscription rights, by way of the public offers referred to in Article L.411-2, 1 of the French Monetary and Financial Code, subject to the conditions and maximum limits stipulated by the laws and regulations, on one or more occasions, in the proportions and at the times that it will determine, both in France and abroad, in euros or currencies or units of account established by reference to several currencies, Company shares and/or equity securities conferring entitlement to other equity securities and/or conferring entitlement to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued, which may be subscribed for in cash or by offsetting them against unquestionable, liquid and payable debts;

2. resolves that the total nominal amount of capital increases likely to be made immediately and/or over time under this delegation may not exceed a maximum amount of twenty-nine million euros (€29,000,000) or the equivalent in any other currency or monetary unit established by reference to several currencies, on the understanding that this amount will count towards (i) the nominal cap of twenty-nine million euros (€29,000,000) stipulated for capital increases without preferential subscription rights in paragraph 2 of the sixteenth resolution of this Shareholders' Meeting and (ii) the overall nominal cap stipulated for capital increases in paragraph 2 of the fifteenth resolution of this Shareholders' Meeting. These limits will be increased, as necessary, by the nominal value of the shares to be issued in order to preserve the rights of holders of securities or other rights which confer entitlement to the Company's share capital, pursuant to applicable laws and regulations and contractual provisions, where appropriate;

3. resolves to remove the preferential subscription rights of shareholders to shares and other transferable securities to be issued under this resolution;

4. resolves that the transferable securities thus issued conferring entitlement to equity securities to be issued by the Company may consist of debt securities or be associated with the issue of such securities, or enable them to be issued, as intermediate securities. The overall maximum nominal amount of debt securities that might be issued immediately or over time on the basis of this delegation may not exceed five hundred million euros (€500,000,000) or the equivalent thereof in currencies or units of account established by reference to several currencies, on the understanding that this amount would count towards the overall nominal cap for debt security issues provided for in paragraph 3 of the fifteenth resolution;

5. acknowledges that this delegation implies a waiver by the shareholders of their preferential subscription rights to equity securities of the Company to which the transferable securities that might be issued on the basis of this delegation may give entitlement;

6. resolves that if all of the equity securities and/or transferable securities issued have not been subscribed, the Board of Directors will have the option, in the order that it will determine, either to limit, in accordance with the law, the issue to the amount of subscriptions received, provided that it reaches at least three-quarters of the issue initially decided, or to freely distribute all or part of the unsubscribed securities

between the persons of its choice, or to offer the unsubscribed securities in the same way to the public, with the Board of Directors being able to use all the options set out above or just some of them;

7. further specifies that the Board of Directors, with the option to sub-delegate under the legislative or regulatory conditions, may in particular:

i. decide and establish the characteristics of share issues and transferable securities to be issued and, in particular, their issue price (with or without issue premium), the terms and conditions of their subscription and their date of entitlement,

ii. in the event of the issue of share subscription warrants, set the number and characteristics and decide, if it deems it appropriate, subject and according to the terms and conditions that it will establish, that the warrants may be reimbursed or redeemed,

iii. generally, set the characteristics of all transferable securities and, in particular, the terms and conditions for the allocation of shares, the term of loans that may be issued in bond form, whether subordinated or not, the issue currency, the terms and conditions for redemption of the principal, with or without a premium, the terms and conditions for depreciation and, where applicable, purchase, exchange or early redemption, fixed or variable interest rates, and the payment date; remuneration may include a variable portion calculated by reference to items relating to the Company's business and results and a deferred payment in the absence of distributable profits,

iv. set the issue price of the shares or transferable securities that may be created under the preceding paragraphs such that the Company receives, for each share created or allocated, irrespective of any remuneration in any form, including interest or issue or redemption premiums, a sum at least equal to the minimum price stipulated by the legislative or regulatory provisions applicable on the date of issue (i.e., at this time, the weighted average of the Company's share price in the last three trading sessions on the Euronext Paris regulated market prior to the start of the public offer within the meaning of Regulation (EU) No. 2017/1129 of June 14, 2017, potentially reduced by a maximum discount of 10%),

v. decide to use the shares acquired as part of a share buyback programme authorised by the shareholders, to allocate them as a result of the issue of transferable securities issued on the basis of this delegation,

vi. take any measures to preserve the rights of holders of transferable securities issued that are required by legislative and regulatory provisions and the applicable contractual stipulations,

vii. potentially suspend the exercise of rights attached to these transferable securities for a fixed period in compliance with the legislative, regulatory and contractual provisions,

viii. note the completion of any capital increases and transferable securities issues, amend the Articles of Association accordingly, allocate the issue costs to premiums and, if it considers it appropriate, deduct from the amount of capital increases the sums required to increase the legal reserve to one tenth of the new share capital,

ix. take all measures and carry out any formalities required for admission to trading on a regulated market of the securities created;

8. resolves that unless it has the prior authorisation of the Shareholders' Meeting, the Board of Directors may not use this delegation of authority once a third party has filed a public offer for the Company's shares, and until the end of the offer period;

9. resolves that this authorisation, which cancels and replaces the authorisation granted by the eighteenth resolution of the Shareholders' Meeting of May 16, 2018, be granted for a period of twenty-six (26) months as from this Shareholders' Meeting.

Eighteenth resolution - (Delegation of authority to the Board of Directors to increase the share capital by issuing shares and/or equity securities which confer entitlement to other equity securities and/or entitlement to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued as compensation for contributions in kind)

The Shareholders' Meeting, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, having reviewed the Board of Directors' report and the Statutory Auditors' special report and in accordance with the provisions of the French Commercial Code and specifically Articles L.225-129 et seq., L.225-147 and L.228-92 thereof:

1. delegates to the Board of Directors, with the option to sub-delegate under the legislative and regulatory conditions, the authority to decide, on the basis of the contributions auditors' report, on one or more occasions, in the proportions and at the times that it will determine, both in France and abroad, in euros or currencies or units of account established by reference to several currencies, to issue shares of the Company and/or equity securities conferring entitlement to other equity securities and/or entitlement to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued, with a view to remunerating contributions in kind granted to the Company and consisting of equity securities or transferable securities giving access to capital, when the provisions of Article L.225-148 of the French Commercial Code are not applicable;

2. resolves that the total nominal amount of capital increases likely to be made under this delegation may not exceed, in addition to the legal limit of 10% of the share capital (assessed on the day the Board of Directors decides on the issue), a maximum amount of twenty-nine million euros (€29,000,000) or the equivalent in any other currency or monetary unit established by reference to several currencies, on the understanding that this amount will count towards (i) the nominal cap of twenty-nine million euros (€29,000,000) stipulated for capital increases without preferential subscription rights in paragraph 2 of the sixteenth resolution of this Shareholders' Meeting and (ii) the overall nominal cap stipulated for capital increases in paragraph 2 of the fifteenth resolution of this Shareholders' Meeting. These limits will be increased, as necessary, by the nominal value of the shares to be issued in order to preserve the rights of holders of securities or other rights which confer entitlement to the Company's share capital, pursuant to applicable laws and regulations and contractual provisions, where appropriate;

3. resolves that the transferable securities thus issued conferring entitlement to equity securities to be issued by the Company may consist of debt securities or be associated with the issue of such securities, or enable them to be issued, as intermediate securities. The overall maximum nominal amount of debt securities that might be issued immediately or over time on the basis of this delegation may not exceed five hundred million euros (€500,000,000) or the equivalent thereof in currencies or monetary units established by reference to several currencies, on the understanding that this amount would count towards the overall nominal cap for debt security issues provided for in paragraph 3 of the fifteenth resolution;

4. resolves to remove, for the benefit of holders of securities or transferable securities, under contributions in kind, the preferential subscription rights of shareholders to shares and other transferable securities to be issued under this resolution;

5. acknowledges that this delegation implies a waiver by the shareholders of their preferential subscription rights to equity securities of the Company to which the transferable securities that might be issued on the basis of this delegation may give entitlement;

6. further specifies that the Board of Directors, with the option to sub-delegate under the legislative or regulatory conditions, may in particular:

i. decide, on the basis of the contributions auditors' report, on the assessment of contributions and the granting of any specific benefits,

ii. establishes the characteristics of share issues and transferable securities to be issued and, in particular, their issue price (with or without issue premium), the terms and conditions of their subscription and their date of entitlement,

iii. at its sole initiative, allocate the costs of the increase(s) in share capital to the premiums relating to these contributions and deduct from this amount the sums needed to increase the legal reserve to one tenth of the new capital after each increase,

iv. take any measures to preserve the rights of holders of transferable securities issued or other rights conferring entitlement to the capital of the Company that are required by legislative and regulatory provisions and the applicable contractual stipulations,

v. note the completion of any issues of shares and transferable securities, amend the Articles of Association as necessary as a result of the completion of any capital increase, allocate the issue costs to premiums if it so desires and also increase the legal reserve to one tenth of the new capital, as well as carry out any formalities and declarations and ask for any authorisations that might prove necessary for making these contributions,

vi. take all measures and carry out any formalities required for admission to trading on a regulated market of the securities created;

7. resolves that unless it has the prior authorisation of the Shareholders' Meeting, the Board of Directors may not use this delegation of authority once a third party has filed a public offer for the Company's shares, and until the end of the offer period;

8. resolves that this authorisation, which cancels and replaces the authorisation granted by the twenty-first resolution of the Shareholders' Meeting of May 16, 2018, be granted for a period of twenty-six (26) months as from this Shareholders' Meeting.

Nineteenth resolution - (Delegation of authority to the Board of Directors to increase the share capital by issuing, without preferential subscription rights, shares of the Company reserved for members of a company savings plan)

The Shareholders' Meeting, deliberating according to the quorum and majority required for Extraordinary Shareholders' Meetings, after having reviewed the Board of Directors' report and the Statutory Auditors' special report and in accordance with the provisions of Articles L.225-129-2, L.225-129-6, L.225-138 and L.225-138-1 of the French Commercial Code and those of Articles L.3332-18 et seq. of the French Labour Code:

1. delegates to the Board of Directors, with the option to further delegate in accordance with legal and regulatory provisions, its authority to issue, on one or more occasions, at its sole discretion, in the proportions and at the times that it will determine, both in France and abroad, new shares reserved for employees, former employees and eligible corporate officers of the Company and/or companies related to the Company as defined in Article L.225-180 of the French Commercial Code and Article L.3344-1 of the French Labour Code, who are members of a company savings plan;

2. removes, for the benefit of said members, the preferential subscription right of shareholders to any shares that may be issued pursuant to this authorisation and waives any rights to any bonus shares that may be allocated based on this resolution by way of discount and/or matching contribution;

3. resolves that the nominal amount of the capital increase likely to be carried out pursuant to this delegation may not exceed three million, two hundred thousand euros (€3,200,000) or the equivalent in any other currency or monetary unit established by reference to several currencies, on the understanding that the nominal amount of any capital increase carried out under this delegation will count towards the total nominal cap provided for capital increases in paragraph 2 of the fifteenth resolution of this Shareholders' Meeting and that the cap for this resolution will be the same as for the twentieth resolution. This limit will be increased, as necessary, by the nominal value of the shares to be issued in order to preserve the rights of holders of securities or other rights which confer entitlement to the Company's share capital, pursuant to applicable laws and regulations and contractual provisions, where appropriate;

4. resolves that the subscription price of the shares pursuant to this delegation will be determined under the conditions specified in Article L.3332-19 of the French Labour Code, on the understanding that the maximum discount calculated in relation to the average of the share's traded prices during the last 20 trading sessions preceding the decision setting the subscription opening date may not exceed 30%. However, where this delegation is implemented, the Board of Directors may reduce the amount of the discount on a case-by-case basis due to tax, corporate or accounting restrictions applicable in countries where the Group entities participating in the capital increases are established. The Board of Directors may likewise decide to allocate bonus shares to subscribers of new shares, in substitution of the discount and/or as an employer contribution;

5. resolves that the Board of Directors shall have all powers, which it may in turn delegate in accordance with legal and regulatory conditions, to implement this delegation, within the limits and under the conditions specified above, in particular, in order to:

- i. decide on the issue of new Company shares,
- ii. compile the list of companies whose employees, former employees and eligible corporate officers may benefit from the issue and set the conditions to be fulfilled by beneficiaries, in order to subscribe, directly or via a mutual investment fund, for the shares issued under this delegation of authority,
- iii. set the amounts of these issues and determine the subscription prices of securities and the subscription dates, methods for each issue and the conditions for subscription, payment and delivery of the shares issued under this delegation of authority, as well as the date, even if retroactive, from which the new shares will be entitled to dividends,
- iv. decide, pursuant to Article L.3332-21 of the French Labour Code, on the allocation, free of charge, of shares to be issued or already issued, as an employer matching contribution and/or, as applicable, a discount, provided that the recognition of their equivalent pecuniary value, valued at the subscription price, does not result in exceeding the limits specified in Article L.3332-11 of the French Labour Code and, if new shares are issued by way of discount or matching contribution, in incorporating into capital the reserves, profits or issue premiums required for full payment of the aforesaid shares,
- v. set the period granted to subscribers for full payment of their securities,
- vi. duly note, or have another party note the completion of the capital increase in the amount of the shares to be effectively subscribed,
- vii. at its sole initiative, allocate the costs of the increase(s) in share capital to the premiums relating to these increases, and deduct from this amount the sums needed to bring the legal reserve to one tenth of the new capital after each increase,
- viii. generally, take any and all measures and perform any and all formalities that are necessary for issuing and listing the shares, and following the capital increases and related amendments of the Articles of Association pursuant to this delegation;

6. resolves that unless it has the prior authorisation of the Shareholders' Meeting, the Board of Directors may not use this delegation of authority once a third party has filed a public offer for the Company's shares, and until the end of the offer period;

7. resolves that this authorisation, which cancels and replaces the authorisation granted by the fifteenth resolution of the Shareholders' Meeting of May 16, 2019, be granted for a period of twenty-six (26) months as from this Shareholders' Meeting.

Twentieth resolution - (Delegation of authority to the Board of Directors to increase the share capital by issuing shares without preferential subscription rights, to a specific category of beneficiaries)

The Shareholders' Meeting, deliberating according to the quorum and majority required for Extraordinary Shareholders' Meetings, after having reviewed the Board of Directors' report and the Statutory Auditors' special report and in accordance with the provisions of Articles L.225-129 et seq. and L.225-138 of the French Commercial Code:

1. delegates its authority, which may be further delegated in accordance with legal and regulatory provisions, to issue, on one or more occasions, at its sole discretion, in the proportions and the times that it will determine, both in France and abroad, new shares reserved for one or more categories of beneficiaries who have the characteristics below: (i) employees and/or corporate officers of the Company and/or companies related to the Company as defined in the provisions of Article L.225-180 of the French Commercial Code and Article L.3344-1 of the French Labour Code and having their registered office outside France; (ii) one or more mutual funds or other entity under French or foreign law, having or not having legal personality, subscribing on behalf of the persons designated in paragraph (i) above; and (iii) one or more financial establishments mandated by the Company to offer the persons described in paragraph (i) above a savings or shareholding scheme comparable to those offered to the Company's employees in France;
2. cancels, in favour of said beneficiaries, the preferential subscription right of shareholders to the shares issued under this delegation;
3. acknowledges that this delegation implies a waiver by the shareholders of their preferential subscription rights to equity securities of the Company to which the transferable securities that might be issued on the basis of this delegation may confer entitlement;
4. resolves that the nominal amount of the capital increase likely to be carried out pursuant to this delegation may not exceed three million, two hundred thousand euros (€3,200,000) or the equivalent in any other currency or monetary unit established by reference to several currencies, on the understanding that the nominal amount of any capital increase carried out under this delegation will count towards the total nominal cap provided for capital increases in paragraph 2 of the fifteenth resolution of this Shareholders' Meeting and that the cap for this resolution will be the same as for the nineteenth resolution. This limit will be increased, as necessary, by the nominal value of the shares to be issued in order to preserve the rights of holders of securities or other rights which confer entitlement to the Company's share capital, pursuant to applicable laws and regulations and contractual provisions, where appropriate;
5. resolves that the price of the securities issued pursuant to this delegation may not be more than 30% lower than the average price of the listed share in the last 20 trading sessions preceding the decision setting the subscription opening date, nor may it exceed that average. However, when this delegation is implemented, the Board of Directors may reduce the amount of the discount on a case-by-case basis due to tax, corporate or accounting restrictions applicable in a given country where the Group entities participating in the capital increases are established. Furthermore, in the case of a transaction carried out under this resolution at

the same time as a transaction carried out pursuant to the nineteenth resolution of this Shareholders' Meeting, the subscription price of the shares issued under this resolution may be identical to the subscription price of the shares issued on the basis of the nineteenth resolution of this Shareholders' Meeting;

6. resolves that the Board of Directors shall have all powers, which it may in turn delegate in accordance with legal and regulatory conditions, to implement this delegation, within the limits and under the conditions specified above, in particular, in order to:

i. set the list of beneficiaries, within the categories of beneficiaries defined above, of each issue and the number of shares to be subscribed by each of them, pursuant to this delegation of authority,

ii. set the amounts of these issues and determine the subscription prices and dates, methods for each issue and the conditions for subscription, payment and delivery of the shares issued under this delegation of authority, as well as the date, even if retroactive, from which the new shares will be entitled to dividends,

iii. set the period granted to subscribers for full payment of their securities,

iv. duly note, or have another party note the completion of the capital increase in the amount of the shares to be effectively subscribed,

v. at its sole initiative, allocate the costs of the increase(s) in share capital to the premiums relating to these increases, and deduct from this amount the sums needed to bring the legal reserve to one tenth of the new capital after each increase,

vi. generally, take any and all measures and perform any and all formalities that are necessary for issuing and listing the shares, and following the capital increases and related amendments of the Articles of Association pursuant to this delegation;

7. resolves that unless it has the prior authorisation of the Shareholders' Meeting, the Board of Directors may not use this delegation of authority once a third party has filed a public offer for the Company's shares, and until the end of the offer period;

8. resolves that this delegation, which cancels and replaces the authorisation granted by the fourteenth resolution of the Shareholders' Meeting of May 16, 2019, be granted for a period of eighteen (18) months as from this Shareholders' Meeting.

Twenty-first resolution - (Amendment of article 13 of the articles of association)

The General Meeting, voting under the quorum and majority conditions required for extraordinary general meetings, resolves to amend the first sentence of paragraph 3 of Article 13 of the Articles of Association as follows: "The age limit for holding the office of Chairman shall be 70 years."

Twenty-second resolution - (Powers to fulfil formalities)

The Shareholders' Meeting, deliberating according to the quorum and majority required for Ordinary and Extraordinary Shareholders' Meetings, gives full powers to the bearer of copies or extracts of these minutes to fulfil all formalities required by law.



Extract from
the Universal Registration Document 2019
Group management report

3.1 ECONOMIC ENVIRONMENT ⁽¹⁾

In 2019, the global economy achieved 2.5% growth, according to Coface⁽²⁾, a performance significantly lower than that of 2018 (3.2%). The slowdown concerned both the advanced economies (1.7%, down 0.5% compared with 2018) and the emerging economies (3.5%, down 0.8% compared with 2018). At the same time, global trade declined by 0.3% in volume year-on-year in the third quarter, the lowest rate since the crash of 2008–2009.

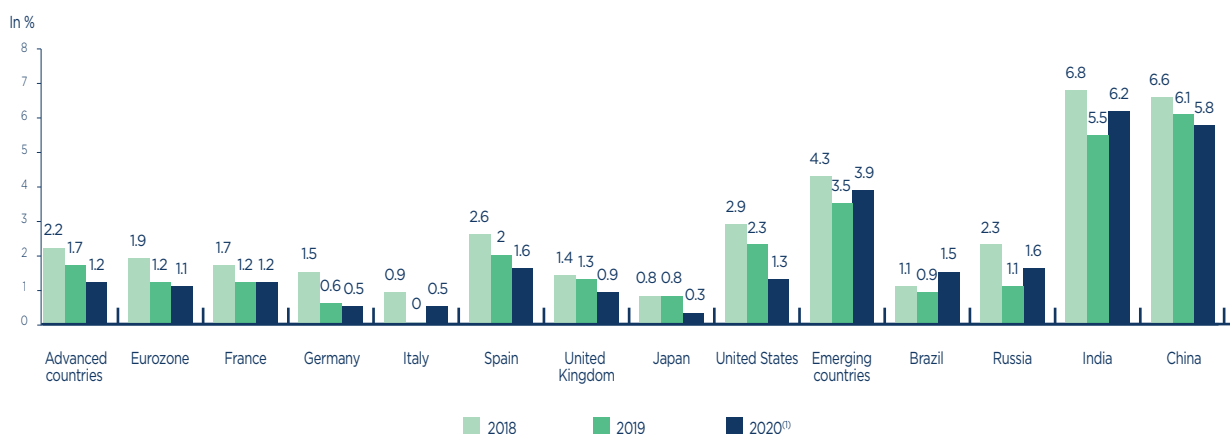
Eurozone growth slowed in 2019 (1.2%) after an excellent 2018 (1.9%) already down sharply from 2017 (2.5%). Despite an even more accommodating monetary policy, the uncertainties surrounding Brexit, the US-China trade war, political changes in Spain and Italy, as well as the major difficulties in the automotive sector weighed on growth. Growth in **Germany** (downgraded to A2 by Coface in 2019) stalled (0.6%, down 0.9% compared with 2018), notably due to the downturn in the automotive sector. Activity also slowed in **France** but to a considerably lesser extent (1.2%, down 0.5%), in the wake of a weaker increase in consumer spending and savings rates despite, paradoxically, an increase in confidence and disposable income. The downturn in **Spain** and **Portugal** was similar to that of France but from a higher starting point: good performances slowed slightly in Spain (2%, down 0.6%), and in Portugal (1.8%, down 0.6% compared with 2018), but remain significantly higher than those observed in **Italy** (0%, down 0.9%). All sectors of the Italian economy struggled, leaving the country bottom of the heap in Europe. Faced with the country's political problems, consumers were particularly defiant, which led them to increase their savings despite concerns about the banks. At the same time, Greece experienced its third consecutive year of recovery (1.8%, down 0.1% compared with 2018).

In the **United Kingdom**, with 1.3% growth (down 0.1% compared with 2018), activity levels remained below the long-term average. The main cause lies in the major uncertainty surrounding Brexit, which weighed on investment. The pound fluctuated with announcements relating to Brexit, showing depreciation of just 5% and 3% respectively against the euro and the dollar. Only consumer

spending flourished thanks to the growth in real incomes. Growth in the **United States** fell 0.6 percentage points to 2.3%, primarily in relation to the decline in the manufacturing sector. Consumer spending remained high, boosted by the major growth in employment, low interest rates and the real estate-related wealth effect. The trade war with China merely served to change the origin of the goods purchased. Finally, growth in **Japan** remained low (unchanged at 0.8%). Exports, in particular automotive parts and equipment for the electronics sector, decreased continuously throughout the year.

The slowdown in the global economy accompanying the tariff war between the United States and China, as well as domestic political and social factors, also led to a deterioration in the economic situation among emerging countries. Once again, **Latin America** was the region with the least favourable indicators (-0.1%, after 1.4% in 2018). A prime example of this situation is the Argentine economy (-3% after -2.5% in 2018), which continued to pay a high price for its monetary crisis, soaring inflation, deficit and high debt. Brazil, with a newly elected president, was unable to make significant progress (0.9% after 1.1%). The **Middle East and North Africa** region also experienced a significant downturn (growth fell from 1.4% in 2018 to 0.4% in 2019), in the context of an economic situation already lacking momentum. Conversely, Israel and Egypt maintained very dynamic levels of activity. Growth in **Eastern Europe** (1.8% after 2.7%) fell, as it did in Russia (1.1% after 2.3%). The other regions experienced only small decreases in activity. Growth in **Central Europe** fell from 4.3% to 3.7% mainly due to Turkey (from 2.8% to -0.6%). Growth in **Sub-Saharan Africa** stabilised at 2.5%. **Emerging Asia** stood out again with the most vigorous growth (5.2%, -0.7 percentage points compared with 2018). However, the downturn in China accelerated (6.1% after 6.6%) against the backdrop of the trade war with the United States and a slowdown in consumer spending and local authority investment. The trend was even more pronounced in India (5.5% after 6.8%). The other major economies in South East Asia have maintained high growth.

► GDP growth (as a %): 2018, 2019 and 2020⁽¹⁾ (source Coface)



(1) Group estimates.

(2) The terms "Group", "Coface Group" or "Coface", unless expressly stated otherwise, refer to COFACE SA as a parent company, its subsidiaries, the branches of Compagnie française d'assurance pour le commerce extérieur, the main operational subsidiary and its holdings.

3.2 SIGNIFICANT EVENTS OF 2019

3.2.1 Changes in governance

Appointments to the Board of Directors of Coface

At its meeting on March 27, 2019, the Board of Directors of COFACE SA co-opted **Nathalie Bricker**, Chief Financial Officer of Natixis, as a new non-independent director.

At its meeting on October 23, 2019, the Board of Directors of COFACE SA co-opted **Marie Pic-Pâris**, President of Banque Populaire Rives de Paris, as a non-independent director. She replaces Jean-Paul Dumortier who leaves the Board due to the expiry of his six-year term at Banque Populaire Rives de Paris.

The Board of Directors is composed of 12 members: seven are non-independent directors and five are independent directors.

Appointments to the Coface Executive Committee

On March 11, 2019, **Oscar Villalonga** joined Coface as CEO of the North America region. He joins the Executive Committee and reports to Xavier Durand, the Group's Chief Executive Officer (CEO).

3.2.2 Acquisition of SID - PKZ (Slovenia)

On April 15, 2019, Coface announced the acquisition of SID - PKZ, the market leader in credit insurance in Slovenia. The business now operates under the new brand name Coface PKZ. Founded by SID Bank in 2005, SID - PKZ recorded €14.3 million of gross written premiums in 2018. The transaction had a neutral impact on the Group's solvency

ratio. The initial recognition of the assets and liabilities of Coface PKZ is finalised and negative goodwill of €4.7 million has been recognised in the income statement. The contribution of Coface PKZ (excluding the impact of negative goodwill) in the Group's net income as of December 31, 2019 is not significant.

3.2.3 Coface launches credit insurance offer in Greece

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

represented 27% of the Group's revenues in 2019. The impact of the new entity on the Groups' financial statements for the year 2019 is not significant.

3.2.4 Coface South Africa new partnership

Following the strategic partnership signed on November 16, 2018 and approved by the South African regulatory authorities during the second quarter of 2019, Coface South Africa, the South African subsidiary of Compagnie française d'assurance pour le commerce extérieur, opened up 2.5% of its capital to the South African investment fund, the B-BBEE investment holding company, Identity Capital Partners (Pty) Ltd. Through this transaction,

Coface South Africa will improve and strengthen its local footprint and compliance with B-BBEE (broad-based Black Economic Empowerment) legislation. The opening of Coface South Africa's capital could be increased up to 25% over a 10-year horizon. In addition, Coface has a call option for the shares of these minority shareholders. The impact of this transaction on the financial statements for the year is not significant.

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

Compagnie française d'assurance pour le commerce extérieur has acquired the minority shareholders in its Brazilian subsidiary SBCE (Seguradora Brasileira C.E.). This acquisition of 24.2% of the capital was made through two local banks, each owning 12.1%. This operation is part of the

Group's desire to rationalise its presence in Brazil. The purchase of minority interests without any change in the consolidation method has no impact on the net income and no significant impact on the equity.

3.2.6 Integration into the SBF 120 index

The Expert Indices Committee of Euronext has decided to include COFACE SA in the SBF 120 index and this decision was effective on Monday, June 24, 2019. The SBF 120 is one of the leading Paris stock market indices. It tracks the top 120 companies in terms of market capitalisation and

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

3.2.7 Fitch affirms Coface AA- rating, with an outlook 'stable'

Fitch Ratings affirmed, on July 10 2019, Coface's AA- Insurer Financial Strength (IFS) rating. The outlook under this rating remains stable. The AA- IFS ratings of Coface North America Insurance Company and Coface Re, two other major insurance entities of the Group, have also been affirmed with a stable outlook.

In Fitch's press release, the rating agency highlights that these affirmations "are primarily driven by Coface's very strong business profile, very strong 'capitalisation and leverage', and strong profitability".

Fitch views Coface's financial performance and earnings "as strong, underpinned by underwriting profitability and effective risk management, across the cycle".

3.2.8 Capital reduction by cancellation of shares

The Board of Directors of COFACE SA, in its meeting of April 24, 2019, decided to cancel the 1,867,312 shares bought under the share buyback programme, as announced on October 25, 2018, and to make a corresponding

reduction in the share capital of the Company. Therefore, the share capital of COFACE SA now stands at €304,063,898 divided into 152,031,949 shares with a nominal value of €2 each.

3.2.9 Approval for partial internal model

On July 25, 2019, Coface submitted its partial internal model to the ACPR, the French Prudential Supervision and Resolution Authority. On December 4, 2019, COFACE SA announced that it has received authorisation from the ACPR to use the Group's partial internal model for calculating its regulatory capital requirement under the Solvency II Directive from December 31, 2019. Coface's

partial internal model has been the subject of extensive discussion and review by the Group's supervisory authority since the launch of the pre-application phase in 2016. This model covers the insurance underwriting risk module. The other modules (market risk, underwriting risk, operational risk) still use the parameters of the standard formula.

3.3 COMMENTS ON INCOME AT DECEMBER 31, 2019

3.3.1 Performance of the Group

The 2019 financial year performance has enabled Coface to achieve and even exceed the objectives of its Fit to Win strategic plan. Reported consolidated revenue of €1,481.1 million was up 5.9% at constant scope and exchange rate compared with 2018. The net combined ratio was 77.7%, outperforming the target of 83% across the cycle. This breaks down into a loss ratio up by 0.1 percentage point to 45.0% and a cost ratio down by 1.8 percentage points to 32.7% compared with 2018. The Group ended the year with net income (Group share) up 20%, at €146.7 million (compared with €122.3 million in 2018) and a return on equity of 9.1% after restatement for non-recurring items (target of 8 + 1% after optimising the capital model).

The approval of the partial internal model by the ACPR marks a decisive step in improving Coface's capital efficiency, the second pillar of its Fit to Win plan. The Group adjusted the target solvency ratio upwards to a range of between 155% and 175%. The Group's estimate is 190% as of December 31, 2019 ⁽¹⁾. Coface will propose to shareholders the distribution of a dividend ⁽²⁾ of €1 per share, *i.e.* a distribution rate above 100% (earnings per share at €0.97).

The fluctuations at constant scope and exchange rate presented for the purposes of comparability in the tables below take account of the inclusion of Coface PKZ in the Group's consolidation scope from April 1, 2019.

3.3.2 Revenue

The Group's consolidated revenue grew by 5.9% at constant scope and exchange rate (up 7.0% at current scope) to €1,481.1 million at December 31, 2019.

The positive exchange rate effect of 0.2 percentage points had a limited impact but masks large disparities between currencies. The strengthening of the US dollar (the portfolio's largest foreign currency) and the Asian

currencies against the euro offset the almost continuous depreciation of the Argentine peso and to a lesser extent that of the Turkish lira.

The table below shows the changes in the Group's consolidated revenue by business line as of December 31, 2018 and 2019:

Change in consolidated revenue by business line (in millions of euros)	As at Dec. 31		Change		
	2019	2018	(in €m)	(as a %)	(as a %: at constant scope and exchange rate)
Insurance	1,417.0	1,318.0	99.0	7.5%	6.4%
Gross earned premiums*	1,235.6	1,142.6	93.0	8.1%	7.0%
Services**	181.4	175.4	6.0	3.4%	2.2%
Factoring	64.1	66.7	-2.6	-3.9%	-3.8%
CONSOLIDATED REVENUE	1,481.1	1,384.7	96.4	7.0%	5.9%

*Gross earned premiums - Credit, Single Risk and Guarantees.

** Sum of revenue from services related to credit insurance ("Fees and commission income" and "Other insurance-related services") and services provided to customers without credit insurance (access to information on corporate solvency and marketing information - "Information and other services", and debt collection services - "Receivables management") - See Note 22 of the notes to the consolidated financial statements.

Insurance

Revenue from the insurance business (including surety bond and Single Risk) was up by 6.4% at constant scope and exchange rate (up 7.5% at current scope and exchange rate), rising from €1,318.0 million in 2018 to €1,417.0 million in 2019.

Gross earned premiums were up 7.0% at constant scope and exchange rate (up 8.1% at current scope and exchange rate), from €1,142.6 million in 2018 to €1,235.6 million in 2019. Emerging markets saw a return to sustained growth and new business is increasing significantly in mature countries.

The production of new contracts amounted to €133 million, up €17 million compared with 2018.

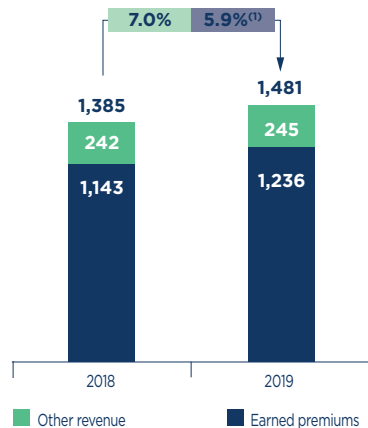
The contract retention rate (ratio between the annual value of renewed policies and the value of policies to be renewed during the year) was high in all regions and reached a record annual level of 91.6% for the Group (compared with 91.1% at December 31, 2018). The pressure on prices remained controlled with a 1.0% fall in 2019 (compared with -1.4% in 2018), reflecting good commercial discipline and re-pricing in the highest risk markets.

(1) 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.

(2) The distribution proposal is subject to the approval of the Annual General Shareholders' Assembly of 14 May 2020.

Growth in the turnover of Coface's clients had a positive impact of 2.8% in 2019. Although still positive, this growth represents a major slowdown compared with the previous year (+6.1% in 2018). This slowdown was particularly marked in the second half of the year.

Revenue from the services business was up by 2.2% at constant scope and exchange rate (up 3.4% at current scope and exchange rate), rising from €175.4 million in 2018 to €181.4 million in 2019.



1) At constant exchange rate.

Factoring

Revenue from factoring (exclusively in Germany and Poland) was down 3.8% at constant exchange rates (down 3.9% at current exchange rates), from €66.7 million in 2018 to €64.1 million in 2019.

The repositioning of the portfolio in Germany continued in 2019 and a new management team was installed. The amount of factored receivables stabilised but turnover fell by 5.3%.

The factored receivables portfolio in Poland continued to grow, generating a 4.2% increase in revenue at constant exchange rate (+3.4% at current exchange rate). The interest margin recovered from the previous year.

Change in revenue by region

The table below shows the trends in consolidated revenue (net of intra-group flows) within the Coface Group's seven geographic regions for the financial years ended December 31, 2018 and 2019:

Change in consolidated revenue by region of invoicing (in millions of euros)	As at Dec. 31			Change		
	2019	2018	(in €m)	(as a %)	(as a %: at constant exchange rate)	(as a %: at constant scope and exchange rate)
Western Europe	294.6	284.0	10.7	3.8%	3.4%	3.4%
Northern Europe	307.5	303.1	4.4	1.5%	1.5%	1.5%
Mediterranean & Africa	394.2	370.4	23.8	6.4%	6.7%	6.7%
North America	138.5	126.5	12.0	9.5%	4.2%	4.2%
Central Europe	148.1	133.8	14.2	11%	11%	2.4%
Asia-Pacific	117.6	95.4	22.1	23%	18%	18%
Latin America	80.7	71.5	9.1	13%	24%	24%
CONSOLIDATED REVENUE	1,481.1	1,384.7	96.4	7.0%	6.8%	5.9%

All the regions reported an increase in revenue at constant scope and exchange rate.

In Western Europe, revenue increased by 3.4% at constant exchange rates (+3.8% at current exchange rates). All business indicators progressed with the exception of the policyholder business, which contracted but remained positive, particularly in France. All markets recorded growth in new production and retention was at a record level.

Revenue in Northern Europe increased by 1.5% at current and constant exchange rates. Credit insurance revenues rose amid a significant recovery in new business that offset the limited customer business. Pricing pressure eased somewhat in Germany. Factoring revenue was still down within a context of margin control.

Revenue for the Mediterranean & Africa region was up 6.7% at constant exchange rates (+6.4% at current exchange rates) thanks to positive sales momentum. The growth of new business thus offset the contract retention rate which was down slightly, particularly in Spain.

In North America, revenue increased by 4.2% at constant exchange rates (+9.5% at current exchange rates). In addition to a strong exchange rate effect, the credit insurance portfolio developed favourably thanks to a

significant increase in the retention rate and the growth of new business. However, Single Risk contract production was down.

Central Europe posted a 2.4% increase in revenue at constant scope and exchange rates (+11% at current scope and exchange rates due to Coface PKZ's contribution from the second quarter onwards). An increase in new production and resilient customer business allowed the portfolio to continue to grow.

Asia-Pacific recorded an 18% increase in revenue at constant exchange rates (+23% at current exchange rates). The negative exchange rate impact was due to currencies correlated to the US dollar. The strong growth of the credit insurance portfolio in 2018 continued in 2019, bolstered by a better retention rate. 2018 was marked by high premium refunds (low claims level). Adjusted for this impact, growth would be 11%.

Latin America recorded a 24% increase in revenue at constant exchange rates (+13% at current exchange rates). The negative exchange rate impact resulted from the continued sharp depreciation of the Argentine peso. The region benefited from the signing of major international contracts. This upturn took place within a context of caution regarding risks (financial and social unrest).

3.3.3 Underwriting income

Underwriting income before reinsurance

Underwriting income before reinsurance reached €265.9 million, a 21% increase compared with end-December 2018 (€219.9 million). Revenue growth was the leading contributor to this performance at +€96.4 million, which generated positive operating leverage as the increase in costs was less than half of that of revenue.

A cost ratio down by 1.5 points thus contributed to the improvement in the combined ratio before reinsurance (-2.3 percentage points), which stood at 77.8% as of December 31, 2019 (80.0% as of December 31, 2018). The loss ratio fell by 0.8 percentage points.

Loss experience

The Group's loss ratio before reinsurance including claims handling expenses improved by 0.8 percentage points, dropping from 44.2% in 2018 to 43.4% in 2019 despite a riskier global environment. There was a rise in the frequency of claims, although unit costs were down compared with the previous year. The Group continues to benefit from the strict management of past claims, maintaining recoveries at a higher level than the historic average. Through a selective underwriting policy, the level of loss is under control in all regions; Latin America is the only region that exceeded the 50% loss threshold.

(in millions of euros and as a %)	As at Dec. 31		Change	
	2019	2018	(in €m)	(as a %)
Claims expenses incl. claims handling costs	536.2	504.5	31.7	6.3%
Loss ratio before reinsurance	43.4%	44.2%	-	-0.8 pt
Earned premiums	1,235.6	1,142.6	93.0	8.1%

The loss ratio in Western Europe was stable at 34.6% and the region still benefits from recoveries on highly reinsured optional policies.

Thanks to an improvement in losses on products that combine factoring and credit insurance services, Northern Europe saw its ratio decrease by 8 percentage points to 40.9%.

The ratio for the Mediterranean & Africa region improved by 2.5 percentage points to 46.3%. Despite a more sustained frequency of claims, their unit cost was significantly under that of the previous year, particularly in Italy. This is not the case in South Africa, where the loss ratio deteriorated.

The loss ratio in North America deteriorated 6.7 percentage points to 45.8% following the positive impact of gains recorded on previous underwriting periods in 2018. A higher frequency rate and a number of larger claims also penalised this year's loss ratio.

The loss ratio in Central Europe improved by 7.3 percentage points to 42.5%, due in particular to the favourable development of past claims in Russia. It should be noted that the loss ratio was below the regional average for the entity Coface PKZ (32.2%), which entered the Group's consolidation scope in the second quarter of the year.

After benefiting from the major recoveries on claims recorded in previous years in 2018, the loss ratio of the Asia-Pacific region understandably deteriorated to 35.9% (+12.3 percentage points) yet remained at a highly satisfactory level.

The loss ratio in Latin America climbed slightly to 60.1% (+2.2 percentage points) due to the deterioration of the loss ratio in Mexico and, to a lesser extent, Brazil. There was a tangible improvement in Argentina after a year impacted by large claims in 2018.

Change in loss experience by invoicing region (as a %)	As at Dec. 31		Change in points
	2019	2018	
Western Europe	34.6%	34.6%	0.0 pt
Northern Europe	40.9%	48.9%	-8.0 pts
Mediterranean & Africa	46.3%	48.8%	-2.5 pts
North America	45.8%	39.1%	6.7 pts
Central Europe	42.5%	49.7%	-7.3 pts
Asia-Pacific	35.9%	23.6%	12.3pts
Latin America	60.1%	57.9%	2.2 pts
LOSS RATIO BEFORE REINSURANCE	43.4%	44.2%	-0.8 PT

► Overheads

Overheads (in millions of euros)	As at Dec. 31		Change	
	2019	2018	(as a %)	(as a %: at constant scope and exchange rate)
Internal overheads	547.0	527.0	3.8%	2.8%
of which claims handling expenses	31.2	28.0	11.0%	12%
of which internal investment management expenses	4.0	4.0	0.8%	0.7%
Commissions	165.3	163.2	1.3%	0.6%
TOTAL OVERHEADS	712.4	690.2	3.2%	2.3%

Total overheads, which include claims handling expenses and investment management expenses, grew by 2.3% at constant scope and exchange rate (up 3.2% at current scope and exchange rate), from €690.2 million at December 31, 2018 to €712.4 million at December 31, 2019.

Policy acquisition commissions were up 0.6% at constant scope and exchange rate (up 1.3% at current scope and exchange rate), from €163.2 million in 2018 to €165.3 million in 2019. This rise was limited with regard to the increase in earned premiums (+7.0% at constant scope and exchange rates) due to the increase in savings generated by the insourcing of agents in North America.

Internal overheads, which include claims handling expenses and investment management expenses, grew by 2.8% at constant scope and exchange rate (up 3.8% at current scope and exchange rate), from €527.0 million in 2018 to €547.0 million in 2019.

Payroll costs increased 4.4% at constant scope and exchange rate (up 5.6% at current scope and exchange

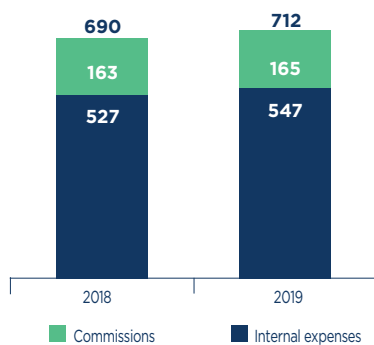
rate), from €282.3 million in 2018 to €298.1 million in 2019. This increase was mainly due to the payment of compensation to agents now insourced in North America. High inflation, notably in Argentina, also drove wage increases. The improved operational performance over the last two years resulted in an increase in variable compensation and greater contributions to employee savings plans (employee profit sharing) in favour of the French teams in particular.

The 7.8% increase in IT costs at constant scope and exchange rates (+9.3% at current scope and exchange rates) from €47.9 million in 2018 to €52.3 million in 2019 was primarily due to the stepping-up of regulatory and transformation projects.

Other expenses (taxes, information costs, rent) were down 0.8% at constant scope and exchange rate (down 0.1% at current scope and exchange rate), from €196.8 million in 2018 to €196.6 million in 2019.

The €30 million cost savings objective over the term of the Fit to Win strategic plan was exceeded, with €48 million in savings made at end-December 2019. These savings enabled investment in Coface's in-depth transformation focused on risks (risk management and compliance), information systems and tools, processes, and service quality.

The cost ratio before reinsurance improved by 1.5 percentage points from 35.9% for the financial year ended December 31, 2018 to 34.4% for the financial year ended December 31, 2019, thanks to a greater increase in earned premiums than in overheads. The growth in earned premiums thus had a favourable impact of 2.8 percentage points, less 0.2 percentage points for the increase in policy acquisition commissions and 1.1 percentage points for the increase in internal overheads.



In Western Europe, overheads were down 6.1% at constant exchange rates (-5.8% at current exchange rates), due to good control of local costs, aided by a favourable impact of re-billed central expenses.

In Northern Europe, overheads were down 3.5% at current and constant exchange rates thanks to savings that were evenly distributed between local costs (external fees, consultancy fees and rent from the subletting of a portion of the building that houses the registered office in Germany) and re-billed central expenses.

Overheads in the Mediterranean & Africa region were up 3.5% at current and constant exchange rates. This targeted increase in policy acquisition commissions supports the growth of earned premiums. Internal overhead costs were stable.

In Central Europe, overheads increased by 5.4% at constant scope and exchange rates (+13% at current scope and exchange rates), with this rise attributable to IT costs.

In North America, overheads increased slightly by 1.8% at constant exchange rates (+7.0% at current exchange rates). The compensation of insured agents increased internal overheads but generated savings in policy acquisition commissions, which now have a lower correlation with the growth in earned premiums.

In Latin America, overheads increased by 28% at constant exchange rates (+17% at current exchange rates). High inflation, particularly in Argentina, drove wage increases. The region also saw an increase in re-billed central expenses.

In Asia-Pacific, overheads rose by 9.0% at constant exchange rates (+14% at current exchange rates), a targeted increase in external commissions, while revenue was up sharply.

Underwriting income after reinsurance

Underwriting income after reinsurance reached €187.9 million, a 19% increase compared with 2018 (€157.8 million).

The 25% rise in reinsurance costs to -€78.0 million for the year ended December 31, 2019 (-€62.1 million for the year ended December 31, 2018) resulted principally from the growth in earned premiums with, consequently, a rise in premiums ceded to reinsurers. The improvement in the loss ratio as well as the recoveries recorded on highly reinsured optional policies also limited the increase in claims ceded to reinsurers.

(in thousands of euros and %)	As at Dec. 31		Change	
	2019	2018	(in €k)	(as a %)
Revenue	1,481,088	1,384,735	96,353	7.0%
Claims expenses	-536,247	-504,509	-31,738	6.3%
Acquisition costs	-242,675	-243,236	561	-0.2%
Administrative costs	-274,784	-241,136	-33,648	14.0%
Other expenses from insurance activities	-70,739	-82,556	11,817	-14.0%
Expenses from banking activities, excluding cost of risk	-13,742	-13,552	-190	1.4%
Cost of risk	-1,804	-2,122	319	-15.0%
Expenses from other activities	-75,198	-77,739	2,541	-3.3%
Underwriting income before reinsurance	265,899	219,885	46,014	21.0%
Income and expenses after ceded reinsurance	-77,963	-62,128	-15,835	25.0%
UNDERWRITING INCOME AFTER REINSURANCE	187,936	157,757	30,179	19.0%
Net combined ratio	77.7%	79.6%	-	-

3.3.4 Investment income, net of management expenses

Financial markets

Economic growth slowed in the United States, the eurozone and China in 2019 yet remained clearly positive. The uncertainty brought about by the US–China trade war and the lack of visibility regarding Brexit played an important role in this slowdown. At the end of the year, however, these risks abated. The central banks implemented new monetary easing measures, which were very positive for equity markets and bond yields fell sharply until the autumn before regaining some ground.

The US economy slowed gradually over the course of 2019. After a start to the year marked by the longest shutdown in history, the development of the trade wars between the United States and various other countries held centre stage. The Federal Reserve, concerned about the risks associated with these tensions, shifted its attitude to adopt a more accommodative tone before lowering its key rate three times. The economy slowed as the year went on, although the labour market remained strong and wage growth continued at a moderate pace. As a result, consumption remained high and supported growth. Inflation rose slightly. The year ended on a positive note with the announcement of an agreement on the trade front between the United States and China. Against this backdrop, US rates fell sharply to a low point at the end of August before rebounding. The US 10-year rate fell from 2.7% at the start of the year to 1.5% in August due to the slowdown in the global economy before rebounding under the impetus of a more favourable outlook for global economic growth ending the year at levels of around 1.9%. In this context, equity markets rose significantly to reach +32% over the year.

Economic growth in the eurozone weakened after a good start to the year, primarily due to global trade tensions as well as fears surrounding Brexit. The European Central Bank responded with accommodative new monetary measures. At the end of the fourth quarter, however, the environment improved as a result of positive developments on Brexit, the outline of a US–China trade agreement and the stabilisation or recovery of most short-term economic indicators. From

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

► Market value

<i>(in millions of euros)</i>	As at Dec. 31	
	2019	2018
Listed shares	160	162
Unlisted shares	15	16
Bonds	2,119	1,775
Loans, deposits and money market mutual funds	319	525
Real estate	236	227
Total investment portfolio	2,848	2,705
Associated and non-consolidated companies	142	129
TOTAL	2,991	2,834

a political perspective, in addition to Brexit the main events were a change of government in Italy, the arrival of a new European Commission and inconclusive new elections in Spain. With regard to rates, the German 10-year rate declined from 0.2% to -0.7%, at the end of August, a historic low, before ending the year at levels close to -0.2%. As for the equity market, it ended the year up 25% in Europe.

With regard to the emerging economies, GDP growth was slower in 2019, while there remained significant differences between countries. The persistence of trade tensions between the United States and China and the slowdown in global trade contributed to a weaker business environment and a reduction in investment and exports from emerging countries. Part of the economic slowdown is attributable to the lower growth of some major emerging economies such as China, India and Mexico, and to recessions in a number of others, such as Turkey and Argentina, two idiosyncratic cases. Faced with this situation, the central banks of emerging countries also adopted a more accommodative position, in an environment characterised by relatively low inflationary pressure.

Financial income

Within this low-rate economic environment, the Group, as part of the strategic allocation, has reduced its exposure to the sovereign debt of developed markets and money market products, in favour of investment grade corporate bonds and debts of mainly investment grade emerging countries. These investments are all made within a strictly defined risk framework; issuer credit quality, issue sensitivity, and the spread of risk across issuers and geographic regions are covered by clear rules defined in the various management mandates granted to the Group's dedicated asset managers.

The market value of the portfolio increased over the 2019 financial year due to the fall in interest rates, the tightening of credit spreads, and the sharp rise in equity markets, against a backdrop of support from central banks with regard to prospects of a slowdown in growth and geopolitical tensions between China and the US.

The results of the investment portfolio amounted to €54.8 million, of which €10.1 million in realised gains and impairment/reversals (i.e. 2.0% of 2019 average annual outstandings and 1.6% excluding gains and impairment), to be compared to €45.4 million, of which €4.7 million of gains and impairment/reversals in 2018 (1.7% of 2018 average

annual outstandings and 1.5% excluding gains and impairment). Within a favourable market environment through the fall in interest rates and the rise in equity markets, the Group managed to improve the rate of return by 30 basis points.

► Investment portfolio income

(in millions of euros)	As at Dec. 31	
	2019	2018
Equities	6.6	5.5
Fixed income	39.8	30.9
Investment property	8.4	9.0
Total investment portfolio	54.8	45.4
<i>Of which realised gains and impairment</i>	<i>10.1</i>	<i>4.7</i>
Associated and non-consolidated companies	-4.7	3.1
Net foreign exchange gains and derivatives	-5.3	7.8
Financial and investment charges	-7.8	-5.2
TOTAL	36.9	51.1

After income from equity securities, foreign exchange and derivatives income, financial expense and investment charges, the Group's financial income for 2019 was €36.9 million.

Due to the increase in revaluation reserves on the investment portfolio, which was mainly affected by the fall in rates and the rise in equity markets, the economic rate of return of financial assets stood at +5.0% in 2019 compared with -0.2% for the same period in 2018.

3.3.5 Operating income/(loss)

(in millions of euros)	As at Dec. 31		Change		
	2019	2018	(in €m)	(as a %)	(as a %: at constant scope and exchange rate)
Consolidated operating income	218.9	203.9	15.0	7.3%	6.8%
Operating income including finance costs	197.5	186.2	11.3	6.0%	5.5%
Other operating income / expenses	-6.0	-5.0	-1.0	21%	19%
OPERATING INCOME INCLUDING FINANCE COSTS AND EXCLUDING OTHER OPERATING INCOME AND EXPENSES	203.5	191.2	12.3	6.4%	5.8%

Consolidated operating income increased 6.8% at constant scope and exchange rate, from €203.9 million for the financial year ended December 31, 2018 to €218.9 million for the financial year ended December 31, 2019.

Current operating income, including finance costs and excluding non-recurring items (other operating income and expenses), increased by 5.8% at constant scope and exchange rate from €191.2 million in 2018 to €203.5 million in 2019.

The net combined ratio, including extraordinary items, fell by 1.9 percentage points, from 79.6% in 2018 to 77.7% in 2019, including a decline of 0.1 percentage points in net loss ratio and a decline of 1.8 percentage points in cost ratio.

Other operating income and expenses amounted to a negative €6.0 million and mainly included:

- ◆ for other operating income:
 - a gain on disposal of the office building in Milan for €2.3 million (classified as business premises);
- ◆ for other operating expenses:
 - provisions for restructuring in the amount of €5.3 million,
 - €1.3 million of expenses net of reversals of provisions related to the Fit to Win strategic plan.

All regions contributed positively to operating income.

Change in operating income consolidated by invoicing region (in millions of euros)	As at Dec. 31		Change	Share of annual total at Dec. 31, 2019
	2019	2018		
Western Europe	31.3	34.9	-3.7	12%
Northern Europe	74.3	53.0	21.3	29%
Mediterranean & Africa	79.0	71.3	7.7	31%
North America	16.3	13.0	3.4	6%
Central Europe	30.4	28.7	1.7	12%
Asia-Pacific	21.4	26.1	-4.7	8%
Latin America	2.3	9.7	-7.4	1%
TOTAL (EXCLUDING INTERREGIONAL FLOWS AND HOLDING COST NOT RE-INVOICED)	255.0	236.6	18.4	100%

3.3.6 Net income (attributable to owners of the parent)

The effective tax rate of the Coface Group fell from 34.4% in 2018 to 28.1% in 2019, down by 6.3 percentage points in particular due to a better absorption of loss carryforwards on a number of emerging markets.

Net income (Group share) for the year stood at €146.7 million, a 20% increase compared with the financial year ended December 31, 2018 (€122.3 million).

3.3.7 Parent company net income

COFACE SA's net income amounted to €132.7 million in 2019 compared with €122.6 million in 2018. COFACE SA benefited from payments by its subsidiaries, Compagnie française d'assurance pour le commerce extérieur and

Coface RE, respectively of a €125.1 million dividend (€133.4 million dividend in 2018) and of a €15.7 million dividend.

3.4 GROUP CASH AND CAPITAL RESOURCES

Information in this section is derived from the statement of cash flows in the consolidated financial statements and from Note 9 “Cash and cash equivalents” in the Company’s consolidated financial statements.

<i>(in millions of euros)</i>	As at Dec. 31	
	2019	2018
Net cash flows generated from operating activities	247.7	124.8
Net cash flows generated from investment activities	-77.6	31.3
Net cash flows generated from financing activities	-155.3	-116.0

<i>(in millions of euros)</i>	As at Dec. 31	
	2019	2018
Cash and cash equivalents at beginning of period	302.4	264.3
Cash and cash equivalents at end of period	320.8	302.4
Net change in cash and cash equivalents	18.4	38.1

3.4.1 Group debt and sources of financing

The Group’s debt comprises financial debt (financing liabilities) and operating debt linked to its factoring activities (composed of “Amounts due to banking sector companies” and “Debt securities”).

<i>(in millions of euros)</i>	As at Dec. 31	
	2019	2018
Subordinated borrowings	389.3	388.7
Sub-total financial debt	389.3	388.7
Amounts due to banking sector companies	523.0	660.2
Debt securities	1,538.7	1,537.6
Sub-total operating debt	2,061.7	2,197.8

Financial debt

For the financial year ended December 31, 2019, the Group’s financing liabilities, totalling €389.3 million, exclusively include the subordinated loan.

These fixed-rate (4.125%) subordinated notes (maturing on March 27, 2024) were issued on March 27, 2014 by COFACE SA for a nominal amount of €380 million.

The issue allowed the Group to optimise its capital structure, which had previously been characterised by an extremely low debt ratio (less than 1% at end-2013), and to strengthen its regulatory equity.

These securities are irrevocably and unconditionally guaranteed on a subordinated basis by Compagnie française d’assurance pour le commerce extérieur, the Group’s main operating entity.

Operating debt linked to the factoring business

The Group's operating debt is mainly linked to financing for its factoring activities.

This debt, which includes "Amounts due to banking sector companies" and "Debt securities" items, corresponds to sources of refinancing for the Group's factoring companies (Coface Finanz in Germany and Coface Poland Factoring in Poland).

Amounts due to banking sector companies, which correspond to drawdowns on the bilateral credit lines (see "Bilateral credit lines" below) set up with various banking partners of Coface Finanz and Coface Poland Factoring and the Group's leading local banks, amounted to €523 million for the financial year ended on December 31, 2019.

Borrowings represented by securities amounted to €1,538.7 million for the financial year ended on December 31, 2019, including:

- ◆ the Senior units issued by the Vega securitisation fund under the Coface Finanz factoring receivables securitisation programme (see paragraph below "Securitisation programme"), in the amount of €1,100 million; and
- ◆ commercial paper issued by COFACE SA (see paragraph below "Commercial paper programme") to finance the activity of Coface Finanz in the amount of €438.7 million.

Coface Group's main sources of operational financing

To date, the Coface Group's main sources of operational financing are:

- ◆ a securitisation programme to refinance its trade factoring receivables for a maximum amount of €1,100 million;
- ◆ a commercial paper programme for a maximum amount of €650 million; and
- ◆ bilateral credit lines for a maximum total amount of €897.5 million.

In February 2012, the Group took a first step towards achieving financial autonomy by implementing a factoring receivables securitisation programme dedicated to financing the business of Coface Finanz (Germany) and implemented a commercial paper programme dedicated to factoring financing.

In 2014, a structural addition was introduced into the securitisation programme which allowed the maximum amount of the programme to be increased to €1,195 million (recall that the initial amount was €1,100 million). At the end of 2015, the securitisation programme was renewed ahead of schedule, for an unchanged maximum amount.

In 2017, the Group continued to set up new bilateral lines in Germany and Poland. At the end of 2017, the securitisation programme was entirely renewed ahead of schedule, for a period of five years and for an unchanged amount. Concerning the commercial paper issue programme, the Group restructured the credit lines likely to be drawn should the commercial paper market shut down. Since July 28, 2017, the Group has had a syndicated loan maturing in three years with two one-year extension options for a

maximum amount of €700 million. This loan replaces the bilateral credit lines covering the maximum amount of the €600 million commercial paper programme on the one hand, and includes an additional liquidity line of €100 million available to factoring entities if needed.

On June 8, 2018, Coface Poland Factoring and a group of partner banks set up a €300 million multi-currency syndicated loan. This syndicated loan partly replaces existing bilateral credit lines. The loan has a two-year maturity with the option of a one-year extension, at the lenders' discretion. The maximum amount of the commercial paper programme was increased to €650 million with the option to issue commercial paper in euros, dollars and pound sterling. The additional Group-level liquidity line available to factoring entities, if needed, was thus increased to €50 million.

In 2019, the securitisation programme was reduced to €1,100 million in July and then renewed early in December. The following extensions were exercised during the year:

- ◆ third year of the €300 million multi-currency syndicated loan for Coface Poland Factoring;
- ◆ fifth year of the €700 million syndicated loan for COFACE SA.

At December 31, 2019, the amount of the Coface Group's debt linked to its factoring activities amounted to €2,061.7 million.

(a) Securitisation programme

In connection with the refinancing of its factoring activities, in February 2012 the Group implemented a securitisation programme for its factoring trade receivables for a maximum total amount of €1,100 million, guaranteed by Compagnie française d'assurance pour le commerce extérieur. The maximum amount of the programme increased by €95 million, thanks to a structural addition set up in July 2014. The ceding entity was Coface Finanz, the German wholly-owned subsidiary of Compagnie française d'assurance pour le commerce extérieur. The purchaser of the receivables is a French securitisation mutual fund, Vega, governed by the stipulations of the French Monetary and Financial Code. The Group gained initial funding from this ceded reinsurance, with 35% of the programme due in one year and the remaining 65% in three years. On February 3, 2014, the Group reached an agreement with the banks in charge of the funding to renew the funding due in one year and extend the three-year portion of the funding, which was accordingly raised to 75% of the programme size. Thanks to the additional financing that was introduced in July 2014, the share of financing at three years reached 77%. The securitisation programme was completely renewed early in December 2017, *i.e.* for a maximum amount of €1,195 million and financing units of 23% and 77%, respectively, on maturities of one and three years.

In July 2019, the securitisation programme was reduced to a maximum amount of €1,100 million and was subsequently renewed early in December 2019. The financing units were changed to 25% and 75% respectively on maturities of one and three years. The main monitoring indicators for the programme include the default ratio, the delinquency ratio and the dilution ratio. The priority units issued by the Vega securitisation mutual fund were subscribed and refinanced by four vehicles issued in consideration for the short-term securities. The subordinated units were underwritten by Coface Poland Factoring.

At December 31, 2019, €1,100 million had been used under this programme.

This securitisation programme includes a number of usual early payment cases associated with such a programme, concerning the financial position of Coface Finanz (the ceding company) and other Group entities (including certain indicators regarding the quality of the ceded receivables), and linked to the occurrence of various events, such as:

- ◆ payment default of Coface Finanz or of Compagnie française d'assurance pour le commerce extérieur for any sum due under the securitisation mutual fund;
- ◆ the cross default of any Group entity pertaining to debt above €100 million;
- ◆ closure of the asset-backed commercial paper market for a consecutive period of 180 days;
- ◆ winding-up proceedings against Coface Finanz, Coface Poland Factoring, the Company or Compagnie française d'assurance pour le commerce extérieur;

- ◆ the discontinuance of or substantial change to the activities practised by Coface Finanz or by Compagnie française d'assurance pour le commerce extérieur;
- ◆ a downgrading of the financial rating of Compagnie française d'assurance pour le commerce extérieur below BBB- for the main funding (maximum amount of €1,100 million) and to below A for additional funding (maximum amount of €70 million); as well as in case of
- ◆ non-compliance with one of the covenants linked to the quality of the portfolio of ceded factoring receivables.

The securitisation programme does not contain a change of control clause for the Company, but contains restrictions regarding the change of control in Compagnie française d'assurance pour le commerce extérieur and the factoring companies resulting in their exit from the Group.

The three covenants set by the securitisation programme include:

Covenant	Definition	Trigger threshold
Default ratio	Three-month moving average of the rate of unpaid receivables beyond 60 days after their due date	> 2.24%
Delinquency ratio	Three-month moving average of the rate of unpaid receivables beyond 30 days after their due date	> 5.21%
Dilution ratio	Three-month moving average of the dilution ratio	> 9.71%

At December 31, 2019, the Group had complied with all of these covenants.

(b) Bilateral credit lines

In connection with the refinancing of its factoring business, the Group also introduced, mainly through its subsidiaries, a certain number of bilateral credit lines and bank overdrafts for a total maximum amount of €897.5 million:

- ◆ bilateral credit lines and bank overdrafts concluded with six German banks (the "German credit lines") and two Polish banks (the "Polish bank overdrafts") for a maximum amount of €247.5 million. These bilateral credit lines and bank overdrafts were concluded for a maximum period of one to two years. Some German credit lines contain the usual clauses, such as: borrower compliance with a specified net asset level; borrower change of control clause; and benefit for the lender of the strictest financial covenant granted by the borrower to other financial institutions. The Polish overdraft facilities contain the standard commitments. At December 31, 2019, €11.5 million had been drawn down under the German credit lines and Polish bank overdrafts;
- ◆ bilateral credit lines concluded with the Group's eight relationship banks:
 - four lines for a maximum total amount of €175 million for Coface Finanz (with maturities ranging between one and three years), of which €119 million had been drawn down as of December 31, 2019,
 - two lines for a maximum total amount of €175 million for Coface Poland Factoring (with maturities ranging between one and two years), of which €162.6 million had been drawn down as of December 31, 2019,
 - a syndicated loan facility for a total amount of €300 million for Coface Poland Factoring, of which €230.1 million had been drawn down as of December 31, 2019.

(c) Commercial paper programme

The Group has a commercial paper issuance programme that was extended in October 2015 and increased in June 2018 to reach a maximum amount of €650 million. Under this programme, the Company frequently issues securities with due dates ranging generally between one and six months. At December 31, 2019, securities issued under the commercial paper programme totalled €438.7 million. The programme was rated P-2 by Moody's and F1 by Fitch.

Should the commercial paper market shut down, since July 28, 2017 the Group has had a currently unused syndicated loan, granted for a period of three years with two one-year extension options and covering the maximum amount of the commercial paper issue programme (€650 million). This loan replaces the former bilateral credit lines in force in the event of market shutdown. The agreement regulating this syndicated loan contains the usual restrictive clauses (such as a negative pledge clause, prohibition from assigning the assets outside the Group above a specified threshold or restrictions related to the discontinuance or any substantial change in the Group's business activities) and early repayment clauses (payment default, cross default, non-compliance with representations, warranties and commitments, significant adverse change affecting the Company and its capacity to meet its obligations under these bilateral credit lines, insolvency and winding-up proceedings), in line with market practices. The fifth year of the €700 million syndicated loan for COFACE SA was exercised.

3.4.2 Solvency of the Group ⁽¹⁾

The Group measures its financial strength based on the capital requirement (amount of equity required to cover its managed risks) according to the Solvency II regulation for its insurance business and according to banking regulations for the Group's financing companies. The change in capital requirement depends on numerous factors and parameters linked to changes in the loss ratio, underwriting volumes, risk volatility, the sequencing of loss settlement and the asset types invested in the Company's balance sheet.

On December 4, 2019, the Group received the authorisation of the ACPR to use its partial internal model to calculate its regulatory capital requirement under Solvency II as from December 31, 2019. The implementation of the partial internal model allows the Group to better align its regulatory capital requirement with the actual risks of the portfolio and its credit insurance business.

For insurance activities, pursuant to the Solvency II regulation which became effective on January 1, 2016, the Group proceeded with the calculation of the solvency capital requirement (SCR) on December 31, 2019, using the partial internal model introduced by European Directive No. 2009/138/EC. The Group's SCR evaluates the risks linked to pricing, underwriting, establishment of provisions, as well as market risks and operating risks. It takes account

of frequency risks and severity risks. This calculation is calibrated to cover the risk of loss corresponding to a 99.5% quantile at a one-year horizon. At December 31, 2019, the estimated capital required for the two Group businesses amounted to €1,150 million, compared with €1,238 million euros ⁽²⁾ at the end of 2018.

At December 31, 2019, the required capital for the factoring business was estimated at €213 million by applying a rate of 10.5% to the risk-weighted assets, or RWA. The Group has reported its capital requirements using the standard approach since December 31, 2019. It should be noted that the local regulators for Germany and Poland (the two countries in which the Group operates its factoring business) have not defined specific mandatory capital requirements for factoring companies.

The amount of the capital requirement for the insurance business and the capital requirement for the factoring business is comparable with the available capital, which totalled €2,187 million as of December 31 2019.

As of December 31, 2019, the capital requirement solvency ratio (ratio between the Group's available capital and its capital requirement for insurance and factoring) is estimated at 190%, compared to 169% at the end of 2018.

The table below presents the items for calculating the Group's capital requirement coverage ratio⁽³⁾:

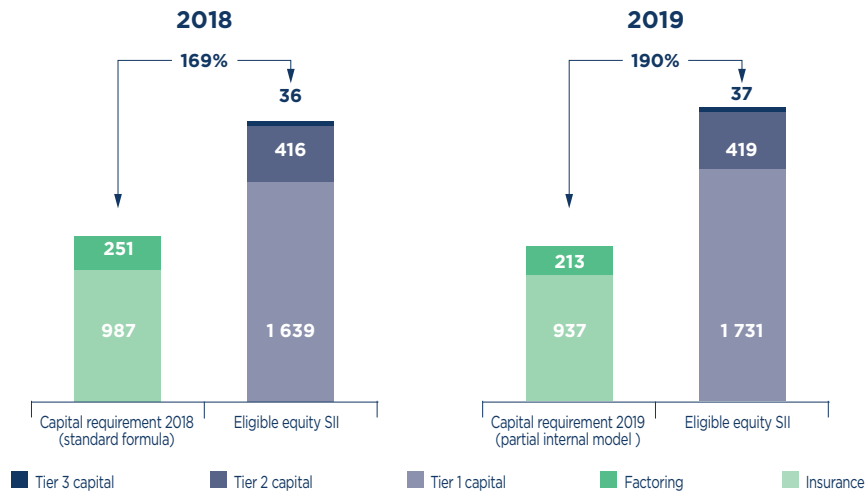
<i>(in millions of euros)</i>	As at Dec. 31, 2019	As at Dec. 31, 2018*
Total equity	1,925	1,807
- Goodwill and other intangible assets (net of deferred taxes)	-199	-198
+ Revaluation of provisions using the best estimate method (net of deferred taxes)	374	325
- Consolidation under the equity method of non-consolidated subsidiaries (net of deferred taxes)	-116	-87
+/- Other adjustments*	-69	-49
- Dividend payments	-147	-122
+ Subordinated debt (valued at market value)	419	416
= Solvency II available own funds (A)	2,187	2,091
Capital required - Insurance (B)	937	987
Capital requirement - Factoring (C)	213	251
Capital required (D) = (B) + (C)	1,150	1,238
SOLVENCY RATIO (E) = (A)/(D)	190%	169%

* Mainly linked to the revaluation of certain balance sheet items, including the adjustment following the equity availability test.

(1) Information relating to solvency is not audited.

(2) The capital required as at December 31, 2018 was calculated in accordance with the standard formula for the insurance business and taking into account the early adoption of the standardised approach to credit risk under the Capital Requirements Directive (CRD) IV regulation for the factoring business.

(3) 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.



3.4.3 Return on equity

The return on equity ratio is used to measure the return on the Group's invested capital. Return on average tangible equity (or RoATE) is the ratio between net attributable income (attributable to owners of the parent) and the

average of attributable accounting equity (attributable to owners of the parent) restated for intangible items (intangible asset values).

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

(in millions of euros)	As at Dec. 31		2018
	2019	2019 ⁽¹⁾	
Accounting equity (attributable to owners of the parent) - A	1,924	1,927 ⁽²⁾	1,806
Intangible assets - B	221	221	221
Equity, net of intangible assets - C (A - B)	1,704	1,706	1,586
Average equity, net of intangible assets - D $([C_n + C_{n-1}]/2)$	1,645	1,646	1,585
Net income (attributable to owners of the parent) - E	146.7	149.3	122.3
RoATE - E/D	8.9%	9.1%	7.7%

(1) Calculation restated for non-recurring items.

(2) Recalculated on the basis of net income excluding non-recurring items.

3.4.4 Off-balance sheet commitments

Most of the Group's off-balance sheet commitments concern certain credit lines, guarantees received (pledged securities received from reinsurers corresponding to

deposits made by reinsurers under commitments binding them to the Coface Group) and transactions on financial markets.

The table below presents the details of the Group's off-balance sheet commitments for the 2018-2019 period:

<i>(in thousands of euros)</i>	As at Dec. 31, 2019	Related to financing	Related to activity
Commitments given	1,055,216	1,037,195	18,021
Endorsements and letters of credit	1,037,195	1,037,195	
Property guarantees	7,500		7,500
Financial commitments in respect of equity interests	10,521		10,521
Commitments received	1,503,863	1,018,308	485,555
Endorsements and letters of credit	140,576		140,576
Guarantees	342,479		342,479
Credit lines linked to commercial paper	700,000	700,000	
Credit lines linked to factoring	318,308	318,308	
Contingent capital	0		0
Financial commitments in respect of equity interests	2,500		2,500
Guarantees received	382,200		382,200
Securities lodged as collateral by reinsurers	382,200		382,000
Financial market transactions	281,097		281,097

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

Guarantees and letters of credit totalling €1,037,195 thousand for the financial year ended December 31, 2019 correspond mainly to:

- ♦ a joint guarantee of €380,000 thousand in favour of investors in COFACE SA subordinated notes (10-year maturity);
- ♦ various joint guarantees totalling €657,195 thousand given by the Group, in particular to banks financing the factoring business.

Collateral concerns Coface Re for €346,600 thousand and Compagnie française pour le commerce extérieur for €35,600 thousand.

The syndicated loan for a maximum amount of €700 million for the financial year ended December 31, 2019 includes the coverage of the Group's commercial paper issuance programme for €650 million and an additional liquidity line of €50 million available to factoring entities if needed (see Section 3.4.1 "Group debt and sources of financing").

3.5 POST-CLOSING EVENTS AT DECEMBER 31, 2019

(ACCORDING TO ITEM 20.9 OF ANNEX I TO EC REGULATION 809/2004)

3.5.1 Agreement to acquire GIEK Kredittforsikring

On February 5, 2020, Coface signed a binding agreement with the Norwegian Ministry of Trade, Industry and Fisheries to acquire GIEK Kredittforsikring in full. Created in 2001, GIEK Kredittforsikring underwrites and manages the short-term export credit insurance portfolio previously underwritten by the Norwegian export credit guarantee agency, GIEK. In 2018, the company recorded a total of around €9 million (NOK 92 million) of gross written

premiums on a portfolio mostly consisting of export policies. The company is well known in the market for the quality of its customer service and for the relevance of its pricing model. It also benefits from a solid market presence with Norwegian exporters. The acquisition of GIEK Kredittforsikring by Coface is subject to usual regulatory approvals.

3.5.2 Anticipated impacts of the COVID-19 pandemic

The COVID-19 pandemic represents a triple shock for the world economy: a supply shock, a demand shock, and an oil counter-shock. The negative effects of these shocks will only be partially offset by the actions of central banks (liquidity injections, asset purchases) and governments (stimulus plans, charge deferrals). In addition, some governments (Germany, France) are setting up specific support mechanisms specific to the credit insurance sector that cover very large perimeters and amounts.

In this very uncertain environment, Coface is developing evolving economic scenarios including forecasts of growth and world trade. These two parameters are very fluid and difficult to predict. Coface is therefore not in a position to give a reliable estimate at this stage. The extent of this economic slowdown will depend on the duration of containment measures. In addition, a sudden slowdown in economic growth is generally associated with an increase in business defaults.

The anticipated impacts of current events are threefold for Coface financials:

- ◆ Turnover: the activity of Coface customers, on which the amount of insurance premiums is indexed, will likely experience a marked decrease, accentuating a downward trend already noted in 2019. In addition, the containment measures currently in place weigh on Coface's commercial activity. These phenomena are only partially offset by rate increases, while an increase in the number of policy cancellations is expected due to the probable failures of a certain number of customers, or reductions in limits. With regards to factoring, the fall in the volume of business financed in Germany will likely also weigh on turnover.

- ◆ Claims experience: Coface anticipates in its central scenario a very significant rise in business failures worldwide with differentiated effects according to business sectors and countries. Coface has taken numerous preventive measures since the start of the year, targeted by country, sector and customer. Limit reduction measures are therefore on the rise. Coface has not yet recorded a significant increase in the number of claims overall, but their number is increasing in certain countries, starting from very low points (France, Spain). Coface recorded a large claim in Northern Europe at the beginning of the year, but this was unrelated to the COVID-19 crisis.

- ◆ Solvency: the fall in the value of investments led to a drop of 8 points in the solvency ratio due to the effect of the fall in unrealized capital gains. This figure is in line with the sensitivities previously communicated by Coface. The group has also significantly increased the share of liquidity in its investment portfolio, which now represents 22% of assets compared to 7% at the end of 2019.

Therefore, the Board of Directors of COFACE SA, in its meeting of 1 April 2020, has decided to propose to the Combined General Meeting of 14 May 2020 to pay no dividend for the financial year ending 31 December 2019.

The containment measures applied in the various countries in which Coface operate have resulted in massive use of remote working, without disrupting group processes, thus proving Coface's resilience.

3.6 OUTLOOK

3.6.1 Economic environment ⁽¹⁾

In 2020, global growth is expected to grow at a rate close to that of 2019 (2.4%, -0.1 percentage point compared with 2019), although this incorporates two opposing trends: another slowdown for advanced countries (from 1.7% to 1.2%) and a slight acceleration (from 3.5% to 3.9%) for emerging markets.

In 2020, among advanced economies, the United States will see a marked slowdown in its growth (1.3%, down 1 percentage point compared with 2019). The elimination of the effects of corporation tax reduction (2018) and electoral uncertainty will hamper corporate investment. With a fractionally milder slowdown, activity would be slightly less dynamic in the United Kingdom (0.9% compared to 1.3% in 2019). The uncertainty surrounding future trade links with the European Union will continue to weigh on investment. The planned reduction in from 19% to 17% in corporation tax will be cancelled in order to finance the additional funding allocated to the national health service. In Japan (0.3% compared with 0.8%), consumer spending will suffer from an increase in VAT from 8% to 10%. However, budgetary loosening and the still very accommodating monetary policy will cushion the blow.

Growth in the eurozone is expected to remain at a low level (1.1% compared with 1.2%). In Germany (0.5% compared with 0.6%), the automotive industry and related sectors should halt their decline and perhaps even mount a slight recovery. The uncertainty about the future relationship with the United Kingdom and the evolution in trade relations around the world will continue to weigh on investment, while the slowdown expected by major partners will impact exports. Only construction and consumption, driven by the dynamism of employment and wages, as well as low-cost credit, will support activity. In Italy, a fragile government, huge public debt, persistent difficulties in the automotive and metal industries, as well as caution on the part of the banks, with some in questionable health, will prevent a return to real growth (0.5% after stagnation). Growth in Spain will be slower (1.6% compared to 2%), and the

Spanish automotive sector too will struggle to reverse its decline. In France, growth is expected to hold out (1.2%, identical to 2019). Faced with high capacity utilisation rates, companies will continue to invest.

Emerging countries are expected to experience slightly more buoyant growth in 2020 than in 2019. Inflation has fallen, which has enabled the central bank to reduce its interest rates, and public banks have increased credit. The low level of debt will enable an accommodative budgetary policy to be maintained. In Russia (1.6% after 1.1%), the major projects announced by the president in 2018 should in principle be launched. Were this not the case, performance would be lower, particularly as credit no longer compensates for the weak revenue growth. The steady growth in Central Europe will eventually be hit by the poor health of Western Europe, in particular Germany and the automotive sector, despite the dynamism of domestic demand driven by wages, employment and European funds. In Saudi Arabia (2.2% after 0.2%), public spending will compensate for the fall in oil revenues corresponding to the implementation of the OPEC+ agreement and unfavourable prices. Brazil (1.5% after 0.9%) should finally emerge from its slump and consumption will take off as interest rates fall. Conversely, the recession, albeit more moderate (-2% after -3%), will continue in Argentina, where soaring inflation erodes purchasing power, and uncertainty about the new government's policy and the prospect of renegotiating public debt is paralysing investment. In Chile (1%, unchanged), the budgetary stimulus plan adopted following the social explosion will not restore confidence. In India (6.2% after 5.5%), the effects of the withdrawal of high-value bank notes and the introduction of a retail sales tax should dissipate. In China, growth is expected to fall below 6% (5.8%) despite the signing of the first phase of a trade agreement with the United States in early 2020. High tariffs (approximately 20%) will continue to weigh on foreign trade. Otherwise, most countries in South East Asia will retain strong growth.

3.6.2 Outlook for the Group

The end of 2019 was marked by hopes for the signing of a trade agreement between the United States and China, and by the general election in the United Kingdom, which made it possible to specify the date on which it would leave the European Union. The leading indicators also stabilised at relatively low levels, particularly in the manufacturing sectors. Financial conditions remain accommodative under the action of the central banks.

However, the persistence of major global imbalances and the rise in corporate debt continue to pose a significant risk of default, particularly in sectors affected by major transitions (digitisation, environment) or countries impacted by political shocks. Coface therefore confirms its economic scenario of a gradual slowdown in global growth and a further rise in the number of bankruptcies worldwide. This economic context remains evolving and volatile, particularly with regard to the impact of the coronavirus on the world economy.

It was against this backdrop that Coface completed the Fit to Win plan and developed its new strategic plan. This new plan will build on the many successes of Fit to Win and will continue the transformation initiated over recent years. It will strive to strengthen Coface's profitable growth dynamic and the resilience of its economic model.

Lastly, the Board of Directors renewed the mandate of Xavier Durand as Chief Executive Officer for a term of four years. This term will end at the General Meeting called to approve the 2023 financial statements. Xavier Durand and the General Executive Committee will present Coface's new strategic plan on February 25, 2020.

(1) Group estimates.

3.7 KEY FINANCIAL PERFORMANCE INDICATORS

3.7.1 Financial indicators

Consolidated revenue

The composition of the Group's consolidated revenue (premiums, other revenue) is described under "Accounting principles and methods" in the notes to the consolidated financial statements.

Claims expenses

"Claims expenses" correspond to claims paid under credit insurance contracts, Single Risk policies and guarantees, less changes in recoveries following recourse (amounts recovered from the debtor after paying the policyholder for the claim) during the financial year, and to the change in claims provisions during the financial year, and the handling expenses for these claims, which cover the costs of processing and managing policyholders' claims declarations, and those generated by monitoring the recovery procedures (charges and provisions for internal and external debt collection fees).

Claims paid correspond to compensation paid under the policies during the financial year, net of collections received, plus costs incurred to provide the management, regardless of the financial year during which the claim was declared or during which the event producing the claim took place, less amounts recovered during the financial year for claims previously indemnified, regardless of the year the indemnification was paid.

Claims provisions are established for claims declared but not yet settled at financial year end, as well as for claims that have not yet been declared, but which have been deemed probable by the Group, given the events that have arisen during the financial year (incurred but not reported – IBSR provisions). The amounts thus provisioned also take into consideration a forecast of the amount to be collected for these claims. These provisions are decreased each year by recoveries made following the payment of compensation or the estimate of potential losses for declared or potential claims. The difference between the amount of provisions in a given financial year (established during the first year of underwriting a policy) and the amounts revalued the following years are either a liquidation profit (revaluation downward) or loss (revaluation upward) (see Note 23 to the consolidated financial statements).

Operating expenses

"Operating expenses" correspond to the sum of the following items:

- ◆ "Policy acquisition costs", consisting of:
 - external acquisition costs, namely commissions paid to intermediaries which introduce business (brokers or other intermediaries) and which are based on the revenue contributed by such intermediaries, and
 - internal acquisition costs corresponding essentially to fixed costs related to payroll costs linked to policy acquisition and to the costs of the Group's sales network;
- ◆ "Administrative costs" (including Group operating costs, payroll costs, IT costs, etc., excluding profit sharing and incentive schemes). The policy acquisition costs as well as administrative costs primarily include costs linked to the credit insurance business. However, due to pooling, costs related to the Group's other businesses are also included in these items;
- ◆ "Other current operating expenses" (expenses that cannot be allocated to any of the functions defined by the chart of accounts, including in particular management expenses);
- ◆ "Expenses from banking activities" (general operating expenses, such as payroll costs, IT costs, etc., relating to factoring activities); and
- ◆ "Expenses from other activities" (overheads related exclusively to information and debt collection for customers without credit insurance).

As such, "Operating expenses" consist of all overheads, with the exception of internal investment management expenses for insurance – which are recognised in the "Investment income, net of management expenses (excluding finance costs)" aggregate – and claims handling expenses, with the latter included in the "Claims expenses" aggregate.

Total internal overheads (*i.e.* overheads excluding external acquisition costs (commissions)), are analysed independently of the method for accounting for them by function, in all of the Group's countries. This presentation enables a better understanding of the Group's economy and differs on certain points from the presentation of the income statement, which meets the presentation requirements of the accounting standards.

Cost of risk

"Cost of risk" corresponds to expenses and provisions linked to covering the ceding risk (inherent to the factoring business) and the credit risk, net of credit insurance coverage.

Underwriting income

Underwriting income is an intermediate balance of the income statement which reflects the operational performance of the Group's activities, excluding the management of business investments. It is calculated before and after recognition of the income or loss from ceded reinsurance:

- ◆ "Underwriting income before reinsurance" (or underwriting income gross of reinsurance) corresponds to the balance between consolidated revenue and the total represented by the sum of claims expenses, operating expenses and cost of risk;
- ◆ "Underwriting income after reinsurance" (or underwriting income net of reinsurance) includes, in addition to the underwriting income before reinsurance, the income or loss from ceded reinsurance, as defined below.

Income (loss) from ceded reinsurance (expenses or income net of ceded reinsurance)

“Reinsurance income” (or income and expenses net of ceded reinsurance) corresponds to the sum of income from ceded reinsurance (claims ceded to reinsurers during the financial year under the Group’s reinsurance treaties, net of the change in the provision for claims net of recoveries that was also ceded, plus the reinsurance commissions paid by reinsurers to the Group for proportional reinsurance), and charges from ceded reinsurance (premiums ceded to reinsurers during the financial year for reinsurance treaties of the Group, net of the change in provisions for premiums also ceded to reinsurers).

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

“Investment income, net of management expenses (excluding finance costs)” combines the result of the Group’s investment portfolio (investment income, gains or losses from disposals and reversals of provisions for impairment), exchange rate differences and investment management expenses.

Current operating income/(loss)

“Current operating income (loss)” corresponds to the sum of “Underwriting income after reinsurance”, “Net investment income excluding the cost of debt (finance costs)” and non-current items, namely “Other operating income and expenses”.

In the presentation of operating income by region, the amounts are represented before revenue from interregional flows and holding costs not charged back to the regions have been eliminated.

Income tax

Tax expenses include tax payable and deferred tax that results from consolidation restatements and temporary tax differences, insofar as the tax position of the companies concerned so justifies (as more extensively described under “Accounting principles and methods” and in Note 29 of the consolidated financial statements).

Net income (attributable to owners of the parent)

Net income (attributable to owners of the parent) corresponds to the amount of “Net income from continuing operations” (corresponding to “Operating income”, net of “Finance costs”, “Share in net income of associates” and “Income tax”), “Net income from discontinued operations” and “Non-controlling interests”.

3.7.2 Operating indicators

As part of its business operations, in addition to the financial aggregates published in accordance with the International Financial Reporting Standards (IFRS), the Group uses four operational indicators to track its commercial performance. They are described below:

Production of new contracts

The production of new contracts corresponds to the annual value of credit insurance policies taken out by new customers during the period. The Group generally records a higher production of new contracts during the first quarter of a given financial year.

Retention rate

The rate corresponds to the ratio between the annual value of the policies actually renewed and that of the policies that were supposed to be renewed at the end of the preceding period. The annual value of the policies corresponds to the valuation of the credit insurance policies over a 12-month period according to an estimate of the volume of related sales and the level of the rate conditions in effect at the time the policy is taken out.

Price effect of credit insurance policies

The price effect of the credit insurance policies corresponds to the difference between the annual value of the contracts, calculated based on the rate conditions in effect at the time the policy is taken out, and the annual value of the policies for the preceding period (calculated based on the rate conditions of the preceding period and excluding any volume effect related to the definitive revenue of the policyholders).

Volume effect

The method for calculating premiums on the Group’s revenue produces its effects throughout the life of the policies, and not for a single financial year. When the volume of a policyholder’s actual sales is higher than what was taken into consideration to determine the amount of premiums billed during the period covered by the policy, this difference produces a positive effect on the earned premiums recorded by the Group with a one-year lag. Conversely, when the volume of the policyholder’s sales is less than what was used as the basis for calculating the flat rate, this difference does not produce any effect on the Group’s revenue for the following financial year.

3.7.3 Breakdown of the calculation of ratios as of December 31

Earned premiums <i>(in thousands of euros)</i>	2019	2018
Gross earned premiums [A]	1,235,597	1,142,608
Ceded earned premiums	-353,585	-327,541
NET EARNED PREMIUMS [D]	882,012	815,067

Claims expenses <i>(in thousands of euros)</i>	2019	2018
Claims expenses* [B]	-536,247	-504,509
Ceded claims	126,829	124,537
Change in claims provisions net of recoveries	12,622	12,211
NET CLAIMS EXPENSES [E]	-396,797	-367,762

* Of which claims handling expenses.

Operational expenses <i>(in thousands of euros)</i>	2019	2018
Operating expenses	-677,138	-658,219
Of which employee profit sharing	7,038	6,219
Other income (services)	245,491	242,127
OPERATING EXPENSES, NET OF OTHER INCOME - BEFORE REINSURANCE [C]	-424,609	-409,872
Commissions paid by reinsurers	136,172	128,666
OPERATING EXPENSES, NET OF OTHER INCOME - AFTER REINSURANCE [F]	-288,437	-281,207

Gross combined ratio = gross loss ratio	(B) - + gross cost ratio (A)	(C) - (A)
Net combined ratio = net loss ratio	(E) - + net cost ratio (D)	(F) - (D)

Ratios	2019	2018
Loss ratio before reinsurance	43.4%	44.2%
Loss ratio after reinsurance	45.0%	45.1%
Cost ratio before reinsurance	34.4%	35.9%
Cost ratio after reinsurance	32.7%	34.5%
Combined ratio before reinsurance	77.8%	80.0%
Combined ratio after reinsurance	77.7%	79.6%

3.7.4 Alternative performance measures (APM) as of December 31, 2019

This section takes a look at KPIs not defined by accounting standards but used by the Company for its financial communications.

This section is a follow-up to the AMF's position - IAP DOC 2015-12.

The indicators below represent indicators listed as belonging to the category of Alternative Performance Measures.

a) Alternative Performance Measures related to revenue and its items

Definition	Justification
Revenue with restated items	
<p>(1) Two types of restatements on revenue:</p> <p>i. Calculation of revenue growth percentages in like-for-like:</p> <ul style="list-style-type: none"> ◆ year N recalculated at the exchange rate of year N-1; ◆ year N-1 at the Group structure of year N. <p>ii. Removal or addition of revenue in value (€) considered as extraordinary in the current year.</p> <p>The term "extraordinary" refers to impacts on revenue which do not occur every year.</p>	<p>i. Historic method used by Coface to calculate pro forma %.</p> <p>ii. Item considered as extraordinary, i.e. which will only occur in the current financial year (year N).</p>
Fee and commission income/Gross earned premiums (current - like-for-like)	
<p>Weight of fees and commission income over earned premiums on like-for-like basis:</p> <ul style="list-style-type: none"> ◆ year N at the exchange rate of year N-1; ◆ year N-1 at the Group structure of year N. <p>Fees and commission income corresponds to the revenue invoiced on additional services.</p>	<p>Indicator used to monitor changes in fees and commission income compared with the main revenue item at constant scope.</p>
Internal overheads excluding extraordinary items	
<p>(2) Restatement or Addition of items considered as extraordinary with respect to internal overheads. The term "extraordinary" refers to impacts on expenses which do not occur every year.</p>	<p>Indicator used to compare changes in internal overheads by excluding extraordinary items.</p>

b) Alternative Performance Measures related to operating income

Definition	Justification
Operating income excluding restated extraordinary items (including finance costs and excluding other operating income and expenses)	
<p>Restatement or Addition of items considered as extraordinary to operating income: these include extraordinary income and expenses impacting either revenue (see definition above, (1)) or overheads (see definition above (2)).</p>	<p>Indicator used to compare changes in operating income by excluding extraordinary items.</p>

c) Alternative Performance Measures related to net income

Definition	Justification
Net income excluding extraordinary items	
<p>Restatement or Addition of items considered as extraordinary with respect to net income.</p> <p>This includes extraordinary income and expenses likely to impact either revenue (see definition above (1)) or overheads (see definition above (2)).</p> <p>This aggregate is also restated for "current operating income and expenses" classified after operating income in the management income statement.</p>	<p>Indicator used to compare changes in net income by excluding extraordinary items.</p>

Reconciliation with the financial statements	€m - N/N-1 comparison	
	2019	2018
<p>i. (Rev. current N - FX Impact N-1)/(Rev. current N-1 + perimeter Impact N) -1</p> <p>ii. Rev. current N +/- Restatements/Additions of extraordinary items N</p>	<p>i. +5.9% = (1,481.1 - 2.9)/(1,384.7 + 11.2 Coface PKZ) - 1</p> <p>ii. 1,481.1 +/- 0.0</p>	<p>i. N/A 1,396.0 = 1,384.7 + (11.2 Coface PKZ)</p> <p>ii. 1,384.7 +/- 0.0</p>
Fee and commission income/Earned premiums - Constant	<p>Current: 11.3% = 140.2/1,235.6</p> <p>Like-for-like: 11.3% = 139.8/1,234.0</p>	<p>Current: 11.9% = 136.1/1,142.6</p> <p>Like-for-like: 11.9% = 136.8/1,153.1</p>
Current internal overheads +/- Restatements +/- Additions of extraordinary items	<p>€547.0m = 547.0 +/- 0.0</p>	<p>€527.0m = 527.0 +/- 0.0</p>

Reconciliation with the financial statements	€m - N/N-1 comparison	
	2019	2018
Operating income +/- Restatements +/- Addition of extraordinary items	<p>€203.5m = 218.9 + (- 21.4) - (- 6.0 Non-recurring items)</p>	<p>€191.2m = 203.9 + (-17.7) - (- 5.0 Non-recurring items)</p>

Reconciliation with the financial statements	€m - N/N-1 comparison	
	2019	2018
Current operating income +/- Restatements +/- Additions of extraordinary items net of tax	<p>€149.3m = 146.7 - (- 6.0 Non-recurring items - 4.0 Non-recurring fees + 4.7 Negative goodwill PKZ) - (2.8 tax on Non-recurring items and fees)</p>	<p>€126.2m = 122.3 - (- 5.0 Non-recurring items - 0.8 Non-recurring fees) - (2.0 tax on Non-recurring items and fees)</p>

d) Alternative Performance Measures related to the combined ratio

Definition	Justification
Loss ratio gross of reinsurance (loss ratio before reinsurance) and gross loss ratio with claims handling expenses refer to the same indicator	
The ratio of claims expenses to gross earned premiums (the sum of gross earned premiums and unearned premium provisions), net of premium refunds.	Indicator for monitoring the level of loss borne by the Group with respect to premiums, after ceded reinsurance.
Loss ratio net of reinsurance (loss ratio after reinsurance)	
Ratio between claims expenses net of claims expenses ceded to reinsurers under reinsurance treaties entered into by the Group, and total earned premiums net of premiums ceded to reinsurers.	Indicator for monitoring the level of loss borne by the Group with respect to premiums, after ceded reinsurance.
Cost ratio before reinsurance	
Ratio between operating expenses (net of employee profit sharing) less other income* and earned premiums.	Indicator for monitoring the level of operating expenses (insurance contracts portfolio acquisition and management) borne by the Group with respect to premiums.
Cost ratio after reinsurance	
Ratio between operating expenses (net of employee profit sharing) less other income* net of commissions received from reinsurers under reinsurance treaties entered into by the Group, and the total of earned premiums net of premiums ceded to reinsurers.	Indicator for monitoring the level of operating expenses (insurance contracts portfolio acquisition and management) borne by the Group with respect to premiums after ceded reinsurance.
Combined ratio before/after reinsurance	
The combined ratio is the sum of the loss ratios (before/after reinsurance) and cost ratios (before/after reinsurance) as defined above.	Overall profitability indicator of the Group's activities and of its technical margin before and after ceded reinsurance.
Net combined ratio excluding restated and extraordinary items [A]	
Restatement or Addition of items considered as extraordinary with respect to combined ratio after reinsurance. This includes extraordinary income and expenses impacting either revenue (see definition above, (1)) or overheads (see definition above (2)).	Indicator used to compare changes in combined ratios after reinsurance by excluding extraordinary items.
Loss ratio excluding extraordinary items [B]	
Restatement or Addition of items considered as extraordinary with respect to loss ratio after reinsurance.	Indicator used to compare changes in loss ratios after reinsurance by excluding extraordinary items.
Net cost ratio excluding restated and extraordinary items [C]	
Restatement or Addition of items considered as extraordinary to cost ratio after reinsurance: these include extraordinary income and expenses impacting either revenue (see definition above, (1)) or overheads (see definition above (2)).	Indicator used to compare changes in cost ratios after reinsurance by excluding extraordinary items.

Reconciliation with the financial statements	€m - N/N-1 comparison	
	2019	2018
- Claims expenses/Gross earned premiums	See 3.7.3 – Breakdown of the calculation of ratios at December 31	
- (Claims expenses + Ceded claims + Change in provisions on claims net of recourse)/(Gross earned premiums + Expenses from ceded reinsurance)	See 3.7.3 – Breakdown of the calculation of ratios at December 31	
- (Operating expenses – Employee profit sharing – Other income)/Gross earned premiums	See 3.7.3 – Breakdown of the calculation of ratios at December 31	
- (Operating expenses – Employee profit sharing – Other income – Commissions received from reinsurers)/(Gross earned premiums + Expenses from ceded reinsurance)	See 3.7.3 – Breakdown of the calculation of ratios at December 31	
Loss ratio (before/after reinsurance) + Cost ratio (before/after reinsurance)	See 3.7.3 – Breakdown of the calculation of ratios at December 31	
Combined ratio after reinsurance +/- Restatements/ Additions of extraordinary items	[A] = [B]+[C] 77.7% = 45.0% + 32.7%	[A] = [B]+[C] 79.6% = 45.1% + 34.5%
Loss ratio after reinsurance +/- Restatements/Additions of extraordinary items	45.0% = 45.0 % +/- 0.0 pt	45.1% = 45.1 % +/- 0.0 pt
Cost ratio after reinsurance +/- Restatements/Additions of extraordinary items	32.7% = 32.7 % +/- 0.0 pt	34.5% = 34.5 % +/- 0.0 pt

Definition	Justification
Current year gross loss ratio - before reinsurance excluding claims handling expenses [D]	
Ultimate claims expense (after recoveries) over earned premiums (after premium refunds) for the current year. The insurance period is exclusively the current year N.	Indicator used to calculate the loss ratio before reinsurance excluding claims handling expenses.
Prior year gross loss ratio - before reinsurance excluding claims handling expenses [E]	
Corresponds to gains/losses for insurance periods prior to current year N excluded. A gain or loss corresponds to an excess or deficit of claims provisions compared with the loss ratio actually recorded.	Indicator used to calculate the loss ratio before reinsurance excluding claims handling expenses.
Comprehensive gross loss ratio - before reinsurance excluding claims handling expenses [F]	
Corresponds to the accounting loss ratio for all insurance periods (current year N and its prior years). This concerns the loss ratio before reinsurance excluding claims handling expenses.	Key indicator in loss monitoring.

* *Operating expenses include overheads linked to the execution of additional services (business information and debt collection) inherent to the credit insurance business. These also include overheads for service businesses carried out by the Group, such as factoring. In order for the cost ratio calculated by the Group to be comparable to the cost ratio calculated by other main market players, "Other revenue", namely the revenue generated by the additional businesses (non-insurance), is deducted from overheads.*

e) Alternative Performance Measures related to equity

Definition	Justification
RoATE - Return on average tangible equity	
Net income (attributable to owners of the parent) over average tangible equity (average equity for the period (attributable to owners of the parent) restated for intangible assets).	The return on equity ratio is used to measure the return on the Coface Group's invested capital.
RoATE excluding non-recurring items	
The calculation of RoATE (see definition of RoATE above) is based on net income excluding non-recurring items and Average Tangible Equity (see RoATE definition above) excluding non-recurring items. For this calculation, interests or commissions linked to capital management instruments (such as hybrid debt, contingent equity) are not considered as non-recurring items.	The calculation of return on equity ratio excluding non-recurring items is used to monitor the Group's profitability between two reporting periods.

Reconciliation with the financial statements	€m - N/N-1 comparison	
	2019	2018
Claims reported in the current year/Earned premiums for the current year See ultimate loss ratios development triangle	73.1% = see ultimate loss ratios development triangle	75.7% = see ultimate loss ratios development triangle
[E] = [F-D]	-32.2% = 40.9% - 73.1%	-34.0% = 41.7% - 75.7%
- (Claims paid net of recourse + Change in claims provisions)/Earned premiums	40.9% = - (-505.0/1,235.6)	41.7% = - (-476.5/1,142.6)

Reconciliation with the financial statements	€m - N/N-1 comparison	
	2019	2018
Net income (attributable to owners of the parent) for year N/[Equity attributable to owners of the parent N-1, restated for intangible assets N-1 + Equity attributable to owners of the parent restated for intangible assets N)/2]	8.9% = 146.7/[(1,704 + 1,586)/2]	7.7% = 122.3/[(1,586 + 1,585)/2]
Net income (attributable to owners of the parent) for year N excluding non-recurring items/[Equity attributable to owners of the parent excluding non-recurring items N-1, restated for intangible assets N-1 + Equity attributable to owners of the parent excluding non-recurring items N restated for intangible assets N)/2]	9.1% = 149.3/[(1,706 + 1,586)/2]	8.0% = 126.2/[(1,589 + 1,585)/2]

f) Alternative Performance Measures related to the investment portfolio

Definition	Justification
Accounting rate of return of financial assets	
Investment income before income from equity securities, foreign exchange income and financial expenses compared with the balance sheet total of financial assets excluding equity securities.	Indicator used to monitor the accounting performance of the financial assets portfolio.
Accounting rate of return of financial assets excluding income from disposals	
Investment income before income from equity securities, foreign exchange income and financial expense excluding capital gains or losses on disposals compared with the balance sheet total of financial assets excluding equity securities.	Indicator used to monitor the recurring accounting performance of the financial assets portfolio.
Economic rate of return of financial assets	
Economic performance of the asset portfolio. Thus, the change in revaluation reserves for the year over the balance sheet total of financial assets is added to the accounting rate of return.	Indicator used to monitor the economic performance of the financial assets portfolio.
Investment portfolio income	
Investment portfolio income (shares/fixed-income instruments and real estate).	Used to monitor the income from the only investment portfolio.
Other	
Income from derivatives excluding exchange rate, equity securities and investment fees.	Used to monitor income from equity securities, derivatives excluding exchange rate and fees relating to investments.

g) Alternative Performance Measures linked to reinsurance

Definition	Justification
Ceded premiums/Gross earned premiums (rate of ceded premiums)	
Weight of Ceded premiums compared with earned premiums. Ceded premiums correspond to the share of earned premiums that Coface cedes to its reinsurers under reinsurance treaties signed with them. Earned premiums correspond to the sum of written premiums and provisions on earned premiums not yet written.	Indicator used to monitor changes in reinsurance income.
Ceded claims/total claims (rate of ceded claims)	
Weight of ceded claims compared with total claims. Ceded claims correspond to the share of Coface claims ceded to its reinsurers under reinsurance treaties signed with them.	Indicator used to monitor changes in reinsurance income.
Underwriting income before/after reinsurance (underwriting income gross/net of reinsurance)	
See definition above (financial indicators). Underwriting income before and after reinsurance is now reported directly in the income statement due to the change in the latter's presentation structure.	

Reconciliation with the financial statements	€m - N/N-1 comparison	
	2019	2018
Investment portfolio income/((market value of financial assets (shares excluding equity securities, real estate, fixed-income instruments) year N + market value of financial assets (shares excluding equity securities, real estate, fixed-income instruments) year N-1)/2)	2.0% = 54.8/(((2,991 - 142) + (2,834 - 129))/2)	1.7% = 45.4/(((2,834 - 129) + (2,877 - 116))/2)
Investment portfolio income excluding capital gains or losses/((market value of financial assets (shares excluding equity securities, real estate, fixed-income instruments) year N + market value of financial assets (shares excluding equity securities, real estate, fixed-income instruments) year N-1)/2).	1.6% = (54.8 - 10.1)/(((2,991 - 142) + (2,834 - 129))/2)	1.5% = (45.4 - 4.7)/(((2,834 - 129) + (2,877 - 116))/2)
Accounting rate of return on financial assets + (revaluation reserves of financial assets (shares excluding equity securities, real estate, fixed-income instruments) year N- revaluation reserves of financial assets (shares excluding equity securities, real estate, fixed-income instruments) year N-1)/((market value of financial assets (shares excluding equity securities, real estate, fixed-income instruments) year N + market value of financial assets (shares excluding equity securities, real estate, fixed-income instruments) year N-1)/2)	5.0% = (54.8 + (206.1 - 119.1 - 1.8) - (108.6 - 103.9 - 2.4))/(((2,991 - 142) + (2,834 - 129))/2)	-0.2% = (45.4 + (108.6 - 103.9 - 2.3) - (152.6 - 90.7 - 9.4))/(((2,834 - 129) + (2,877 - 116))/2)
Income from shares excluding equity securities + income from fixed-income instruments + real estate income	€54.8m = 6.6 + 39.8 + 8.4	€45.4m = 5.5 + 30.9 + 9
Income from derivatives excluding exchange rate + income from equity securities + investment fees	-€19.6m = (-5.3 - 1.8) + (-4.7) + (-7.8)	-€2.5m = (7.8 - 8.2) + 3.1 + (-5.2)

Reconciliation with the financial statements	€m - N/N-1 comparison	
	2019	2018
- (Ceded premiums (of which, change in premiums provisions)/Earned premiums)	28.6% = - (-353.6/1,235.6)	28.7% = - (-327.5/1,142.6)
- Ceded claims (including change in claims provisions after recourse)/Total claims (including claims handling expenses)	26.0% = -139.5/[(-505.0) + (-31.2)]	27.1% = -136.7/[(-476.5) + (-28.0)]

3.8 INVESTMENTS OUTSIDE THE INVESTMENT PORTFOLIO

Information can be found in Note 6 “Buildings used in the business and other property, plant and equipment” of the Group’s consolidated financial statements.

COFACE SA
Public limited company with capital of 304 063 898 €
Registered office: 1 Place Costes et Bellonte 92270 BOIS COLOMBES
432 413 599 R.C.S. NANTERRE

REQUEST FOR DOCUMENTS AND INFORMATION

(Art. R225-88 of the French commercial code)

The undersigned:

Last name.....

First name.....

Address.....

.....

e-mail address.....

Owner of share(s) of the company COFACE SA

Request that the documents and information provided for in articles R 225-83 of the French commercial code for the combined shareholders' meeting of **14 May 2020** be sent to the above address, in the format requested as follows:

- paper (to the above mentioned address)
- electronic files (to the above mentioned e-mail address)

Signed in

On

Signature

NOTE: Holders of **registered shares** may obtain from the company via a single request the above documents and information provided for in articles R 225-81 and R 225-83 of the French commercial code for all future shareholders' meeting.

This document is a free translation of the French "demande d'envoi de documents et renseignements". It is provided for the convenience of English-speaking readers only.