2019 FINANCIAL REPORT

CCR RE

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1 MANAGEMENT REPORT

1 RESULTS AND FINANCIAL POSITION

1.1 FINANCIAL ENVIRONMENT

In 2019, the fifty largest stocks making up the Euro Stoxx 50 gained nearly 30% (including reinvested dividends), and the index of the 600 largest European stocks rose 27%. Similar performances were observed for the world's other stock indices, with the Dow Jones up 25% and the Nasdaq up 36%, while the FTSE gained only 17% due to Brexit uncertainty.

Admittedly, in late 2018, negative sentiment among investors had contributed to a steep market correction. While the strong gains recorded in 2019 broadly offset this fall, the increase over two years was much lower, with the Euro Stoxx 600 index of large caps rising by barely 15%.

All asset classes delivered noteworthy performances, not only equities but also raw materials, bonds and credit instruments, etc. The very loose monetary policies followed by the central banks on both sides of the Atlantic were the main driver of the stock market rallies, with the late-2019 announcement that the United States and China were poised to sign a trade agreement acting as a further catalyst. The year was shaped by three main factors:

- An about-face by the central banks. At the beginning of the year, the talk was all about returning to a more normal monetary policy (in the case of the Federal Reserve, after a series of rate hikes in 2018). Barely six months down the line, however, at its Forum on Central Banking in Sintra, Portugal on June 18, the ECB put paid to all hopes of an interest rate recovery by announcing a return to its ultra-accommodative monetary policy. Three months later, on September 12, the bank unveiled a series of measures, including cuts in its prime rates, resumption of the asset purchase program and tiering measures. The Federal Reserve also abandoned the tighter monetary policy adopted in 2018 by announcing three successive rate cuts between July and October 2019.
- Indications of a possible return to growth. Economic activity slowed considerably in 2019 (particularly in the manufacturing sector); however, the trend bottomed out at the end of the year and the consensus pointed to a slight improvement in the growth outlook for 2020.
- Reduced political uncertainty. The Brexit saga and China-US negotiations put many investors on edge in 2019. However, they were given a measure of reassurance in the final days of the year with the announcement that China and the United States were poised to sign a trade deal. At the same time, in the United Kingdom, the general election gave Prime Minister Boris Johnson the majority he needed to allow room for maneuver in negotiations with the European Union. As a result, a no deal Brexit has become less likely, although it still cannot be ruled out.

At the end of the day, the outstanding features of the past year were less uncertainty and stable economic growth after a sharp slowdown in the United States and Europe (especially Germany).

On the stock markets on both sides of the Atlantic, large caps significantly outperformed small and mid-caps, and the performance gap between growth stocks and discounted stocks widened. The question for 2020 is whether we will see more sector rotation, as some investors already expected last year.

What is certain is that trends on all the markets will continue to be influenced by the central banks' monetary policies, especially in the United States and Europe. The ultra-accommodative monetary policies have reduced long-term interest rates to unprecedented levels:

- In Germany, the 10-year rate averaged -0.20% (which was also the rate at the year-end) after reaching a low of -0.70% during the year.
- In the United States, the 10-year rate averaged 2.10% (vs.1.90% at the year-end) after reaching a low of 1.45% during the year.

In the search for better yields, throughout 2019 investors increased their exposure to higher risk and illiquid markets (such as the stock, property, infrastructure, private equity, junk bond and private debt markets), which offer significantly higher yields than the higher quality debt markets (government bonds and investment-grade corporate bonds) in this period of exceptionally low long-term rates and credit spreads.

1.2 BUSINESS ENVIRONMENT

2019 can be considered as a transition year and the prelude to the upheavals to come.

Dedicated reinsurance capital increased by just 2%, with traditional capital up 5% and third-party capital down 7% according to the Guy Carpenter/AM Best index. Part of the decline in third-party capital was due to the amounts trapped in the funds for losses incurred in prior years. However, it also reflected fears about possible risks overlooked by the models and general concern about the effects of climate change.

Losses due to natural or man-made disasters were so limited in the first half of the year that global insured catastrophe losses for the period represented only half the average for the last ten years, at just US$19 billion.

Nonetheless, the reinsurers' combined ratios for the first half increased by 2 points, due to unfavorable prior year claims development in the Property segment (related to typhoon Jebi in Japan in 2018, and hurricanes in the United States in 2018 and 2017) Prior year liquidation surpluses also stayed on a downward trend. In this environment, attritional loss frequency alone, applied to an inadequate premium base, showed that reinsurers' margins are no longer sufficient to enable them to contend with a major deviation, as became apparent in the second half of the year.

This period was more typical of recent years, with its share of hurricanes and wildfires. Hurricane Dorian fortunately changed track and saved the United States from massive devastation. However, typhoons Faxaï and Hagibis in Japan were a painful repetition of the previous year's disasters. And vast swathes of land were destroyed by wildfires in California and, more recently, Australia. Man-made disasters, such as failed satellite launches and oil refinery fires, added to the total catastrophe losses for 2019. The Ethiopian Airlines crash led to Boeing's entire fleet of 737 Max aircraft being grounded, with financial, insurance and reinsurance consequences that are far from being over. Taking the year as a whole, global insured catastrophe losses have been estimated by the Swiss Re Institute at US$56 billion, representing less than the average of US$75 billion for the last ten years.

Even so, a general feeling prevailed in the global reinsurance market that combined ratios had increased.

This was mainly due to the dual effect of an unfavorable prior year claims development and market assessments that reinsurance rates were too low to cover risks and costs. The unfavorable prior year development concerned liability risks and, more recently, property risks. Concerning liability risks, reinsurers are used to dealing with loss creep; for example, asbestos claims are still weighing down balance sheets year after year. But in recent years, social inflation has led to a significant rise in the cost of claims, pushing this issue to the forefront of reinsurers' concerns, especially in the United States. Note that CCR Re does not write Casualty reinsurance in the United States and nor did CCR in the past. The Property reinsurance market was faced with loss creep in respect of typhoon Jebi and hurricane Michael, which occurred in the summer of 2018, and to an even greater extent in the fourth quarter of 2019 for hurricane Irma which struck in September 2017. This trend may be attributed to the difficulty for companies to deploy the necessary loss adjustment expertise when loss estimates are in the tens or hundreds of thousands, but it is also a reflection of the growing involvement of the courts in determining the losses incurred.

The higher retrocession costs that have been a feature of the 2020 renewals have set the bar even higher for reinsurers who have been unable to apply the hoped-for premium hikes due to continued overcapacity in the market.

Under these circumstances, it is reasonable to expect 2020 to be a turbulent year. There is likely to be significantly greater mergers and acquisitions activity than in 2019 and the tougher market conditions will almost certainly result in more companies throwing in the towel or redefining their business scope, in terms of geographies and/or markets.

Already in 2019, a certain number of reinsurers began managing their portfolios on a run-off basis or withdrew from certain markets/lines and this trend looks set to continue. Leveraging our commitment to offering comprehensive long-term support, our technical expertise and our results-driven strategy, we aim to continue growing our business on a healthy basis, according to trends in market prices, and with win-win partnerships.

1.3 SIGNIFICANT EVENTS OF THE YEAR

For CCR Re, 2019 was another year of profitable growth. Premium income rose 21% to €562 million, led by new business (22% of the portfolio). Net income of the year came to €35 million, the same amount as in 2018 and in line with the budget, despite the high effective tax rate of 39.0% of current income.
Current income before changes in the equalization reserve amounted to €56 million, up 23% from €46 million in 2018.
The Non-Life combined ratio continued to improve, declining to 98.1% from 99.4% in 2018.

1.4 POST BALANCE SHEET EVENTS

As of the date when the financial statements were approved for publication, the Covid-19 epidemic, which began after the year-end, had caused a slowdown in activities without bringing them to a complete halt. This was largely due to the fact that our business continuity plan had recently been updated in anticipation of the strikes that were expected to accompany the government's proposed pension reforms. The plan's effectiveness in preventing any disruption of the business was demonstrated by a full-scale test carried out at the end of last year. It should be pointed out that 74% of our 2020 premium income had already been secured as of January 1, in line with the budget. We have carried out a Covid-19 impact assessment, by analyzing our contractual exposures in the Life and Non-Life segment. Based on the information currently available, the estimated cumulative arithmetical impact in 2020 would be equivalent to a moderate event for CCR Re.

1.5 FINANCIAL REVIEW

Written premiums

Premium income for the year amounted to €562 million, up 21% as reported and 18% at constant exchange rates[1].

This strong growth, which was in line with the 2016-2020 business plan projections prepared when CCR Re was set up, was mainly driven by new business.

Premium income breaks down as follows:

- Non-Life written premiums totaled €345 million, up 10% as reported and 7% at constant exchange rates. The Non-Life reinsurance business accounted for 61% of total written premiums in 2019. The €23 million increase in premiums at constant exchange rates primarily corresponded to new business written in Europe and Asia.
- Life written premiums amounted to €216 million, an increase of 45% as reported and 42% at constant exchange rates. The €63 million growth at constant exchange rates was mainly attributable to new reinsurance business written in the Middle East.

[1] *The increase at constant exchange rates corresponds to the difference between actual 2019 premiums converted at the December 31, 2018 exchange rate and 2018 premiums converted at the December 31, 2018 exchange rate.*

The following classes of business account for over three-quarters of written premiums:

- Life, Death/Disability & Health
- Property & Casualty
- Auto and Liability

The other classes of reinsurance business written by CCR Re are mainly, in declining order, Financial, Transport, Farm and Engineering.

Non-Life combined ratio and Life reinsurance profit margin

Non-Life reinsurance business

The combined ratio continued to improve, falling to 98.1% in 2019 from 99.4% the previous year. The ratio breaks down between:

- a loss ratio of 66.6% (vs 68.0% in 2018);
- an expense ratio of 31.5% (vs 31.4% in 2018).

Natural disaster losses accounted for 7.8% of the combined ratio in 2019. The main natural disaster losses reinsured by CCR Re were in Japan (typhoons Faxaï and Hagibis) and North America (hurricane Dorian).

The table below presents Non-Life combined ratio calculations and the reconciliation with the financial statements.

Life reinsurance business

The Life profit margin[2] stood at 5.2% in 2019 versus 6.3%[3] the previous year.

	PRESENTATION BY BUSINESS UNIT			ACCOUNTING PRESENTATION	
(in millions of euros)	**Non-Life BU (1)**	**Life: Disability/ Health BU (2)**	**Life: Death BU (3)**	**Non-Life (1) + (2)**	**Life (3)**
Net earned premiums (a)	299.0	101.3	93.3	400.3	93.3
Paid claims and expenses, change in outstanding claims reserves (b)	(199.1)	(91.1)	(58.9)	(290.2)	(58.9)
Profit commissions, fees, other underwriting income and expenses (c)	(94.2)	(16.6)	(26.2)	(110.8)	(26.2)
Change in equalization reserves	1.6	0.0	0.0	1.6	0.0
Investment income allocated to the underwriting result	29.7	4.4	4.1	34.1	4.1
UNDERWRITING RESULT	**37.0**	**(2.0)**	**12.2**	**35.0**	**12.2**
COMBINED RATIO -(b + c) / a	**98.1%**				

Management expenses

Management expenses (not including investment management expenses which are reported under investment expenses) amounted to €33 million, representing a cost ratio of 5.5%[4] in 2019, versus 6.3% in 2018 and 7.2% in 2017.

Net investment result

Net investment result amounted to €49 million, consisting for the most part of investment revenue for €24.4 million and net realized gains from investments for €24.4 million.

The return on investment[5] was 2.7% versus 2.4% in 2018. This rate does not take into account the +3.7% potential additional return represented by unrealized gains on the portfolio excluding interest rate instruments.

[2] The Life profit margin corresponds to the ratio between (a) the sum of the reinsurance underwriting result and interest on deposits with ceding insurers for the Life business and (b) total earned premiums, net of reinsurance, for the Life business. These items are determined before taking into account expenses analyzed by function and investment income allocated to the Life technical account.

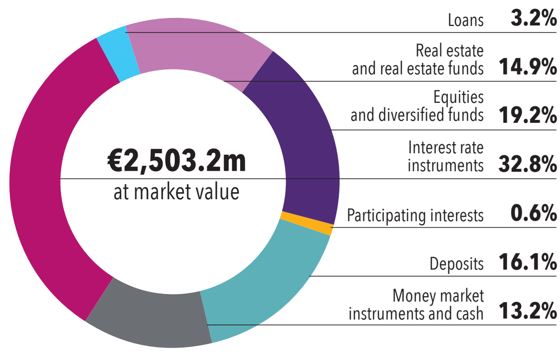
[3] Pro forma Life profit margin for 2018, including claims management expenses.

[4] Administrative expenses net of CVAE and C3S taxes as a percentage of written premiums.

[5] Net investment income divided by reinsurance investments, excluding interest on subordinated debt, ceding insurer deposits and owner-occupied property. Pro forma yield in 2018.

Management of financial and real estate investments

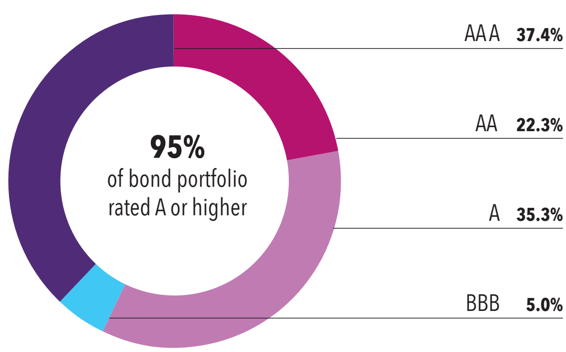
Reinsurance investments[6] had a net book value of €2,127.9 million at December 31, 2019 (versus €2,029.5 million at the previous year-end), including €234 million in assets deposited with ceding insurers.
Net unrealized gains totaled €375 million at December 31, 2019 compared with €299 million at end-2018, reflecting conditions in the financial and real estate markets and asset sales carried out during the year. The market value of financial and real estate investments was €2,503.2 million at December 31, 2019, an increase of 7.5% compared with end-2018.
The following table shows the breakdown of the reinsurance investment portfolio at net book value (NBV) and at market value (MV):



	December 31, 2019			December 31, 2018			Change			
(in millions of euros)	**VNC**	**VM**	**% (at VM)**	**VNC**	**VM**	**% (at VM)**	**NBV**	**%**	**VM**	**%**
Money market instruments and cash	331.2	330.9	13.2%	298.9	298.6	12.8%	+32.3	+10.8%	+32.2	+10.8%
Interest rate instruments	776.3	820.9	32.8%	733.8	770.2	33.1%	+42.6	+5.8%	+50.7	+6.6%
Loans	78.0	79.2	3.2%	66.9	67.6	2.9%	+11.0	+16.5%	+11.6	+17.1%
Real estate and real estate investment trust	143.0	373.2	14.9%	145.3	349.3	15.0%	-2.2	-1.5%	+23.8	+6.8%
Equities and diversified funds	389.7	480.6	19.2%	406.1	456.5	19.6%	-16.5	-4.1%	+24.1	+5.3%
Participating interests	6.2	15.0	0.6%	6.2	14.4	0.6%	0.0	0.0%	+0.6	+4.5%
Deposits	403.6	403.6	16.1%	372.4	372.4	16.0%	+31.2	+0.1%	+31.2	+8.4%
TOTAL	**2,127.9**	**2,503.2**	**100%**	**2,029.5**	**2,329.0**	**100%**	**+98.4**	**+4.8%**	**+174.2**	**+7.5%**

As shown in the above table, changes in the structure of the reinsurance investment portfolio in 2019 were as follows:

- Investments in **money market instruments** amounted to €331 million at December 31, 2019, up 10.8% compared with end-2018.
- The market value of investments in **interest rate instruments** (32.8% of total reinsurance investments) increased by 6.6% over the year. The portfolio comprises directly held bonds for 35.7% and bond funds for 64.3%.
- The market value of investments in **equities and diversified funds** (19.2% of total reinsurance investments) rose by 5.3% over the year to €480.6 million at December 31, 2019. The main investments are equity funds (39.4%), diversified funds (24%) and hybrid securities (19.6%).
- **Real estate investments** stood at €373.2 million at market value, an increase of 6.8% compared with end-2018. They represented 14.9% of total reinsurance investments versus 15.1% at December 31, 2018. In 2019, a building was sold out of the portfolio, netting a gain of €10.52 million.



At December 31, 2019, 95% of the **bonds** in the portfolio were rated A or higher. Standard & Poor's rating

S&P Global Ratings

[6] *Financial and real estate investments, including cash. In this section, the investment portfolio at December 31, 2018 has been remeasured at December 31, 2019 prices.*

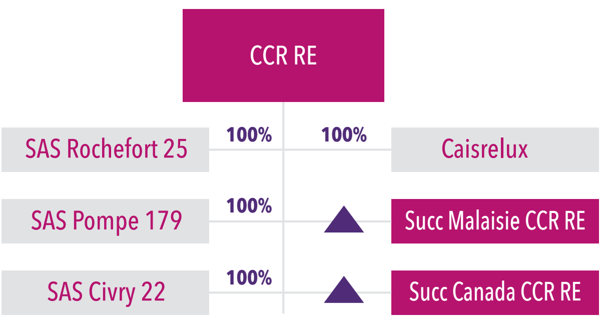
Net income of the year

Net income of the year, after tax, amounted to €35 million, breaking down as follows:

- Current income before changes in the equalization reserve amounted to €56 million, up 23% on 2018.
- Income tax expense for 2019 was €22 million. The effective tax rate of 39% was mainly due to changes in unrealized gains on UCITS which have a direct impact on taxable income.

Subsidiaries and affiliates

As shown in the chart below, part of the real estate investment portfolio is managed through three simplified joint stock corporations with combined equity of €41 million at December 31, 2019. The three companies reported net income of €1.8 million in 2019 and contributed €1.7 million to CCR Re's investment revenue for the year.
CCR Re also has a reinsurance subsidiary in Luxembourg, Caisrelux. This company had share capital of €6.2 million at December 31, 2019, unchanged from the previous year-end. Caisrelux operates exclusively as a captive reinsurance company. Its financial statements approved for publication on March 18, 2020 show a net profit of the year.



1.6 2020 OUTLOOK

New strategic plan
The objectives of the previous strategic plan, named "Renovatio", were met one year early thanks to the very favorable response of our clients and partners and to our teams' engagement and determination.

A new strategic plan, named "Streamline", was approved by the Board of Directors in December 2019 and will steer CCR Re's development over the period 2020-2022. This new plan applies the streamlining and profiling principles of an agile and innovative vehicle, with the following fundamental goals:

- Extend our diversified and closely managed underwriting policy in selected countries and reinsurance lines.
- Develop long-term relationships with ceding insurers, built on solutions that span their Life, Non-Life and Specialty reinsurance needs and are tailored to each market and client.
- Continue to improve our medium-term profitability.
- Accelerate the digital transformation of our internal processes to meet our service quality and responsiveness objectives.
- Propose a more robust service offer to clients and partners in order to enhance our value proposition.

A key aim of Streamline is to consolidate our financial strength and keep our solvency coverage ratio in the range of 180% to 220%.

1.7 FORWARD FINANCIAL INSTRUMENTS POLICY

Currency risk results from differences between assets and liabilities in each currency.
It is impossible to exactly match assets and liabilities in each currency on a continuous basis. We therefore endeavor to limit the balance sheet's exposure to currency risks and use hedging instruments to reduce the impact of exchange rate fluctuations.
Currency risk is managed using a certain number of indicators to assess the risk from different angles, currency by currency.
Hedging instruments include forward foreign exchange contracts and derivative instruments for non-convertible currencies.

1.8 DIVIDENDS PAID IN THE LAST THREE YEARS

French law requires the disclosure of dividend payments for the last three years. No dividends were paid by CCR Re for 2016, 2017 or 2018.

1.9 OTHER INFORMATION

Research and development activity

During the year, we successfully created the first sidecar domiciled in France, named 157 Re.

By accepting a 25% participation in the global Property Cat portfolio, 157 Re has provided CCR Re with fully collateralized third-party capital that will allow us to pursue our diversification and profitable organic growth. This Solvency II-compliant strategic vehicle also enables us to tap a competitive and flexible investor source.

157 Re is an umbrella fund and the first of its sub-funds, 157 Re 19, was launched on April 1, 2019. It will be followed by other funds in the coming years, depending on investor demand and CCR Re's needs. In December 2019, it was rolled over for 2020.

157 Re is the first sidecar to be organized as a *Fonds Commun de Titrisation (FCT) Supportant des Risques d'Assurance* (insurance risk securitization fund) governed by French law. Up to now, FCTs were only used for financial asset securitizations.

157 Re has been licensed by France's banking and insurance supervisor (*Autorité de Contrôle Prudentiel et de Résolution*) and the tax rules applicable to investors in the fund have been confirmed by the French tax authorities.

In another development in 2019, a prototype was deployed to automate the input of the accounts received from brokers. This innovative solution uses text mining technology and artificial intelligence.

Supplier and client payment terms

The following information is disclosed in application of Article L.441 14 of the French Commercial Code (*Code de Commerce*).

	Article D.441 I.1 Invoices received and due but not settled at year-end						Article D.441 I.2 Invoices issued and due but not settled at year-end					
(in thousands of euros)	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total (1 day and more)	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total (1 day and more)
(A) Days late												
Number of invoices	1	2			4	6						
Total amount of invoices (excl. VAT)	2.5	1.3			6.2	7.5						
As a % of total purchases for the period (excl. VAT)	0.0%	0.0%			0.1%	0.1%						
As a % of premium income (excl. VAT) for the period												
(B) Invoices excluded from (A) relating to contested or unrecorded receivables and payables												
Number of excluded invoices												
Total amount of excluded invoices												
(C) Reference payment terms (contractual or statutory per Article L.441-6 or L.443-1 of the French Commercial Code)												
Payment terms used to calculate late payments												
Contractual terms												
Statutory terms	30 days from month-end						30 days from receipt of invoice					

In application of the circular issued by the French Insurance Federation (*Fédération Française de l'Assurance*) on May 22, 2017, the information in the above table does not include reinsurance receivables and payables.

FIVE YEAR FINANCIAL SUMMARY

INDICATOR **(in thousands of euros)**	**2015**	**2016**	**2017**	**2018**	**2019**
1. FINANCIAL POSITION AT DECEMBER 31					
Share capital		90,082	90,082	90,082	90,082
Number of shares outstanding (in thousands)		901	901	901	901
2. RESULTS OF OPERATIONS					
Premium income		443,118	395,831	464,218	561,710
Current income before tax, employee profit sharing, depreciation, amortization and provisions		22,208	25,395	37,281	58,958
Income tax		15,320	8,582	269	22,484
Employee profit-sharing		0	0	0	276
Net income		6,014	16,900	34,630	34,897
Total dividend		0	0	0	0
3. PER SHARE DATA (IN EUROS)					
Earnings per share after tax and employee profit sharing, before depreciation, amortization and provisions		7.65	18.86	41.09	40.18
Earnings per share after tax, employee profit sharing, depreciation, amortization and provisions		6.68	18.76	38.44	38.73
Dividend per share		0	0	0	0
4. EMPLOYEE INFORMATION					
Number of employees		0	71	76	105
Total payroll		0	6,659	6,221	8,217
Total benefits		0	2,607	1,566	3,861

2 CORPORATE GOVERNANCE

This section of the management report corresponds to the Board of Directors' corporate governance report presented to the Annual Shareholders' Meeting in accordance with Article L.225 37 of the French Commercial Code.

2.1 BOARD OF DIRECTORS, CHAIRMAN, CHIEF EXECUTIVE OFFICER

CCR Re was initially registered as a simplified joint stock corporation (*société par actions simplifiée*) on December 28, 2015. It was transformed into a joint stock corporation (*société anonyme*) in 2016 with the corporate purpose of writing reinsurance under the name CCR Re.

In accordance with French company law governing joint stock corporations, the Board of Directors has at least three members and no more than 15 members, including one director designated by the French State pursuant to Government order 2014-948 dated August 20, 2014 on the governance and corporate actions of partly State-owned companies and one director representing employees elected pursuant to Article L.225-27 of the French Commercial Code.

In accordance with Article L.225-51-1 of the French Commercial Code and Article 16 of the Company's bylaws, at its meeting on June 29, 2016 the Board of Directors decided to combine the positions of Chairman of the Board and Chief Executive Officer.

During the meeting, Bertrand Labilloy was appointed as Chairman and Chief Executive Officer for a period of five years expiring at the Annual Shareholders' Meeting to be called to approve the financial statements for the year ending December 31, 2020, corresponding to his term as director.

On the recommendation of the Chairman and Chief Executive Officer, at the same meeting, Laurent Montador was appointed as Deputy Chief Executive Officer for a period of six years expiring at the Annual Shareholders' Meeting to be called to approve the financial statements for the year ending December 31, 2021.

The members of CCR Re's Board of Directors are as follows:
- Bertrand Labilloy, Chairman and Chief Executive Officer
- Pierre Blayau, permanent representative of Caisse Centrale de Réassurance (CCR)
- Patrick Cerceau
- Charles Lévi
- Antoine Mantel
- John Conan, director representing employees elected by employees pursuant to Article L.225 27 of the French Commercial Code.

2.2 AUDIT, ACCOUNTS & RISKS COMMITTEE

The Audit, Accounts & Risks Committee was set up by the Board of Directors on January 23, 2017. The Committee has a maximum of four members appointed by the Board of Directors from among the directors other than the Chairman of the Board, including the director representing employees. It is chaired by Charles Lévi.
The Committee is tasked with assisting the Board of Directors in fulfilling its role concerning the annual financial statements, by monitoring (a) the effectiveness of the internal control and risk management systems, and the Internal Audit function if applicable, with regard to the procedures for the preparation and processing of accounting and financial information, and (b) the work of the statutory auditors. It also expresses an opinion on the auditor selection process and issues a recommendation concerning the accounting firm to be proposed for appointment as auditor at the Annual Shareholders' Meeting. It considers the Actuarial function's report and monitors implementation of legal and regulatory compliance procedures, especially Solvency II compliance, notably by examining the Compliance function's report. It meets with the head of the Internal Audit function, reviews the internal audit program and makes a recommendation to the Board as to whether the program should be approved, analyzes the internal auditors' main recommendations and their implementation. It reviews the Regular Supervisory Report (RSR), the Solvency and Financial Condition Report (SFCR) and the written policies falling within the Committee's terms of reference. It is also tasked with tracking risk control indicators and the ORSA, based on the ORSA report and discussions with the head of the Risk Management function.

2.3 COMPENSATION PAID TO CORPORATE OFFICERS

In 2019, CCR Re paid total compensation of €45,000 to members of the Board of Directors, as follows:
- Charles Lévi €22,500
- Patrick Cerceau €22,500

In accordance with the law, the Chairman and Chief Executive Officer's compensation is decided by the Board of Directors.

Bertrand Labilloy, Chief Executive Officer, was paid total gross compensation of €127,500 in 2019, including fixed compensation of €85,000 for 2019 and variable compensation of €42,500 in respect of 2018. He does not receive any benefits in kind.

Laurent Montador, Deputy Chief Executive Officer, is not paid any compensation by CCR Re. He does not receive any benefits in kind.

No fees or compensation were paid by CCR Re's subsidiaries to any of the company's directors or officers in 2019.

2.4 CURRENT SHAREHOLDER AUTHORIZATIONS TO ISSUE SHARES

The Board of Directors has not been given any shareholder authorizations to issue shares in application of Articles L.225 129 1 and L.225 129 2 of the French Commercial Code.

2.5 AGREEMENTS BETWEEN A DIRECTOR, A CORPORATE OFFICER OR A SHAREHOLDER OWNING MORE THAN 10% OF THE VOTING RIGHTS AND A SUBSIDIARY

A service agreement between CCR Re and SAS Cerceau Consulting was authorized by CCR Re's Board of Directors on December 11, 2019 before being entered into for a period of one year. Patrick Cerceau is SAS Cerceau Consulting's sole shareholder. Under the terms of the agreement, SAS Cerceau Consulting provides consulting services and client prospection assistance in certain specified markets. The purpose of these services is to enable CCR Re to write new reinsurance business in these markets, in accordance with its underwriting criteria, or to enter into partnerships with local reinsurance companies. The agreement was disclosed to the statutory auditors in accordance with the regulations governing related party agreements.

2.6 ESG CLIMATE REPORT

Article 173 VI of the French Energy Transition for Green Growth Act of August 17, 2015 (incorporated in the Monetary and Financial Code as Article L.533-22-1) requires companies to prepare a separate ESG Climate Report. CCR Re is included in the consolidated financial statements prepared by CCR and CCR's ESG Climate Report therefore includes the required information for both companies.

2.7 LIST OF DIRECTORSHIPS AND OTHER POSITIONS HELD BY CCR RE'S CORPORATE OFFICERS IN 2019

BERTRAND LABILLOY

Chairman and Chief Executive Officer

DIRECTORSHIPS AND POSITIONS HELD IN CCR RE AND ITS SUBSIDIARIES

Chairman and Chief Executive Officer of CCR Re

OTHER DIRECTORSHIPS AND POSITIONS IN OTHER COMPANIES

Chief Executive Officer of *Caisse Centrale de Réassurance* (CCR)

Vice President of APREF (*Association Professionnelle des Réassureurs de France*)

Permanent representative of CCR on the Supervisory Board of Gageo Asset Finance Services

Member of the Board of Directors of Seyna

LAURENT MONTADOR

Deputy Chief Executive Officer

DIRECTORSHIPS AND POSITIONS HELD IN CCR RE AND ITS SUBSIDIARIES

Deputy Chief Executive Officer of CCR Re

Chairman and Director of Caisrelux

OTHER DIRECTORSHIPS AND POSITIONS IN OTHER COMPANIES

Deputy Chief Executive Officer of *Caisse Centrale de Réassurance* (CCR)

Director of Garex

Director of Gareat

PIERRE BLAYAU

Director

DIRECTORSHIPS AND POSITIONS HELD IN CCR RE AND ITS SUBSIDIARIES

Permanent representative of Caisse Centrale de Réassurance (CCR), Director of CCR Re

OTHER DIRECTORSHIPS AND POSITIONS IN OTHER COMPANIES

Chairman of the Board of Directors of *Caisse Centrale de Réassurance* (CCR) and Chairman of CCR's Strategy Committee

Chairman of Harbour Conseils (SAS)

Director of *Société d'Edition de Canal Plus* until April 11, 2019

Member of the Strategy Committee of *Société d'Edition de Canal Plus* since April 11, 2019

Non-voting director of Fimalac

Director of Fonds *PME Emplois Durables*

Member of the Audit Committee of Fimalac

Director of Cellnex Telecom SA (Spain)

Member of the Appointments and Compensation Committee of Cellnex Telecom SA (Spain)

Director of Newrest Group Holding SA (Spain)

PATRICK CERCEAU

Director

DIRECTORSHIPS AND POSITIONS HELD IN CCR RE AND ITS SUBSIDIARIES

Director of CCR Re

Member of the Audit, Accounts and Risks Committee of CCR Re

OTHER DIRECTORSHIPS AND POSITIONS IN OTHER COMPANIES

Chairman of SAS Patrick Cerceau Consulting

JOHN CONAN

Director

DIRECTORSHIPS AND POSITIONS HELD IN CCR RE AND ITS SUBSIDIARIES

Director of CCR Re

Member of the Audit, Accounts and Risks Committee of CCR Re

Asia-Africa Non-Life Treaties Director, CCR Re

OTHER DIRECTORSHIPS AND POSITIONS IN OTHER COMPANIES

None

CHARLES LEVI

Director

DIRECTORSHIPS AND POSITIONS HELD IN CCR RE AND ITS SUBSIDIARIES

Director of CCR Re

Chairman of the Audit, Accounts and Risks Committee of CCR Re

OTHER DIRECTORSHIPS AND POSITIONS IN OTHER COMPANIES

Member of the Board of Directors of Polish Re

Member of the Board of Directors of *Axa Vie* (Poland)

Member of the Board of Directors of *Axa Non-Vie* (Poland)

Member of the Board of Directors of *Axa Fonds d'Investissements* (Poland)

ANTOINE MANTEL

Director

DIRECTORSHIPS AND POSITIONS HELD IN CCR RE AND ITS SUBSIDIARIES

Director of CCR Re

Member of the Audit, Accounts and Risks Committee of CCR Re

OTHER DIRECTORSHIPS AND POSITIONS IN OTHER COMPANIES

Director of *Caisse Centrale de Réassurance* (CCR), member of the Accounts Committee of CCR and member of the Audit and Risks Committee of CCR

State Inspector in the General Economic and Financial Inspection Division

Director and member of the Audit Committee of *Fonds de Garantie des Assurances Obligatoires* (FGAO)

2 FINANCIAL STATEMENTS

BALANCE SHEET AT DECEMBER 31, 2019
ASSETS

(in thousands of euros)	GROSS AMOUNT	AMORTIZATION, DEPRECIATION & PROVISIONS	December 31, 2019 NET AMOUNT	December 31, 2018 NET AMOUNT
INTANGIBLE ASSETS	92	86	7	6
INVESTMENTS				
Real estate investments	176,587	34,344	142,244	145,286
Investments in affiliates and participating interests	6,200		6,200	6,200
Other investments	1,507,184		1,507,184	1,493,543
Cash deposits with ceding insurers	233,372		233,372	212,833
TOTAL	**1,923,343**	**34,344**	**1,888,999**	**1,857,863**
REINSURERS' SHARE OF TECHNICAL RESERVES				
Non-Life unearned premium reserves	658		658	571
Life reinsurance reserves				
Life outstanding claims reserves	701		701	862
Non-Life outstanding claims reserves	17,482		17,482	5,987
Other Non-Life technical reserves				
TOTAL	**18,841**		**18,841**	**6,850**
RECEIVABLES				
Reinsurance receivables	56,856	908	55,948	41,146
Prepaid payroll costs	134		134	8,111
Prepaid and recoverable taxes	3		3	
Other receivables	4,524	63	4,461	6,033
TOTAL	**61,516**	**971**	**60,544**	**55,290**
OTHER ASSETS				
Property and equipment	550	456	94	106
Current accounts and cash	240,105		240,105	159,363
TOTAL	**240,654**	**456**	**240,198**	**159,469**
ACCRUED INCOME AND PREPAID EXPENSES				
Accrued interest and rental revenue	3,122		3,122	3,704
Life and Non-Life deferred acquisition costs	43,582		43,582	36,355
Other accrued income and prepaid expenses	251,237		251,237	209,866
TOTAL	**297,942**		**297,942**	**249,924**
TOTAL ASSETS	**2,542,388**	**35,857**	**2,506,531**	**2,329,403**

BALANCE SHEET AT DECEMBER 31, 2019
EQUITY AND LIABILITIES

(in thousands of euros)	December 31, 2019 BEFORE APPROPRIATION OF RESULTS	December 31, 2018 BEFORE APPROPRIATION OF RESULTS
SHAREHOLDERS' EQUITY		
Share capital	90,082	90,082
Additional paid-in capital		
Revaluation reserves		
Other reserves	328,391	293,762
Income of the year	34,897	34,630
TOTAL	**453,370**	**418,473**
SUBORDINATED DEBT	75,000	75,000
GROSS TECHNICAL RESERVES		
Non-Life unearned premium reserves	173,302	146,502
Life reinsurance reserves	89,297	73,323
Life outstanding claims reserves	83,730	63,868
Non-Life outstanding claims reserves	1,527,736	1,465,955
Life policyholders' surplus reserves	2,173	3,134
Equalization reserves	24,639	26,198
Other Non-Life technical reserves	44,156	35,936
TOTAL	**1,945,032**	**1,814,917**
NON-TECHNICAL PROVISIONS	3,928	2,811
CASH DEPOSITS RECEIVED FROM REINSURERS	79	157
OTHER LIABILITIES		
Reinsurance payables	2,478	953
Other borrowings, deposits and guarantees received	923	960
Accrued payroll costs	5,523	4,585
Accrued taxes	5,618	2,413
Other payables	6,643	7,133
TOTAL	**21,186**	**16,045**
DEFERRED REVENUE AND ACCRUED EXPENSES	7,936	2,000
TOTAL EQUITY AND LIABILITIES	**2,506,531**	**2,329,403**

INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2019
MARKET REINSURANCE

(in thousands of euros)	GROSS	REINSURANCE	2019 NET	2018 NET
NON-LIFE TECHNICAL ACCOUNT				
Earned premiums				
Premiums	451,363	27,695	423,667	378,152
Change in unearned premium reserves	(24,068)	(658)	(23,411)	(16,119)
	427,294	**27,038**	**400,257**	**362,033**
Investment income allocated from non-technical account	**34,123**		**34,123**	**30,445**
Other underwriting income	**1,189**	**(840)**	**2,028**	**805**
Claims expenses				
Paid claims and expenses	(263,257)	(4,764)	(258,493)	(205,245)
Change in outstanding claims reserves	(34,747)	(11,300)	(23,447)	(48,565)
	(298,004)	**(16,064)**	**(281,940)**	**(253,810)**
Change in other technical reserves	**(8,219)**	**0**	**(8,219)**	**(12,118)**
Profit commission	**(6,646)**	**(360)**	**(6,286)**	**(7,161)**
Acquisition and administrative expenses				
Acquisition costs	(91,528)	0	(91,528)	(80,447)
Administrative expenses	(12,083)	0	(12,083)	(9,684)
Reinsurance commissions received	0	(1,709)	1,709	303
	(103,611)	**(1,709)**	**(101,901)**	**(89,828)**
Other underwriting expenses	**(3,779)**	**819**	**(4,598)**	**(4,468)**
Change in equalization reserves	**1,559**		**1,559**	**(10,873)**
NON-LIFE REINSURANCE UNDERWRITING RESULT	**43,907**	**8,884**	**35,022**	**15,025**

INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2019

(in thousands of euros)	GROSS	REINSURANCE	2019 NET	2018 NET
LIFE TECHNICAL ACCOUNT				
Premiums	**97,296**	**4,029**	**93,268**	**56,843**
Investment income				
Investment revenue	3,906		3,906	3,796
Other investment income	28		28	18
Realized gains from investments	7,395		7,395	4,195
	11,329	**0**	**11,329**	**8,009**
Other underwriting income	**0**	**0**	**0**	**159**
Claims expenses				
Paid claims and expenses	(38,708)	(1,006)	(37,702)	(30,334)
Change in outstanding claims reserves	(19,259)	162	(19,421)	(1,982)
	(57,967)	**(844)**	**(57,123)**	**(32,317)**
Change in Life reinsurance reserves and other technical reserves				
Life reinsurance reserves	(1,803)	0	(1,803)	(2,515)
Other technical reserves	0	0	0	0
	(1,803)	**0**	**(1,803)**	**(2,515)**
Profit commission	**(7,482)**	**(98)**	**(7,384)**	**(5,277)**
Acquisition and administrative expenses				
Acquisition costs	(15,769)		(15,769)	(8,250)
Administrative expenses	(2,380)		(2,380)	(1,103)
Reinsurance commissions received				
	(18,149)	**0**	**(18,149)**	**(9,353)**
Investment expenses				
Internal and external investment management expenses and interest	(1,110)		(1,110)	(1,108)
Other investment expenses	(356)		(356)	(379)
Realized losses from investments	(4,645)		(4,645)	(2,211)
	(6,110)	**0**	**(6,110)**	**(3,698)**
Other underwriting expenses	**(676)**	**4**	**(680)**	**(437)**
Investment income transferred to the non-technical account	**(1,130)**		**(1,130)**	**(929)**
LIFE REINSURANCE UNDERWRITING RESULT	**15,309**	**3,091**	**12,219**	**10,487**

INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2019

(in thousands of euros)	2019 NET	2018 NET
NON-TECHNICAL ACCOUNT		
Non-Life reinsurance underwriting result	**35,022**	**15,025**
Life reinsurance underwriting result	**12,219**	**10,487**
Non-Life investment income		
Investment revenue	32,595	34,166
Other investment income	237	161
Realized gains from investments	61,713	37,757
	94,545	**72,084**
Investment income allocated from the Life technical account	**1,130**	**929**
Investment expenses		
Internal and external investment management expenses and interest	(9,261)	(9,974)
Other investment expenses	(2,969)	(3,412)
Realized losses from investments	(38,762)	(19,897)
	(50,992)	**(33,282)**
Investment income transferred to the Non-Life technical account	**(34,123)**	**(30,445)**
Other income	**3**	**549**
Other expenses	**0**	**(442)**
Non-recurring items		
Non-recurring income	3	83
Non-recurring expenses	(150)	(89)
	(147)	**(6)**
Employee profit-sharing	**(276)**	**0**
Income tax	**(22,484)**	**(269)**
NET INCOME OF THE YEAR	**34,897**	**34,630**

NOTES TO THE FINANCIAL STATEMENTS

The following notes and tables are an integral part of the financial statements approved for publication by the Board of Directors on March 31, 2020.

CCR Re is a French joint stock corporation (*société anonyme*) whose corporate purpose is the writing of all types of reinsurance treaties covering all classes of risks. Its business is governed by the French Insurance Code (*Code des Assurances*).

NOTE 1
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the accounting principles set out in the French Insurance Code, by Regulation ANC 2015-11 as amended by Regulation ANC 2016-12 dated December 12, 2016 and the general accounting provisions of the French Commercial Code (*Code de Commerce*) and French General Chart of Accounts (*Plan Comptable Général*).

The income statement is analyzed between the Life and Non-Life technical accounts and the non-technical account.
The technical accounts include the respective income and expenses of the Life and Non Life reinsurance businesses, general administrative expenses and the allocation of investment income generated by reinsurance assets.

The method used to determine underwriting results consists of recording in written premiums for the underwriting year the estimated amount of ultimate inward reinsurance premiums, which are also used to determine unearned premium reserves and commissions payable. The difference between estimated ultimate premiums, net of commissions, and premiums communicated by the ceding insurers, is recorded in the balance sheet under "Accrued income and prepaid expenses".

Estimated ultimate losses corresponding to ultimate premiums are recorded in the balance sheet under "Outstanding claims reserves", net of claims reported by ceding insurers.

By eliminating the timing difference concerning the recognition of premium income and claims expenses, this method ensures that premium income and claims expenses are recorded by the Company in the same fiscal year as the ceding insurer.

An outward reinsurance program has been set up to protect the Company from the effects of a sharp deterioration in loss ratios on its open market reinsurance business and avoid significant fluctuations in annual earnings. The program also helps to control the cost of reinsuring the Company's reinsurance risks on the market by ensuring that the reinsurers have adequate solvency capital.

The studies and analyses performed based on the criteria set out in Articles 210-2 and 210-3 of Regulation ANC 2015-11 concerning the accounting treatment of finite risk reinsurance treaties (also referred to as financial reinsurance treaties) did not lead to any such treaties being identified in the portfolio of managed contracts

1.1 CHANGE IN ACCOUNTING METHODS

The 2019 financial statements have been prepared using the same methods as those for 2018.
In line with Article 410-1 of Regulation ANC 2015-11 dated November 26, 2015, reinsurance of accident and disease related bodily injury risks is included in the Non-Life technical account in the Company's income statement.

1.2 INTANGIBLE ASSETS

Software licenses are initially recognized at cost and amortized on a straight-line basis over a period of three years.

Development costs for the reinsurance accounting system have been capitalized and are being amortized on a straight line basis over a period of five years from the date when the system was put into operation.

1.3 INVESTMENTS

Reinsurance investments are initially recognized at cost. Their measurement at each period end depends on the type of asset and the intended holding period.

a) Real estate investments
Real estate and shares in unlisted real estate companies are initially recognized at acquisition or construction cost (except for properties concerned by legal revaluations), net of transaction costs and tax and including the cost of any improvements.

The initial cost of buildings is allocated to the following four components:

- the shell, which is depreciated based on the building's acquisition-date residual value over its estimated useful life as from the construction completion date, as follows:
  - 120 years for residential property,
  - 150 years for residential property completed before 1900,
  - 80 years for office property;
- the core, depreciated over 30 to 35 years;
- technical installations, depreciated over 25 years;
- fixtures and fittings, depreciated over 15 to 25 years.

For the latter three components, the depreciation period commences on the acquisition date. They are considered as having been replaced by components of the same value at the end of each depreciation period since the building's completion date.

Improvements are depreciated over the same period(s) as the component(s) to which they relate.

Provisions for major repairs/refits are recorded for other than routine maintenance costs such as restoration costs. They are recorded on a prorata basis over the period to the execution date of the work, as scheduled in the multi year renovation and refurbishment program.

Provisions for other-than-temporary impairment are determined based on the following classification:

- **Owner-occupied property** that is not held for sale, for which the reference value is the property's period-end net carrying amount. In principle, no impairment provisions are recorded for these buildings.
- **Rental property** that is also not held for sale, for which the reference value is the property's fair value as determined by the discounted cash flows method.

An impairment provision is recognized for any negative difference between the reference value and the property's net carrying amount, taking into account the entity's long-term holding strategy. An impairment provision is considered necessary when the reference value is at least 15% below the net carrying amount. The reference value of properties held for sale corresponds to their estimated realizable value.

- The fair values shown in the reinsurance investments table correspond to the amounts determined during five-yearly independent valuations and annual estimates made between two valuations by a valuer licensed by the French insurance supervisor (*Autorité de Contrôle Prudentiel et de Résolution*).
- The same principles are applied for the measurement of shares in real estate companies.

b) Equities and UCITS

Equities and units in UCITS are initially recognized at their acquisition cost. They are classified in two categories:

- Participating interests, whose reference value corresponds to their value-in-use, i.e., their fair value to the Group. Value-in-use is determined using a multi-criteria approach including, for reinsurance companies, earnings multiples and the investee's adjusted net asset value taking into account 10 year earnings projections and, for real estate companies, the Group's share in the investee's net assets plus unrealized capital gains. Impairment provisions are recorded line-by-line for assets whose value-in-use is below cost.
- Marketable securities, which are measured at probable realizable value. When probable realizable value is significantly below cost, a provision for other-than-temporary impairment is recorded line-by-line in accordance with Articles 123-6 to 123-19 of Regulation ANC 2015-11 dated November 26, 2015.

Other-than-temporary impairment is assessed based on a multi-criteria analysis that takes into account (a) the existence of a material unrealized loss compared to the asset's net carrying amount over an uninterrupted period of six months ending on the reporting date, and (b) any problems that are specific to the investee's business or result from economic factors and severely limit the probability of the impairment reversing in the medium term. In the case of UCITS, the assessment takes into account their performance in relation to their benchmark index.

For assets that are not intended to be held over the long term, this method generally leads to the use of the closing price quoted for the asset on the reporting date.

For the preparation of the financial statements at December 31, 2019, the Company considered that any equities and UCITS for which the reference value was at least 20% below cost would be subject to other-than-temporary impairment, in line with the above regulation.

Taking into account reversals of impairment losses on equities and UCITS sold during the year and changes in the value of equities and UCITS held in the portfolio, there were no provisions for other-than-temporary impairment at December 31, 2019.

c) Fixed income securities

Bonds are initially recognized at cost excluding accrued interest.

The difference between their cost and redemption price is recognized in the income statement over their remaining life by the yield-to-maturity method. For inflation-indexed bonds issued or guaranteed by a European Union member state or a public institution in a European Union member state (such as the French OATi bonds), the gain or loss generated by changes in the inflation index is recognized in the income statement at the end of each reporting period.

A provision for other-than-temporary impairment is recorded only in the case of issuer default. Realizable value corresponds to the closing market price or, if no price is quoted, fair value. Application of this criterion did not lead to any provisions for other than temporary impairment being recorded in 2019.

Article 121-9 of Regulation ANC 2015-11 dated November 26, 2015 concerning the accounting classification of convertible bonds stipulates that these assets should be accounted for in accordance with Article R.343-9 of the French Insurance Code. However, when the acquisition-date yield-to-maturity is negative, they may be accounted for in accordance with Article R.343-10.

CCR Re is not concerned by this regulation because no convertible bonds are held in its direct portfolio.

d) Other assets

Loans and receivables are written down only in the event of a counterparty default risk.

e) Investment income

Gains and losses realized on disposal of investments are calculated using the FIFO method.

Part of the net investment income generated during the year is allocated as follows at the reporting date:

- Life: to the non-technical account;
- Non-Life: to the technical account.

The allocation is calculated at each reporting date based on the following ratios:

- Life: ratio of equity (capital, reserves and retained earnings) to the sum of technical reserves net of reinsurance and equity.
- Non-Life: ratio of net technical reserves to the sum of technical reserves and equity.

f) Forward financial instruments

Currency risks are hedged using forward foreign exchange contracts or non-deliverable forwards for non-convertible currencies.

These instruments are accounted for in accordance with Regulation CRC 2002-09 (amended). The respective legs of the transaction are initially recorded in commitments given or received for their notional amount. The related transaction costs are recorded as an expense for the period.

Realized and unrealized gains and losses on forward financial instruments used in yield strategies are recorded directly in the income statement, as allowed under paragraph 3012-3 of Regulation CRC 2002-09 for forward contracts.

The hedging strategy and its results are described in Notes 2.8, 2.12 and 3.4.

1.4 PROPERTY AND EQUIPMENT

Property and equipment are initially recognized at historical cost.

Equipment, furniture and fixtures and fittings are depreciated by the straight-line or reducing-balance method over their estimated useful lives, as follows:

Office equipment and furniture	3, 5 or 10 years
Fixtures and fittings	10 years
Vehicles	5 years

Purchases of computer hardware with a low unit cost and a short useful life may be expensed in some cases.

1.5 ACCRUALS ACCOUNTS

a) Deferred acquisition costs

Business acquisition costs include commissions due under reinsurance treaties to the ceding insurers. They are recognized over the insured period in the same way as the unearned premiums on the policies concerned.

b) Reinsurance adjustments

Adjustments to premiums, commissions and brokerage fees are recorded in the relevant income statement accounts and in "Accrued income and prepaid expenses"/"Deferred revenue and accrued expenses" as appropriate.

1.6 MULTI-CURRENCY ACCOUNTS

In accordance with Article R.341-7 of the French Insurance Code and Articles 240-1 et seq. of Regulation ANC 2015-11 dated November 26, 2015, transactions are recorded in the transaction currency and converted into euros at the closing exchange rate on the reporting date.

The Group's operations give rise to foreign currency positions. The resulting conversion gains and losses are recognized in full in the income statement.

In 2019, differences arising from the conversion of opening foreign currency assets and liabilities at the closing exchange rate represented a net gain of €3.2 million.

1.7 PROVISIONS

The following provisions are determined based on the terms of the CCR Re employee benefits agreement dated January 5, 2018 which came into effect on April 1, 2018.

a) Pension and other post-employment benefit liabilities

These liabilities concern length-of-service awards payable to employees on retirement.

They are determined by the projected unit credit method, based on employees' vested rights per year of service.

The assumptions used concern:

- projected future salary increases, with the same rate applied for both management and non-management personnel based on the latest estimates of growth in total salary costs;
- survival rates, which are determined using the INSEE TD TV 12-14 table and are calculated by dividing the "number of living persons who have reached retirement age" by the "number of living persons with the same age as the employee".
- average staff turnover rates, used to estimate the number of current employees in each age group who are expected to remain with the Company until retirement;
- a discount rate based on the iBoxx Corporate Overall AA 10+ (0.70% in 2019 compared with 1.57% in 2018).

The calculation also includes employer payroll taxes, at the rate of 55%.

b) Provision for special pre-retirement vacation costs

The agreement in force within the Company concerning employee benefits provides for an increase in the annual vacation entitlement for employees who are coming up to retirement age.

The assumptions used to calculate the related provision are the same as for length-of-service awards payable to employees on retirement.

c) Provision for long-service awards

This concerns the long-service awards paid to employees who earn one or several *Médailles d'Honneur du Travail* in recognition of their long service. The awards are determined in accordance with the legal rules.

The provision is determined by a similar method as that described for length-of-service awards, except that the discount rate is based on the iBoxx Corporate Overall AA 7 10 (0.30% in 2019 compared with 1.13% in 2018).

1.8 TECHNICAL RESERVES AND UNDERWRITING RESULT

Ceding insurers' financial statements are recorded in the Company's financial statements upon receipt.
Ceding insurers' financial statements not received as of the reporting date are recorded on the basis of estimates, in order to take into account the projected liquidation of outstanding claims reserves for each policy.

a) Unearned premium reserves

Premiums recognized during the year correspond to the projected ultimate premium as determined at the reporting date. Unearned premium reserves correspond to the remaining life of a policy or group of policies between the reporting date and the coverage expiry date.
The calculation method depends on the type of policy and is based on the period covered by each premium and/or the period remaining until the policy renewal date.

b) Outstanding claims reserves and mathematical reserves

Technical reserving control and governance environment
The process for calculating technical reserves is the responsibility of the Actuarial and Risks Department.

Technical Reserves committees have been set up to examine specific risks such as liability and other long-tail risks. The committees' members include actuaries responsible for determining technical reserves, Underwriting Department actuaries responsible for setting premium rates, underwriters and loss adjusters who discuss the reserving methods to be applied and the adequacy of technical reserves.

The Actuarial function expresses an opinion on the adequacy of technical reserves to cover the Company's obligations towards ceding insurers. In addition, technical reserves are audited every three years by an independent actuarial firm.

Reserving policy
The reserving policy defining the guiding reserving principles applied at December 31, 2019 was approved by the Company's Board of Directors on October 10, 2019.

Approach
Projections are prepared to determine ultimate premiums and losses based on French accounting principles applicable to separate financial statements.

Technical reserves are based on underwriting year/fiscal year triangles and statistical data provided by ceding insurers, which are used to produce premium and claim development triangles.

All data used to prepare actuarial estimates are based on statistical euro exchange rates for the underwriting year. In line with this method, data in foreign currencies are converted into euros at the exchange rate on December 31 of the year preceding the start of the underwriting year. The range of possible methods for determining ultimate premiums and losses include:

- liquidation of premium and claim triangles using the Development Factor Model;
- the Bornhuetter Ferguson method;
- underwriters' loss ratios;
- quotation loss ratios;
- average historical loss ratios.

The method used is the one that is considered the most appropriate for the analyzed risk.

The outstanding claims reserve is calculated using the information provided by the ceding insurers, taking into account the projected ultimate loss.

c) Equalization reserve

The equalization reserve is determined in accordance with Article R.343-8 of the French Insurance Code based on underwriting results for each qualifying class of risk.

d) Escalating risk reserve

This reserve may be required for reinsurance treaties covering disease and disability risks. It is determined in accordance with Article R.343-8 of the French Insurance Code and corresponds to the difference between the present value of the respective obligations of the reinsurer and the insurer. It is reported in the balance sheet under "Other technical reserves".

e) Liquidity risk reserve

When the total net carrying amount of reinsurance assets (excluding bonds and other fixed income securities measured in accordance with Article R.343-9 of the French Insurance Code) is greater than their realizable value, a liquidity risk reserve is recorded within technical reserves to cover losses arising from the sale of assets to immediately settle a major claim. Its amount is determined in accordance with Article R.343-5 of the French Insurance Code.

No liquidity risk reserve was carried in the financial statements at December 31, 2019.

1.9 OTHER ITEMS

a) Expenses analyzed by function

The total cost of each corporate function is calculated and allocated to the relevant cost account (claims management expenses, business acquisition costs, investment management expenses, administrative expenses or other underwriting expenses). For cost centers spanning several functions, costs are allocated to the different functions on a time spent basis. Allocation of theoretical rent on the Company's office building takes into account the surface area occupied by each function.

b) CICE employment incentive tax credit

The Company's CICE tax credit for 2019 in the amount of €9,180 was recorded as a deduction from income tax.
Since January 1, 2019, the CICE has been converted into an immediate and lasting reduction in payroll costs. As a result, no CICE tax credit was recorded for 2019.

NOTE 2
NOTES TO THE BALANCE SHEET

2.1 NOTES TO ASSETS

GROSS (in thousands of euros)	Dec. 31, 2018 AUDITED	MOVEMENTS ADDITIONS	DISPOSALS	Dec. 31, 2019
Software licenses	87	5		92
INTANGIBLE ASSETS	**87**	**5**		**92**
Investment property	133,763	85	1,958	131,890
Owner-occupied property	6,309			6,309
Assets under construction	110	329	110	329
Shares in unlisted real estate companies	38,059			38,059
REAL ESTATE INVESTMENTS	**178,241**	**414**	**2,068**	**176,587**
INVESTMENTS IN AFFILIATES AND PARTICIPATING INTERESTS	**6,200**			**6,200**
CASH DEPOSITS WITH CEDING INSURERS	**212,833**	**446,472**	**425,933**	**233,372**

NET (in thousands of euros)	Dec. 31, 2019 GROSS	AMORTIZATION & DEPRECIATION	PROVISIONS	Dec. 31, 2019 NET	Dec. 31, 2018 NET - AUDITED
Software licenses	92	86		6	6
INTANGIBLE ASSETS	**92**	**86**		**6**	**6**
Investment property	131,890	32,582		99,308	102,312
Owner-occupied property	6,309	1,762		4,547	4,805
Assets under construction	329			329	110
Shares in unlisted real estate companies	38,059			38,059	38,059
REAL ESTATE INVESTMENTS	**176,587**	**34,344**		**142,243**	**145,286**
INVESTMENTS IN AFFILIATES AND PARTICIPATING INTERESTS	**6,200**			**6,200**	**6,200**
CASH DEPOSITS WITH CEDING INSURERS	**233,372**			**233,372**	**212,833**

2.2 INFORMATION ABOUT INVESTMENTS

TOTAL OTHER INVESTMENTS (in thousands of euros)	Dec. 31, 2019			Dec. 31, 2018
	GROSS	AMORTIZATION & PROVISIONS	NET	NET - AUDITED
Equities and other variable-income securities	1,032,518		1,032,518	989,047
Bonds and other fixed-income securities	285,929		285,929	288,199
Loans	228		228	240
Bank deposits	18,330		18,330	56,508
Other investments	170,178		170,178	159,549
TOTAL	**1,507,183**		**1,507,183**	**1,493,543**

2.3 INVESTMENT SUMMARY

	INVESTMENT SUMMARY (in thousands of euros)	GROSS	NET (1)	REALIZABLE VALUE	UNREALIZED GAINS AND LOSSES
1	Real estate investments and real estate investments in progress	176,587	142,244	372,241	229,997
2	Equities and other variable income securities (other than investment funds)	61,867	61,867	72,918	11,051
3	Investment funds (other than those in 4)	976,852	976,852	1,102,836	125,984
4	Investment funds invested solely in fixed-income securities	-	-	-	-
5	Bonds and other fixed-income securities	285,929	284,759	293,045	8,286
6	Mortgage loans	-	-	-	-
7	Other loans	228	228	228	-
8	Deposits with ceding insurers	233,372	233,372	233,372	-
9	Cash deposits (other than those in 8) and guarantees	188,508	188,508	188,508	-
10	Unit-linked portfolios	-	-	-	-
	SUB-TOTAL	**1,923,343**	**1,887,830**	**2,263,148**	**375,318**
11	Other forward financial instruments				
	a) Investment or divestment strategy	-	-	-	-
	b) Yield strategies	86,210	86,210	87,001	791
	c) Other strategies	-	-	-	-
	TOTAL, LINES 1 TO 11	**2,009,553**	**1,974,040**	**2,350,149**	**376,109**
a/	of which:				
	investments measured in accordance with Article R.343-9	285,929	284,759	293,045	8,286
	investments measured in accordance with Article R.343-10	1,404,042	1,369,698	1,736,730	367,032
	investments measured in accordance with Article R.343-13	-	-	-	-
	investments measured in accordance with Article R.343-11	-	-	-	-
	Forward financial instruments	86,210	86,210	87,001	791
b/	of which:				
	OECD member country issuers	1,883,154	1,847,632	2,220,901	-
	Non-OECD issuers	40,189	40,198	42,247	-

(1) Including the unamortized portion of redemption premiums on securities measured in accordance with Article R.343-9, for €1.2 million.

2.4 RECEIVABLES AND PAYABLES

OTHER RECEIVABLES (in thousands of euros)	GROSS	PROVISIONS	NET	DUE WITHIN 1 YEAR	DUE IN 1 TO 5 YEARS	DUE BEYOND 5 YEARS	TOTAL
Reinsurance receivables	56,856	908	55,948	55,948			55,948
Prepaid payroll costs	2		2	2			2
Prepaid and recoverable taxes	134		134	134			134
Other receivables	4,524	64	4,460	4,460			4,460
TOTAL	**61,516**	**972**	**60,544**	**60,544**			**60,544**

Other receivables include €1.8 million in receivables from property companies.

OTHER PAYABLES (in thousands of euros)	NET	DUE WITHIN 1 YEAR	DUE IN 1 TO 5 YEARS	DUE BEYOND 5 YEARS	TOTAL
Reinsurance payables	2,478	2,478			2,478
Other borrowings, deposits and guarantees received	924	924			924
Accrued payroll costs	5,523	5,523			5,523
Accrued taxes	5,618	5,618			5,618
Other payables	6,643	6,643			6,643
TOTAL	**21,186**	**21,186**			**21,186**

Reinsurance payables include €0.1 million payable to CCR which is due within one year.
The net amount due by CCR Re in respect of its share of common expenses rebilled by the Group was €2.6 million at December 31, 2019 compared with €3 million at December 31, 2018.

2.5 SUBSIDIARIES AND AFFILIATES

COMPANY	SHARE CAPITAL	RESERVES	% INTEREST	CARRYING AMOUNT OF SHARES GROSS	CARRYING AMOUNT OF SHARES NET	2019 PREMIUM INCOME	2019 NET INCOME	DIVIDENDS RECEIVED IN 2019
1/ SUBSIDIARIES								
CAISRELUX 534, rue de Neudorf L-2220 Luxembourg	6,200	0	99.99%	6,200	6,200	4,220	0	0
2/ AFFILIATES								
SAS ROCHEFORT 25 157, Boulevard Haussmann 75008 PARIS	14,940	884	100.00%	14,932	14,932	2,172	1,211	1,019
SAS POMPE 179 157, Boulevard Haussmann 75008 PARIS	15,270	252	100.00%	15,268	15,268	1,672	394	453
SAS CIVRY 22 157, Boulevard Haussmann 75008 PARIS	7,860	181	100.00%	7,859	7,859	1,075	222	225

2.6 PROPERTY AND EQUIPMENT

GROSS (in thousands of euros)	DEC. 31, 2018 AUDITED	MOVEMENTS +	MOVEMENTS -	DEC. 31, 2019
Deposits and guarantees	49		9	40
Computer and other equipment	193	36		229
Vehicles	64	1		65
Office furniture and equipment	149	9		158
Fixtures and fittings	54	4		58
Assets under construction				
TOTAL	**509**	**50**	**9**	**550**

DEPRECIATION (in thousands of euros)	DEC. 31, 2018 AUDITED	INCREASES +	DECREASES -	DEC. 31, 2019
Computer and other equipment	231	30		261
Vehicles	39	14		53
Office furniture and equipment	118	9		127
Fixtures and fittings	14	1		15
TOTAL	**402**	**54**		**456**

2.7 ACCRUAL ACCOUNTS

(in thousands of euros)	Dec. 31, 2019 ASSETS	LIABILITIES	Dec. 31, 2018 - Audited ASSETS	LIABILITIES
Reinsurance adjustments	250,638	6,129	209,367	33
Deferred acquisition costs	43,582	71	36,355	
Accrued interest	3,123		3,704	
Amortization of redemption premiums	566	1,736	477	1,967
Prepaid expenses and deferred revenue	33		23	
TOTAL	**297,942**	**7,936**	**249,924**	**2,000**

2.8 FOREIGN CURRENCY ASSETS AND LIABILITIES

The following table shows the total euro-equivalent amount of assets and liabilities in the main foreign currencies:

FOREIGN CURRENCY ASSETS AND LIABILITIES (in thousands of euros)	ASSETS	LIABILITIES	DIFFERENCE DEC. 31, 2019	DIFFERENCE DEC. 31, 2018 - AUDITED
Euro	1,659,293	1,542,258	117,035	35,105
US dollar	170,395	140,457	29,938	24,135
Canadian dollar	191,353	126,166	65,187	63,337
Pound sterling	199,146	197,681	1,465	(7,042)
Japanese yen	17,192	50,447	(33,255)	(8,292)
Swedish krona	2,690	7,194	(4,504)	115
Swiss franc	7,739	7,762	(23)	303
Taiwan dollar	6,654	15,745	(9,091)	(11,233)
Australian dollar	2,021	4,142	(2,121)	(2,516)
Hong Kong dollar	2,631	17,157	(14,526)	(2,251)
Norwegian krone	574	1,649	(1,075)	2,988
Danish krone	14,929	7,330	7,599	1,761
Yuan renminbi	28,949	47,539	(18,590)	-
UAE dirham	24,745	35,655	(10,910)	-
South Korean won	7,164	18,816	(11,652)	-
Kuwaiti dinar	5,429	13,910	(8,481)	-
Malaysian ringgit	840	12,431	(11,591)	-
Other currencies	171,268	231,776	(60,508)	(61,780)
TOTAL	**2,513,012**	**2,478,115**	**34,897**	**34,630**

Hedging instruments are used to reduce or neutralize the currency risk arising from differences between the net carrying amounts of assets and liabilities in each currency.

Hedging instruments comprise forward foreign exchange contracts for convertible currencies and non-deliverable forwards for non convertible currencies.

Hedged positions at December 31, 2019 were as follows (in millions of currency units):

CURRENCY (in millions of currency units)		**ASSET IN ORIGINAL CURRENCY AT DEC. 31, 2019**	**LIABILITY IN ORIGINAL CURRENCY AT DEC. 31, 2019**	**DIFFERENCE AT DEC. 31, 2019**	**HEDGE IN ORIGINAL CURRENCY**
UAE dirham	AED				
Australian dollar	AUD	3	7	3	4
Canadian dollar	CAD	279	184	(95)	93
Yuan renminbi	CNY	226	372	145	93
Indonesian rupiah	IDR	5,122	15,189	10,067	18,420
Japanese yen	JPY	2,096	6,151	4,055	2,940
Indian rupee	INR	932	1,412	481	300
South Korean won	KRW	9,286	24,391	15,104	15550
Malaysian ringgit	MYR	4	57	53	47
Saudi riyal	SAR	71	138	67	55
Singapore dollar	SGD	19	35	17	18
Thai baht	THB	99	284	185	215
New Turkish lira	TRY	12	29	17	18
Taiwan dollar	TWD	223	529	305	211
US dollar	USD	191	158	(34)	3
South African rand	ZAR	109	120	11	17

2.9 EQUITY

2019 **CHANGES IN EQUITY (in thousands of euros)**	JANUARY 1 **BEFORE APPROPRIATION OF RESULTS**	MOVEMENTS FOR THE YEAR **APPROPRIATION OF 2018 NET INCOME**	**OTHER MOVEMENTS**	DECEMBER 31
Share capital**(1)**				90,082
Additional paid-in capital				
Revaluation reserves				
Other reserves	293,761	34,630		328,391
Retained earnings				
2018 net income	34,630	(34,630)		
Net income of the year			34,897	34,897
TOTAL	**418,473**		**34,897**	**453,370**

(1) The share capital comprises 900,821 shares with a par value of €100.

2.10 SUBORDINATED DEBT

The Company has obtained a €75 million subordinated loan from CCR. The loan's main features are as follows:

Issue date: December 30, 2016
Total amount €75,000,000
Interest rate 5% per year
Due December 30, 2046

2.11 BREAKDOWN OF PROVISIONS

MOVEMENTS FOR THE YEAR (in thousands of euros)	2018 AUDITED	INCREASES	DECREASES FOR THE YEAR	DECREASES O/W UTILIZATIONS	2019
Accelerated depreciation					
Special revaluation reserve	149		3		146
Provision for taxes					
Provision for length-of-service awards	800	576	3		1,373
Provision for long-service awards	134	138			272
Provision for extra paid vacation for retirees	345	179			524
Provisions for non-recurring expenses	150	30			180
Provisions for currency risks					
Other provisions for contingencies	89	122			211
Provisions for major repairs	1,143	79			1,222
TOTAL	**2,810**	**1,124**	**6**		**3,928**

2.12 COMMITMENTS RECEIVED AND GIVEN

	(in thousands of euros)	2019	2018
1	**COMMITMENTS RECEIVED**	**25,633**	**23,179**
2	**COMMITMENTS GIVEN**	**13,887**	**9,555**
2a.	Loan guarantees, other guarantees and bonds issued	13,887	9,555
2b.	Securities and other assets purchased under resale agreements		
2c.	Other commitments concerning securities, other assets or revenues		
2d.	Guarantee fund drawdown rights		
2e.	Other commitments given		
3	**RECIPROCAL COMMITMENTS**	379	440
3a.	Assets received as collateral from cedents and reinsurers	379	440
3b.	Assets received from companies for substitution transactions		
3c.	Other reciprocal commitments		
4	**OTHER ASSETS HELD ON BEHALF OF THIRD PARTIES**		
	On behalf of insurance undertakings		
5	**FORWARD FINANCIAL INSTRUMENTS***		
5a	**Forward financial instruments by strategy**		
	- Investment or divestment strategy		
	- Yield strategy	879	2,875
	- Other strategies		
5b	**Forward financial instruments by market**		
	- Over-the-counter market	879	2,875
	- Regulated market		
5c	**Forward financial instruments by type of market risk and instrument**		
	- Interest rate risk		
	- Currency risk	879	2,875
	- Equity risk		
5d	**Forward financial instruments by type of instrument**		
	- Swaps		
	- Forward rate agreements		
	- Forward contracts	879	2,875
	- Options		
5e	**Forward financial instruments by remaining term of the strategy**		
	- De 0 à 1 an	879	2,875
	- De 1 à 5 ans		
	- Plus de 5 ans		

* At December 31, 2018, the net position of €2,875 thousand corresponded to €156,668 thousand in commitments received and €153,793 thousand in commitments given in connection with hedging transactions.
At December 31, 2019, the net position of €879 thousand corresponded to €230,202 thousand in commitments received and €229,323 thousand in commitments given in connection with hedging transactions.

As from 2018, the unpaid portion of assets held by the Company that was previously included in off-balance sheet commitments is presented in assets, as a deduction from the investment concerned. The amounts concerned are as follows:

(in thousands of euros)	2019	2018
Venture capital investment fund commitments	39,703	46,974
Debt fund commitments	31,476	33,100
Real estate investment fund commitments	13,829	15,000

NOTE 3
NOTES TO THE INCOME STATEMENT

3.1 WRITTEN PREMIUMS BY OPERATING SEGMENT

(in thousands of euros)	2019	2018 AUDITED
Inward Life reinsurance	110,347	68,526
Inward Non-Life reinsurance	451,363	395,692
TOTAL	**561,710**	**464,218**

3.2 PORTFOLIO MOVEMENTS

	NON-LIFE		LIFE	
(in thousands of euros)	**GROSS**	**NET**	**GROSS**	**NET**
NEW BUSINESS				
Premiums	11,310	11,309	176	176
Paid claims and expenses	18,813	18,708	1,853	1,853
CANCELLATIONS AND TERMINATIONS				
Premiums	(11,211)	(11,210)	(176)	(176)
Paid claims and expenses	(20,260)	(20,219)	(2,426)	(2,426)

3.3 REINSURANCE COMMISSIONS AND BROKERAGE FEES

COMMISSIONS (in thousands of euros)	2019	2018 AUDITED
Life	16,175	8,288
Non-Life	86,754	73,865
TOTAL	**102,929**	**82,153**

3.4 INVESTMENT INCOME AND EXPENSES

2019 (in thousands of euros)	INCOME AND EXPENSES FROM INVESTMENTS IN RELATED COMPANIES	OTHER INVESTMENT INCOME AND EXPENSES	TOTAL
Revenue from real estate investments			12,420
Revenue from other investments			21,365
Interest on cash deposits and technical accounts		2,716	2,716
TOTAL INVESTMENT REVENUE	**1,791**	**34,710**	**36,501**
Other investment income		265	265
Realized gains from investments		69,108	69,108
TOTAL INVESTMENT INCOME	**1,791**	**104,083**	**105,874**
Interest on subordinated debt	(3,750)		(3,750)
External investment management expenses		(3,080)	(3,080)
Internal investment management expenses		(3,540)	(3,540)
Other investment expenses		(3,325)	(3,325)
Realized losses from investments		(43,407)	(43,407)
TOTAL INVESTMENT EXPENSES AND FINANCE COSTS	**(3,750)**	**(53,352)**	**(57,102)**
TOTAL INVESTMENT INCOME, NET OF EXPENSES	**(1,959)**	**50,731**	**48,772**

Investment income includes a net exchange gain on forward financial instruments of €493 thousand in 2019 compared with a €3,574 thousand gain in 2018.

3.5 UNDERWRITING EXPENSES BY TYPE AND BY FUNCTION

The expenses presented below for 2019 include the Company's share of common expenses incurred by CCR.

A - EXPENSE BREAKDOWN

EXPENSES BY TYPE (in thousands of euros)	2019	2018 AUDITED
External expenses	7,134	5,651
Other external expenses	3,447	2,792
Taxes other than on income	3,675	3,749
Payroll costs	19,474	17,607
Other administrative expenses	90	53
SUB-TOTAL	**33,820**	**29,852**
Depreciation of property and equipment	1,276	1,240
Theoretical rent on the Company's registered office	1,610	1,759
TOTAL	**36,706**	**32,851**

EXPENSES BY FUNCTION (in thousands of euros)	2019	2018 AUDITED
Claims management expenses	4,151	3,315
Other business acquisition costs	13,704	12,272
Other administrative expenses	11,409	9,752
Other underwriting expenses	3,902	3,904
Investment management expenses	3,540	3,608
TOTAL	**36,706**	**32,850**

3.5 UNDERWRITING EXPENSES BY TYPE AND BY FUNCTION

B - PAYROLL COSTS AND NUMBER OF EMPLOYEES (INCLUDING PROPERTY MANAGERS)

(in thousands of euros)	2019	2018 **AUDITED**
Wages and salaries	13,351	12,604
Payroll taxes	4,677	5,639
Other expenses	1,538	(519)
TOTAL	**19,566**	**17,724**
Headquarters	92	64
Managers	*89*	*61*
Non-managerial staff	*3*	*3*
Canadian branch	10	9
Lebanese branch	3	3
TOTAL AVERAGE NUMBER OF EMPLOYEES	**105**	**76**

CCR employees who were previously employed in the Market Reinsurance Technical Accounting and Loss Adjustment Departments were transferred to CCR Re with effect on July 1, 2019.

C - COMPENSATION PAID TO THE COMPANY'S ADMINISTRATIVE AND MANAGEMENT BODIES

EXPENSES BY TYPE (in thousands of euros)	2019	2018
Directors' compensation*	45	42
Management compensation	128	128

* excluding expenses reimbursed upon presentation of supporting documents.

3.6 OTHER UNDERWRITING INCOME AND EXPENSES

Other underwriting income mainly comprises income from the Company's interests in professional economic interest groups and reversals of impairment losses on third-party accounts.

Other underwriting expenses include expenses arising from these interests and the expenses of internal cost centers not related directly to the insurance business.

3.7 NON-RECURRING ITEMS

2019 (in thousands of euros)	NON-RECURRING EXPENSES	NON-RECURRING INCOME
Reversals from the special revaluation reserve		3
Non-recurring income		0
Other non-recurring expenses (employee litigation)	150	
TOTAL	**150**	**3**

3.8 EMPLOYEE PROFIT-SHARING

Other underwriting income mainly comprises income from the Company's interests in professional economic interest groups and reversals of impairment losses on third-party accounts. Other underwriting expenses include expenses arising from these interests and the expenses of internal cost centers not related directly to the insurance business.
The income statement includes employee profit-sharing expense of €275,799.

3.9 INCOME TAX

No deferred taxes are recognized in the Company's financial statements.

Corporate income tax on 2019 income taxable in the short-term is due at the rate of 28% on the first €500,000 of income and 33 1/3% beyond that amount.

NOTE 4
OTHER INFORMATION

4.1 CONSOLIDATED FINANCIAL STATEMENTS

The financial statements of CCR Re are included by the full consolidation method in the consolidated financial statements of CCR, which has its registered office at 157 boulevard Haussmann, 75008 Paris.

4.2 FEES PAID TO THE STATUTORY AUDITORS

PwC's fees for the statutory audit of the financial statements, recognized in expenses for 2019, amounted to €105,763.

Fees recognized in expenses in 2019 for other services provided by PwC included:

- €16,252 for the review of accounting entries in connection with preparations for the tax audit of the computerized accounting records.
- €3,808 for the certification of the Company's capitalization.

4.3 POST BALANCE SHEET EVENTS

As of the date when the financial statements were approved for publication, the Covid-19 epidemic, which began after the year-end, had caused a slowdown in the Company's activities without bringing them to a complete halt. This was largely due to the fact that the Company's business continuity plan had recently been updated in anticipation of the strikes that were expected to accompany the government's proposed pension reforms. The plan's effectiveness in preventing any disruption of the business was demonstrated by a full-scale test carried out at the end of 2019. It should be pointed out that 74% of the Company's 2020 premium income had already been secured as of January 1, in line with the budget. The Company has carried out a Covid-19 impact assessment, by analyzing its contractual exposures in the Life and Non-Life segment. Based on the information currently available, the estimated cumulative arithmetical impact in 2020 would be equivalent to a moderate event for CCR Re.

3 STATUTORY AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

STATUTORY AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS (FOR THE YEAR ENDED DECEMBER 31, 2019)

This is a free translation into English of the Statutory Auditor's report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

CCR Re
157, boulevard Haussmann
75008 PARIS
To the Shareholders,

1 OPINION

In compliance with the engagement entrusted to us by the sole shareholder of Haussmann 157 SAS, we have audited the accompanying financial statements of CCR Re for the year ended December 31, 2019. These financial statements were approved by the Board of Directors on March 31, 2020 based on information available at that date and in the evolving context of the Covid-19 health crisis.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at December 31, 2019 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit, Accounts and Risks Committee.

2 BASIS FOR OPINION

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditor relating to the audit of the financial statements" section of our report.

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Independence

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from January 1, 2019 to the date of our report, and, in particular, we did not provide any non audit services prohibited by Article 5(1) of Regulation (EU) No 537/2014 or the French Code of Ethics (Code de déontologie) for Statutory Auditors.

3 JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were the most significant in our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the financial statements as a whole, approved in the context described above, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the financial statements.

Key audit matter no. 1 – Measurement of outstanding claims reserves

Description of risk and main judgements
In accordance with the French Insurance Code (Code des assurances) and accounting regulations, companies that conduct inward reinsurance operations must estimate the outstanding claims reserves necessary to settle, in principal and in incidental amounts including management fees, all outstanding incurred claims, whether or not they have been reported at the balance sheet date.

At December 31, 2019, outstanding claims reserves relating to Life reinsurance stood at €84 million and outstanding claims reserves relating to Non-Life reinsurance stood at €1,528 million, representing one of the most material liabilities in the balance sheet. The assessment of their estimation entails a certain number of assumptions and therefore constitutes a key audit matter.

The inherent uncertainty in estimating technical reserves is greater for reinsurers, chiefly due to the longer time period between the event itself and the date on which the settlement claim is filed with the reinsurer, the dependence on ceding insurers to obtain information on claims and changes in ceding insurers' practices relating to reserves.

Reserves can be estimated using different methods. The main methods are specified in Note 1.8 to the financial statements: reserves for claims reported by ceding insurers are recorded upon receipt of the accounts from the ceding insurers and these reserves are supplemented in order to estimate the ultimate cost of reported and unreported claims.

The ultimate cost of claims is determined using multi-criteria approaches, including:
- underwriters' projections;
- actuarial pricing data for contracts;
- actuarial projections based on historical data.

The degree of judgement is more significant for long-tail Non-Life lines (Motor Vehicle Civil Liability, General Civil Liability, Construction). The estimation of claims reserves for these reinsurance lines presents an increased risk, and required particular attention regarding the audit procedures to apply.

Accordingly, we deemed the measurement of outstanding claims reserves to be a key audit matter..

Procedures implemented

To assess the reasonableness of the estimation of claims reserves and their compliance with regulations, our audit comprised the following tasks conducted in conjunction with our actuarial experts:

- assessing the relevance of the statistical methods and the appropriateness of the actuarial assumptions used by the Company;
- familiarizing ourselves with the design and testing the efficiency of the key controls used to handle claims and determine reserves, with the aim of assessing the exhaustiveness and reliability of the data and models applied;
- assessing the reliability of the financial statements prepared by the Company in terms of the integrity of data presented and used to estimate claims reserves, and testing the source data;
- determining whether significant claims likely to affect the projected expense for the year had been taken into account;
- carrying out an independent estimate of the claims reserves for the main reinsurance lines;
- analyzing the liquidation of the reserves recorded at the previous year-end compared with actual expenses, in order to verify whether it is aligned with the estimates previously made by the Company;
- including, in our audit team, members with specific knowledge of information systems in order to gain an understanding of the internal control environment of the systems used by the Company, and testing the effectiveness of certain automated processes

Key audit matter no. 2 – Estimation of earned premiums not yet received from ceding insurers

Description of risk and main judgements

At December 31, 2019, gross earned premiums (€525 million) comprise:
- premiums included in the accounts received from the ceding insurers;
- an estimate of the premiums not yet received;
- change in unearned premium reserves.

The Company records the ceding insurers' accounts upon receipt. At the reporting date, an estimate is carried out for the accounts not yet received to present the Company's reinsurance commitments as accurately as possible.

The estimates chiefly concern the earned premiums not yet received from ceding insurers, determined using the methods presented in Note 1.8 to the financial statements.

This estimate is determined using the premium income amount provided for at the date of effect of the treaty, which is revised regularly based on premiums actually received from the ceding insurers.

In the reinsurance business, a significant portion of earned premiums for the year is based on estimates. The Company reviews its assumptions and estimates periodically based on past experience and various other factors. Actual premiums may be substantially different to the estimates produced by the Company.

Accordingly, we deemed the valuation of earned premiums not yet received from ceding insurers to be a key audit matter.

Procedures implemented

To assess the reasonableness of the estimation of ultimate premiums, our audit comprised the following tasks conducted in conjunction with our actuarial experts:

- assessing the relevance of the statistical methods and the appropriateness of the actuarial assumptions used by the Company;
- familiarizing ourselves with the design and testing the efficiency of the key controls relating to underwriting premiums and the treatment of financial statements received from ceding insurers;

- assessing the reliability of the financial statements prepared by the Company in terms of the integrity of data presented and used to estimate premiums not yet received from ceding insurers, and testing the source data;
- conducting substantive testing on the premiums recognized based on the financial statements provided by the ceding insurers;
- carrying out an independent estimate of ultimate premiums for the main reinsurance lines;
- analyzing the liquidation of premiums not yet received that were recognized at the previous year-end compared with premiums actually received, in order to verify whether it is aligned with the estimates previously made by the Company;
- including, in our audit team, members with specific knowledge of information systems in order to gain an understanding of the internal control environment of the systems used by the Company, and testing the effectiveness of certain automated processes.

4 SPECIFIC VERIFICATIONS

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French legal and regulatory provisions.

Information given in the management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report approved on March 31, 2020 and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements, with the exception of the following item.

Concerning the fair presentation and the consistency with the financial statements of the information given with respect to the payment terms referred to in Article D.441-4 of the French Commercial Code, we have the following matter to report:

As stated in the management report, this information does not include insurance and reinsurance transactions, as your Company deems them to be outside of the scope of required disclosures, in accordance with the circular issued by the French Insurance Federation (Federation Fédération Française de l'Assurance) on May 29, 2017.

Management has confirmed that events that have occurred and information that has come to light relating to the Covid 19 crisis since the financial statements were closed will be reported to the Shareholders' Meeting called to approve these financial statements.

Information on corporate governance

We attest that the corporate governance section of the Board of Directors' management report sets out the information required by Article L.225-37-4 of the French Commercial Code.

5 REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the Statutory Auditor

We were appointed Statutory Auditor of CCR Re by the sole shareholder of Haussmann 157 SAS on June 28, 2016.

At December 31, 2019, PricewaterhouseCoopers Audit was in the fourth consecutive year of its engagement.

6 RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for preparing financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

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

The Audit, Accounts and Risks Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

7 RESPONSIBILITIES OF THE STATUTORY AUDITOR RELATING TO THE AUDIT OF THE FINANCIAL STATEMENTS

Objective and audit approach

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

As specified in Article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management. As part of an audit conducted in accordance with professional standards applicable in France, Statutory Auditors exercise professional judgment throughout the audit. They also:

- identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;

- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;

- evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit, Accounts and Risks Committee

We submit a report to the Audit, Accounts and Risks Committee, which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures. Our report to the Audit, Accounts and Risks Committee includes the risks of material misstatement that, in our professional judgement, were the most significant for the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit, Accounts and Risks Committee with the declaration provided for in Article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit, Accounts and Risks Committee.

Neuilly-sur-Seine

The Statutory Auditor
PricewaterhouseCoopers Audit

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Christine Billy

4 STATEMENT BY THE PERSON RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT

Person responsible for the Annual Financial Report

Name and Title of person responsible

Bertrand Labilloy, Chairman of the Board of Directors and Chief Executive Officer of CCR Re

Declaration by the person responsible

I declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Annual Financial Report is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import. I confirm that, to the best of my knowledge, the financial statements have been drawn up in accordance with applicable accounting standards and accurately show the position of the assets and liabilities, the financial position and the net income or loss of the Company and that the management report accurately reflects the evolution of the business, the results and the financial position of the Company and describes the main risks and contingencies with which they are faced.

I have obtained the Statutory Auditor's report on the financial statements in which they indicate that they have verified the information concerning the financial position and the financial statements presented in this financial report.

April 3, 2020

Chairman of the Board of Directors and Chief Executive Officer

Bertrand Labilloy

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