A night-time photograph of the Eiffel Tower in Paris, France, illuminated with golden lights. The tower is the central focus, with its reflection visible in the water of the Seine River below. In the foreground, there is a dark metal railing and a street lamp. The sky is a deep blue, and the overall atmosphere is serene and iconic.

**BOARD OF DIRECTOR'S  
REPORT TO THE GENERAL  
MEETING OF JUNE 13, 2017  
ON THE CONSOLIDATED  
FINANCIAL STATEMENTS  
OF THE CCR GROUP**

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**CCR**

## 2016 KEY FIGURES

Written premiums net of cancellations (gross of retrocessions)	€ 1,315 m
Total claims expense (gross of retrocessions and excluding internal management costs)	€ 1,091 m
Net financial income	€ 174 m
Administrative costs (other than financial)	€ 60 m
Net income – Group share	€ 141 m
Managed assets (net book value)	€ 8,853 m <sup>1</sup>
Shareholder's equity before appropriation of profit for the year	€ 2,400 m
Gross technical provisions	€ 7,005 m
Total assets	€ 9,536 m
Personnel (headquarters and branch offices)	271 employees
Loss ratio	74.3% <sup>2</sup>
Combined ratio	89.9% <sup>2</sup>
Return on financial and real estate investments (excluding deposits with cedents and changes in unrealized capital gains and losses)	1.9%

<sup>1</sup> Financial and real estate assets, including cash positions amounted to € 9,948 m in fair value

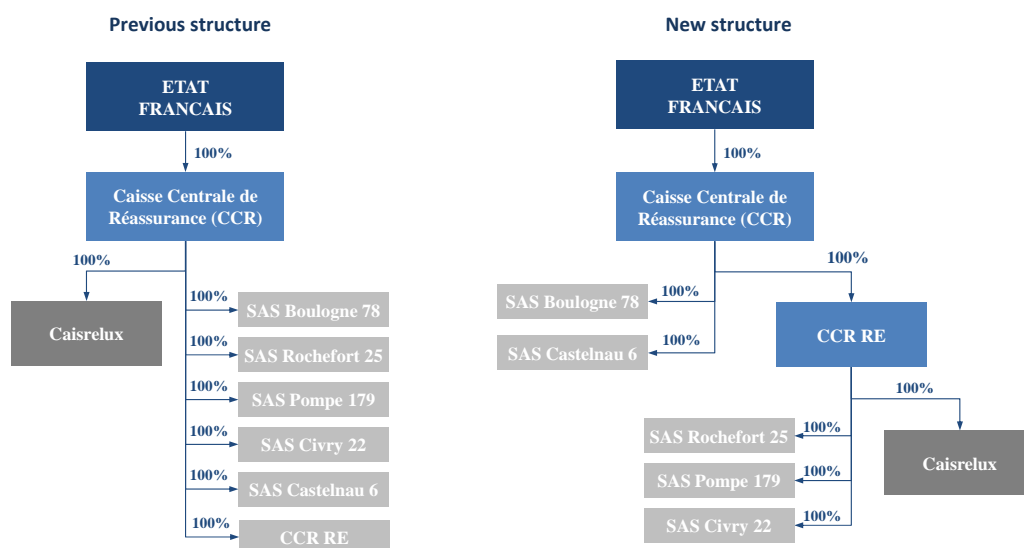
<sup>2</sup> These two ratios are calculated net of retrocessions relating to all non-life reinsurance activities (all lines of business and administrative costs included) and by including variations in equalization reserves in the total claims expense.

## YEAR'S HIGHLIGHTS

Over the course of the 2016 financial year, *Caisse Centrale de Réassurance* (CCR) effected the legal separation of its activities. At December 31, 2016, CCR exclusively conducts Public Reinsurance operations in France backed by the State guarantee while all open market reinsurance activities in the Non-Life, Life, Accident & Health lines (Open Market Reinsurance) are conducted by CCR Re, a wholly-owned subsidiary of CCR registered on December 28, 2015.

From a legal perspective, Open Market Reinsurance, an entire and autonomous business segment, was transferred by CCR to CCR Re in the framework of a partial contribution of assets, governed by the legal provisions applicable to such operations, involving the universal transfer of all asset and liability items of the Open Market Reinsurance segment. The partial contribution of assets was carried out on December 31, 2016. From a fiscal and accounting perspective, it took retroactive effect on January 1, 2016.

Resultantly, the ownership structure of the CCR Group changed in the following manner between December 31, 2015 and December 31, 2016:



Entity	SIREN	Address	2016			2015		
			% of control	% of interest	Method of consolidation	% of control	% of interest	Method of consolidation
CCR SA	388,202,533	157 boulevard Haussmann 75008 Paris	100%	100%	consolidating parent company	100%	100%	consolidating parent company
CCR RE SA	817,446,511	157 boulevard Haussmann 75008 Paris	100%	100%	fully consolidated	100%	100%	fully consolidated

The other companies of the Group, given their size, were considered "insignificant" and were not included in the scope of consolidation or meet the specific exclusion criteria under French CRC regulation number 2000-05.

## WRITTEN PREMIUMS

Consolidated premium income for financial year 2016, gross of retrocessions and for all activities combined, amounted to € 1,315.2 m (€ 1,312.3 m at constant exchange rates), up 2.2% (or 1.9% at constant exchange rates) compared to premium income for 2015 which stood at € 1,287.2 m. Of this amount, 66.3% was generated by State-guaranteed reinsurance and 33.7% by open market reinsurance.

1. Written premiums from **State-guaranteed reinsurance**, all activities combined, rose to € 872.0 m an increase of 0.4% compared to the € 868.6 m in written premiums recorded in 2015:
  - Premiums from the reinsurance of **natural disasters in France** account for 91.1% of the aforementioned amount (or € 794.4 m) The relative stability of this income (limited increase of 0.1% between 2015 and 2016) is due, on the one hand, to the favorable mix of developments in the portfolio and in the premium base (an increase of € 17 m) and, on the other, to prior-year adjustments (a decrease of € 16 m).
  - Premiums written in respect of the reinsurance of terrorist acts for small and medium risks (for which capital insured is less than € 20 m) rose by 3.5% to € 47.0 m due to an increase in the treaty base.

The reinsurance business from the GAREAT terrorist acts pool, which is the co-reinsurance pool for large risks, contributed € 22.7 m of written premiums in 2016, compared to € 20.6 m the year before. It should be noted that the risk exposure indexation rule was called into play for the first time in 2016.

Taken in aggregate, the two segments reinsuring terrorist acts generated € 69.7 m in total written premiums (up 5.6%), accounting for 8.0% of written premiums from State-guaranteed reinsurance.

- Lastly, the reinsurance of so-called exceptional risks generated € 7.8 m of written premiums in 2016, a decrease compared to the € 9.0 m recorded in 2015. This activity covers the reinsurance of risks related to war, civil commotion and similar risks in respect of the use of all means of transport or relating to goods being transported or stored, as well as the reinsurance of third party liability coverage of nuclear vessel operators and power plants. For CCR, this activity represents 0.9% of State-guaranteed reinsurance.
2. Written premiums from open market reinsurance, amounted to € 443 m, up 5.8% compared to 2015 (5.2% at constant exchange rates) attributable in particular to the underwriting of new business (an increase of € 58 m of which € 31 m for Life and € 27 m for Non-Life) and to prior-year adjustments (a positive € 16 m). This result was however negatively impacted by cancellations (less € 37 m) and to a lesser extent by adverse renewal conditions (decrease in shares and rates of € 16 m).

Results of the business activities are as follows:

- Written premiums from non-life business amounted to €318.4 m, a decrease of 2.4% compared to 2015 (a decrease of 3.0% at constant exchange rates). These represent 28.1% of all written premiums from open market reinsurance.
- This decrease of €8 m is essentially due to net cancellations and the decrease in shares recorded in Northern and Southern Europe which could not be compensated for by new business underwritten primarily in China and Japan.
- Written premiums from life, accident and health business amounted to €124.7 m, an increase of 34.7% compared to 2015 (at constant exchange rates, the increase is 33.8%).

This increase of €32 m is due essentially to the underwriting of new business in France (€21 m) and Chili (€9 m) during the year.

Furthermore, the four most important lines of business generated 73.3% of written premiums recorded by open market reinsurance. This includes:

- o Life, accident and health (28.1%);
- o Fire and property (24.0%);
- o Motor (13.4%);
- o General Third Party Liability (6.5%);
- o CCR's other main business lines are, in descending order of written premiums, Credit & Surety, Marine, Construction and Agricultural Risks.



## UNDERWRITING RESULTS

In 2016, the CCR Group recorded an underwriting profit, net of retrocession, of € 181.3 m compared to a profit of € 315.2 m in 2015.

Before taking into account transfers to the equalization reserve and the allocation of general expenses, State-guaranteed reinsurance of natural disasters in France recorded an underwriting loss of € 78.8 m in 2016 compared to a profit of € 348.7 m in 2015. This shortfall is a direct consequence of the exceptional loss experience recorded in 2016. To offset this situation, CCR transferred € 172.7 m from its capital equalization reserve (compared to an allocation of € 67 m in 2015). Of the total amount transferred, € 99 m was strictly used to offset underwriting losses relating to natural disasters reported during the year. Furthermore, taxes on € 113 m in equalization reserves were due for payment in 2016. Equalization reserves were maintained in the company financial statement in the amount of € 39 m (reversal limited to € 74 m) in an effort to meet the objective of maintaining an equalization reserve consistent with the level of risk without artificially impacting results.

Consequently, the equalization reserve decreased from € 2,728.0 m at December 31, 2015 to € 2,555.3 m at December 31, 2016. After taking into account movements on the equalization reserve, underwriting results net of the reinsurance of Natural Catastrophes in France came to a profit of € 93.9 m in 2016, compared to a profit of € 281.5 m in 2015.

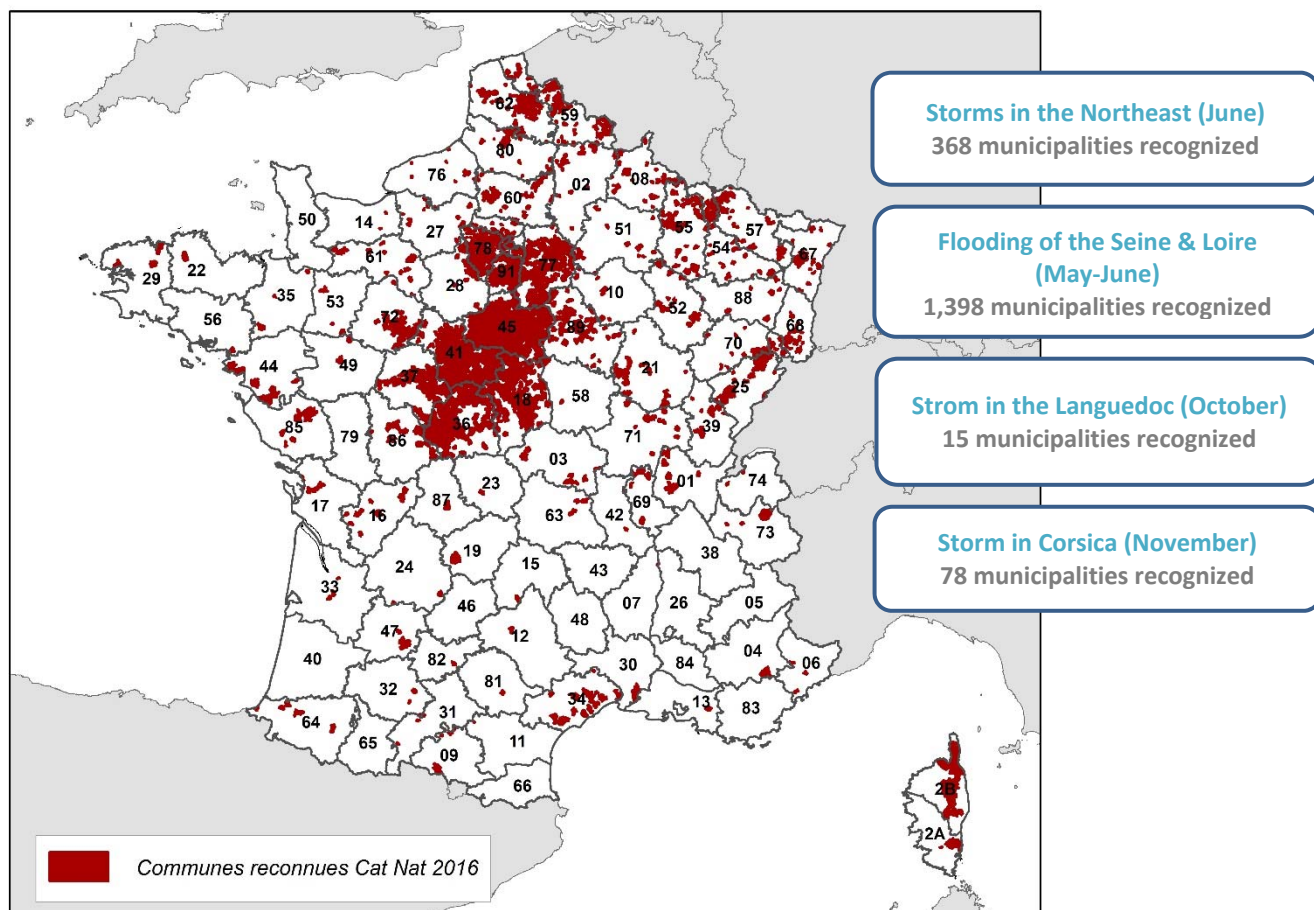
The loss ratio increased from 81.0% in 2016 compared to 56.7% the prior year. Indeed, the year 2016 was marked by four major "flood" events: the flooding of the Seine and Loire rivers (May-June), the storms that affected Northeastern France (June), the Languedoc area (October) and Corsica (November). In total, loss expense for the flood events amounted to € 833 m. The flood event of May-June 2016 was the costliest "flood" event since inception of the Natural Disaster compensation scheme and, in terms of all perils, the second costliest event since inception of the scheme after the drought of 2003.

At the end of December, 3,851 favorable decisions recognizing a state of disaster were adopted by the interministerial commission. The municipalities for which a state of natural disaster was recognized at December 2016 in respect of events during the year then ended are shown below:

## FRENCH MAINLAND MUNICIPALITIES RECOGNIZED AS NATURAL DISASTER ZONES IN 2016

*Reconnaisances CatNat 2016 en France métropolitaine*

*Vu au 31 décembre 2016*



On the whole, **Natural Disaster total claims expense** for the 2016 financial year came to €783.1 m.

Furthermore, with an aim to ensuring the sustainability of the compensation scheme for natural disasters and guaranteeing its financial solidity, negotiations between the insurance industry and French Treasury, in which CCR was involved, resulted in the reintroduction, from January 1, 2014, of a **reinsurance commission mechanism**. In 2016, this mechanism generated a charge of € 49.3 m compared to € 58.2 m the previous year.

For all other **State-guaranteed reinsurance lines**:

- The equalization reserve for the reinsurance of terrorist acts for large risks from the GAREAT Terrorist Acts Pool decreased to € 230.9 m (€ 15.0 m less compared to 2015) while the equalization reserve for the reinsurance of terrorist acts for small and medium risks rose to € 235.7 m (an increase of € 22.9 m). Finally, for the reinsurance of exceptional risks, reserves for equalization and non-recurring charges for these categories considered in their totality amounted to € 155.8 m at December 31, 2015.
- The net underwriting profit contributed by all these activities came to € 66.6 m, which represents an increase compared to the € 27.2 m recorded in 2015. This development is a direct consequence of the movements reported in 2015 and 2016 in respect of the equalization reserve for terrorism reinsurance (net allocation of € 8.0 m in 2016 compared to € 42.3 m in 2015).

Underwriting results net of retrocession for open market reinsurance were a profit of € 20.9 m in 2016, compared to a profit of € 6.5 m in 2015.

For non-life reinsurance, underwriting results net of retrocession amounted to a profit of € 6.9 m, compared to a profit of € 1.8 m in 2015. This development is the consequence of several contrasting effects among which:

- exceptional transfer to the claims reserve recorded in 2015 of € 14.1 m, incomparable with 2016;
- Excluding the effect of the aforementioned 2015 claims reserve, natural disaster loss experience recorded in 2016 was significant (decrease of € 17 m compared to 2015). The Fort Mc Murray fire (a loss of € 9 m) and the earthquake in Taiwan (€ 11 m) are the primary events that significantly affected 2016 results.

Life, accident and health recorded an underwriting profit, net of retrocession, of € 13.9 m in 2016, compared to a profit of € 4.7 m in 2015. This development is essentially due to:

- the improvement in current year results (up € 4 m) attributable to the restrictive underwriting policy maintained by CCR Re in respect of local municipalities and the absence of major losses in 2016;
- favorable settlement of prior-year claims (excluding TVG) in the amount of € 3 m.



## FINANCIAL AND REAL ESTATE MANAGEMENT

**Investments**<sup>3</sup> for the consolidated group amounted to a net book value of € 8,853.5 m at year-end 2016 compared to € 8,788.2 m at December 31, 2015.

Taking into account the situation in the financial and real estate markets and the disposals made in 2016, net unrealized capital gains on these assets amounted to € 1,094.6 m at year-end compared to € 1,057.5 m the previous year. When marked to market, the CCR Group's total financial investments and real estate assets amounted to € 9,948.2 m, which represents an increase of 1.0% compared to year-end 2015.

CCR Group investments at year-end consist of:

(amounts in euro millions)	12/31/2016			12/31/2015		
	Net Book Value	Market Value	Market Value as %	Net Book Value	Market Value	Market Value as %
Money market instruments (of which cash and cash equivalents)	944	944	9%	854	854	8%
Bonds	5,840	6,225	63%	5,965	6,312	62%
Loans	272	275	3%	264	265	3%
Real estate	367	728	7%	327	715	7%
Stocks and diversified investments	1,078	1,416	14%	1,068	1,391	14%
Protection	42	42	1%	0	0	0%
Participating interests	6	13	0%	364	364	4%
Deposits	304	304	3%	291	291	3%
<b>TOTAL</b>	<b>8,853</b>	<b>9,948</b>	<b>100%</b>	<b>9,133</b>	<b>10,192</b>	<b>100%</b>

<sup>3</sup> Financial and real estate investments of the CCR Group including cash positions

As demonstrated in the preceding table, the structure of CCR Group investments changed over the course of the year in the following manner:

- The "Bonds" line now comprises bonds (86.4%) and mutual funds (13.6%). At year-end 2016, 18.9% of the portfolio was comprised of sovereign bonds or supranational securities and 82.9% was comprised of non-State securities.

It should also be noted that CCR's portfolio contains securities from the PIIGS zone in the amount of € 116.5 m (of which € 46.0 m in securities from the State of Spain), or 2.0% of its entire bond portfolio.

- The exposure rate of the market value of "**Stocks and diversified investments**" was 14% at year-end 2016, stable when compared to the previous year. This portion of the portfolio is essentially comprised of mutual funds and diversified investments (73.7%) and hybrid securities (17.4%).
- The "**Money market instruments**" portion increased from 8% at year-end 2015 to 9% at year-end 2016.

**Net investment income** for 2016 amounted to € 174.0 m (similar to the amount recorded in 2015).

This amount is comprised of € 121.2 m in ordinary financial income and capital gains in the amount of € 58.1 m attributable for the most part to real estate capital gains (or € 45.8 m).

Investment management expenses amounted to € 9.5 m.

### ***NON-CONSOLIDATED PARTICIPATING INTERESTS AND SUBSIDIARIES***

The CCR Group manages a portion of its real estate holdings through five simplified limited companies (sociétés par actions simplifiées), with total shareholders' equity of € 54.5 m at December 31, 2016. In the course of the year under review, these companies generated a net profit of € 1.9 m and contributed € 1.7 m to the ordinary financial income of the CCR Group for the 2016 financial year.

## NET RESULTS

**Net profit after tax in 2016** amounted to € 140.5 m and is comprised of:

- An underwriting profit net of retrocession of € 181.3 m. This result was the direct consequence of the decrease in the underwriting profit contributed by the reinsurance of "Natural Disasters", for the reasons indicated above, namely:
  - significant current-year loss experience;
  - which offset in part the adjustment of the equalization reserve.
- Net investment income amounted to € 174 m. This amount is essentially comprised of ordinary financial income which totaled € 116.4 m. Net realized capital gains rose to € 57.6 m (of which € 45.8 m relates to real estate cessions).
- Management expenses (excluding charges relating to financial management, taken into account in the net investment income) amounted, in 2016, to € 59.7 m, equivalent to a cost-to-income ratio of 4.8% (i.e. management expenses to net earned premiums for the year) up 4.5% compared to the previous year.
- Non-recurring items in 2016 were € 0.2 m.
- Employee profit sharing amounted to € 0.5 m in 2016.
- Corporate income tax amounted to € 154.9 m in 2016 which represents a recurring tax rate of 52.4%. This result is a direct consequence of the temporary differences recorded in the course of the year (difference in quantiles and unrealized capital gains on mutual funds and a portion of the non-deductible equalization reserve for the most part).

In euro millions	2016	2015
Underwriting results, net of retrocession	181.3	315.2
General expenses	-59.7	-56.8
Net investment income	174.0	173.9
Other items	0.2	-1.9
Employee profit sharing	-0.5	-1.4
<b>Net income before tax</b>	<b>295.4</b>	<b>428.2</b>
Corporate tax	-154.9	-209.9
<b>Net profit</b>	<b>140.5</b>	<b>218.3</b>

## OUTLOOK FOR 2017

The year 2016 was focused on the clarification of CCR's business approach and on the strategic redeployment of the company by way of the creation of its subsidiary dedicated to open market reinsurance, CCR Re. Furthermore, the European Commission recognized the compatibility with EC competition law of the natural disaster reinsurance scheme and moreover the unlimited guarantee granted to CCR by the State. This decision further strengthens CCR's role with respect to the natural disaster compensation scheme in France.

2017, the year of **Open Market Reinsurance**, will hinge upon the following five pillars:

- implementation of a diversified underwriting policy restricted to a limited number of countries / lines of business;
- underwriting based on direct, long-term and selective relations with cedents;
- improvement in profitability over the middle term by way of a refocusing of the business on shorter-term and more diversified risks;
- consolidation of long-term relations with our key clients by offering them tailor-made service;
- pursuit of our efforts to modernize already existing management processes in order to meet set objectives for quality of service and responsiveness as well as for competitiveness.

For **reinsurance activities backed by the State's guarantee**, the year 2017 will be marked by the application of the new agreement entered into with the State that includes an increase in the price of the State guarantee for Natural Disaster risks (set at 10.8%). The year 2017 will also provide the opportunity to pursue efforts to modernize the framework for Natural Disaster reinsurance operations. Moreover, CCR will pursue its efforts to improve the quality of the services and expertise rendered to the community.

From a financial standpoint, current returns from the asset portfolio could increase with the probable and gradual rise in interest rates over the middle and short term, signs of which may be seen as early as 2017.

## EVENTS OCCURRING AFTER THE CLOSE OF THE 2016 FINANCIAL YEAR

Since March 20, 2017, the discount rate applied to Third-Party Liability claims arising in Great Britain, Gibraltar and Malta was revised downwards significantly (dropping from 2.5% to -0.75%). This rate could however change over the course of 2017 depending on the conclusions of the consultation initiated by the British government at the end of March 2017.

Initial estimates performed by the company tend to indicate that the level of provisions decided by CCR Re is sufficient enough to absorb the impact of this revaluation.

## CORPORATE GOVERNANCE

CCR is the ultimate parent company of the CCR Group.

### ***BOARD OF DIRECTORS, CHAIRMAN, CHIEF EXECUTIVE OFFICER***

In compliance with present legislation covering French limited liability companies and order number 2014-948 of August 20, 2014 relating to governance and transactions involving the share capital of public sector companies, the CCR Board of Directors is composed of 15 members of which one representative of the State appointed by ministerial order, 9 directors appointed by the General Meeting of the Shareholders (of which 3 proposed by the State) and 5 employee representatives elected by fellow employees.

With the application effective from July 1, 2015 of the aforementioned order no. 2014-948 dated August 20, 2014, the Board of Directors in its meeting of July 2, 2015 renewed its discussion concerning the method of company management and decided to maintain the disassociation of the positions of Chairman of the Board and Chief Executive Officer.

Mr. Pierre Blayau has been Chairman of the Board of Directors since January 14, 2015. Following the effective application on July 1, 2015 of the above-mentioned order and in conformity with the aforesaid order and the corporate by-laws, Mr. Pierre Blayau was appointed Chairman of the Board of Directors for a duration of 5 years by the Board of Directors on the date of July 2, 2015.

Mr. Bertrand Labilloy has been Chief Executive Officer since January 16, 2015. Following the effective application on July 1, 2015 of the above-mentioned order and in conformity with the aforesaid order and the corporate by-laws, Mr. Bertrand Labilloy was appointed Chief Executive Officer by the decree of the President of France on August 17, 2015 (published in the Official Journal of August 19, 2015) upon the recommendation of the Board of Directors. The Board of Directors met six times in 2016: March 23, May 19, June 28, September 1, October 18 and December 8. In addition to considering traditional matters regarding the accounts, the monitoring of investments and all reinsurance activities, the Board discussed in particular:



- the project for the subsidiarization of the open market reinsurance segment;
- attendance fees;
- the determination of the amount of variable compensation for the Chief Executive Officer for 2015; and
- the variable compensation criteria for the Chief Executive Officer for 2016;
- appointment of the main and alternate statutory auditors;
- the replacement of the directors of the Board of Directors by co-optation and of the directors in its committees;
- the opening narrative report for information purposes;
- the reports of the actuarial and internal audit functions;
- the competence and honorability of the Board of Directors, of company executives and of key functions as well as the corresponding policy;
- prospective real estate operations;
- the approval and annual review of corporate policies;
- the Own Risk and Solvency Assessment (ORSA);
- the approval of the project for the partial contribution of assets, governed by the legal provisions for such operations, aimed at transferring the entire and autonomous open market reinsurance segment from CCR to CCR Re and of the draft contribution agreement relating to this operation;
- the convening of an extraordinary general meeting to approve the project for the partial contribution of assets;
- the modification of the internal regulations of the Accounts Committee in accordance with the changes made to the regulations relating to the statutory auditing of the financial statements;
- the 2017 budget and its risk appetite criteria;
- the reports on the compliance monitoring system and the risk management system;
- the policy for gender equality and equal pay;
- the authorization to grant guarantees.

## **ACCOUNTS COMMITTEE**

The Accounts Committee was created by decision of the Board of Directors in its meeting of July 2, 2015.

The committee is composed of four members of which one employee representative. One member of the Accounts Committee must also be a member of the Audit and Risk Committee.

The Accounts Committee is chaired by Mr. Patrice Forget and includes one member, Mrs. Pauline Leclerc-Glorieux, with specific financial or accounting expertise, who is qualified as an independent member based on the criteria adopted by the Board of Directors<sup>4</sup>.

The mission of the Accounts Committee is in particular to examine the half-year and full-year financial statements, to study changes and adaptations to the accounting principles, to monitor the efficiency of internal control and risk management systems, to ensure that the statutory auditor has performed his mission. The committee also provides its opinion on a selection procedure as well as a recommendation to the general meeting concerning the appointment of the statutory auditor. It examines the reports and policies within its competence. It is also charged with hearing the report of the actuarial function.

The Accounts Committee met twice in 2016. It examined the 2015 annual financial statements, the interim financial statements as at June 30, 2016. It made recommendations on the appointment of the main and alternate statutory auditors. It also examined the modifications made to the internal regulations of the committee in accordance with the changes made to the regulations relating to the statutory auditing of the financial statements. Furthermore, the Accounts Committee and the Audit and Risk Committee hold a combined meeting at least once a year chaired by the chairman of the Accounts Committee to review common items of interest and financial reports.

Four combined meetings were held by these committees in 2016. During these meetings, the two committees examined the whole of the project for the subsidiarization of the open market reinsurance segment, the internal control report, the solvency report, retrocession policy report, the opening narrative report, the report of the actuarial function and the internal audit report. The committees also examined the policies relating to investment risk management, asset-liability management, liquidity risk management and the actuarial function. The 2017 budget, the 2017 risk appetite framework, as well as the investment strategy were also examined by the committees at the time of their combined meeting.

<sup>4</sup> On the basis of the criteria for independence set forth in the AFEP MEDEF corporate governance code for listed companies (*Code de gouvernement d'entreprise des sociétés cotées AFEP-MEDEF*) (June 2013), the following criteria for independence were adopted by the Board of Directors in its meeting of July 2, 2015:

- must not be an employee or company director of CCR or of any group company, nor a representative of State interests (as per articles 4 or 6-II and III of order number 2014-948 of August 20, 2014), and must not have held any such position in the previous five years;
- must not be a company director in any company in which CCR directly or indirectly has a seat on the Board of Directors;
- must not have any significant ties to CCR, whether as a customer of or supplier to CCR or to its Group, or through close family ties with a company director.

## **AUDIT AND RISK COMMITTEE**

The Audit and Risk Committee was created by decision of the Board of Directors in its meeting of

July 2, 2015.

The committee is composed of four members of which one employee representative. One member of the Audit and Risk Committee must also be a member of the Accounts Committee.

The Audit and Risk Committee is chaired by Mr. Gérard Lancner and includes one member, Mr. Gérard Lancner, with specific financial or accounting expertise, who is qualified as an independent member based on the criteria adopted by the Board of Directors<sup>1</sup>.

The mission of the Audit and Risk Committee is primarily to monitor the efficiency of the systems of internal control and of risk management as well as to control the policies, procedures and systems of internal control and of risk management. In this framework, the committee's mission is to oversee the monitoring of major risks and the means for controlling and managing these risks, strategic risks as well as risks relating to the company's principal technical and financial commitments, financial management risks, including off-balance sheet commitments and cases of significant litigation; to oversee the identification of risks as performed by Executive Management; to ensure that an appropriate system for internal control and for the surveillance and management of risks has been set into place; to oversee the verification of compliance with all applicable laws and regulations, notably those required by Solvency II; and, in this context, to examine the reports and policies under its jurisdiction; to hear the manager of the internal audit function; to examine and approve the audit program; to analyze the principal recommendations of the reports and actions to be undertaken; to examine investment policy. It is also responsible for monitoring the risk control indicators, for monitoring the Own Risk and Solvency Assessment (ORSA) and examining the related report, and for hearing the representatives of the risk management function.

The Audit and Risk Committee met three times in 2016. It examined the internal control system, performed the annual review of the risk management and internal audit policies. It also examined the ORSA and reviewed the 2016 risk budget and risk appetite framework. The committee also analyzed the compliance monitoring system and the risk management system.

## **COMPENSATION, APPOINTMENT AND GOVERNANCE COMMITTEE**

The Compensation, Appointment and Governance Committee is composed of four members of the Board one of which is an employee representative.

It is chaired by Mr. Patrick Lucas.

The Compensation, Appointment and Governance Committee oversees the individual and group components of the company's employee policy, verifies its consistency with corporate strategy and company objectives in terms of performance, and analyzes the key elements concerning the development of all employees within the company. Additionally, the committee makes proposals to the Board concerning the terms of remuneration, the definition of performance criteria and the extent to which they are attained for company directors and officers and also proposes to the Board the amount and manner of distribution of directors' fees.

The committee met three times in 2016. In addition to considering the company's remuneration policy, the committee examines in particular the amount of variable compensation allocated to the Chief Executive Officer for 2015 and the variable compensation criteria for the Chief Executive Officer for 2016. The committee also examined the human resource budget for 2016, the "Great place to work" survey, human resource development, the training policy, the policy for gender equality and equal pay, the competence and honorability policy as well as the results of the competence and honorability assessment of the Board of Directors. It also examined the project for the subsidiarization of the open market reinsurance segment as well as the amount and terms for the allocation of directors' fees.

## **STRATEGY COMMITTEE**

The Strategy Committee was created by decision of the Board of Directors in its meeting of

July 2, 2015.

It is composed of four directors one of which is an employee representative. This committee is chaired by the Chairman of the Board of Directors, Mr. Pierre Blayau.

The principal mission of the Strategy Committee is to examine and provide the Board of Directors with its opinion and recommendations concerning the development and approval of CCR's strategic orientations especially those of a commercial and financial nature. It examines in particular the definition and the updating of the areas of strategic development of CCR as well as draft strategic agreements. The committee ensures the monitoring of the strategy implemented by Executive Management in particular with respect to the decisions for orientation adopted by the Board of Directors.

The Strategy Committee met once over the course of financial year 2016.

## **COMPANY DIRECTORS**

Article L. 225-102-1 of the French Commercial Code requires that the Directors' Report to the General Meeting should provide details of:

- on the one hand, the terms of office and duties of the company's directors in any company during the period under review;
- and, on the other hand, the compensation and benefits of whatever kind paid to them during the period by the company and/or companies in which it has a controlling stake.

***DETAILS OF THE TERMS OF OFFICE AND DUTIES PERFORMED AT CCR AND AT ANY OTHER COMPANY BY EACH OF CCR'S DIRECTORS DURING FINANCIAL YEAR 2016***



## DETAILS OF THE TERMS OF OFFICE AND DUTIES PERFORMED AT CCR AND AT ANY OTHER COMPANY BY EACH OF CCR'S DIRECTORS DURING FINANCIAL YEAR 2016

Last name, First name	Terms of office and duties performed at CCR and its affiliates	Other terms of office and duties performed at any other company
ANDRIES Damien	CCR Director and member of the CCR Compensation, Appointment and Governance Committee  Head of the CCR Reinsurance Information Systems Department	N/A
BLANC Patricia	CCR Director and member of the CCR Strategy Committee up to January 12, 2016	<ul style="list-style-type: none"> <li>✓ Managing Director of the Water Agency of Seine-Normandy</li> <li>✓ Director at the following industrial and commercial public sector entities: BRGM, Ademe and Andra</li> <li>✓ Director at the following administrative public-sector entities: ANSES, Météo France and IGN</li> <li>✓ Government Commissioner on the Board of the following industrial and commercial public sector entities: IRSN and INERIS</li> </ul>
BLAYAU Pierre	Chairman of the Board of Directors of CCR and Chairman of the CCR Strategy Committee  CCR Representative to the CCR Re Board of Directors from June 29, 2016	<ul style="list-style-type: none"> <li>✓ Chairman of Harbour Conseils</li> <li>✓ Director at Société d'Édition de Canal Plus</li> <li>✓ Director at Fimalac</li> <li>✓ Member of the Audit Committee at Fimalac</li> <li>✓ Director at Cellnex Telecom</li> <li>✓ Chairman of the Corporate Audit and Control Committee of Cellnex Telecom</li> <li>✓ Member of the Institutional Council of APREF</li> <li>✓ Director at Fonds PME Emplois Durables</li> </ul>
BOISNAUD Clément	CCR Director and member of the CCR Compensation, Appointment and Governance Committee	<ul style="list-style-type: none"> <li>✓ 5 BIAG Bureau Chief – Directorate General for Budget – French Ministry for Finance and Public Accounts</li> </ul>
CHANH Sylvie	CCR Director Member of the CCR Strategy Committee: with effect from October 18 2016  Head of the CCR Claims, Commutations and Run-Off Department	N/A

Last name, First name	Terms of office and duties performed at CCR and its affiliates	Other terms of office and duties performed at any other company
CONAN John	<p>CCR Director and member of the CCR Accounts Committee up to December 31, 2016</p> <p>Head of Non-Life Open Market Treaties, Asia and Africa at CCR</p>	N/A

Last name, First name	Terms of office and duties performed at CCR and its affiliates	Other terms of office and duties performed at any other company
FORGET Patrice	CCR Director and member of the CCR Accounts Committee	<p><b>France :</b></p> <ul style="list-style-type: none"> <li>✓ Chief Executive Officer and Secretary to the Board of Directors at Assurances Mutuelles de France</li> <li>✓ Secretary to the Board of Directors at GMF Assurances</li> <li>✓ Permanent representative of La Sauvegarde, Director at GMF Vie</li> <li>✓ Permanent representative of COVEA Coopérations, Director at GMF Assurances</li> </ul> <p><b>Europe (excluding France):</b></p> <ul style="list-style-type: none"> <li>✓ Vice-Chairman of the Board of Directors and member of the Control and Risk Committee at BIPIEMME ASSICURAZIONI S.p.A. (Italy)</li> <li>✓ Vice-Chairman of the Board of Directors and member of the Control and Risk Committee at BIPIEMME VITA S.p.A. (Italy)</li> <li>✓ Director at COVEA LUX SA Luxembourg</li> <li>✓ Director at AME LIFE LUX SA Luxembourg</li> <li>✓ Director at MMA Holdings UK PLC United Kingdom</li> <li>✓ Director at SWINTON GROUP LTD PLC United Kingdom</li> <li>✓ Director at SWINTON HOLDINGS LTD PLC United Kingdom</li> <li>✓ Director at COVEA INSURANCE PLC United Kingdom</li> <li>✓ Director at COVEA INSURANCE SERVICES LTD</li> <li>✓ Director at COVEA LIFE LTD</li> <li>✓ Permanent representative of COVEA Coopérations, Director at CASER (Caja de Seguros Reunidos, Compania de Seguros y Reaseguros SA)</li> </ul>

Last name, First name	Terms of office and duties performed at CCR and its affiliates	Other terms of office and duties performed at any other company
FORGET Patrice (fin)		<p><b>Canada:</b></p> <ul style="list-style-type: none"> <li>✓ Director at LA CAPITALE, Assurances Générales</li> <li>✓ Director at LA CAPITALE PARTICIPATIONS INC.</li> <li>✓ Director and Vice Chairman at 3602214 Canada Inc.</li> <li>✓ Director at LA CAPITALE Sécurité Financière, compagnie d'Assurance</li> </ul> <p><b>Aux Etats-Unis :</b></p> <ul style="list-style-type: none"> <li>✓ Chairman of the Board of Directors, Chairman of the Management Board, Chairman of the Compensation and Appointment Committee, member of the Audit and Risk Committee at CSE ICO, CSE Insurance Services, CSE Safeguard, GMF Financial</li> </ul>
GROH Thomas	Member of the CCR Audit and Risk Committee and Strategy Committee	<ul style="list-style-type: none"> <li>✓ Deputy Director of the Insurance - Treasury Department of the French Ministry of the Economy and of Finance</li> <li>✓ Alternate member, representing the Minister for the Economy, of the Supervisory Board of the Pension Reserve Fund (Fonds de Réserve pour les Retraites - FFR)</li> <li>✓ Member of the Supervisory college of the French financial supervisory body (ACPR)</li> </ul>
LABILLOY Bertrand	Chief Executive Officer of CCR Chairman and Chief Executive Officer of CCR Re with effect from June 29, 2016	<ul style="list-style-type: none"> <li>✓ Member of the Executive Commission of the French Insurance Federation (Fédération Française de l'Assurance - FFA)</li> <li>✓ Member of the Board of Directors of the French Federation of Public Limited Insurance Companies (Fédération Française des Sociétés Anonymes d'Assurance - FFSAA)</li> <li>✓ Member of the Management Committee at the Professional Association of Reinsurers of France (Association Professionnelle des Réassureurs de France - APREF)</li> </ul>
LANCNER Gérard	CCR Director and member of the CCR Audit and Risk Committee and Strategy Committee	<ul style="list-style-type: none"> <li>✓ Director at TOKIO MARINE EUROPE Ltd (term of office ended in 2016)</li> <li>✓ Chairman of the Audit and Accounts Committee at TOKIO MARINE EUROPE Ltd. (term of office ended in 2016)</li> </ul>

Last name, First name	Terms of office and duties performed at CCR and its affiliates	Other terms of office and duties performed at any other company
LECLERC-GLORIEUX Pauline	CCR Director and member of the CCR Accounts Committee	<ul style="list-style-type: none"> <li>✓ Head of the Actuary Department at BNP Paribas Cardif</li> <li>✓ Member of the Board of Directors at Institut Mines Telecom</li> <li>✓ Manager of the actuarial function at BNP Paribas Cardif</li> <li>✓ Manager of the actuarial function at BNP Paribas Cardif Vie</li> <li>✓ Manager of the actuarial function at Cardif RD</li> </ul>
LUCAS Patrick	CCR Director and Chairman of the CCR Compensation, Appointment and Governance Committee	<ul style="list-style-type: none"> <li>✓ Chairman of the Supervisory Committee at S.A.S Eukratos</li> <li>✓ Manager of S.A.R.L. Lucaslux</li> <li>✓ Manager of S.A.S Société Nouvelle Hôtel de Doisy</li> <li>✓ Director at S.A Alan</li> <li>✓ Chairman of Octuor de France (non-profit association)</li> <li>✓ Chairman of Les Escapades Musicales (non- profit association)</li> <li>✓ Honorary Chairman of Forum de la Gestion des Villes (non-profit association)</li> </ul>
MAISONNEUVE Delphine	CCR Director and member of the CCR Compensation, Appointment and Governance Committee	<p><u>AXA Group:</u></p> <ul style="list-style-type: none"> <li>✓ Director at Natio Assurance (SA)</li> <li>✓ Director at AXA Assistance SA</li> <li>✓ Permanent representative at AXA France Assurance to the Board of Directors of AVANSSUR (SA)</li> </ul> <p>Other:</p> <ul style="list-style-type: none"> <li>- Chairman of the Statistics Committee at the French Insurance Federation (Fédération Française de l'Assurance - FFA)</li> <li>- Chairman of the Statistics Committee at INSURANCE EUROPE</li> </ul>



<b>Last name, First name</b>	<b>Terms of office and duties performed at CCR and its affiliates</b>	<b>Other terms of office and duties performed at any other company</b>
MANTEL Antoine	CCR Director and member of the CCR Accounts Committee and Audit and Risk Committee	<ul style="list-style-type: none"> <li>✓ State Controller at the General Economic and Financial Control body (Contrôle Général Economique et Financier - CGEFI)</li> <li>✓ Director and Chairman of the Audit Committee at the Mandatory Insurance Guarantee Fund (Fonds de Garanties des Assurances Obligatoires – FGAO)</li> </ul>
MONCOULON David	CCR Director and member of the CCR Audit and Risk Committee  CCR Weather Risk Modeling Manager	N/A
MORTUREUX Marc	CCR Director with effect from March 23, 2016	<ul style="list-style-type: none"> <li>✓ Director General of Risk Prevention at the French Ministry of the Environment, Energy, and the Sea</li> <li>✓ Member of the Board of Directors of the French Agency for the Environment and Energy Management (ADEME), as a representative of the State</li> <li>✓ Government Commissioner to the French Institute for Radioprotection and Nuclear Safety (IRSN)</li> <li>✓ Government Commissioner to the National Institute for Industrial Environment and Risks (INERIS)</li> </ul>
POUMEL Marie-Claude	CCR Director up to December 31, 2016 and member of the CCR Strategy Committee up to October 18, 2016  Head of Treaties France at CCR	N/A

## **COMPENSATION PAID TO COMPANY DIRECTORS**

**In 2016, CCR paid a total of € 67,550 in director's fees to the members of the Board of Directors. This amount is broken down by company director as follows:**

- Mr. LUCAS	€ 9,200
- Mr. FORGET	€ 10,100
- Mr. LANCNER	€ 9,100
- Mrs. MAISONNEUVE	€ 8,450
- Mr. BOISNAUD	€ 7,050 <sup>(1)</sup>
- Mr. GROH	€ 9,750 <sup>(1)</sup>
- Mr. MANTEL	€ 9,650 <sup>(1)</sup>
- Mr. MORTUREUX	€ 4,250 <sup>(1)</sup>
- Mrs. LECLERC-GLORIEUX	€ 0 <sup>(2)</sup>

(1) paid to the State budget in the amount of € 30,700

(2) refused payment of her directors' fees

**Directors appointed to represent the employees serve their terms in office at no cost to the company. They receive their salaries plus fringe benefits as provided under their employment contracts.**

In accordance with French law, the amount of compensation paid to the Chairman of the Board of Directors and the Chief Executive Officer is decided by the Board of Directors.

Mr. Pierre BLAYAU, Chairman of the Board of Directors, received an overall remuneration of € 152.737,76 (total gross amount for fiscal 2016) of which € 2.737,76 was paid in the form of benefits in kind. The Chairman of the Board of Directors has the use of a company vehicle with a fuel card as a fringe benefit. No directors' fees are paid to the Chairman for serving on the Board of Directors of CCR.

M. Bertrand Labilloy, Chief Executive Officer, received an overall remuneration of € 230,799.84 (total gross amount for fiscal 2016) of which € 165,000 in the form of fixed compensation, € 63,000 in the form of variable compensation for 2015 and € 2,799.84 in benefits in kind. The Chief Executive Officer is afforded a supplementary group retirement savings and health plan for employees of insurance companies and of CCR applicable to CCR management personnel.

CCR subsidiaries paid no compensation whatsoever to CCR company directors in 2016.

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