INTERIM FINANCIAL REPORT – FIRST HALF 2023

coface
FOR TRADE

The information contained in this document is a free translation of the Coface Group's Interim Financial Report for the first semester 2023 ("*Rapport Financier, premier semestre 2023*") and while efforts are made to provide an accurate translation, there may be material errors, omissions or inaccuracies in the reporting.

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

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

NOTE

COFACE SA (hereinafter, the "*Company*") is a public limited company (*société anonyme*) with a Board of Directors (*conseil d'administration*) incorporated under the laws of France, having its head office at 1 Place Costes et Bellonte, 92270 Bois-Colombes, France and registered with the Nanterre Trade and Companies Register under number 432 413 599. Unless stated otherwise, references in this document to the "Group" or the "Coface Group" are references to the Company and its subsidiaries, branches and holdings.

At the date of 30 June 2023, the Company's share capital amounted to €300,359,584 divided into 150,179,792 shares with a nominal value of €2 (two) each, all of the same class, and all of which are fully subscribed and paid up.

Presentation of financial and other information

This report includes free English language translations of the audited consolidated financial statements of COFACE SA as of and for the year ended 31 December 2022 and for the six months ended 30 June 2022 and 2023. The annual consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") and the interim financial statements were prepared in accordance with International Accounting Standard ("IAS") 34. COFACE SA publishes its consolidated financial statements in euros. Sums of aggregates and totals in this report may not match exactly due to rounding.

This report presents certain figures on an actual historical value basis, on a "constant scope" basis or on a "constant exchange rate" basis. Where figures are presented at constant scope, the previous year's figures (N-1) are adjusted to reflect the entities that entered or left the scope of consolidation during the most recent year (N). The Coface Group believes that comparing periods at constant scope and exchange rate is helpful in enabling investors to understand the effect of exchange rate fluctuations and changes in scope of consolidation on its financial results. However, figures adjusted for the effects of changes in the scope of consolidation and in exchange rates should not be substituted for the IFRS data.

Forward-Looking Statements

This report includes information on the Coface Group's outlook and future areas of development. These forward-looking statements may be identified by the use of the future or conditional tenses, or forward-looking terminology such as "considers", "anticipates", "thinks", "aims", "expects", "intends", "should", "plans", "estimates", "believes", "hopes", "may" or, in each case, their negative, or other variations or other comparable terminology. These forward-looking statements do not constitute historical data and should not be interpreted as a guarantee that the stated facts and data will take place or be achieved. They appear in a number of places throughout this report and include statements regarding the Coface Group's intentions; estimates and objectives with regard, in particular, to the Coface Group's market, strategy, growth, results, financial position and cash flow.

These forward-looking statements are based on data, assumptions and estimates that the Coface Group deems reasonable. They may evolve or be modified due to uncertainty linked, in particular, to the economic, financial, competitive or regulatory environment. Furthermore, the forward-looking statements contained in this report also involve risks, both known and unknown, uncertainty and other factors that were they to occur, could affect the Coface Group's future results, performance and achievements. Such factors may include, in particular, changes in the economic and business climate as well as the risk factors presented in chapter 5 of the Registration Document filed with the French Financial Markets Authority (*Autorité des Marchés Financiers*) on 6 April 6 2023 under the number D.23-0244.

Risk factors

You are strongly encourages to carefully consider the risk factors presented in the aforementioned sections of the Registration Document filed with the French Financial Markets Authority (*Autorité des Marchés Financiers*) on 6 April 2023under the number D.23-0244.

The occurrence of all or any of these risks is liable to have an adverse effect on the Coface Group's business, financial position or financial results. Additional risks that are not known at the date of this report, or that the Coface Group currently considers immaterial, may have the same adverse on the Coface Group, its business, financial position, operating results or growth prospects, as well as on the market price of its shares listed on Euronext Paris **(ISIN: FR0010667147)**.

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

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I. Half Year Activity Report

I. Half-year activity report

As it does, in principle, every quarter, the Coface Group's economic research team revised its global growth forecasts for the current year in June, as well as its short-term levels of corporate credit risk, broken down by country, major geographic area and business sector. It also presented its first growth forecasts for 2024 with global growth expected to be close to 2.3%, after 2.2% in 2023.

a) Economic environment and outlook

The year 2023 began with great enthusiasm, but in all likelihood, it will not be the year that most observers were expecting. The 1st half of the year has reinforced some of our convictions:

- inflation will not spontaneously and painlessly return to its 2% target in developed countries;
- central banks will not "pivot" between now and the end of the year;
- the mere lifting of health restrictions will not enable China to play the role of relay engine for the global economy.

Two essential things that the market had lost sight of also came back to the fore:

- access to abundant, cheap energy remains central to the functioning of the global economic system,
- and monetary policy has more direct effects on asset valuations and financial stability than on consumer prices.

The economic outlook remains closely linked to inflation trends and to the response of central banks, and our forecasts are subject to a number of downside risks, including the supply of energy and credit.

Against this backdrop, Coface made 13 upgrades and 2 downgrades revisions to its country assessments, as well as 26 changes to its sector ratings (13 reclassifications and 13 downgrades). These underline an improvement in the outlook, but an environment that remains very demanding and uncertain.

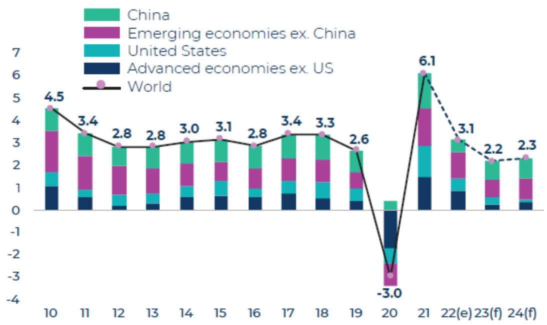
The resilience of the global economy is confirmed, but the outlook remains gloomy

The growth figures for the beginning of the year for the major economies confirmed that the spectre of recession has receded for the time being (with the exception of Germany). There are several reasons for this. Firstly, Europe has managed to avoid disruption to its energy supplies. Secondly, resilience came from a surge in consumption in North America and China. Finally, emerging economies also confirmed their resilience. All this has led us to revise upwards our growth forecast for the global economy in 2023 to 2.2%.

These various factors are reflected in our country assessments, with 13 upgrades, mainly concerning emerging countries[1]. 7 of the 13 sector upgrades concern the transport sector, which is benefiting from the upturn in tourism and the easing of tensions in supply chains.

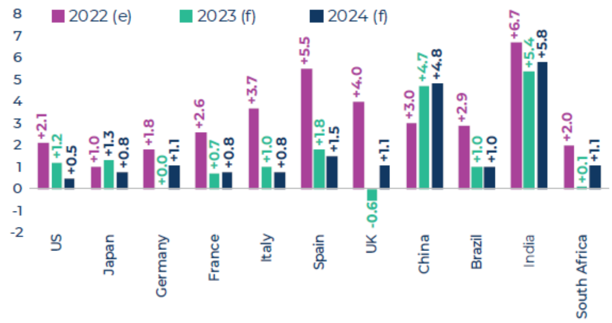
Nevertheless, the economic outlook remains lacklustre for 2023 and beyond, particularly in the advanced economies. Our forecast (2.3% growth for 2024) suggest that global growth is unlikely to rebound significantly. The near-stagnation of the global economy is set to continue, with continued weakness in the US, a timid recovery in Europe and Chinese growth below pre-pandemic standards.

World real GDP growth (annual average, %)



Sources: IMF, National statistical institutes, Refinitiv Datastream, Coface forecasts

Real GDP growth (annual average, %)



Sources: IMF, National statistical institutes, Refinitiv Datastream, Coface forecasts

[1] Malaysia, Philippines, Saudi Arabia, Qatar, Tanzania, Niger, Nigeria, Cape Verde, Bosnia-Herzegovina, Kazakhstan and Uzbekistan

Inflation down, but not out

In the list of major risks for the months ahead, the risk of persistent inflation remains high. The "mechanical" fall in inflation in the first half of the year has been confirmed, as the repercussions of the conflict in Ukraine on energy prices are fading in most economies. On the other hand, signals of more entrenched inflation have also been confirmed, with core inflation stabilizing at high levels in the Eurozone, the UK and the USA.

Renewed inflationary pressures are still possible. China's recovery has not yet reached its full potential, and is likely to exert pressure on gas supplies. Meanwhile, the oil market is tighter following OPEC+'s announcements of production cuts. The organization has withdrawn the equivalent of around 3.7% of global demand from the market. For the time being, we are maintaining our forecast of an annual average of around 90 USD/barrel.

In addition to energy prices, agricultural commodities are also worth monitoring. While their decline in recent months has not necessarily been passed on to consumer prices, new upside risks are already emerging. In addition to the Russian-Ukrainian conflict, which will continue to exert pressure, the El Niño climate phenomenon seems to be on the horizon from the second half of 2023. It could influence production and prices in 2023-24, with warmer temperatures and intense water deficits in some parts of the world.

Tighter credit conditions and a further rise in business insolvencies

The effects on inflation of the unprecedented monetary tightening in recent months are still largely to be seen, particularly in terms of service prices. The latter are still rising at levels that are hardly compatible with the 2% inflation target. Nevertheless, some of the major central banks have decided to pause rate hikes, starting with the Bank of Canada, the Reserve Bank of Australia and, probably, the FED. Conversely, the Bank of England is likely to raise its rate again, and the ECB will probably be forced to hike at its next meetings.

Pauses in rate hikes should allow to assess the impact of actions taken over the past year. Indeed, the turbulence in the banking sector can raise concerns about a credit squeeze, which is already visible. The slowdown in new lending to households and businesses, which drags down domestic demand, economic activity and, ultimately, inflation, also argues for a cautious stance from central banks.

In the coming months, companies will have to contend with an adverse environment of higher prices and tighter credit conditions, as well as sluggish domestic demand. In addition, after an overall increase in margins in 2022, businesses are likely to see their operating profitability decline under the combined effects of a gradual fall in core inflation and rising unit labor costs. The sharp increase in corporate insolvencies since the start of the year in most advanced economies is likely to continue, and even intensify, over the coming months.

Emerging economies will continue to drive global growth, but pockets of vulnerability persist

While advanced economies will see their growth fall in 2024, emerging countries should accelerate, with growth of 3.9%, their strongest expansion since 2018. The main factor will be the gradual recovery of the Chinese economy, which will benefit commodity exporters. The second factor is the pause in the Fed's monetary tightening cycle.

Coface is therefore upgrading energy-exporting countries such as Saudi Arabia, Qatar, Nigeria and Kazakhstan. Meanwhile, Malaysia and the Philippines, which will benefit from the influx of Chinese tourists, are returning to their pre-pandemic assessments. It should be stressed, however, that the tightening of global financing conditions has put many countries at risk of default. Egypt was downgraded in 2022, and Ghana last February. In the same vein, we are downgrading Kenya and Bolivia this quarter.

b) Significant events in the period

Acquisition of North America data analytics boutique Rel8ed

On January 30, 2023, Coface announced the acquisition of North American data analytics boutique Rel8ed. The acquisition brings new, rich data sets and analytics capabilities, which will benefit Coface trade credit insurance as well as the company's business information customers and teams.

AM Best affirms Coface's main operating subsidiaries rating at A (Excellent) with a stable outlook

On May 19, 2023, the rating agency AM Best affirmed the A (Excellent) Insurer Financial Strength – IFS rating of *Compagnie française d'assurance pour le commerce extérieur (la Compagnie)*, Coface North America Insurance Company (CNAIC) and Coface Re. The outlook for these ratings remain "stable".

Launch of ALYX, a new all-in-one credit management platform

On June 6, 2023, Coface announced the launch of a new digital trade credit risk management platform for its policyholders. Named Alyx, it allows Coface's customers to automate and centralize their credit risk management from lead to cash.

The platform was built and is proposed in partnership with CreditDevice, a Dutch software company specialized in commercial credit risk management. At first, Alyx will be proposed primarily to mid-market clients in France, Germany, Denmark, and in Norway.

c) Events after 30 June 2023

None

d) Comments on the results at 30 June 2023

Coface applied IFRS 17 and IFRS 9 accounting standards starting on 1 January 2023. All comparisons are made using the 2022 pro forma IFRS 17 figures presented on 27 April 2023

The changes at constant FX and perimeter, presented for comparison purposes in the tables below, take into account the integration of the following entities in 2022:

- In the first half of the year: Coface Norden Services (Denmark) and Coface Sverige Services (Sweden),
- In the second half of the year: Coface Services Suisse, Coface Baltic Services (Lithuania) and Coface Servicios Argentina.

i. Turnover

The Group's consolidated turnover increased by 11.1% at constant FX and perimeter (+9.9% at current FX and perimeter), rising from €873.5 million for the first half of 2022 to €959.7 million for the six months to 30 June 2023.

Changes in exchange rates had an adverse impact on turnover of 1.5 points. This was mainly due to the devaluation of the Argentine and Turkish currencies.

The table below shows the changes in the Coface Group's consolidated turnover by business line for the six months ending on 30 June 2022 and 2023:

Change in consolidated revenue by activity (in millions of euros)	**As at 30 June**		**Change**		
	2023	**2022**	**in €m**	**as a %**	**as a % at constant FX and perimeter**
Insurance	922.7	838.5	84.2	10.0%	11.4%
of which Earned premiums (1)	*803.1*	*733.2*	*70.0*	*9.5%*	*11.2%*
of which Services (2)	*119.6*	*105.3*	*14.3*	*13.5%*	*12.3%*
Factoring	37.0	35.0	1.9	5.5%	5.4%
Consolidated revenue	**959.7**	**873.5**	**86.1**	**9.9%**	**11.1%**

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

Insurance

Turnover from insurance businesses (including bonding and single risk coverage) increased by 11.4% at constant FX and perimeter (10% at current FX and perimeter), rising from €838.5 million for the first half of 2022 to €922.7 million for the first half of 30 June 2023.

Gross earned premiums were up by 11.2% at constant FX and perimeter (9.5% at current FX and perimeter), from €733.2 million at 30 June 2022 to €803.1 million at 30 June 2023. All markets were positively impacted by the sharp increase in their clients' activity levels due to inflation and by record client retention in the first half of 2023.

Production of new contracts, representing €63 million (annualised) in the first half of 2023, was stable against the first half of 2022 (€62.8 million). The retention rate (ratio between the annualised value of renewed policies and the annualised value of policies to be renewed during the period) reached a record level of 94.4% for the six months ending on 30 June 2023. Although the price effect was negative at 30 June 2023, it improved (at -2.0% vs. -3.3% at 30 June 2022). Lastly, premium volume benefited from the more moderate growth in policyholders' business due to inflation (volume effect of +2.8% at 30 June 2023, compared with +8% in the first half of 2022).

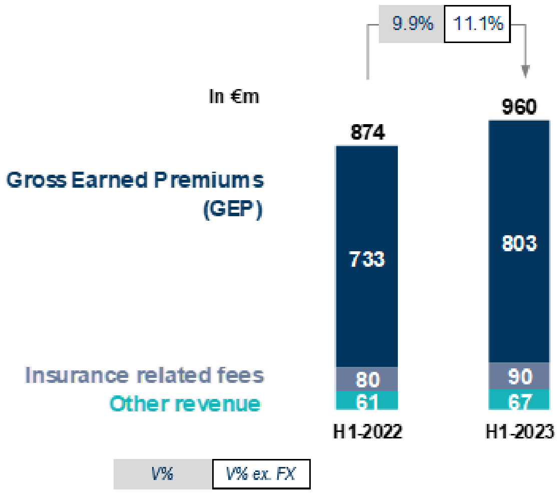
Turnover from the services business increased by 12.3% at constant FX and perimeter (13.5% at current FX and perimeter), from €105.3 million for the half year ended 30 June 2022 to €119.6 million for the half year ended 30 June 2023. This growth was driven by a 14.8% increase in information services turnover (at constant FX and perimeter) – this business line is a priority for development under the Build to Lead strategic plan.

Factoring

Factoring turnover (in Germany and Poland only) was up by 5.4% at constant FX and perimeter (5.5% at current FX and perimeter), from €35 million for the first half of 2022 to €37 million for the six months to 30 June 2023.

Factoring turnover in Germany was up 7.3% at current FX and perimeter, boosted by higher interest rates.

In Poland, factoring turnover decreased by 1% at current FX and perimeter owing to a fall in volumes financed.



Change in revenue by region

The following table shows the changes in consolidated turnover (net of intra-group flows) within the Group's seven geographic regions in the first six months of 2022 and 2023:

Change in consolidated revenue by region of invoicing (in millions of euros)	**As at 30 June**		**Change**			
	2023	**2022**	**in €m**	**as a %**	**as a %: at constant FX**	**as a %: at constant FX and perimeter**
Western Europe	194.3	166.8	27.5	16.5%	17.0%	16.5%
Northern Europe	200.1	187.5	12.6	6.7%	7.0%	7.1%
Mediterranean & Africa	267.0	236.8	30.2	12.7%	15.2%	15.2%
North America	85.4	79.7	5.7	7.2%	7.1%	7.1%
Central Europe	91.1	89.5	1.6	1.8%	1.4%	0.4%
Asia-Pacific	67.3	65.0	2.3	3.5%	4.9%	4.9%
Latin America	54.5	48.2	6.3	13%	24.4%	23.2%
Consolidated revenue	**959.7**	**873.5**	**86.1**	**9.9%**	**11.4%**	**11.1%**

All regions posted higher turnover at constant FX and perimeter.

In Western Europe, turnover was up +16.5%, with premiums driven by good retention rates and strong client activity, as well as a positive non-recurring item (accounting alignment) in the first quarter.

Northern Europe recorded turnover growth of +7.1% due to an increase in client activity, record retention and higher debt collection volumes.

In the Mediterranean & Africa region, turnover rose by +15.2% (+12.7% at current FX), driven by a high retention rate and a strong sales performance.

In North America, turnover was up by +7.1% (+7.2% at current FX) as a result of a high retention rate and strong activity levels.

Central Europe reported turnover growth of +0.4% (+1.8% at current FX). Excluding the impact of Russia, turnover in this region grew by 5.7%.

In the Asia-Pacific region, turnover increased by +4.9% (+3.5% at current FX) as client activity recovered in the second quarter of 2023, backed by high retention rates.

Latin America reported turnover growth of +23.2% (+13% at current FX due to the sharp devaluation of the Argentine peso), boosted by an improvement in the retention rate and strong activity levels.

ii. Underwritting income

Underwriting income before reinsurance

Underwriting income before reinsurance amounted to €210.7 million for the six months ending on 30 June 2023, down 16% on the first half of 2022 (€251.3 million).

This decrease is mainly due to a 7.4 points increase in the loss ratio (from 32% at 30 June 2022 to 39.4% at 30 June 2023).

Loss experience

The Group's loss ratio before reinsurance, including claims-handling expenses, increased by 7.3 points, from 32.0% for the half year ended 30 June 2022 to 39.3% for the half year ended 30 June 2023. This increase in the loss experience reflects the gradual return to normal levels compared to 2021 and 2022 as well as a peak loss experience in the LAR and WER regions.

The table below shows the change in the loss experience between June 2022 and June 2023:

Loss Experience	**As at 30 June**		**Change**	
(in millions of euros and %)	**2023**	**2022**	**in €m**	**as a %**
Claims expenses incl. claims handling costs and loss component	316.4	234.6	81.9	34.9%
Loss ratio before reinsurance	39.4%	32.0%		7,4 pts
Earned premiums	803.1	733.2	70.0	9.5%

In Western Europe, the loss ratio stood at 38.5% for the six months to 30 June 2023 (+24.7 points), reflecting the frequency and severity of claims reported compared to the first half of 2022.

Northern Europe saw its ratio decrease by 28.9 points, from 55.3% in Q2 2022 to 26.4% in Q2 2023, reflecting a reserve releases on previous years.

In the Mediterranean & Africa region, the loss ratio was down 3.8 points to 37.6%.

In North America, the loss experience increased by 15.6 points to 29.7% mainly due to the anticipation of frequency risk and a high level of claims in the United States.

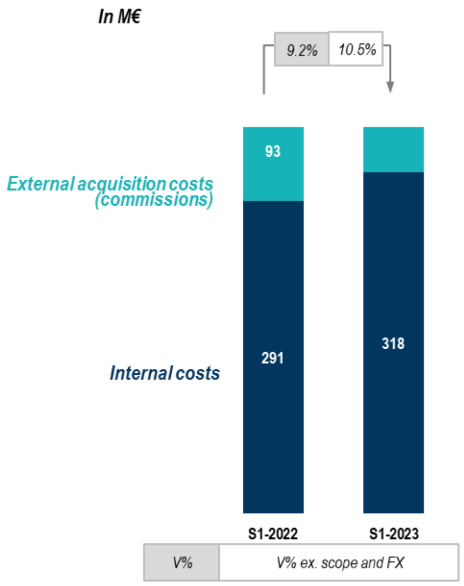
The loss ratio in the Central Europe region improved by 9.2 points to 29.8%. The favourable trend in the observed loss experience as well as recoveries on previous years lowered the loss experience in this region.

In the Asia-Pacific region, the loss ratio increased by 8.2 points to 40.6%. The loss experience in this region is gradually returning to normal.

Latin America's loss ratio increased by 113.5 points to 112.4% compared with -1.1% in 2022. This region is suffering from the impact of a peak loss experience.

Change in loss experience by region of invoicing (as a %)	**As at 30 June**		**Change (% points)**
	2023	**2022**	
Western Europe	38.5%	13.8%	24.7 pts
Northern Europe	26.4%	55.3%	-28.9 pts
Mediterranean & Africa	37.6%	41.4%	-3.8 pts
North America	29.7%	14.1%	15.6 pts
Central Europe	29.8%	39.1%	-9.3 pts
Asia-Pacific	40.6%	32.4%	8.2 pts
Latin America	112.4%	-1.1%	113.5 pts
Loss ratio before reinsurance	**39.4%**	**32.0%**	**7.4 pts**

Overheads



General expenses (in millions of euros)	As at 30 June		Change		
	2023	**2022**	**in €m**	**as a %**	**as a %: at constant FX and perimeter**
Internal general expenses	317.8	291.2	26.6	9.1%	10.4%
of which claims handling costs	*18.6*	*17.0*	*1.6*	*9.4%*	*7.3%*
of which investment management expenses	*4.6*	*3.6*	*1.1*	*29.6%*	*29.2%*
Commissions	102.1	93.5	8.6	9.3%	10.9%
Total general expenses	**420.0**	**384.7**	**35.2**	**9.2%**	**10.5%**

Total overheads, which include claims handling expenses and internal investment management expenses, increased by 10.5% at constant FX and perimeter (9.2% at current FX and perimeter), from €384.7 million for the period ended on 30 June 2022 to €420 million for the six months to 30 June 2023.

Policy acquisition commissions were up by 10.4% at constant FX and perimeter (9.1% at current FX and perimeter), from €93.5 million for the first half of 2022 to €102.1 million at 30 June 2023.

Internal overheads including claims handling expenses and investment expenses increased by 10.4% at constant FX and perimeter (9.1% at current FX and perimeter), from €291.2 million for the first half of 2022 to €317.8 million for the six months to 30 June 2023.

Payroll costs were up 11.3% at current exchange rates and reached €197.9 million in the first half of 2023, compared with €177.7 million in the first half of 2022. This increase is mainly due to wage inflation and new hires in the sales and operations management functions.

IT expenses were flat against 2022 at €27.8 million over the first six months of 2023 compared with €27.7 million over the same period of 2022.

Other expenses (business information purchases, travel expenses, rents, taxes, etc.) increased by 6.8% at current exchange rates, to €91.7 million in the first half of 2023 compared with €85.8 million in the first half of 2022.

The gross cost ratio improved by 0.6 point, from 30.1% in the first half of 2022 to 29.5% in the first half of 2023, as turnover rose faster than overheads.

Underwriting income after reinsurance

Income after reinsurance, other revenue and the cost of risk amounted to €198.8 million for the six months ending on 30 June 2023, up 4% on the first half of 2022 (€191.8 million).

The €35.7 million decline in reinsurance costs to -€47.4 million at 30 June 2023 (-€83.2 million at 30 June 2022) can be attributed to the end of government reinsurance schemes (negative impact of €36.4 million in the first half of 2022).

	As at 30 June		Change	
(in thousands of euros and %)	**2023**	**2022**	**(in €m)**	**(en %)**
Insurance Revenue	803,113	733,156	69,956	9.5%
Claims expenses	-317,458	-236,001	-81,457	34.5%
Attribuable costs	-275,997	-247,294	-28,703	11.6%
Loss component & reversal of loss component	1,014	1,444	-430	-29.8%
Insurance Service Revenue, before reinsurance	**210,672**	**251,306**	**-40,634**	**-16%**
Income and expenses from ceded reinsurance	-47,419	-83,167	35,749	-43%
Insurance Service Revenue	**163,253**	**168,139**	**-4,885**	**-3%**
Other revenue	156,551	140,359	16,192	12%
Operating expenses	-120,773	-116,877	-3,896	3%
Risk cost	-219	155	-374	-241%
Income after reinsurance, other revenues and cost of risk	**198,812**	**191,775**	**7,037**	**4%**
Net combined ratio	65.5%	63.4%		

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

Financial markets

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

Faced with the Federal Reserve's rapid rise in rates, the US economy is slowing down, but more gradually than was expected at the end of the first quarter of 2023. In particular, the consequences of the bankruptcies of SVB and two smaller banks in March were limited and fears of a financial crisis have eased. Economic indicators softened but did not point to an imminent recession. The labour market continues to create more jobs than expected. Regarding inflation, the general index continued to slow, mainly due to the effect of energy prices, but the slowdown in core inflation was less pronounced (5.3% in May after 5.6% in March and a peak of 6.6% in September 2022). After raising the Fed Funds rate three times since the beginning of the year (taking the target range to 5.0%-5.25%), the Federal Reserve left it unchanged in June, while announcing a high probability of further hikes before the end of the year. Against this background, the US 2-year yield increased by 47 bp to 4.90% at 30 June 2023. On the equity markets, the S&P 500 gained 15.9% in the first half of the year with investors betting on the resilience of the US economy.

In the eurozone, economic activity remains constrained by rising interest rates, the impact of high inflation on household purchasing power and a sluggish international environment due to the slowdown in the United States and China. After GDP declined slightly in Q4 2022 and Q1 2023, indicators for the second quarter of 2023 were mostly below expectations. Business surveys showed a very wide gap between the industrial sector, which is still struggling, and services, where activity remained strong. Headline inflation continued to fall, standing at 5.5% in June after 6.9% in March and a peak of 10.6% in October 2022. However, this decline has only moderately spread to the underlying price index. In addition, wages have risen sharply since the beginning of the year. The ECB raised its key rates four times, bringing the deposit rate to 3.5%. It also mentioned a very likely further increase in July. In this bullish environment, the German 2-year yield rose by 43bp to 3.2% as of 30 June 2023. On the equity markets, the Eurostoxx 50 rallied by 16% over the period.

Economic activity in emerging countries held up better than expected in the first half of the year. The slowdown in inflation, the easing of supply chain tensions thanks to the reopening of China, expansionary fiscal policies in some countries, and the greater resilience of the European and US economies all contributed to this performance. Inflation figures overall surprised on the downside in May and the tone of most central banks became more accommodative. Unlike their counterparts in advanced countries, emerging market central banks could cut rates soon, with Latin American countries leading the way. In China, second-quarter growth data point to a sharper-than-expected slowdown in the construction and manufacturing sectors. Despite high volatility in the markets, the main indices (GBI, EMBI, MSCI) have outperformed since the start of the year.

Financial income

Against this backdrop of economic slowdown, Coface Group continued to reduce its portfolio's risk profile, mainly by lowering its exposure to emerging sovereign debt and corporate bonds in exchange for developed country government bonds.

With regard to real assets, some real estate assets were reallocated from offices and retail to residential properties.

The level of cash remains high in order to cover a possible deterioration in the loss experience.

Net financial income amounted to +€1.4 million in the first half of 2023, including adjustments to the market value of assets classified at fair value through profit or loss for -€15.2 million and -€17.4 million in foreign exchange income (largely due to the rise in the euro against most currencies).

Income from the investment portfolio amounted to €34.4 million. Against this backdrop of inflation and rising interest rates, the unrealised capital loss on real estate funds was partially offset by the realisation of capital gains and the increase in recurring revenue.

Market value

(in millions of euros)	**As at 30 June 2023**
Investment income	34.4
Change in the fair value of financial instruments recognised at fair value through profit or loss	-15.2
Net gains on disposals	6.2
Additions to and reversals of provisions for impairment	0.0
Foreign exchange gains and losses	-17.4
Investment management fees	-6.6
NET INCOME FROM INVESTMENTS	**1.4**

The portfolio's economic rate of return was 0.7% in the first half of 2023, as the increase in recurring revenues was offset by the decline in real estate assets due to the rise in interest rates.

iv. Operating income

(in millions of euros)	As at 30 June		Change		
	2023	2022	in €m	as a %	as a % : at constant FX and perimeter
Consolidated operating income	**185.5**	**192.6**	**-7.1**	**-4%**	**-3%**
Operating income including financial costs	**169.4**	**182.4**	**-13.0**	**-7%**	**-7%**
Other operating incomes and expenses	-0.7	-4.3	3.6	-84%	-80%
Operating income including financial costs and excluding other operating incomes and expenses	**170.1**	**186.8**	**-16.6**	**-9%**	**-8%**

Consolidated operating income stood at €185.5 million, down 3% (at current FX and perimeter) compared to the half year ended 30 June 2022 (-€7.1 million).

Current operating income, including finance costs and excluding non-recurring items (other operating income and expenses), decreased by 8% (at constant FX and perimeter), from €186.8 million for the six months ended 30 June 2022 to €170.1 million for the half year ended 30 June 2023.

The combined ratio after reinsurance increased by 2.1 points, from 63.4% for the half year ended 30 June 2022 to 65.5% for the half year ended 30 June 2023. The net loss ratio increased by 3.8 points while the net cost ratio improved by 1.6 points.

Other operating income and expenses amounted to -€0.7 million, comprising mainly the following:

- Expenses linked to investments for the implementation of IFRS 17 totalling -€0.5 million;
- Other non-recurring income and expenses for -€0.2 million.

Change in consolidated operating income by region (in millions of euros)	As at 30 June		Change	Share of half-yearly total at June 30, 2020
	2023	2022		
Western Europe	66.1	60.6	5.5	36%
Northern Europe	50.7	28.4	22.2	27%
Mediterranean & Africa	42.3	39.8	2.5	23%
North America	7.0	12.6	-5.6	4%
Central Europe	16.7	27.7	-11.0	9%
Asia-Pacific	0.8	12.8	-12.0	0%
Latin America	1.2	6.3	-5.1	1%
Total (excluding inter-regional flows and holding costs not rebilled)	**184.8**	**188.3**	**-3.5**	**100%**

v. Net income (attributable to equity holders of the parent)

Coface Group's effective tax rate fell from 24.3% for the half year ended 30 June 2022 to 23.7% for the half year ended on 30 June 2023.

Net income (Group share) amounted to €128.8 million at 30 June 2023, down 4% in relation to the first half of 2022 (€134.8 million).

e) Group Cash and Capital

Shareholders' capital

Under IFRS, Coface SA Group's shareholders' equity attributable to owners of the parent totalled €1.9256 billion as at 30 June 2023, down by €93.3 million compared to the end of December 2022 (pro-forma IFRS 17), when it stood at €2.0186 billion. This decrease reflects:

- a dividend payout of €227.0 million
- net income of €128.8 million at 30 June 2023

Goodwill

Goodwill came to €155.3 million as at 30 June 2023, compared to €155.8 million at the end of December 2022 (pro-forma IFRS 17).

Debt

Coface Group's consolidated debt, excluding current operating debt, consists of financial debt and operating debt incurred for the refinancing of the factoring business.

The financing of the factoring business amounted to €2.688 billion at 30 June 2023, compared with €2.538 billion at 31 December 2022 (pro-forma IFRS 17).

Gross financial debt, excluding the financing of the factoring business, totalled €538.7 million at 30 June 2023 compared with €534.3 million at 31 December 2022 (pro-forma IFRS 17). It consists of two subordinated loans:

- Fixed-rate subordinated notes (4.125%) with a nominal amount of €226.6 million (after the partial redemption in September 2022), maturing on 27 March 2024,
- Fixed-rate subordinated notes (6.000%) with a nominal amount of €300 million, maturing on 22 September 2032.

The €4.4 million increase in gross financial debt between June 2023 and December 2022 was mainly due to:

- The €16.3 million increase in accrued interest not yet due
- The €9.3 million decrease related to the coupon payment on the €226.6 million subordinated loan

The Coface SA's gross debt-to-equity ratio stood at 28% at 30 June 2023, compared with 26.5% as at 31 December 2022 (pro-forma IFRS 17).

Solvency of the Group

In accordance with regulations, the Group measures its financial strength based on the capital requirement (amount of equity required to cover its managed risks) calculated based on a Partial Internal Model approved in 2019 by the Autorité de Contrôle Prudentiel et de Résolution (Prudential Supervisory Authority) for its insurance business, on the basis of the standard formula for its other insurance lines and according to bank regulations for the Group's financing companies. The change in capital requirement depends on numerous factors and parameters linked to changes in the loss ratio, underwriting volumes, risk volatility, the sequencing of loss settlement and the asset types invested in the Company's balance sheet (see the 2022 Registration Document, Section 5.2.3 "Risks related to changes in the regulations governing the Group's activities").

For insurance activities, pursuant to the Solvency II Regulation which became effective on 1 January 2016, the Group has carried out an estimated calculation of the Solvency Capital Requirement (SCR) at 30 June 30 2023. The Group's SCR evaluates the risks linked to pricing, underwriting, establishment of provisions, as well as market risks and operational risks. It takes account of frequency risks and severity risks. This calculation is calibrated to cover the risk of loss corresponding to a 99.5% quantile at a one-year horizon.

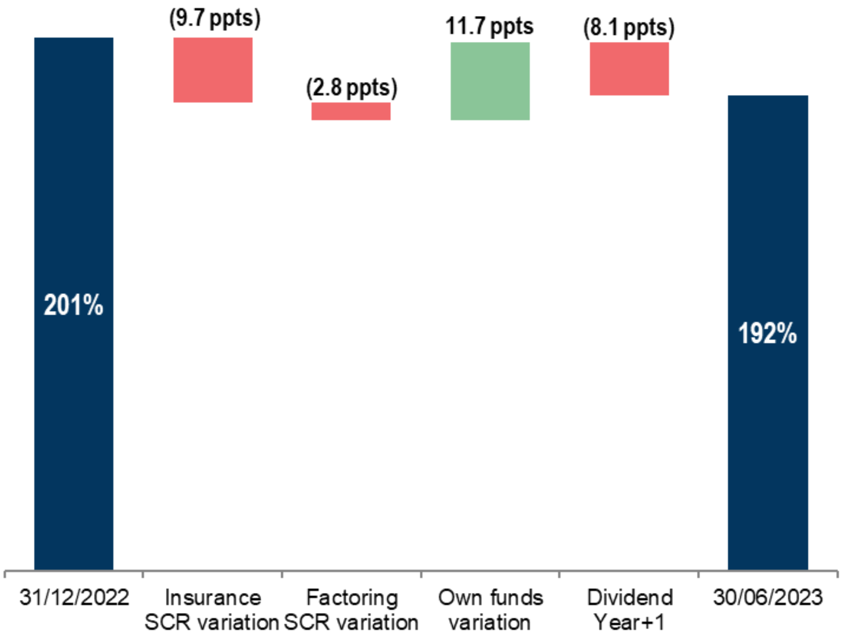
The Group also calculates the capital requirement for the factoring business. It is estimated by applying a 10.5% rate to the risk-weighted assets (or RWA). RWAs are calculated on the basis of the factoring exposure, by applying weighting as a function of the probability of default and the expected loss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

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

The Group has carried out an estimate[2] of its capital requirement and solvency ratio as at 30 June 2023. The estimated total capital requirement as at 30 June 2023 is €1,278 million (compared to €1,199 million as at 31 December 2022), including €1,036 million corresponding to the insurance SCR (estimated using the Partial Internal Model) and €242 million to the capital required by the financing companies.

Available capital as at 30 June 2023 is estimated at €2,451 million (compared to €2,404 million as at 31 December 2022). Available capital should be compared with the sum of the insurance SCR and the capital requirement for factoring.

As of 30 June 2023, the capital requirement solvency ratio (ratio between the Group's available capital and its capital requirement for insurance and factoring), is estimated at 192%[3] (compared with 201% at the end of 2022).



Given the approval of the Partial Internal Model in December 2019, the Group's solvency capital requirement (SCR) and minimum capital requirement (MCR) were defined using the Partial Internal Model. This model allows for better alignment between regulatory capital requirements and Coface's portfolio.

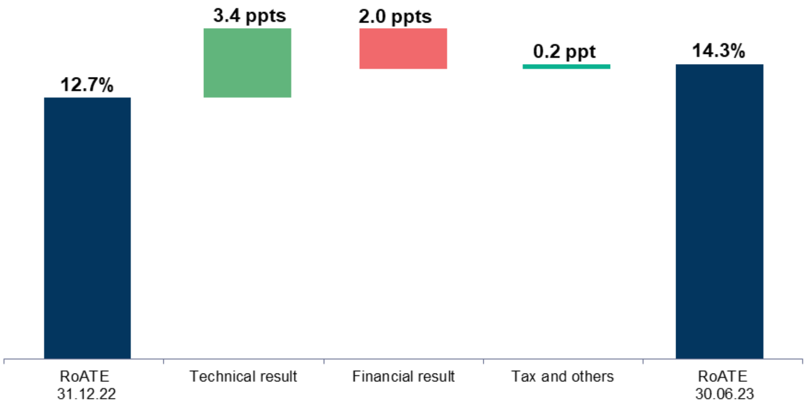
Return on equity

The RoATE is used to measure the return on the Coface Group's invested capital. Return on average tangible equity (or RoATE) is the ratio between net income (Group share) and average accounting equity (Group share) restated for intangible items (intangible asset values).

The table below presents the factors used to calculate the Coface Group's RoATE for the period ended in June 2023 and December 2022 (pro-forma IFRS 17):

[2] Capital requirements as at 30 June 2023 were estimated using the Partial Internal Model.
[3] This estimated solvency ratio constitutes a preliminary calculation based on Coface's interpretation of the Solvency II Regulation; the result of the final calculation may differ from the result of this preliminary calculation. The estimated solvency ratio is not audited.

(in million euros)	As at 30 June 2023	As at 31 December 2022
Accounting equity (attributable to equity holders of the parent) including net income (attributable to equity holders of the parent) – A	1,925	2,019
Intangible assets – B	236	239
Tangible equity – C (A – B) As at 30 June 2023, tangible equity include the annualized net income – C (A-B+E)	1,818	1,780
Average tangible equity– D ([Cn+Cn-1]/2)	1,799	1,890
Net income (attributable to equity holders of the parent)– E	128.8	240.4
RoATE – E/D As at 30 June 2023, net income is annualized– E x 2/D	14.3%	12.7%



f) Risk factors

By the nature of its activities, the Coface Group is exposed to six major types of risk (credit risk, financial risk, strategic risk, reinsurance risk, operational and compliance risk and climate change risk). Strategic risk and credit risk are the two most significant risk types. For the efficient management of its operations and processes, the Coface Group has its own risk management structure.

The main risk factors and uncertainties faced by the Group are described in detail in Chapter 5 “Main risk factors and their management inside the Group” of the Coface Group’s 2022 Universal Registration Document filed with the French Financial Markets Authority (AMF) on 6 April 2023 under number D.23-0244.

g) Future risks and uncertainties

At Group level, see section “h) Outlook for the Group”

h) Outlook for the Group

In the second quarter of the year, the global economy benefited from a decline in commodity prices, which concerned both energy and non-energy. In particular, oil prices suffered from a weak demand outlook, notably due to the lack of a real rebound of the Chinese economy. This latter is experiencing a persistently soft industrial cycle and is suffering from the relocation of some production facilities to other countries because of geostrategic uncertainties.

Inflation remains the key concern for central banks. The recent decline in oil prices brought a welcome relief in inflationary pressure but it could rapidly revert should demand recover. Central banks are therefore expected to continue tightening their monetary policies, which should keep global growth at a modest level both in 2023 and 2024.

Against this backdrop of slow growth and rising interest rates, Coface anticipates a further increase in business defaults. Accordingly, Coface has significantly stepped up its preventive actions on the risk portfolio in close relationship with its clients, in line with its strategy.

The credit insurance sector is entering a new phase of its cycle, which will see weaker and potentially negative client activity, a rise in business failures, and insurance prices bottoming out. Against this clearly less favourable backdrop, Coface continues to manage its risks rigorously, while remaining faithful to its strategy of close collaboration with its customers.

As the Build to Lead strategic plan nears its end, Coface is actively preparing its next plan, which will be presented to investors on 5th March 2024.

Coface's operations continue to be backed by a solid balance sheet. The solvency ratio reached 192%[4], above the target range (155% - 175%).

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

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II. Consolidated financial statements

II. Consolidated financial statements

Basis of preparation

These IFRS condensed interim financial statements of the Coface Group as at June 30th, 2023 are established in accordance with IAS 34 – Interim Financial Reporting, as adopted by the European Union.

The interim financial statements include:

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

The balance sheet items are presented with comparative financial information as at December 31st, 2022 and the income statement items are presented with comparative financial information as at June 30th, 2022. The 2022 comparative financial information are restated with the new IFRS 17 standard, Insurance contracts.

The accounting principles and policies used for the interim financial statements as at June 30, 2023 are the same as the ones used for the year ended December 31, 2022. They are prepared in accordance with the International Financial Reporting Standards (IFRS) as published by IASB and adopted by the European Union[5]. They are detailed in the note "Applicable Accounting Standards" of consolidated financial statements for the year ended December 31, 2022, excepted the ones related to the new standards IFRS 17 and 9 updated in those accounts. They are the following paragraphs : Applicable standards, general principles of insurance companies, breakdown by destination of insurance company costs, turnover, technical insurance operations, reinsurance operations: inward and cession, financial assets, derivative financial instruments and hedging transactions, financial liabilities and accounting treatment of debt issuance costs.

These condensed consolidated financial statements were reviewed by Coface Group's Board of Directors on 10th August 2023 and previously reviewed by the Audit Committee on 9th August 2023.

Significant events

Acquisition of North America data analytics boutique Rel8ed
On January 30, 2023, Coface announced the acquisition of North American data analytics boutique Rel8ed. The acquisition brings new, rich data sets and analytics capabilities, which will benefit Coface trade credit insurance as well as the company's business information customers and teams.

AM Best affirms Coface's main operating subsidiaries rating at A (Excellent) with a stable outlook
On May 19, 2023, the rating agency AM Best affirmed the A (Excellent) Insurer Financial Strength – IFS rating of *Compagnie française d'assurance pour le commerce extérieur (la Compagnie)*, Coface North America Insurance Company (CNAIC) and Coface Re. The outlook for these ratings remains "stable".

Launch of ALYX, a new all-in-one credit management platform
On June 6, 2023, Coface announced the launch of a new digital trade credit risk management platform for its policyholders. Named Alyx, it allows Coface's customers to automate and centralize their credit risk management from lead to cash.

The platform was built and is proposed in partnership with CreditDevice, a Dutch software company specialized in commercial credit risk management. At first, Alyx will be proposed primarily to mid-market clients in France, Germany, Denmark, and in Norway.

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

Consolidated balance sheet

Assets

(in thousands of euros)	Notes	June 30, 2023	Dec. 31, 2022*	Jan. 1, 2022*
Intangible assets		**236,194**	**238,835**	**229,951**
Goodwill	1	155,326	155,960	155,529
Other intangible assets	2	80,868	82,876	74,423
Financial investments	**3**	**2,963,419**	**3,015,136**	**3,213,422**
Real estate investments	3	288	288	288
Investments at amortized cost	3	92,390	102,088	87,507
Investments at fair value through other comprehensive income	3	2,360,379	2,902,405	3,115,154
Investments at fair value through profit and loss	3	509,973	26	15
Derivatives and separate embedded derivatives	3	388	10,330	10,458
Receivables arising from banking activities	**4**	**3,106,698**	**2,906,639**	**2,690,125**
Reinsurers' shares of insurance liabilities	**10**	**344,335**	**356,217**	**288,647**
Other assets		**508,487**	**515,650**	**484,238**
Buildings used for operations purposes and other property, plant and equipment		90,400	94,613	105,809
Deferred tax assets		75,118	90,693	64,078
Trade receivables arising from service activities		58,389	50,062	59,489
Current tax receivable		67,686	66,612	75,682
Other receivables		216,895	213,670	179,180
Cash and equivalents	**5**	**559,299**	**553,786**	**362,441**
TOTAL ASSETS		**7,718,432**	**7,586,265**	**7,268,824**

(*) IFRS 17 restated, without IFRS 9 application. The wording changes in the comparative columns December 31, 2022 and January 1, 2022 are reclassifications without IFRS 9 application.

Equity and liabilities

(in thousands of euros)	Notes	June 30, 2023	Dec. 31, 2022*	Jan. 1, 2022*
Equity attributable to owners of the parent		**1,925,259**	**2,018,606**	**2,229,547**
Share capital	6	300,360	300,360	300,360
Additional paid-in capital		723,501	723,501	810,420
Retained earnings		893,717	835,265	738,244
Other comprehensive income		(121,152)	(80,968)	156,708
Consolidated net income of the year		128,834	240,448	223,816
Non-controlling interests		**1,980**	**2,266**	**362**
Total equity		**1,927,239**	**2,020,871**	**2,229,909**
Provisions for liabilities and charges	**7**	**70,890**	**68,662**	**85,748**
Financing liabilities	**8**	**538,720**	**534,280**	**390,553**
Lease liabilities	**9**	**71,485**	**74,622**	**81,930**
Liabilities relating to insurance contracts	**10**	**1,464,813**	**1,432,580**	**1,250,493**
Payables arising from banking activities	**11**	**3,134,180**	**2,927,389**	**2,698,525**
Amounts due to banking sector companies		988,473	743,230	822,950
Amounts due to customers of banking sector companies		445,988	389,300	376,800
Debt securities		1,699,720	1,794,858	1,498,775
Other liabilities		**511,104**	**527,861**	**531,666**
Deferred tax liabilities		113,804	125,441	153,422
Current taxes payables		61,213	61,681	80,712
Derivatives		721	222	3,480
Other payables		335,366	340,516	294,052
TOTAL EQUITY AND LIABILITIES		**7,718,432**	**7,586,265**	**7,268,824**

(*) IFRS 17 restated, without IFRS 9 application. The wording changes in the comparative columns December 31, 2022 and January 1, 2022 are reclassifications without IFRS 9 application.

Consolidated income statement

(in thousands of euros)	Notes	June 30, 2023	June 30, 2022*
Gross written premiums		936,785	870,595
Premium refunds		(66,104)	(65,368)
Net change in unearned premium provisions		(67,568)	(72,072)
Insurance Revenue	**12**	**803,113**	**733,156**
Claims expenses	13	(317,458)	(113,004)
Attribuable expenses from insurance activity	14	(275,997)	(247,294)
Loss component & reversal of loss component		1,014	1,444
Insurance Service Expenses		**(592,441)**	**(481,851)**
INSURANCE SERVICE REVENUE, BEFORE REINSURANCE		**210,672**	**251,306**
Income and expenses from ceded reinsurance	15	(47,419)	(83,167)
INSURANCE SERVICE REVENUE		**163,253**	**168,139**
Fee and commission income		89,719	79,609
Net income from banking activites		36,967	35,038
Income from services activites		29,865	25,713
Other revenue	**12**	**156,551**	**140,359**
Non attribuable expenses from insurance activity	14	(47,221)	(49,267)
Expenses from banking activities, excluding risk cost	14	(12,095)	(11,313)
Other operating expenses	14	(61,458)	(56,298)
Operating expenses		**(120,773)**	**(116,877)**
Risk cost		**(219)**	**155**
INCOME AFTER REINSURANCE, OTHER REVENUES AND RISK COST		**198,812**	**191,775**
Investment income, net of management expenses		1,416	22,786
Insurance finance income or expenses		(19,093)	(7,234)
Insurance finance income or expenses from ceded reinsurance		4,387	(14,698)
Net Financial income	**16**	**(13,291)**	**854**
CURRENT OPERATING INCOME		**185,521**	**192,629**
Other operating income and expenses		(715)	(4,341)
OPERATING INCOME		**184,806**	**188,288**
Finance costs		(16,110)	(10,197)
Income tax expenses		(39,918)	(43,240)
CONSOLIDATED NET INCOME BEFORE NON-CONTROLLING INTERESTS		**128,777**	**134,851**
Non-controlling interests		56	(23)
NET INCOME FOR THE PERIOD		**128,834**	**134,827**

(*) IFRS 17 restated, without IFRS 9 application. The wording changes in the comparative column June 30, 2022 are reclassifications without IFRS 9 application.

Consolidated statement of comprehensive income

(in thousands of euros)	June 30, 2023	June 30, 2022 (*)
Net income of the period	**128,834**	**134,827**
Non-controlling interests	(56)	23
Other comprehensive income		
Currency translation differences reclassifiable to income	**(15,034)**	**24,697**
Reclassified to income		
Recognised in equity	(15,034)	24,697
Fair value adjustments on financial assets through OCI - Recycling	**9,635**	**(163,409)**
Recognised in equity – reclassifiable to income – gross	13,923	(217,885)
Recognised in equity – reclassifiable to income – tax effect	(3,418)	45,357
Reclassified to income – gross	(1,396)	8,591
Reclassified to income – tax effect	527	528
Fair value adjustments on financial assets through OCI - Not Recycling	**7,000**	
Recognised in equity – not reclassifiable to income – gross	*9,062*	*(0)*
Recognised in equity – not reclassifiable to income – tax effect	*(2,062)*	*(0)*
Insurance finance expenses through OCI - Recycling	**(4,420)**	**13,642**
Recognised in equity – reclassifiable to income – gross	(3,809)	17,864
Recognised in equity – reclassifiable to income – tax effect	*(611)*	*(4,222)*
Fair value adjustments on employee benefit obligations	**(85)**	**5,378**
Recognised in equity – not reclassifiable to income – gross	(118)	7,605
Recognised in equity – not reclassifiable to income – tax effect	33	(2,226)
Other comprehensive income of the period, net of tax	**(2,903)**	**(119,692)**
Total comprehensive income of the period	**125,875**	**15,159**
- attributable to owners of the parent	126,151	15,149
- attributable to non-controlling interests	(278)	10

(*) IFRS 17 restated, without IFRS 9 application. The wording changes in the comparative column June 30, 2022 are reclassifications without IFRS 9 application.

Statement of changes in equity

(in thousands of euros)	Share capital	Premiums	Consolidated reserves	Treasury shares	Other comprehensive income			Net income for the period	Equity attributable to owners of the parent	Non-controlling interests	Total equity
					Foreign currency translation reserve	Recyclables revaluation reserves	Not recyclables revaluation reserves				
Equity as at December 31, 2021	300,360	810,420	660,526	(15,719)	(28,602)	212,733	(22,493)	223,817	2,141,041	309	2,141,351
Insurance contracts first application of impact IFRS 17			95,711			(4,931)			90,781	53	90,834
Other impacts			(2,274)						(2,274)		(2,274)
Equity as at January 1st, 2022 restated IFRS17	300,360	810,420	753,963	(15,719)	(28,602)	207,803	(22,493)	223,817	2,229,548	362	2,229,911
2021 net income to be appropriated			223,817					(223,817)			(0)
Payment of 2021 dividends in 2022		(86,868)	(137,161)						(224,029)	(14)	(224,043)
Total transactions with owners	**(0)**	**(86,868)**	**86,656**	**(0)**	**(0)**	**(0)**	**(0)**	**(223,817)**	**(224,029)**	**(14)**	**(224,043)**
December 31, 2022 net income restated IFRS17								240,448	240,448	273	240,721
Fair value adjustments on available-for-sale financial assets recognized in equity						(255,684)			(255,684)	(32)	(255,715)
Fair value adjustments on available-for-sale financial assets reclassified to income statement						(9,232)			(9,232)		(9,232)
Insurance financial result in equity according to IFRS 17						17,315			17,315	59	17,374
Change in actuarial gains and losses (IAS 19R)							9,310		9,310		9,310
Currency translation differences					615				615	(21)	594
Treasury shares elimination				(3,430)					(3,430)		(3,430)
Free share plans expenses			2,203						2,203		2,203
Hyperinflation impacts			16,172						16,172		16,172
Transactions with shareholders and others		(51)	(4,580)						(4,631)	1,639	(2,992)
Equity as at December 31, 2022 restated IFRS17	300,360	723,501	854,414	(19,149)	(27,987)	(39,798)	(13,183)	240,448	2,018,606	2,266	2,020,872
Financial instruments first application of impact IFRS 9			37,662			(56,379)	18,879		161	(2)	159
IFRS 17 Equity as at January 1st, 2023 restated IFRS 17 & IFRS 9	300,360	723,501	892,076	(19,149)	(27,987)	(96,177)	5,696	240,448	2,018,767	2,264	2,021,031
2022 net income to be appropriated			240,448					(240,448)			
Payment of 2022 dividends in 2023			(226,953)						(226,953)	(6)	(226,959)
Total transactions with owners	**(0)**	**(0)**	**13,495**	**(0)**	**(0)**	**(0)**	**(0)**	**(240,448)**	**(226,953)**	**(6)**	**(226,959)**
June 30, 2023 net income								128,834	128,834	(56)	128,778
Fair value adjustments on financial assets recognized in equity						10,505	7,000		17,505	(3)	17,502
Fair value adjustments on financial assets reclassified to income statement						(870)			(870)		(870)
Insurance financial result in equity according to IFRS 17						(4,457)			(4,457)	37	(4,420)
Change in actuarial gains and losses (IAS 19R)							(85)		(85)		(85)
Currency translation differences					(14,778)				(14,778)	(256)	(15,034)
Coface SA cancellation shares											
Treasury shares elimination				(909)					(909)		(909)
Free share plans expenses			1,090						1,090		1,090
Hyperinflation impacts			7,193						7,193		7,193
Transactions with shareholders and others			(76)						(76)	2	(74)
Equity as at June 30, 2023	**300,360**	**723,501**	**913,772**	**(20,058)**	**(42,765)**	**(90,999)**	**12,612**	**128,834**	**1,925,259**	**1,980**	**1,927,239**

Consolidated statement of cash flows

(in thousands of euros)	June 30, 2023	June 30, 2022*
Net income for the period	**128,834**	**134,827**
Non-controlling interests	(56)	23
Income tax expense	39,918	43,240
Finance costs	16,110	10,064
Operating income (A)	**184,806**	**188,288**
+/- Depreciation, amortization and impairment losses	18,547	15,935
+/- Net additions to / reversals from technical provisions	64,078	154,580
+/- Unrealized foreign exchange income / loss	9,436	15,917
+/- Non-cash items	(14,677)	4,773
Total non-cash items (B)	***91,542***	***191,205***
Gross cash flows from operations (C) = (A) + (B)	***276,347***	***379,493***
Change in operating receivables and payables	(14,648)	(22,344)
Net taxes paid	(43,073)	(34,162)
Net cash related to operating activities (D)	***(57,721)***	***(56,507)***
Increase (decrease) in receivables arising from factoring operations	(174,759)	(433,082)
Increase (decrease) in payables arising from factoring operations	(38,451)	322,719
Increase (decrease) in factoring liabilities	220,597	105,824
Net cash generated from banking and factoring operations (E)	***7,387***	***(4,538)***
Net cash generated from operating activities (F) = (C+D+E)	**226,013**	**318,448**
Acquisitions of investments	(134,593)	(1,572,480)
Disposals of investments	192,347	1,627,036
Net cash used in movements in investments (G)	***57,754***	***54,556***
Acquisitions of consolidated subsidiaries, net of cash acquired	0	4,786
Disposals of consolidated companies, net of cash transferred	(0)	(0)
Net cash used in changes in scope of consolidation (H)	***0***	***4,786***
Acquisitions of property, plant and equipment and intangible assets	(10,117)	(15,902)
Disposals of property, plant and equipment and intangible assets	97	399
Net cash generated from (used in) acquisitions and disposals of property, plant and equipment and intangible assets (I)	***(10,020)***	***(15,503)***
Net cash used in investing activities (J) = (G+H+I)	**47,734**	**43,839**
Proceeds from the issue of equity instruments	(0)	(0)
Treasury share transactions	(909)	(1,187)
Dividends paid to owners of the parent	(226,953)	(224,029)
Dividends paid to non-controlling interests	(6)	(15)
Cash flows related to transactions with owners	***(227,868)***	***(212,996)***
Proceeds from the issue of debt instruments	(0)	(1,069)
Cash used in the redemption of debt instruments	(0)	(0)
Lease liabilities variations	(9,411)	(8,674)
Interests paid	(11,671)	(24,359)
Cash flows related to the financing of Group operations	***(21,082)***	***(34,101)***
Net cash generated from (used in) financing activities (K)	**(248,950)**	**(247,097)**
Impact of changes in exchange rates on cash and cash equivalents (L)	**(19,285)**	**(10,219)**
NET INCREASE IN CASH AND CASH EQUIVALENTS (F+J+K+L)	**5,512**	**104,970**
Net cash generated from operating activities (F)	226,013	318,448
Net cash used in investing activities (J)	47,734	43,839
Net cash generated from (used in) financing activities (K)	(248,950)	(247,097)
Impact of changes in exchange rates on cash and cash equivalents (L)	(19,285)	(10,219)

Cash and cash equivalents at beginning of period	**553,786**	**362,441**
Cash and cash equivalents at end of period	**559,299**	**467,410**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**5,512**	**104,970**

(*) IFRS 17 restated, without IFRS 9 application.

Accounting principles

1. Applicable accounting standards

Pursuant to European Regulation 1606/2002 of July 19, 2002, the consolidated financial statements of Coface as of June 30, 2023 are prepared in accordance with IAS / IFRS and IFRIC interpretations as adopted in the European Union and applicable at that date.

Standards applied since January 1, 2023

The amendments related to IAS 1 “Disclosure of Material Accounting Policy Information” and IAS 8 “Definition of Accounting Estimates”, published on March 3, 2022, are applicable from January 1, 2023 with possible early application. Those amendments had no impact on Coface’s accounts.

The amendment related to IAS 12 “‘Deferred Tax related to Assets and Liabilities arising from a Single Transaction”, published on August 12, 2022, is applicable from January 1, 2023 with possible early application. This amendment is already applied in Coface’s accounts.

The group applies the IFRS 17 and 9 standards for the first time on January 1, 2023.

2. IFRS 17 Insurance Contracts

IFRS 17, published on May 18, 2017, and amended on June 25, 2020, replaces IFRS 4 Insurance Contracts and is effective for annual periods beginning on or after January 1, 2023, with early adoption permitted.

2.1. General principles

2.1.1. Identifying contracts in the scope of IFRS 17

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts issued, reinsurance contracts and investment contracts with discretionary participating features, provided insurance contracts are also issued.

The Group covers the risks provided for in the following insurance policies: credit insurance (short-term), *Single-Risk* (medium-term) and bonding (medium-term). The bonding does not constitute a credit insurance product because it represents a different nature of risk (in terms of the underlying and duration of the risk) but it complies with the definitions of insurance contracts given by IFRS 17.

When identifying contracts in the scope of IFRS 17, in some cases the Group will have to assess whether a set or series of contracts needs to be treated as a single contract and whether goods and services components have to be separated and accounted for under another standard. The analysis of all Coface’s insurance contracts shows that they fall under IFRS 17 for income related to insurance premiums.

2.1.2. Level of aggregation

The standard requires a more detailed level of granularity in the calculations since it requires estimates by group of contracts, without classifying contracts issued more than one year apart in the same group – annual cohorts.

The optional “carve-out” introduced by the European Commission and allowing the annual cohort requirement to be waived for life-insurance, does not apply to the Group as no business is eligible.

Groups of contracts are determined by first identifying portfolios of contracts, each comprising contracts subject to similar risks and managed together. Coface has defined 3 portfolios: the Trade Credit- Insurance business line, the *Single Risk* business line and the Bonding business line.

Each portfolio is then divided into annual cohorts (i.e. by year of issue) and each annual cohort into two groups:

- a group of contracts that are onerous on initial recognition (for which a loss component, if any, will be immediately recognized through profit and loss);
- a group of contracts that at initial recognition have a possibility of becoming onerous subsequently.

Furthermore, IFRS 17 specifies that an entity is permitted to subdivide the groups in order to assess the profitability. Coface has defined 15 group of contracts on Trade Credit-Insurance, based principally on geographical areas, 1 group of contracts on *Single Risk* and 1 group of contracts on Bonding.

Reinsurance contract held granularity relies on the reinsurance treaties.

When a contract is recognised, this specific contract is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts may be added.

2.1.3.Contract boundaries

Under IFRS 17, the measurement of a group of contracts includes all of the future cash flows within the scope of each contract in the group. The period covered by the premiums within the contract boundary is the ‘coverage period’.

The Group considers that the requirements related to the contracts boundaries of insurance contracts are linked to the practical ability to reassess the risks of the policyholders at individual contract and those related to reinsurance contracts are linked to the practical ability for the reinsurer to terminate the reinsurance coverage. According to those requirements, IFRS 17 does not impact the nature of the Group’s cash flows to be included in the measurement of existing recognised contracts.

Onerous contracts are recorded as soon as the Group is committed on the valuation date, even if the premiums have not been collected.

2.1.4. Coverage period

The coverage period is defined as the period during which the entity provides coverage for insured events. IFRS 17 defines the insured event as “an uncertain future event covered by an insurance contract that creates insurance risk.” The Group has defined the coverage period of the Trade Credit-Insurance business line as the period from the beginning of the insurance policy until the potential default due date by the debtor towards the policyholder. In that case, the potential default due date has been defined as the maximum credit term indicated in the contract.

2.1.5. Measurement model

IFRS 17 requires measurement model at current value, where the GMM general model measurement (or BBA Building block approach) is based on the following “building block” including:

- ■ the fulfilment cash flows (FCF), which comprise:
  - probability-weighted estimates of future cash flows,
  - an adjustment to reflect the time value of money (i.e. discounting) and the financial risks associated with those future cash flows,
  - and a risk adjustment for non-financial risk (cf. § 2.2.3 Risk adjustment for non-financial risk);
- ■ the Contractual Service Margin (CSM). The CSM represents the unearned profit for a group of insurance contracts and will be recognized as the entity provides services in the future.

At the end of each subsequent reporting period the carrying amount of a group of insurance contracts is remeasured to be the sum of:

- ■ the liability for remaining coverage, which comprises the FCF related to future services and the CSM of the group at that date; and
- ■ the liability for incurred claims, which is measured as the FCF related to past services allocated to the group at that date.

In addition, a simplified measurement model called Premium Allocation Approach (PAA) is permitted for the measurement of the liability for remaining coverage if it provides a measurement that is not materially different from the general model or if the coverage period is one year or less.

The Group applies the PAA to all the insurance and reinsurance portfolios, of which Trade Credit-Insurance representing the major part of its business as the resulting measurement of the asset for remaining coverage would not differ materially from the result of applying the general model and due to the fact that the *Single Risk* and the bonding are not material compared with Trade Credit-Insurance.

With the PAA, the liability for remaining coverage corresponds to premiums received at initial recognition less acquisition costs and amounts already recognized in profit and loss at the closing date. Also, in PAA, the liability for remaining coverage does not include the Contractual Service Margin (CSM). In addition, as permitted by the standard, premiums received were approximated as written premiums with deduction of insurance and reinsurance debts and receivables related to premiums.

The Group amortizes cash flows related to attributable insurance acquisition costs. These fees include acquisition fees paid to intermediaries (brokers, agents, ceding insurers) and other acquisition costs attributable to contracts and are spread over the coverage period according to the same rule as the unearned premiums reserves.

As required by IFRS 17, the part of deferred acquisition costs is now recorded on the liabilities side of the balance sheet in the "liability for remaining coverage" item included in the "liabilities related to insurance contracts issued". The change in deferred acquisition costs for the period is included in the acquisition costs attributable, in the income statement.

Subsequently, the carrying amount of the liability for remaining coverage is increased by any further premiums received and decreased by the amount recognised as insurance revenue for services provided. If at any time before and during the coverage period, a group of contracts is or becomes onerous, then the Group will recognize a loss in profit or loss and increase the liability for remaining coverage.

The general model remains applicable for the measurement of incurred claims. The future cash flows are discounted (at current rates).

The underlying hypothesis to evaluate the best estimate on reinsurance treaties ceded are consistent with the one to evaluate the best estimate of group of direct insurance contracts. The Best estime must also include the non-execution risk from the reinsurance treatee issuer that Coface estimates as non-significant.

2.2 Significant judgements and estimates

2.2.1 Estimates of future cash flows

In estimating future cash flows, the Group incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events.

Estimates of future cash flow are calculated based primarily on the granularity of the contract group but the reserving segment can be more accurate if necessary. The usual actuarial methodologies are used. Estimates of future cash flows by entity are calculated through an allocation process.

The estimates of future cash flows will reflect the Group’s view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

When estimating future cash flows, the Group will take into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts will not be taken into account until the change in legislation is substantively enacted.

Cash flows within the boundary of a contract are those that relate directly to the fulfilment of the contract, including those for which the Group has discretion over its amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts. Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

The overheads are attributed to acquisition activities, other fulfilment activities and other activities at local entity level using activity-based costing techniques. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and will be consistently applied to all costs that have similar characteristics.

2.2.2 Discount rates

The Group uses the "bottom-up" methodology to determine the discount curves. This approach involves determining discount rates by adjusting a liquid risk-free yield curve to reflect differences in the liquidity characteristics of financial instruments that underlie the rates observed in the market and the liquidity characteristics of the insurance.

The group uses the Eiopa[6] risk-free yield curve:

[6] Eiopa : European Insurance and Occupational Pensions Authority

Maturity	1 year		2 years		5 years		10 years	
Period	2023.06	2022.12	2023.06	2022.12	2023.06	2022.12	2023.06	2022.12
EUR	3.739%	2.704%	3.400%	2.712%	2.91%	2.556%	2.842%	2.503%
USD	5.052%	5.073%	4.287%	4.605%	3.506%	3.708%	3.353%	3.491%
HKD	4.574%	5.269%	4.142%	4.865%	3.7%	4.129%	3.587%	3.887%
GBP	5.253%	4.37%	5.032%	4.368%	4.434%	3.826%	4.044%	3.329%

2.2.3 Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is determined to reflect the compensation that the Group would require for bearing non-financial risk and its degree of risk aversion.

The risk adjustment for non-financial risk is determined using the confidence level technique. The Group applies this technique to the gross and calculate the amount of risk being transferred to the reinsurer by applying the reinsurance treaties conditions.

By applying a confidence level technique, the Group estimates the probability distribution of the expected present value of the future cash flows from the contracts at each reporting date and calculate the risk adjustment for non-financial risk as the excess of the value at risk at the target confidence level over the expected present value of the future cash flows allowing for the associated risks over all future years.

The risk adjustment for non-financial risk is based on a confidence level approach with a probability between 87.5% and 92.5%.

2.3 Presentation

IFRS 17 significantly changes how insurance contracts and reinsurance contracts are presented and disclosed in the Group's consolidated financial statements.

Under IFRS 17, portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. All rights and obligations arising from a portfolio of contracts are presented on a net basis; therefore, balances such as insurance receivables and payables and policyholder loans are no longer be presented separately. Any assets or liabilities recognized for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows) are also presented in the same line item as the related portfolios of contracts.

In terms of presentation, the income and expenses of insurance and reinsurance contracts are broken down in the profit and loss into:

- an insurance service result, comprising insurance revenue (corresponding to the insurance service provided over the period) and insurance service expenses (i.e. incurred claims and other incurred insurance service expense); Amounts from reinsurance contracts will be presented separately. and
- insurance and reinsurance finance income or expenses.

The separate presentation of underwriting and financial results under IFRS 17 and IFRS 9 (cf. §3 Application of IFRS 9 Financial instruments) provides added transparency about the sources of profits and quality of earnings.

2.3.1 Insurance service result

The insurance service result consists of insurance income and insurance expenses.

Insurance income:

Insurance income replaces the previously presented gross insurance premium indicator.

For contracts measured using the PAA, insurance revenue is recognised based on an allocation of expected premium receipts to each period of coverage, which is based on the passage of time. It consists of gross written premiums, net of premium rebates, and changes in provisions for unearned premiums.

- *Gross written premiums:*

Gross written premiums correspond to invoiced premiums excluding taxes, net of cancellations. They include an estimate of the premiums to be issued for the portion earned during the fiscal year and an estimate of the premiums to be cancelled after the closing. This estimate of premiums to be issued includes premiums negotiated but not yet invoiced and premium adjustments corresponding to the difference between the minimum of premium and the final premiums. It also includes the future economic risks related to year-end premium issues.

Premiums are primarily based on policyholders' turnover or trade receivables balances which vary according to changes in turnover. Premium income therefore depends directly on the volume of sales made in the countries where the Group is present.

In accordance with the requirements of IFRS17, commissions paid to ceding partners (external partners) are treated as negative premiums and therefore now deducted from the insurance revenue. They are deferred and recognised in the income statement on the same basis as unearned premiums reserves.

When these commissions vary depending on the level of claims accepted, they are estimated at each closing and are treated as claims flows and therefore remain presented as claim expenses as under the previous standard.

- *Premium refunds*

Premium refunds include policyholders' bonuses and rebates, gains and no claims bonus, mechanisms designed to return a part of the premium to a policyholder according to contract profitability. They also include the penalties, taking the form of an additional premium invoiced to policyholders with the loss attributed to the policy.

The "premium refunds" item includes provisions established through an estimation of rebates to be paid.

- *Reserves for unearned premiums*

Reserves for unearned premiums are calculated separately for each policy, on an accruals basis. The amount charged to the provision corresponds to the fraction of written premiums relating to the period between the year-end and the end of the coverage period of the premium.

The requirements in IFRS 17 to recognise insurance revenue over the coverage period will result in slower revenue recognition compared with the Group's current practice based on the contract duration.

Other published information: The consolidated turnover

Although not required by IFRS17, the Group's consolidated turnover indicator including insurance, service and factoring revenues is maintained in the Group's consolidated financial statements.

The consolidated turnover now consists of:

- Insurance income (cf. § see above "Insurance income"),
- Income from other activities, including :
  - revenue from services related to credit insurance contracts ("fee and commission income"), corresponding to debtors' information services, credit limit monitoring, management and debt recovery.
  - revenue from services which consist of providing customer access to credit and marketing information

and debt collection services to clients without credit insurance contracts.

- net income from banking activities are revenues from factoring entities. They consist mainly of factoring fees (collected for the management of factored receivables) and net financing fees (financing margin, corresponding to the amount of financial interest received from factoring customers, less interest paid on refinancing of the factoring debt). Premiums paid by factoring companies to insurance companies (in respect of debtor and ceding risk) are deducted from net banking income.

Consolidated revenue is analysed by country of invoicing (in the case of direct business, the country of invoicing is that in which the issuer of the invoice is located and for inward reinsurance, the country of invoicing is that in which the ceding insurer is located).

Insurance expenses:

Expenses that relate directly to the fulfilment of contracts are recognised in profit or loss as insurance service expenses, generally when they are incurred. Expenses that do not relate directly to the fulfilment of contracts are presented outside the insurance service result.

The insurance expenses include the insurance claims expenditure, the costs attributable to the insurance contracts (acquisition attributable costs) and the loss component provision.

Insurance claims expenditure:

The insurance claims expenditure include claims paid, estimates of future cash flows, and adjustment for non-financial risk.

Paid claims: The paid claims correspond to insurance settlements net of recoveries, and including the claims handling expenses.

Estimates of future cash flows: cf. §. 2.2. Significant judgements and estimates.

Adjustment for non-financial risk: cf. §. 2.2. Significant judgements and estimates.

Acquisition attributable costs:

Attributable acquisition costs include acquisition commissions and other attributable overhead costs obtained through the allocation of costs per activity (cf. §. 2.2. Significant judgements and estimates).

Reserves for loss component:

The change into the reserves for loss component include the new allowance, the amortisation and the release related to the period (cf. §. 2.2. Significant judgements and estimates).

2.2.1 Reinsurance result

All of the Group’s inward and ceded reinsurance operations involve transfers of risks.

Ceded reinsurance is accounted for in accordance with the terms and conditions of the related treaties. Reinsurers’ share of technical provisions is determined on the basis of technical provisions recorded under liabilities.

As requested by IFRS 17, the funds received from reinsurers are reported now under assets, within “assets linked to reinsurance contracts held”.

Commissions received from reinsurers are calculated by reference to written premiums. They are deferred and recognised in the income statement on the same basis as ceded reserves for unearned premiums (which are unearned premiums multiplied by reinsurance rate).

2.2.2 Insurance finance income and expenses

Under IFRS 17, changes in the carrying amounts of groups of contracts arising from the effects of the time value of money, financial risk and changes therein are generally presented as insurance finance income or expenses.

The Group intends to apply the option offered by IFRS 17 to disaggregate the insurance or reinsurance financial expenses between Income Statement and OCI (Other Comprehensive Income). The application of this option leads to the unwinding of discount in the Income Statement based on locked-in discount rates and foreign exchange rate differences related, while the difference between the valuation at current rates and locked-in rates due to changes in discount rates is presented in the OCI. This option allows also the reclassification in OCI of a part of the differences in FCF estimates due to variation of the financial hypothesis.

If the Group derecognises a contract as a result of a transfer to a third party or a contract modification, then any remaining amounts of accumulated OCI for the contract will be reclassified to profit or loss.

2.3 Transition impact

2.3.1 Transition methodologies

As required by the Standard, the transition date to IFRS17 is January 1, 2022 and the comparative information when adopting IFRS 17 is restated.

The Group is not concerned by the transition approaches from IFRS 4 to IFRS 17 as described by the standard because they do not apply to the Groups in PAA.

2.3.2 Impacts as at January 1, 2022

The total adjustment (after tax) to the Group's equity is an increase of €91 million at January 1, 2022, as summarised below:

In millions of euros	**January 1, 2022**
Adjustments due to adoption of IFRS 17	119
Deferred tax impacts	(28)
Impact of adoption of IFRS 17 after tax	91

3. IFRS 9 Financial instruments

3.1. General principles

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. However, the Group has met the relevant criteria and has applied the temporary exemption from IFRS 9 for annual periods before January 1, 2023. Consequently, the Group applies IFRS 9 for the first time on January 1, 2023 with no proforma on prior periods in line with option given by the standard.

From 2018, IFRS 9 is already applied for the entities in the factoring business.

3.1.1 Classification

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

IFRS 9 includes three principal measurement categories for financial assets – measured at amortised cost, FVOCI[7] and FVTPL[8]– and eliminates the previous IAS 39 categories of held-to-maturity investments, loans and receivables, and available-for-sale financial assets.

[7] FVOCI: Fair value through OCI (Other comprehensive income) / FVOCI R Fair value through OCI recycling through income
[8] FVTPL or FVR: Fair value through P&L./ FVRO : Fair value through P&L option method

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as measured at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as measured at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. In addition, on initial recognition the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Nevertheless, on initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. The election is made on an instrument-by-instrument basis.

3.1.2 Impairment

Measurement of ECL (Expected Credit Loss)

Under IFRS 9, the depreciations represent the expected credit losses (ECL). Because of the credit risk inherent in each receivable, the ECL is valued and discounted based on a probability of default.

The key inputs into the measurement of ECL are the term structures of the PD (Probability of Default), LGD (Loss Given Default) and EAD (Exposure At Default). ECL for financial assets for which credit risk has not significantly increased are calculated by multiplying the 12-month PD by the respective LGD and EAD. Lifetime ECL are calculated by multiplying the lifetime PD by the respective LGD and EAD.

To determine lifetime and 12-month PDs, the Group uses the PD tables derived from Coface's credit score (DRA).

LGD (Loss Given Default) is the magnitude of the likely loss if there is a default.

The Group estimates LGD parameters based on historical indemnities and recovery rates of claims against defaulted counterparties.

In case of the absence of robust statistical calibration results for a given segment (ratings / sector / geographical area), following an insufficient number of occurrences of defects observed, the Group systematically assigns to this segment the worst LGD rate among those of the other segments.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation, and prepayments. The EAD of a financial asset is its gross carrying amount at the time of default.

3.2. Transition impact

3.2.1 Impacts as at January 1, 2023

IFRS 9 affects the classification and measurement of financial assets held by the group at January 1, 2023 as follows:

- **Derivative assets and liabilities,** which are classified as held-for-trading and measured at FVTPL under IAS 39, are also measured at FVTPL under IFRS 9.
- **Debt investments** that are classified as available-for-sale under IAS 39 may, under IFRS 9, be measured at FVOCI or FVTPL, depending on the particular circumstances.
- **Equity investments** that are classified as available-for-sale under IAS 39 will be measured at FVTPL under IFRS 9. However, the current portfolio of equity investments is held for long- term strategic purposes and is designated as at FVOCI on January 1, 2023; consequently, all fair value gains and losses

are reported in OCI, no impairment losses are recognised in profit or loss, and no gains or losses are reclassified to profit or loss on disposal of these investments.

- **Held-to-maturity investments** measured at amortised cost under IAS 39 are measured at FVOCI or amortised cost under IFRS 9.
- **Loans and receivables** measured at amortised cost under IAS 39 are measured at amortised cost under IFRS 9.

As a majority of the Group's financial assets are measured at fair value both before and after transition to IFRS 9, the new classification requirements are not expected to have a material impact on the Group's total equity at January 1, 2023. Therefore, the Group's total equity is impacted only to the extent of any reclassifications between the amortised cost and fair value measurement categories.

The application of the IFRS 9 impairment requirements at January 1, 2023 will result in additional loss allowances, mainly on debt investments measured at FVOCI. Nevertheless this has no impact on the Group's total equity as the recognised loss is offset by a change in fair value reevaluation; as the matter of fact, the recognition of provisions for losses does not reduce the book value of these investments, which remains at fair value.

3.2.2 Detailed impacts as at January 1, 2023

Summary of reclassifications by category

The following tables summarize the reclassifications between IAS 39 and IFRS 9 by instrument category.

Net of provisioning:

	(in thousands of euros)	IFRS 9 balance sheet value	Transfer to FVR	Transfer to assets at FV OCI recyclable	Transfer to assets at FV OCI no recyclable	Transfer to assets at amortized cost	Transfer to derivatives	Cancellation of IAS39 revaluation by OCI reserves	OCI revaluation under IFRS9	Carrying amount restatement under IFRS9 via the FTA reserve	IFRS 9 balance sheet value
IAS 39	Assets to FVR	26	(26)								
	AFS	2,902,405	(499,766)	(2,236,992)	(162,592)	(3,054)					
	Loans and receivables	100,246				(100,246)					
	HTM	1,842		(1,842)							
	Derivatives	10,108					(10,108)				
	Total IAS 39 at 31/12/2022	3,014,627									
IFRS 9	FVR - Debt instruments - no SPPI		23,079					3,388		(3,388)	23,079
	FVR - Equity instrument		476,714					(11,727)		11,727	476,714
	FV OCI R -Debt instruments			2,238,834				154,830	(154,193)	(422)	2,239,050
	FV OCI NR - Equity instrument				162,592			(63,055)	30,460	32,596	162,592
	Amortized cost- Debt instruments					3,054					3,054
	Amortized cost - Loans and receivables					100,246					100,246
	Derivatives						10,108				10,108
	Total IFRS 9 at 01/01/2023										3,014,842

The difference between IAS 39 and IFRS 9 of €216k corresponds to bonds that were previously (under IAS 39) classified as HTM and which are, under IFRS 9, classified and therefore revalued as FV OCI.

Gross of provisioning:

(in thousands of euros)	IFRS 9 balance sheet value	Transfer to FVR	Transfer to assets at FV OCI recyclable	Transfer to assets at FV OCI no recyclable	Transfer to assets at amortized cost	Transfer to derivatives	Cancellation of IAS39 revaluation by OCI reserves	OCI revaluation under IFRS9	Carrying amount restatement under IFRS9 via the FTA reserve	IFRS 9 balance sheet value
Assets to FVR	26	(26)								
AFS	2,940,981	(505,747)	(2,236,992)	(195,188)	(3,054)					
Loans and receivables	100,246				(100,246)					
HTM	1,842		(1,842)							
Derivatives	10,108					-10 108				
Total IAS 39 at 31/12/2022	3,053,203									
FVR - Debt instruments - no SPPI		23,079					3,388		(3,388)	23,079
FVR - Equity instrument		482,695					(11,727)		5,746	476,714
FV OCI R -Debt instruments			2,238,834				154,830	(154,193)		2,239,471
FV OCI NR - Equity instrument				195,188			(63,055)	30,460		162,592
Amortized cost- Debt instruments					3,054					3,054
Amortized cost - Loans and receivables					100,246					100,246
Derivatives						10,108				10,108
Total IFRS 9 at 01/01/2023										3,015,264

Reconciliation between impairment provisions IAS 39 and IAS 37 and the expected credit loss in IFRS 9

This table presents details of the effects of the change in the application of the expected credit loss implemented under IFRS 9.

	(in thousands of euros)	IFRS 9 balance sheet value	Transfer to FVR	Transfer to assets at FV OCI recyclable	Transfer to assets at FV OCI non recyclable	Transfer to assets at amortized cost	Transfer to assets at amortized cost	Impairment restatement under IFRS 9	IFRS 9 balance sheet value
IAS 39	AFS	(38,576)	5,981		32,596				
	Loans and receivables	(0)							
	HTM	(0)							
	Total IAS 39 au 31/12/2022	(38,576)							
IFRS 9	FVR - Debt instruments - no SPPI								(0)
	FVR - Equity instrument		(5,981)					5,981	(0)
	FVRO - Debt instruments								(0)
	FV OCI R -Debt instruments							(422)	(422)
	FV OCI NR - Equity instrument				(32,596)			32,596	(0)
	Amortized cost- Debt instruments								(0)
	Amortized cost - Loans and receivables								(0)
	Consolidated equity shares impairment								(0)
	Total IFRS 9 at 01/01/2023								(422)

Financial instruments at fair value through equity in IAS 39 reclassified at amortized cost in IFRS 9

The Group has not reclassified financial instruments held at fair value through equity under IAS 39 to instruments held at amortised cost under IFRS 9 and is therefore not affected by this appendix.

Classification of financial instruments and impairment provisions by Bucket

In order to distinguish the securities concerned by either ECL calculation methodology, IFRS 9 defines three different Buckets:

- the Bucket 1 which corresponds to the so-called healthy assets, and for which the 12-month ECL method is followed
- the Bucket 2 which corresponds to the so-called deteriorated assets that have suffered a significant deterioration in risk, for which the lifetime ECL calculation is applied
- the Bucket 3 for so-called doubtful assets to which we apply an ECL equal to the amortised cost of securities.

An asset is considered doubtful if an objective evidence of issuer failure is detected. For example, the group considers the non-payment of the interest on one of the issuer's bond as objective evidence.

The Bucket is not fixed in time, so a financial asset can change of Bucket according to its sensitivity and its evolution to credit risk. The change of Bucket can thus be achieved for any significant improvement or deterioration of credit risk.

(in thousands of euros) Gross of provision	IFRS 9 balance sheet value	Bucket 1	Bucket 2	Bucket 3
FV OCI R - Debt instruments	2,239,471	2,200,687	38,784	(0)
Amortized cost - Debt instruments	3,054	3,054	(0)	(0)
Amortized cost - Loans and receivables	100,246	100,246	(0)	(0)
Total at 01/01/23	**2,342,771**	**2,303,987**	**38,784**	**(0)**

(in thousands of euros) Provision	IFRS 9 balance sheet value	Bucket 1	Bucket 2	Bucket 3
FV OCI R - Debt instruments	(422)	(318)	(103)	(0)
Amortized cost - Debt instruments	(0)	(0)	(0)	(0)
Amortized cost - Loans and receivables	(0)	(0)	(0)	(0)
Total at 01/01/23	**(422)**	**(318)**	**(103)**	**(0)**

(in thousands of euros) Net of provision	IFRS 9 balance sheet value	Bucket 1	Bucket 2	Bucket 3
FV OCI R - Debt instruments	2,239,050	2,200,369	38,681	(0)
Amortized cost - Debt instruments	3,054	3,054	(0)	(0)
Amortized cost - Loans and receivables	100,246	100,246	(0)	(0)
Total at 01/01/23	**2,342,349**	**2,303,669**	**38,681**	**(0)**

4. Standards and amendments published but not yet effective

New standards are in effect for annual periods beginning after January 1, 2023 and early application is permitted. However, the Group did not adopt the new standards early in the preparation of its consolidated financial statements.

III. Notes to the condensed interim consolidated financial statements

III. Notes to the condensed interim consolidated financial statements

Note 1. Goodwill

The value of goodwill decreased by €634 thousand in the first half-year 2023; this change is entirely due to changes in exchange rates.

In accordance with IAS 36, goodwill is not amortized but is systematically tested for impairment at end of each semester or whenever there is an impairment indicator.

Breakdown of goodwill by region:

(in thousands of euros)	June 30, 2023	Dec. 31, 2022
Northern Europe	112,603	112,603
Western Europe	5,068	5,068
Central Europe	8,948	8,913
Mediterranean & Africa	22,302	22,868
North America & Latin America	6,405	6,508
TOTAL	**155,326**	**155,960**

Note 2. Other Intangible assets

The change in other intangible assets increased by €2,007 thousand as at June 30, 2023. This change is mainly explained by an increase in the book value of €6,201 thousand offset by an allowance for amortisation of €8,207 thousand.

Note 3. Financial investments

At June 30, 2023, the carrying amount of Fair value through OCI (FVOCI) securities amounted to € 2,360 thousand, securities Amortized cost securities (excluding loans and receivables) came to € 3 thousand and Fair value through Profit or loss (FVTPL) securities was € 510 thousand.

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

The distribution of the bonds portfolio by rating at June 30, 2023 is as follows:

- Bonds rated “AAA”: 14%
- Bonds rated “AA” and “A”: 50%
- Bonds rated “BBB”: 32%
- Bonds rated “BB” and lower: 4%.

3.1 Analysis by category

	June 30, 2023						December 31, 2022					
(in thousands of euros)	Amortized cost	Impairment	Revaluation	Net value	Fair value	Unrealized gains and losses	Amortized cost	Depreciation	Revaluation	Net value	Fair value	Unrealized gains and losses
Fair Value OCI (*)	**2,461,103**	**(438)**	**(100,286)**	**2,360,379**	**2,360,379**	**(0)**	**3,024,417**	**(38,576)**	**(83,436)**	**2,902,405**	**2,902,405**	**(0)**
Bonds and government securities	2,344,249	(438)	(140,305)	2,203,505	2,203,505		2,974,201	(38,576)	(151,105)	2,784,520	2,784,520	
Equities and other variable-income securities	51,729		35,570	87,299	87,299		50,216		67,669	117,885	117,885	
Equities at FV OCI not recyclable	65,125		4,450	69,575	69,575							
Shares in non-trading property companies												
Amortized cost	**92,390**	**(0)**	**(0)**	**92,390**	**92,048**	**(342)**	**102,088**	**(0)**	**(0)**	**102,088**	**102,088**	**(0)**
Bonds and government securities	3,039			3,039	2,697	(342)	1,842			1,842	1,842	
Loans and receivables	89,352			89,352	89,352	(0)	100,246			100,246	100,246	
Faire Value Profit or Loss	**523,081**	**(0)**	**(13,108)**	**509,973**	**509,973**	**(0)**	**26**	**(0)**	**(0)**	**26**	**26**	**(0)**
Debt	23,129		(3,184)	19,945	19,945							
Equities and other variable-income securities	5,858		(7)	5,851	5,851							
Shares in non-trading property companies	207,130		(15,996)	191,134	191,134							
UCIT	286,965		6,079	293,044	293,044		26			26	26	
Loans and receivables												
Derivatives	**(0)**		**388**	**388**	**388**		**(0)**		**10,330**	**10,330**	**10,330**	**(0)**
Derivatives positive fair value			388	388	388				10 330	10 330	10 330	
Investment property	**695**	**(0)**	**(407)**	**288**	**288**	**(0)**	**695**	**(0)**	**(407)**	**288**	**288**	**(0)**
TOTAL	**3,077,270**	**(438)**	**(113,413)**	**2,963,419**	**2,963,077**	**(342)**	**3,127,227**	**(38,576)**	**(73,514)**	**3,015,136**	**3,015,136**	**(0)**

(in thousands of euros)	N	N-1
Derivatives positive fair value (Assets)	388	10,330
Derivatives negatif fair value (Liabilities)	721	222
Inventaire des placements	(333)	10,108

3.2 Analysis by Flows

(in thousands of euros)	December 31, 2022		June 30, 2023						
	Carrying amount closing	Impacts related to the first IFRS9 application	Carrying amount opening	Increases	Decreases	Revaluation	Impairment	Other movements	Carrying amount closing
Fair Value OCI	**2,902,405**	**(500,763)**	**2,401,642**	**112,737**	**(165,317)**	**22,610**	**(19)**	**(11,273)**	**2,360,379**
Bonds and government securities	2,784,520	(545,470)	2,239,050	111,565	(148,883)	13,547	(19)	(11,754)	2,203,505
Equities and other variable-income securities	117,885	(32,596)	85,289	1,172	357			481	87,299
Equities at FV OCI not recyclable		77,303	77,303	(0)	(16,791)	9,063	(0)		69,575
Shares in non-trading property companies									
Amortized cost	**102,088**	**1,212**	**103,300**	**39,536**	**(50,999)**	**(0)**	**(0)**	**554**	**92,390**
Bonds and government securities	1,842	1,212	3,054	(0)	(15)	(0)	(0)	(0)	3,039
Loans and receivables	100,246		100,246	39,536	(50,984)	(0)	(0)	554	89,352
Fair Value Profit Loss	**26**	**499,766**	**499,793**	**57,354**	**(29,700)**	**(14,157)**	**(0)**	**(3,317)**	**509,973**
Bonds and government securities		23,079	23,079	667	(4,121)	204		116	19,945
Equities and other variable-income securities		5,851	5,851						5,851
Shares in non-trading property companies		219,742	219,742		(7,373)	(18,698)		(2,537)	191,134
UCIT	26	251,095	251,121	56,687	(18,206)	4,337		(895)	293,044
Loans and receivables									
Derivatives (positive fair value)	**10,330**	**(0)**	**10,330**	**(0)**	**(9,959)**	**(0)**		**18**	**388**
Derivatives positive fair value	10,330		10,330	(0)	(9,959)	(0)		18	388
Investment property	**288**	**(0)**	**288**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**288**
TOTAL	**3,015,136**	**216**	**3,015,352**	**209,628**	**(255,976)**	**8,453**	**(19)**	**(14,019)**	**2,963,419**

The not recyclable shares at fair value by OCI in the Fonds Lausanne 6 portfolio were totally sold in January 2023. These shares were valued at the fair value by OCI non-recyclable because were not hold of a short term performance but for a long term holding period.

These are 26 shares valued for €16.8 million at the time of the sale and acquired for €16.1 million. A capital gain of €680k was realized. This fund was placed into dormancy because it was paying administrative and management fees that were too high to ensure the profitability of the envelope. This sell remains exceptional; the other shares within the funds are still hold in long-term intention.

3.3 Financial investments and ECL by buckets

The table below shows the assets concerned by the buckets classification.

(in thousands of euros) Gross of provision	Balance sheet value	Bucket 1	Bucket 2	Bucket 3
FV OCI R - Debt instruments	2,203,943	2,175,336	28,608	(0)
Amortized cost - Debt instruments	3,039	3,039	(0)	(0)
Amortized cost - Loans and receivables	89,352	89,352	(0)	(0)
Total as at 30/06/23	**2,296,334**	**2,267,726**	**28,608**	**(0)**

(in thousands of euros) Provision	Balance sheet value	Bucket 1	Bucket 2	Bucket 3
FV OCI R - Debt instruments	(438)	(332)	(106)	(0)
Amortized cost - Debt instruments	(0)	(0)	(0)	(0)
Amortized cost - Loans and receivables	(0)	(0)	(0)	(0)
Total as at 30/06/23	**(438)**	**(332)**	**(106)**	**(0)**

(in thousands of euros) Net of provision	Balance sheet value	Bucket 1	Bucket 2	Bucket 3
FV OCI R - Debt instruments	2,203,505	2,175,004	28,502	(0)
Amortized cost - Debt instruments	3,039	3,039	(0)	(0)
Amortized cost - Loans and receivables	89,352	89,352	(0)	(0)
Total as at 30/06/23	**2,295,895**	**2,267,394**	**28,502**	**(0)**

Transfer of buckets (Stock)

Bucket 1	Carrying amount Y-1	Securities acquired during the period	Transfer towards B2	Transfer towards B3	Securities sold / redeemed during the year	Revaluation	Other variations	Carrying amount Y
Debt instruments at fair value by OCI R	**2,200,687**	**111,093**	**3,108**	**(0)**	**(141,281)**	**12,233**	**(10,504)**	**2,175,336**
- Bonds and government securities	2,200,687	111,093	3,108	(0)	(141,281)	12,233	(10,504)	2,175,336
Debt instruments at amortized cost	**103,300**	**39,536**	**(0)**	**(0)**	**(50,999)**	**(0)**	**554**	**92,390**
- Bonds and government securities	3,054	(0)	(0)	(0)	(15)	(0)	(0)	3,039
- Loans and receivables	100,246	39,536	(0)	(0)	(50,984)	(0)	554	89,352

Bucket 2	Carrying amount Y-1	Securities acquired during the period	Transfer towards B1	Transfer towards B3	Securities sold / redeemed during the year	Revaluation	Other variations	Carrying amount Y
Debt instruments at fair value by OCI R	**38,784**	**472**	**(3,108)**	**(0)**	**(7,602)**	**1,314**	**(1,253)**	**28,608**
- Bonds and government securities	38,784	472	(3,108)	(0)	(7,602)	1,314	(1,253)	28,608
Debt instruments at amortized cost	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**
- Bonds and government securities	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
- Loans and receivables	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)

Bucket 3	Carrying amount Y-1	Securities acquired during the period	Transfer towards B1	Transfer towards B2	Securities sold / redeemed during the year	Revaluation	Other variations	Carrying amount Y
Debt instruments at fair value by OCI R	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**
- Bonds and government securities	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Debt instruments at amortized cost	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**
- Bonds and government securities	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
- Loans and receivables	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)

Transfer of buckets (ECL)

Bucket 1	ECL Y-1	Securities acquired during the period	Transfer towards B2	Transfer towards B3	Securities sold / redeemed during the year	Other variations	ECL Y
Debt instruments at fair value by OCI R	**(318)**	**(329)**	**24**	**(0)**	**290**	**25**	**(332)**
- Bonds and government securities	(318)	(329)	24	(0)	290	25	(332)
Debt instruments at amortized cost	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**
- Bonds and government securities	(0)	(0)	(0)	(0)	(0)	(0)	(0)
- Loans and receivables	(0)	(0)	(0)	(0)	(0)	(0)	(0)

Bucket 2	ECL Y-1	Securities acquired during the period	Transfer towards B1	Transfer towards B3	Securities sold / redeemed during the year	Other variations	ECL Y
Debt instruments at fair value by OCI R	**(103)**	**(107)**	**(24)**	**(0)**	**127**	**(22)**	**(106)**
- Bonds and government securities	(103)	(107)	(24)	(0)	127	(22)	(106)
Debt instruments at amortized cost	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**
- Bonds and government securities	(0)	(0)	(0)	(0)	(0)	(0)	(0)
- Loans and receivables	(0)	(0)	(0)	(0)	(0)	(0)	(0)

Bucket 3	ECL Y-1	Securities acquired during the period	Transfer towards B1	Transfer towards B2	Securities sold / redeemed during the year	Other variations	ECL Y
Debt instruments at fair value by OCI R	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**
- Bonds and government securities	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Debt instruments at amortized cost	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**
- Bonds and government securities	(0)	(0)	(0)	(0)	(0)	(0)	(0)
- Loans and receivables	(0)	(0)	(0)	(0)	(0)	(0)	(0)

Derivatives

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

During the first half of 2023, the majority of the derivative transactions carried out by the Group concerned the systematic hedging of currency risk via swaps or currency futures for primarily USD-denominated bonds held in the investment portfolio.

Regarding the bond portfolio, one-off interest rate hedges were put in place by certain managers in order to hedge risk.

None of these transactions qualified for hedge accounting under IFRS, as they were mainly currency transactions and partial market hedges.

3.4 Financial instruments recognised at fair value

The fair values of financial instruments recorded in the balance sheet are measured according to a hierarchy that categorises the inputs used to measure fair value into three levels as follows:

Level 1: Quoted prices in active markets for an identical financial instrument.

Level 1 securities represent 91.5% of the Group's portfolio. They correspond to:

- equities, bonds and government securities listed on organized markets, as well as units in dedicated mutual funds whose net asset value is calculated and published on a very regular basis;
- government bonds and bonds indexed to variable interest rates;
- French units in money-market funds, SICAV.

Level 2: Use of inputs, other than quoted prices for an identical instrument that are directly or indirectly observable in the market (inputs corroborated by the market such as yield curves, swap rates, multiples method, etc.).

Level 2 securities represent 5.5% of the Group's portfolio. This level is used for the following instruments:

- unlisted equities;
- Loans and receivables due from banks or clients and whose fair value is determined using the historical cost method.

Level 3: Valuation techniques based on unobservable inputs such as projections or internal data.

Level 3 securities represent 3% of the Group's portfolio. This level corresponds to unlisted equities, investment securities and units in dedicated mutual funds, as well as investment property.

Breakdown of financial instrument fair value measurements as at June 30, 2023 by level in the fair value hierarchy

			Level 1	Level 2	Level 3
(in thousands of euros)	Carrying amount	Fair value	Fair value determined based on quoted prices in active markets	Fair value determined based on valuation techniques that use observable inputs	Fair value determined based on valuation techniques that use unobservable inputs
Fair Value OCI	**2,360,379**	**2,360,379**	**2,200,895**	**72,185**	**87,299**
Bonds and government securities	2,203,505	2,203,505	2,131,321	72,185	
Equities and other variable-income securities	87,299	87,299			87,299
Equities at FV OCI not recyclable	69,575	69,575	69,575		
Shares in non-trading property companies					
Amortized cost	**92,390**	**92,048**	**2,697**	**89,352**	**(0)**
Bonds and government securities	3,039	2,697	2,697		
Loans and receivables	89,352	89,352		89,352	
Faire Value Profit Loss	**509,973**	**509,973**	**508,023**	**1,950**	**(0)**
Bonds and government securities	19,945	19,945	19,945		
Equities and other variable-income securities	5,851	5,851	5,851		
Shares in non-trading property companies	191,134	191,134	191,134		
UCIT	293,044	293,044	291,094	1,950	
Loans and receivables					
Derivatives (positive fair value)	**388**	**388**	**132**	**256**	**(0)**
Derivatives positive fair value	388	388	132	256	
Investment property	**288**	**288**	**(0)**	**(0)**	**288**
TOTAL	**2,963,419**	**2,963,077**	**2,711,747**	**163,742**	**87,587**

Movements in Level 3 securities as at June 30, 2023

(in thousands of euros)	December 31, 2022		January 1, 2023	Gains and losses recognized in the period		Transactions for the period		Other movements	Changes in scope of consolidation	Exchange rate effects	June 30, 2023
	Fair value	Impacts related to the first IFRS9 application		In income	Directly in equity	Purchases/ Issues	Sales/ Redemptions				
Fair Value OCI	**117,885**	**(32,596)**	**85,289**	**(0)**	**(0)**	**1,529**	**(0)**	**(0)**	**(358)**	**839**	**87,299**
Equities and other variable-income securities	117,885	(32,596)	85,289			1,529			(358)	839	87,299
Investment property	**288**	**(0)**	**288**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**288**
TOTAL	**118,173**	**(0)**	**(0)**	**(0)**	**(0)**	**1,529**	**(0)**	**(0)**	**(358)**	**839**	**87,587**

Note 4. Receivables arising from banking sector

Breakdown by nature

(in thousands of euros)	June 30, 2023	Dec. 31, 2022
Receivables arising from banking sector	3,106,698	2,906,639
Non-performing receivables arising from banking sector	10,607	28,189
Allowances for receivables arising from banking sector	(10,607)	(28,189)
TOTAL	**3,106,698**	**2,906,639**

Receivables arising from the banking sector represent receivables acquired within the scope of factoring agreements.

They are recognised at cost within assets in the balance sheet and they are classified as level 1. Factoring receivables include both receivables whose future recovery is guaranteed by Coface and receivables for which the risk of future recovery is borne by the customer.

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

Note 5. Cash and cash equivalents

(in thousands of euros)	June 30, 2023	Dec. 12, 2022
Cash at bank and available	533,215	519,434
Cash equivalents	26,084	34,353
TOTAL	**559,299**	**553,786**

At June 30, 2023, operating cash flow was up by €5.5 million compared with December 31, 2022. All cash and cash equivalents are available; no amounts are held in escrow accounts.

Note 6. Share capital

Ordinary shares	Number of shares	Per value	Share capital (in €)
At December 31, 2022	150,179,792	2	300,359,584
Cancellation of shares	(0)	2	(0)
At June 30, 2023	**150,179,792**	**2**	**300,359,584**
Treasury shares deducted	(882,304)	2	(1,764,608)
At June 30, 2023 (excluding treasury shares)	**149,297,488**	**2**	**298,594,976**

Shareholders	June 30, 2023 Number of shares	%	Dec. 31, 2022 Number of shares	%
Arch Capital Group Ltd	44,849,425	30,04%	44,849,425	30,09%
Public	104,448,063	69,96%	104,214,249	69,91%
Total excluding treasury shares	**149,297,488**	**100%**	**149,063,674**	**100%**

Note 7. Provisions for liabilities and charges

(in thousands of euros)	June 30, 2023	Dec. 31, 2022
Provisions for disputes	1,993	1,982
Provisions for pension and other post-employment benefit	45,621	46,223
Other provisions for liabilities and charges	23,277	20,457
Total	**70,890**	**68,662**

(in thousands of euros)	Dec. 31, 2022	Scope entry	Additions	Reversals (utilised)	Reversals (surplus)	Reclassi-fications	Changes in OCI	Currency translation variation	June 30, 2023
Provisions for employee	1,970	(0)	8	(0)	(481)			(16)	1,481
Provisions for other disputes	12	(0)	(0)	(0)	(0)	(0)		(0)	12
Provisions for disputes	**1,982**	**(0)**	**508**	**(0)**	**(481)**	**(0)**	**(0)**	**(16)**	**1,993**
Provisions for pension and other post-employment	**46,222**	**(0)**	**1,594**	**(1,813)**	**(414)**	**(1)**	**118**	**(87)**	**45,619**
Provisions for liabilities on subsidiaries	9,815	(0)	(0)	(0)	(0)	(0)	(0)	(0)	9,815
Provisions for restructuring	7,247	(0)	241	(2,765)	(135)			(0)	4,588
Provisions for for free share allocation plan	0	(0)	1	(0)	(0)			(1)	0
Provisions for taxes (excl. income taxes)	652	(0)		(0)		5,292		(13)	5,766
Other provisions for liabilities	2,742	(0)	865	(0)	(0)			(2)	3,605
Other provisions for liabilities and charges	**20,457**	**(0)**	**442**	**(2,765)**	**(135)**	**5,292**	**(0)**	**(15)**	**23,276**
Total	**68,661**	**(0)**	**2,546**	**(4,578)**	**(1,031)**	**5,294**	**118**	**(117)**	**70,890**

Provisions for liabilities and charges mainly include provisions for pensions and similar obligations.

The Social Security Financing Act for 2023 (French law no. 2023-270), incorporating the pension reform, was published in the Official Journal of the French Republic on 15 April 2023 and has consequences for French insured persons by raising the legal age (eligibility age) of retirement from 62 to 64, except for employees covered by specific schemes.

Given the previous assumptions used by the Group to establish its provisions, the estimated impacts of those amendments are not material for the Group.

The other provisions for liabilities and charges mainly include provisions for negative net equities of non-consolidated subsidiaries (€9.8 million) and provisions for restructuring (€4.6 million).

The net change in the first half of 2023 is mainly related to the restructuring provision and to a reclassification of fiscal risk provision in Germany (previously classified in tax provision liability).

Note 8. Financing liabilities

(in thousands of euros)	June 30, 2023	Dec. 31, 2022
Due within one year		
- Interest	16,290	12,170
- Amortization of expenses	(793)	(647)
Total	**15,497**	**11,523**
Due between one and five years		
- Amortization of expenses	(1,394)	(1,386)
- Nominal	226,600	226,600
Total	**225,206**	**225,214**
Due beyond five years		
- Amortization of expenses	(1,984)	(2,457)
- Nominal	300,000	300,000
Total	**298,016**	**297,543**
TOTAL	**538,720**	**534,280**

For the first half of 2023, the Group's financing liabilities, totaling €538.7 million, correspond to:

- A fixed rate subordinated note 4.125% issued on March 27, 2014 by COFACE SA for a nominal amount of €380 million and maturing on March 27, 2024.
  The per-unit bond issue price was €99,493.80, and the net amount received by COFACE SA was €376.7 million, net of placement fees and directly-attributable transaction costs.
  The 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.
  Coface SA has also announced a tender offer on September 21, 2022 to repurchase its guaranteed subordinated notes due on 27 March 2024, for an amount of €153 million, at a fixed purchase price of 103,625 per cent.
  The nominal amount after the tender offer is now €227 million, still maturing on March 27, 2024.

- A new issuance on 22 September 2022 of €300 million subordinated notes bearing a fixed interest rate of 6.000%, due on 22 September 2032.

Note 9. Lease liabilities

(in thousands of euros)	June 30, 2023	Dec. 31, 2022
Lease liabilities - Real estate	62,205	65,449
Lease liabilities - Equipment	9,281	9,173
Lease liabilities	**71,485**	**74,622**

Note 10. Liabilities relating to insurance contracts

(in thousands of euros)	June 30, 2023	Dec. 31, 2022
LRC - Liabilities for remaining coverage - gross	105,634	100,282
LIC - Liabilities for incurred claims - gross	1,359,180	1,332,298
Liabilities relating to insurance contracts	**1,464,814**	**1,432,580**
LRC - Liabilities for remaining coverage - ceded	(86,759)	51,291
LIC - Liabilities for incurred claims - ceded	431,094	304,926
Reinsurers' share of insurance liabilities	**344,335**	**356,217**
Net technical provisions	**1,120,478**	**1 076 364**

Reconciliation of opening and closing balances of net book values of insurance contracts as of June 30, 2023:

(in thousands of euros)	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)		TOTAL
	Excl. Loss component	Loss component	Estimates of present value of future cash	Risk adjustment for non-financial risk	
Insurance contract liability - Opening	99,258	1,024	765,112	567,186	1432,580
INSURANCE RESULT	(701,516)	(1,014)	512,021	(20,682)	(211,190)
Insurance service revenue	(803,113)	,0	,0	,0	(803,113)
Insurance service expenses	101,597	(1,014)	512,021	(20,682)	591,922
Incurred claims (excluding investment components) and other insurance service expenses	(0)	(984)	389,351	118,119	506,486
Amortisation of insurance acquisition cash flows	101,597	(0)	(0)	(0)	101,597
Adjustements to liabilities for incurred claims	(0)	(0)	122,671	(138,801)	(16,130)
Losses and losses reversals on groups of onerous contracts	(0)	(30)	(0)	(0)	(30)
Net finance expenses from insurance contract	,395	,0	13,279	8,884	22,558
Other comprehensive incomes (OCI)	,831	(,1)	(,291)	(2,364)	(1,826)
Other variations	(,32)	(,9)	(,821)	(,353)	(1,214)
CHANGES IN THE STATEMENT OF PROFIT OR LOSS AND OCI	(700,322)	(1,024)	524,189	(14,514)	(191,671)
Cash flows	706,698	,0	(482,793)	,0	223,905
Premiums received under insurance contracts issued	797,178	(0)	(0)	(0)	797,178
Insurance acquisition cash flows	(90,480)	(0)	(0)	(0)	(90,480)
Claims incurred and other insurance service expenses paid related to insurance activities relating to insurance contracts issued, excluding cash flows related to acquisition costs	(0)	(0)	(482,793)	(0)	(482,793)
Insurance contract liability - Closing	105,634	(,0)	806,507	552,672	1464,813

Reconciliation of opening and closing balances of net book values of reinsurance contracts as of June 30, 2023:

(in thousands of euros)	Net liability for remaining coverage (LRC)	Liability for incurred claims (LIC)		Total
		Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
Reinsurance contract liability - Opening	52,122	166,905	137,190	356,217
Premiums paid allocation	(132,273)	,0	,0	(132,273)
Amounts recovered from the reinsurer	4,133	80,091	,631	84,854
Amounts recovered for claims and other expenses incurred during the period	4,408	48,892	29,274	82,574
Changes in recoveries related to changes in liabilities for claims incurred	(0)	31,199	(28,643)	2,556
Changes in fulfillment cash flows related to onerous underlying contracts	(275)	(0)	(0)	(275)
Changes effect in the risk of non-performance by the reinsurance contracts held issuer	(0)	(0)	(0)	(0)
Revenues and expenses relating to reinsurance treaties held	(128,140)	80,091	,631	(47,419)
Net finance expenses from insurance contract relating to reinsurance treaties held	(,7)	1,598	1,045	2,636
Other comprehensive incomes (OCI)	,102	,57	,6	,165
CHANGES IN THE STATEMENT OF PROFIT OR LOSS AND OCI	(128,045)	81,745	1,682	(44,618)
Cash flows	(12,589)	41,050	,0	28,460
Premiums paid for reinsurance contracts held	(5,118)	(0)	(0)	(5,118)
Amounts recovered from the reinsurer	(7,471)	41,050	(0)	33,578
Other variations	4,355	(68)	(11)	4,276
Reinsurance contract liability - Closing	(84,157)	289,632	138,860	344,335

Note 11. Payables arising from banking sector activities

(in thousands of euros)	June 30, 2023	Dec. 31, 2022
Amounts due to banking sector companies	988,473	743,230
Amounts due to customers of banking sector companies	445,988	389,300
Debt securities	1,699,720	1,794,858
TOTAL	**3,134,180**	**2,927,389**

The lines “Amounts due to banking sector companies” and “Debt securities” correspond to sources of refinancing for the Group’s factoring entities – Coface Finanz (Germany) and Coface Factoring Poland.

Note 12. Consolidated turnover

Breakdown of consolidated revenue

(in thousands of euros)	June 30, 2023	June 30, 2022
Premiums – direct business	*870,192*	*809,479*
Premiums – inward reinsurance	*66,593*	*61,116*
Gross written premiums	**936,785**	**870,595**
Premium refunds	**(66,104)**	**(65,368)**
Change of provisions for unearned premiums	**(67,568)**	**(72,072)**
Insurance revenue	**803,113**	**733,155**
Fees and commission income	**89,719**	**79,609**
Net income from banking activities	**36,967**	**35,038**
Income from service activities	**29,865**	**25,712**
Revenue or income from other activities	**156,551**	**140,359**
CONSOLIDATED REVENUE	**959,664**	**873,514**

Consolidated revenue by country of invoicing

(in thousands of euros)	June 30, 2023	June 30, 2022
Northern Europe	200,090	187,467
Western Europe	194,302	166,780
Central Europe	91,111	89,514
Mediterranean & Africa	266,959	236,785
North America	85,439	79,734
Latin America	54,459	48,206
Asia-Pacific	67,304	65,028
CONSOLIDATED REVENUE	**959,664**	**873,514**

Note 13. Claims expenses

(in thousands of euros)	June 30, 2023	June 30, 2022
Ceded claims	68,403	46,039
Change in claims provisions net of recoveries	12,041	(5,754)
Commissions paid by reinsurers	4,408	12,156
Income from ceded reinsurance	**84,851**	**52,442**
Ceded premiums	(142,995)	(136,803)
Change in unearned premiums provisions	10,724	1,194
Expenses from ceded reinsurance	**(132,271)**	**(135,609)**
Total	**(47,420)**	**(83,167)**

Note 14. Overheads by destination

(in thousands of euros)	June 30, 2023	June 30, 2022
Claims handling expenses *	**(18,566)**	**(16,974)**
Policy acquisition costs	(102,115)	(80,521)
Administrative costs	(173,882)	(166,772)
Overhead costs attributable to contract activity	**(275,997)**	**(247,294)**
Other insurance activity expenses	(47,221)	(49,267)
Expenses from banking activities, excluding risk cost	(12,095)	(11,313)
Other operating expenses	(61,458)	(56,298)
Other activities expenses	**(120,773)**	**(116,877)**
Investment management expenses**	**(4,627)**	**(3,569)**
TOTAL	**(419,963)**	**(384,714)**
of which employee profit-sharing	*(2,728)*	*(3,146)*

(*) Included in claims expenses in the consolidated income statement
(**) Included in the item investment income, net of management expenses in the consolidated income statement

The total overheads of Coface Group include general expenses attributable to insurance activity (by destination), as well as expenses from other activities. They stood at €419,963 thousand as at June 30, 2023 versus €384,714 thousand as at June 30, 2022.

Note 15. Reinsurance result

(in thousands of euros)	June 30, 2023	June 30, 2022
Ceded claims	68,403	46,039
Change in claims provisions net of recoveries	12,041	(5,754)
Commissions paid by reinsurers	4,408	12,156
Income from ceded reinsurance	**84,851**	**52,442**
Ceded premiums	(142,995)	(136,803)
Change in unearned premiums provisions	10,724	1,194
Expenses from ceded reinsurance	**(132,271)**	**(135,609)**
Total	**(47,420)**	**(83,167)**

Note 16. Net investment result

In thousand of euros	June 30, 2023	June 30, 2022 (*)
Investment income		
Amounts recognised in the profit or loss		
Investment income	34,442	19,687
Change in financial instruments at fair value though profit or loss	(15,226)	1,768
Net gains on disposals	6,243	1
Net impairment losses on financial assets	(33)	(32)
Net foreign exchange differences	(17,391)	7,250
o/w Hyperinflation	*(6,362)*	*NA*
Investment management expenses	(6,619)	(5,887)
Total amounts recognised in the profit or loss	**1,416**	**22,786**
Amounts recognised in OCI (**)	**21,590**	**(209,276)**
Total investment income	**23,007**	**(186,491)**

(*) IFRS 17 restated, without IFRS 9 application.

The wording changes in the comparative column 30.06.2022 are reclassifications without IFRS 9 application.

(**) Other Comprehensive Income

In thousand of euros	June 30, 2023	June 30, 2022 (*)
Net finance expenses from insurance contracts		
Interest accreted	(27,887)	(3,140)
Effect of changes in interest rates and other financial assumptions	9,171	(2,811)
Net foreign exchange differences related to technical provisions	(377)	(1,284)
Total amounts recognised in the profit or loss	**(19,093)**	**(7,234)**
Amounts recognised in OCI (**)	**(3,465)**	**22,738**
Total net finance expenses from insurance contracts	**(22,558)**	**15,504**
Net finance expenses from reinsurance contracts held		
Interest accreted	5,370	(723)
Effect of changes in interest rates and other financial assumptions	(2,274)	148
Net foreign exchange differences	1,290	(14,123)
Total amounts recognised in the profit or loss	**4,387**	**(14,698)**
Amounts recognised in OCI (**)	**(,285)**	**(4,840)**
Total net finance expenses from reinsurance contracts held	**4,101**	**(19,538)**
Total amounts recognised in the profit or loss	**(14,707)**	**(21,932)**
Amounts recognised in OCI (**)	**(3,750)**	**17,898**
Total insurance finance expenses	**(18,457)**	**(4,034)**
Total amounts recognised in the profit or loss	**(13,291)**	**,854**
Amounts recognised in OCI (**)	**17,840**	**(191,379)**
Total net investment result	**4,549**	**(190,525)**

(*) IFRS 17 restated, without IFRS 9 application.

The wording changes in the comparative column 30.06.2022 are reclassifications without IFRS 9 application.

(**) Other Comprehensive Income

Note 17. Other operating income and expenses

(in thousands of euros)	June 30, 2023	June 30, 2022
Impact of entry in consolidation scope	(0)	(577)
Restructuring provision	(240)	(468)
Net expenses linked to the IFRS 17 project	(519)	(3,010)
Other operating expenses	(929)	(1,041)
Total other operating expenses	**(1,688)**	**(5,096)**
Other operating income	973	754
Total other operating income	**973**	**754**
TOTAL	**(715)**	**(4,341)**

Other operating income and expenses amounted to €(715) thousand as of June 30, 2023.

Other operating income is mainly composed of indemnity payment covered the rents paid during non-occupation of office building in Bois-Colombes following a fire incident occurred in basement level of building for an amount of €516 thousand.

Note 18. Breakdown of net income by segment

Q2 2023 *(in thousand of euros)*	Nothern Europe	Western Europe	Central Europe	Mediterranean - Africa	North America	Latin America	Asia Pacifica	TOTAL
Insurance revenue	**143,318**	**183,729**	**69,949**	**213,328**	**77,550**	**49,946**	**65,292**	**803,113**
Claims expenses	(37,770)	(67,365)	(20,753)	(84,550)	(23,047)	(57,475)	(26,498)	(317,458)
Attributable costs from insurance activity	(41,492)	(88,851)	(19,194)	(63,460)	(28,692)	(15,022)	(19,287)	(275,997)
Loss component & reversal of loss component	6	717	173	(0)	(0)	117	(0)	1,014
Insurance Service Expenses	**(79,256)**	**(155,498)**	**(39,773)**	**(148,010)**	**(51,739)**	**(72,380)**	**(45,785)**	**(592,441)**
INSURANCE RESULT BEFORE REINSURANCE	64,062	28,231	30,176	65,318	25,812	(22,434)	19,508	210,672
Income and Expenses from ceded reinsurance	(26,571)	7,624	(12,016)	(19,025)	(12,672)	26,175	(10,933)	(47,419)
INSURANCE RESULT AFTER REINSURANCE	37,491	35,855	18,160	46,293	13,139	3,741	8,575	163,253
Other revenue	65,677	14,329	19,325	44,588	7,888	2,732	2,012	156,551
Other expenses	(39,663)	11,659	(20,283)	(41,830)	(14,202)	(6,609)	(9,846)	(120,773)
Risk cost	(267)	(0)	48	(0)	(0)	(0)	(0)	(219)
RESULT INCLUDING OTHER ACTIVITIES AND RISK COST	63,239	61,842	17,250	49,051	6,826	(137)	740	198,812
Net income from investments	**(12,523)**	**3,783**	**(451)**	**(6,541)**	**791**	**1,238**	**412**	**(13,291)**
Other operational income and expenses	(65)	464	(70)	(229)	(619)	112	(308)	(715)
Finance costs	(98)	(15,096)	(219)	(236)	(282)	(94)	(85)	(16,110)
OPERATIONAL RESULT	50,651	66,090	16,729	42,281	6,998	1,214	844	184,806
Income tax expense	-12 825	-8 025	-2 698	-13 768	-1 604	-1 246	247	-39 918
CONSOLIDATED NET RESULT	37,729	42,969	13,812	28,277	5,112	(126)	1,005	128,777
Non-controlling interests	-2	-1	-1	60	0	0	0	56
NET INCOME OF THE PERIOD	**37,727**	**42,968**	**13,811**	**28,336**	**5,111**	**(126)**	**1,005**	**128,834**
Other key indicators *(accounting view)*								
Total Turnover	**208,995**	**198,057**	**89,275**	**257,916**	**85,439**	**52,677**	**67,304**	**959,664**
Total Claims expenses (inc. loss component)	**(37,764)**	**(66,647)**	**(20,580)**	**(84,550)**	**(23,047)**	**(57,358)**	**(26,498)**	**(316,444)**
Total Overheads (inc. commissions)	**(81,180)**	**(81,571)**	**(39,476)**	**(105,310)**	**(43,055)**	**(21,632)**	**(29,173)**	**(401,397)**
Reconciliation between the note and the financial communication								
Total Turnover - accounting view	**208,995**	**198,057**	**89,275**	**257,916**	**85,439**	**52,677**	**67,304**	**959,664**
Reallocation of inward business	**(0)**	**(12,661)**	**1,836**	**9,043**	**(0)**	**1,782**	**(0)**	**(0)**
Reallocation of net income banking activities	**(8,905)**	**8,905**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**
Total Claims expenses (inc. loss component) - accounting view	**(37,764)**	**(66,647)**	**(20,580)**	**(84,550)**	**(23,047)**	**(57,358)**	**(26,498)**	**(316,444)**
Reallocation of inward business	**(0)**	**762**	**(835)**	**883**	**(0)**	**(809)**	**(0)**	**(0)**
Total Claims expenses (inc. loss component) - managing view	**(37,764)**	**(65,886)**	**(21,415)**	**(83,667)**	**(23,047)**	**(58,167)**	**(26,498)**	**(316,444)**
Loss ratio - accounting view	24.2%	37.4%	26.0%	33.2%	31.8%	184.1%	29.2%	40.7%
Reallocation of inward business	1.5%	3.0%	0.5%	(4.1)%	0.0%	(3.4)%	0.0%	0.0%
Loss ratio - managing view	26,4%	38,5%	29,8%	37,6%	29,7%	112,4%	40,6%	39,4%

Q2 2022 (in thousand of euros)	Nothern Europe	Western Europe	Central Europe	Mediterranean - Africa	North America	Latin America	Asia Pacifica	TOTAL
Insurance revenue	**134,649**	**157,138**	**71,205**	**191,073**	**73,016**	**43,323**	**62,752**	**733,156**
Claims expenses	(75,201)	(31,503)	(24,859)	(68,765)	(10,681)	(3,535)	(21,456)	(236,001)
Attributable costs from insurance activity	(40,403)	(77,434)	(17,937)	(51,762)	(26,406)	(14,155)	(19,197)	(247,294)
Loss component & reversal of loss component	907	(104)	131	91	352	40	26	1,444
Insurance Service Expenses	**(114,696)**	**(109,041)**	**(42,665)**	**(120,436)**	**(36,736)**	**(17,650)**	**(40,628)**	**(481,851)**
INSURANCE RESULT BEFORE REINSURANCE	19,952	48,098	28,540	70,637	36,280	25,673	22,125	251,306
Income and Expenses from ceded reinsurance	(9,099)	(618)	(2,059)	(29,883)	(19,798)	(17,751)	(3,959)	(83,167)
INSURANCE RESULT AFTER REINSURANCE	10,853	47,479	26,481	40,754	16,483	7,922	18,166	168,139
Other revenue	52,824	19,907	17,944	39,267	6,719	1,886	1,813	140,359
Other expenses	(35,432)	4,247	(18,534)	(41,276)	(10,554)	(6,211)	(9,118)	(116,877)
Risk cost	154	(0)	1	(0)	(0)	(0)	(0)	155
RESULT INCLUDING OTHER ACTIVITIES AND RISK COST	28,400	71,633	25,892	38,745	12,647	3,597	10,862	191,775
Net income from investments	**603**	**(8,194)**	**1,915**	**1,720**	**20**	**2,626**	**2,164**	**854**
Other operational income and expenses	(577)	(2,814)	(68)	(663)	(92)	78	(205)	(4,341)
Finance costs	(67)	(9,200)	(115)	(226)	(424)	(81)	(83)	(10,197)
OPERATIONAL RESULT	28,426	60,625	27,739	39,801	12,575	6,301	12,820	188,288
Income tax expense	1 092	-16 104	-5 036	-12 742	-2 690	-765	-6 995	-43 240
CONSOLIDATED NET RESULT	29,451	35,321	22,589	26,833	9,460	5,454	5,742	134,851
Non-controlling interests	-1	-1	-1	-19	0	0	0	-23
NET INCOME OF THE PERIOD	**29,450**	**35,321**	**22,588**	**26,814**	**9,460**	**5,454**	**5,741**	**134,827**

Other key indicators *(accounting view)*								
Total Turnover	**187,473**	**177,045**	**89,149**	**230,340**	**79,734**	**45,208**	**64,566**	**873,516**
Total Claims expenses (inc. loss component)	**(74,294)**	**(31,607)**	**(24,728)**	**(68,674)**	**(10,330)**	**(3,495)**	**(21,431)**	**(234,557)**
Total Overheads (inc. commissions)	**(75,860)**	**(77,566)**	**(36,471)**	**(93,057)**	**(37,122)**	**(20,367)**	**(28,355)**	**(368,797)**

Reconciliation between the note and the financial communication								
Total Turnover - accounting view	**187,473**	**177,045**	**89,149**	**230,340**	**79,734**	**45,208**	**64,566**	**873,516**
Reallocation of inward business	**(0)**	**(10,271)**	**365**	**6,445**	**(0)**	**2,998**	**462**	**0**
Reallocation of net banking activities	**(6)**	**6**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**
Total Turnover - managing view	**187,473**	**166,774**	**89,514**	**236,785**	**79,734**	**48,207**	**65,028**	**873,516**
Total Claims expenses (inc. loss component) - accounting view	**(74,294)**	**(31,607)**	**(24,728)**	**(68,674)**	**(10,330)**	**(3,495)**	**(21,431)**	**(234,557)**
Reallocation of inward business	**(0)**	**11,373**	**(3,287)**	**(13,055)**	**(0)**	**4,004**	**966**	**(0)**
Total Claims expenses (inc. loss component) - managing view	**(74,294)**	**(20,234)**	**(28,015)**	**(81,729)**	**(10,330)**	**509**	**(20,465)**	**(234,557)**
Loss ratio - accounting view	55.2%	20.1%	34.7%	35.9%	14.1%	8.1%	34.2%	32.0%
Reallocation of inward business	(0,0)%	-6.3%	4.4%	5.4%	0.0%	-9.2%	(1.8)%	0.0%
Loss ratio - managing view	55.2%	13,8%	39.1%	41.4%	14.1%	-1.1.%	32.4%	32.0%

Note 19. Earnings per share

	June 30, 2023		
	Average number of shares	**Net income for the period** *(in €k)*	**Earnings per share** *(in €)*
Basic earnings per share	149,180,581	128,834	0.86
Dilutive instruments	(0)		
DILUTED EARNINGS PER SHARE	**149,180,581**	**128,834**	**0.86**

	June 30, 2022		
	Average number of shares	Net income for the period (in €k)	Earnings per share (in €)
Basic earnings per share	149,149,361	134,827	0.90
Dilutive instruments	(0)		
DILUTED EARNINGS PER SHARE	**149,149,361**	**134,827**	**0.90**

Note 20. Off-balance sheet commitments

(in thousands of euros)	June 30, 2023		
	TOTAL	**Related to financing**	**Related to activity**
Commitments given	**1,420,427**	**1,358,627**	**61,800**
Endorsements and letters of credit	1,358,627	1,358,627	0
Property guarantees	3,500	0	3,500
Financial commitments in respect of equity	58,300	0	58,300
Commitments received	**1,738,584**	**1,121,670**	**616,914**
Endorsements and letters of credit	144,711	0	144,711
Guarantees	472,203	0	472,203
Credit lines linked to commercial paper	700,000	700,000	0
Credit lines linked to factoring	421,670	421,670	0
Financial commitments in respect of equity			
Guarantees received	**461,848**	**0**	**461,848**
Securities lodged as collateral by reinsurers	461,848	0	461,848
Financial market transactions	**88,180**	**0**	**88,180**

Endorsements and letters of credit correspond mainly to:

- Joint guarantee for €226 million given by Compagnie française d'assurance pour le commerce extérieur to the benefit of investors in the subordinated debt issued by COFACE SA (maturity 10 years)
- Joint guarantees for €1,042 million given by COFACE SA to banks (Natixis, BNPP, Santander, HSBC, Société Générale) financing bilateral lines of Coface Finanz and Coface Factoring Poland.

Securities lodged as collateral by reinsurers concern Coface Ré for €443.6 million and Coface Europe for €18.2 million.

(in thousands of euros)	Dec. 31, 2022		
	TOTAL	Related to financing	Related to activity
Commitments given	**1,447,127**	**1,360,427**	**86,700**
Endorsements and letters of credit	1,360,427	1,360,427	0
Property guarantees	3,500	0	3,500
Financial commitments in respect of equity interests	83,200	0	83,200
Commitments received	**1,890,984**	**1,295,563**	**595,421**
Endorsements and letters of credit	146,290	0	146,290
Guarantees	449,131	0	449,131
Credit lines linked to commercial paper	700,000	700,000	0
Credit lines linked to factoring	595,563	595,563	0
Financial commitments in respect of equity interests			
Guarantees received	**320,478**	**0**	**320,478**
Securities lodged as collateral by reinsurers	320,478	0	320,478
Financial market transactions	**105,965**	**0**	**105,965**

Note 21. Entry into the scope of consolidation

There was no entry into the scope of consolidation of the Coface Group as at June 30, 2023.

Note 22. Events after the reporting period

There were no post-closing events.

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

IV. Statutory Auditors’ Review Report on the Half-yearly Financial Information

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

For the period from January 1 to June 30, 2023

To the Shareholders of COFACE SA,

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

- the review of the accompanying condensed half-yearly consolidated financial statements of COFACE SA, for the period from January 1 to June 30, 2023.
- the verification of the information presented in the half-yearly management report.

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

1. Conclusion on the financial statements

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying the conclusion expressed above, we draw your attention to the change in accounting method concerning the application of IFRS 17 "Insurance Contracts" and IFRS 9 "Financial Instruments" starting from January 1, 2023, as disclosed in Note 3 and other notes in the appendix presenting numerical data related to the impacts of these changes.

2. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements. We precise that it is not our role to report the matters related to the sincerity and the concordance with the condensed half-yearly consolidated financial statements of Solvency II information extracted from the report.

Paris-La Défense, on August 10th, 2023

The Statutory Auditors

French original signed by

Deloitte & Associés	Mazars
Damien LEURENT *Partner*	Jean-Claude PAULY *Partner*

V. Statement of the person responsible for the financial statements

V. Statement of the person responsible for the financial statements

I hereby declare, after having taken every reasonable measure for such purpose, that the information contained in this interim financial report for the first half 2023, to my knowledge, is true to fact and that no material aspects of such information have been omitted.

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

The limited review report for the interim consolidated financial statements for the six-month period ended 30 June 2023 is reproduced above, in paragraph IV.

Bois-Colombes, 10 August 2023

Xavier DURAND

CEO of COFACE SA

VI. Key indicators

VI. Key indicators

A. KEY PERFORMANCE INDICATORS

1. Financial indicators

For details on the definitions of these indicators, please refer to chapter 3, section 3.7.1 of the 2022 Universal Registration Document filed with the AMF on 6 April 2023 under number D. 23-0244.

2. Operating indicators

For details on the definitions of these indicators, please refer to chapter 3, section 3.7.2 of the 2022 Universal Registration Document filed with the AMF on 6 April 2023 under number D. 23-0244.

B. ALTERNATIVE PERFORMANCE MEASURES (APM)

This section deals with indicators that are not defined by accounting standards and are used by the company in its financial communication, also available on section 3.7.4 of the 2022 Universal Registration Document filed with the AMF on 6 April 2023 under number D. 23-0244.

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

The indicators below represent the company's APM.

a) Alternative performance measures related to turnover and its constituent items:

Definition	Explanation	Reconciliation with the financial statements	N/N-1 comparison - €m	
			2023	**2022**
Turnover with restated items				
[1] Two types of restatements on turnover: i. Calculation of turnover growth percentages, like-for-like: • Year N recalculated at the exchange rate of year N-1; • Year N-1 at the Group structure of year N ii. Removal or addition of turnover in value (€) considered as extraordinary in the current year. The term "extraordinary" refers to impacts on turnover which do not occur every year.	i. Historic method used by Coface to calculate pro forma %. ii. Item considered as extraordinary, i.e. which will only occur in the current financial year (year N).	i. (Current turnover N - FX Impact N-1) / (Current turnover N-1 + Perimeter impact N) - 1 ii. Current turnover N +/- Restatements / Additions of extraordinary items N	i. **11.1%** = (959.7 - (-13.3) / (873.5 + 2.1) - 1 ii. 959.7 +/- 0.0	i. **N/A** ii. 873.5 +/- 0.0
Fee and commission income / Gross earned premiums – (current – like-for-like)				
Weight of fee and commission income over earned premiums on like-for-like basis: • Year N at the exchange rate of year N-1 • Year N-1 at the Group structure of year N Fee and commission income corresponds to the turnover invoiced on additional services.	Indicator used to monitor changes in fee and commission income compared with the main turnover item at constant scope.	Fee and commission income / Earned premiums – Like-for-like	**Current: 11.2%** = 89.7 / 803.1 **Like-for-like: 11.1%** = 90.3 / 815.0	**Current: 10.9%** = 79.6 / 733.2 **Like-for-like: 11.1%** = 81.1 / 733.2

Internal overheads excluding extraordinary items				
[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.	Indicator used to compare changes in internal overheads by excluding extraordinary items.	Current internal overheads +/- Restatements +/- Additions of extraordinary items	**€317.8**m = 317.8 +/- 0.0	**€291.2**m = 291.2 +/- 0.0

b) *Alternative performance measures related to operating income:*

Definition	Explanation	Reconciliation with the financial statements	N/N-1 comparison - €m	
			2023	**2022**
Operating income excluding restated extraordinary items (including financing costs and excluding other operating income and expenses)				
Restatement or Addition of items considered as extraordinary to operating income: these include extraordinary income and expenses impacting either turnover (see definition above, **[1]**) or overheads (see definition above **[2]**).	Indicator used to compare changes in operating income by excluding extraordinary items.	Operating income +/- Restatements +/- Addition of extraordinary items	**€169.4**m = 184.8 + (-16.1) – (-0.7)	**€182.4**m = 188.3 + (-10.2) – (-4.3)

c) Alternative performance measures related to net income:

Definition	Explanation	Reconciliation with the financial statements	N/N-1 comparison - €m	
			2023	**2022**
Net income excluding extraordinary items				
Restatement or Addition of items considered as extraordinary with respect to net income. This includes extraordinary income and expenses likely to impact either turnover (see definition above **[1]**) or overheads (see definition above **[2]**). This aggregate is also restated for “current operating income and expenses”, which are recorded after operating income in the management income statement **[3]**.	Indicator used to compare changes in net income by excluding extraordinary items.	Current operating income +/- Restatements +/- Additions of extraordinary items net of tax	€**128.8**m +/- 0.0	€**134.8**m +/- 0.0

d) Alternative performance measures related to the combined ratio:

Definition	Explanation	Reconciliation with the financial statements	N/N-1 comparison - €m	
			2023	**2022**
Loss ratio gross of reinsurance (loss ratio before reinsurance) and gross loss ratio with claims handling expenses refer to the same indicator				
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.	- Claims expenses / Gross earned premiums	See Appendix - Breakdown of the calculation of ratios at 30 June 2023	
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.	- (Claims expenses + Ceded claims + Change in provisions on claims net of recourse) / (Gross earned premiums + Expenses from ceded reinsurance)	See Appendix - Breakdown of the calculation of ratios at 30 June 2023	
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.	- (Operating expenses - Employee profit sharing - Other income) / Gross earned premiums	See Appendix - Breakdown of the calculation of ratios at 30 June 2023	

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.	- (Operating expenses - Employee profit sharing - Other income - Commissions received from reinsurers) / (Gross earned premiums + Expenses from ceded reinsurance)	See Appendix - Breakdown of the calculation of ratios at 30 June 2023	
** 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 turnover", namely the turnover generated by the additional businesses (non-insurance), is deducted from overheads.*				
Combined ratio before / after reinsurance (cost 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.	Loss ratio (before / after reinsurance) + Cost ratio (before / after reinsurance)	See Appendix - Breakdown of the calculation of ratios at 30 June 2023	
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 turnover (see definition above, **[1]**) or overheads (see definition above **[2]**).	Indicator used to compare changes in combined ratios after reinsurance by excluding extraordinary items.	Combined ratio after reinsurance +/- Restatements / Additions of extraordinary items	**[A] = [B]+[C]** **65.5%** = 40.3% + 25.2%	**[A] = [B]+[C]** **63.4%** = 36.6% + 26.8%
Loss ratio excluding extraordinary items ***[B]***				
Restatement or Addition of items considered as extraordinary with respect to loss ratio net of reinsurance.	Indicator used to compare changes in loss ratios after reinsurance by excluding extraordinary items.	Loss ratio after reinsurance +/- Restatements / Additions of extraordinary items	**40.3%** = 40.3% +/- 0.0pts	**36.6%** = 36.6% +/- 0.0pts

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 turnover (see definition above, **[1]**) or overheads (see definition above **[2]**).	Indicator used to compare changes in cost ratios after reinsurance by excluding extraordinary items.	Cost ratio after reinsurance +/- Restatements / Additions of extraordinary items	**25.2%** = 25.2% +/- 0.0pts	**26.8%** = 26.8% +/- 0.0pts
Current year gross loss ratio - before reinsurance excluding claims handling expenses ***[D]***				
Ultimate claims expense (after recourse) 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.	Claims for the current year / Earned premiums for the current year see ultimate loss ratios development triangle	**73.4%**	**71.0%**
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.	[E] = [F-D]	**-36.3%** = 37.1% - 73.4%	**-41.3%** = 29.7% - 71.0%
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.	- (Claims paid net of recourse + Change in claims provisions + Onerous contracts) / Earned premiums	**37.1%** = - (-298.9 + +1.0) / 803.1	**29.7%** = - (-219.0 + 1.4) / 733.2

e) Alternative performance measures related to equity:

Definition	Explanation	Reconciliation with the financial statements	N/N-1 comparison - €m	
			2023	**2022**
RoATE - Return on average tangible equity				
Net income (Group share) over average tangible equity (average equity (Group share) for the period restated for intangible assets)	The RoATE is used to measure the return on the Coface Group's invested capital.	Net income (Group share) for year N / [(Equity (Group share) N-1, restated for intangible assets N-1 + Equity (Group share) restated for intangible assets N) / 2]	**14.3%** = (128.8 x 2) / [(1,780 + 1,818) /2] Annualised net income (x2) is taken into account in the calculation of the numerator and denominator of the half-yearly ratio	**12.7%** = 240.4 / [(2,000 + 1,780) /2]
RoATE excluding non-recurring extraordinary items				
The calculation of RoATE (see definition of RoATE above) is based on net income excluding extraordinary items and average tangible equity (see RoATE definition above) excluding extraordinary items. For this calculation, interest or commissions linked to capital management instruments (such as hybrid debt, contingent capital) are not considered as extraordinary items.	RoATE excluding extraordinary items is used to monitor the Group's profitability between two reporting periods.	Net income (Group share) for year N excluding extraordinary items / [Equity (Group share) excluding extraordinary items N-1, restated for intangible assets N-1 + Equity (Group share) excluding extraordinary items N restated for intangible assets N)/2]	Not applicable for this reporting date	Not applicable for this reporting date

f) Alternative performance measures related to the investment portfolio:

Definition	Explanation	Reconciliation with the financial statements	N/N-1 comparison - €m	
			2023	2022
Accounting rate of return of financial assets				
Investment income after income from equity and interest rate derivatives and before income from equity securities, currencies and currency derivatives and financial expenses divided by the balance sheet total of financial assets excluding equity securities.	Indicator used to monitor the accounting performance of the financial assets portfolio.	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)	**0.8%** = 22.9 / (((2,963 - 87) + (3,022 - 85)) / 2)	**0.8%** = 23.2 / (((2,979 - 145) + (3,220 - 152)) / 2)
Accounting rate of return on financial assets excluding income from disposals, additions and reversals, income from equity and interest rate derivatives				
Investment income before net gains on disposals, additions and reversals, income from equity and interest rate derivatives, equity securities, currencies, currency derivatives and financial expenses, divided by the balance sheet total of financial assets excluding equity securities.	Indicator used to monitor the recurring accounting performance of the financial assets portfolio.	Investment portfolio income excluding net gains on disposals, additions and reversals, income from equity and interest rate derivatives / ((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)	**1.1%** = (22.9 + 9.0) / (((2,963 - 87) + (2,979 - 145)) / 2)	**0.7%** = (23.2 - 4.0) / (((2,979 - 145) + (3,220 - 152)) / 2)
Economic rate of return of financial assets				
Economic performance of the asset portfolio. This measures the change in revaluation reserves for the year over the balance sheet total of financial assets plus the accounting rate of return.	Indicator used to monitor the economic performance of the financial assets portfolio.	(Investment portfolio income + 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)	**0.7%** = (22.9 -155.4 + 151.5) / (((2,963 - 87) + (3,022 - 85)) / 2)	**-6.1%** = (23.2 - 95.8 - 106.0) / (((2,979 - 145) + (3,220 - 152)) / 2)

Investment portfolio income				
Investment portfolio income (shares, fixed income instruments, real estate, equity and interest rate derivatives).	Used to monitor income from the investment portfolio only.	Income from shares excluding equity securities + income from fixed income instruments + real estate income + income from equity and interest rate derivatives	**€22.9m** = 2.5 + 36.5 - 16.8 + 0.6	**€23.2m** = 8.4 - 8.3 + 9.3 + 13.8
Other				
Foreign exchange income, income from currency derivatives and equity securities and investment fees.	Used to monitor foreign exchange income, income from currency derivatives and equity securities and investment fees.	Foreign exchange income, income from derivatives + income from equity securities + investment fees	**-€21.5m** = -17.4 + 2.6 - 6.6	**€1.2m** = 4.5 + 1.0 - 4.3

g) Alternative performance measures linked to reinsurance:

Definition	Explanation	Reconciliation with the financial statements	N/N-1 comparison - €m	
			2023	**2022**
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 written.	Indicator used to monitor changes in reinsurance income.	- (Ceded premiums (including change in premiums provisions) / Earned premiums)	**27.1%** = -(-217.7 / 803.1)	**27.5%** = -(-201.7 / 733.2)
Ceded claims / Total claims (rate of ceded claims)				
Weight of ceded claims compared with total claims. Ceded claims correspond to the share of claims that Coface cedes to its reinsurers under reinsurance treaties signed with them.	Indicator used to monitor changes in reinsurance income.	- Ceded claims (including change in claims provisions after recourse) / Total claims (including claims handling expenses)	**25.4%** = -80.7 / -(298.9 + 18.6)	**17.2%** = -40.6 / -(219.0 + 17)
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 following changes in its presentation.				

VII. Appendix: Calculation of financial ratios

VII. Appendix: Calculation of financial ratios

Loss Ratio

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

- *Loss Ratio before Reinsurance*

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

- *Loss Ratio after Reinsurance*

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

Cost Ratio

- *Cost Ratio before Reinsurance*

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

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

- *Cost Ratio after Reinsurance*

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

Overheads

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

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

Combined Ratio

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

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

Calculation of ratios

Breakdown of ratio calculations as of 30 June:

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

In €k	H1-22	H1-23
Earned Premiums		
Gross earned premiums [A]	**733,156**	**803,113**
Ceded premiums	(201,707)	(217,743)
Net earned premiums [D]	**531,449**	**585,370**
Claims expenses		
Claims expenses (incl. Loss component) [B]	**(234,557)**	**(316,444)**
Loss component	*1,444*	*1,014*
Ceded claims	40,616	80,721
Ceded loss component	(331)	(275)
Net claims expenses [E]	**(194,272)**	**(235,998)**
Technical expenses		
Operating expenses	**(364,171)**	**(396,770)**
Employee profit sharing and incentive plans	3,146	2,728
Other revenue	140,359	156,551
Operating expenses, net of revenues from other services before reinsurance [C]	**(220,665)**	**(237,491)**
Commissions received from reinsurers	78,255	89,878
Operating expenses, net of revenues from other services after reinsurance [F]	**(142,410)**	**(147,613)**

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

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

Ratios	H1-22	H1-23
Loss ratio before reinsurance	32.0%	39.4%
Loss ratio after reinsurance	**36.6%**	**40.3%**
Cost ratio before reinsurance	30.1%	29.6%
Cost ratio after reinsurance	**26.8%**	**25.2%**
Combined ratio before reinsurance	62.1%	69.0%
Combined ratio after reinsurance	**63.4%**	**65.5%**

End of the document

COFACE SA

1 PLACE COSTES ET BELLONTE

92270 BOIS-COLOMBES - FRANCE

www.coface.fr

S.A. (FRENCH LIMITED COMPANY) WITH CAPITAL OF €300,359,584

NANTERRE REGISTRY OF TRADE AND COMPANIES NO. 432 413 599