SOLVENCY AND FINANCIAL CONDITION REPORT

SOLVENCY II

DECEMBER 31, 2022

CCR

EXECUTIVE SUMMARY

This narrative report intended for public disclosure is part of the Solvency II regulatory reporting requirements and has been submitted to the ACPR, the French insurance supervisor (*Autorité de Contrôle Prudentiel et de Résolution*). This report was validated by executive management and subsequently approved by the Board of Directors of CCR before being submitted to the ACPR.

In accordance with Solvency II regulatory requirements, this report summarizes information about the reinsurance business of Caisse Centrale de Réassurance in 2022 relevant to calculations made in connection with Solvency II.

For the purposes of this report, readers should assume that all items referred to herein were valued at December 31, 2022 and are expressed in euros.

This report may refer to additional information available on the CCR Group's website, https://www.ccr.fr/en/.

It is organized around the following chapters:

- Presentation, business and performance
- Governance system
- Risk profile
- Valuation of assets and liabilities
- Capital management

The additional disclosures required by Solvency II, as presented using the quantitative reporting templates (QRTs), are provided in the Appendices.

The public reinsurance agreement between the French State and CCR has been effective since January 1, 2017. The new agreement sets out the role of CCR together with the conditions under which the State guarantees backing its different reinsurance lines are invoked and the fee payable for those guarantees. This agreement was modified in December 2017 by a supplemental agreement with an effective date of January 1, 2018 concerning the reinsurance of the risks of terrorism and terrorist attacks. The main purpose of the supplemental agreement was to increase the fee for the State guarantee from 0.5% to 7% of the earned premiums for the previous year.

Today, CCR operates in the State-guaranteed public reinsurance sector and as a manager of public funds. It also conducts research on behalf of the State, on the origins, prevention and coverage of natural risks, agricultural risks and other risks.

In 2021, CCR's State-guaranteed public reinsurance mission was expanded to include the third-party liability of nuclear operators (*Responsabilité Civile des Exploitants Nucléaires*, or RCEN), ahead of the entry into force of the revised 2004 Protocol to the Paris Convention on Third Party Liability in the Field of Nuclear Energy.

France has approved this protocol, which significantly increases the heads of damages covered by nuclear installation operators' third party liability insurance, and extends the statute of limitations for personal injury claims from 10 to 30 years. CCR will provide State-guaranteed reinsurance cover for these increased liability risks, to try and make up for the lack of open market reinsurance solutions. In particular, CCR covers personal injury claims reported between 10 and 30 years after the occurrence of a proven nuclear accident and claims resulting from authorized radioactive discharges. The cover is provided to the French co-reinsurance pool, Assuratome, and to other insurers concerned by this risk.

After the previous year's fairly limited natural disaster losses, 2022 saw a repeat of the high losses observed in 2016-2020, due mainly to drought claims.

At December 31, 2022, floods in approximately 1,000 communes were declared natural disasters, which is below the average for recent years. As a result, flood claims remained limited in 2022, estimated at €179 million for CCR.

Exceptional periods of drought were again seen in 2022. According to Météo France, the summer of 2022 was the second hottest in France since at least 1900, beaten only by 2003, with temperatures 2.3°C above the 1991-2020 average. Most of France was hit by a severe meteorological drought which in August affected a larger area than the droughts of 1976 and 2003. Dry conditions and the summer heat exacerbated the drought that had already set in at the beginning of the year.

For France as a whole, the soil moisture index slumped to unprecedented levels as from May and remained at record lows continuously from mid-July to mid-August.

Although there is still much uncertainty as to the ultimate cost of these conditions, CCR estimates at end-2022 indicate that it will have to pay out more than €1.4 billion. Given this very high loss experience, certain non-proportional coverage is expected to be collected in respect of 2022.

This high loss experience owing to events in 2022 was compounded by a deterioration in prior-year performance due to the inflationary shock observed in 2022 which is expected to continue in 2023.

CCR's gross written premiums were up slightly year on year, at €1,080 million in 2022 versus €1,051 million in 2021, with natural disaster cover accounting for 93.2% of total business.

CCR's net income came to almost €67 million.

(in millions of euros)	**2021**	**2022**
Gross written premiums	1,051	1,080
Cost ratio	13.2%	4%
Net combined ratio[1]	86.5%	101.6%
Return on invested assets	1.1%	1.1%
Net income	134	67
Solvency coverage ratio	182.5%	165.8%

1 Net combined ratio: ratio between the net claims expense including changes in the equalization reserve and expenses incurred net of investment expenses (including commissions) on the one hand, and net earned premiums on the other.

For the purposes of regulatory reporting under Solvency II, CCR uses the standard formula. In line with its strategy, CCR's modified risk profile in 2022 results from it having discontinued its credit reinsurance business (CAP-Relais, CAP and CAP+) and having underwritten third-party liability reinsurance for nuclear operators (RCEN).

The modified risk profile reflects the risk exposure arising on CCR's public reinsurance business and its asset management activities.

The solvency coverage ratio stood at 165.8% at December 31, 2022 based on €4,877 million in Solvency II own funds and a Solvency Capital Requirement (SCR) of €2,941 million.

CCR has a transparent, structured governance system based around its administrative, management and supervisory bodies, including:
- a Board of Directors and three Board committees: an Audit, Accounts & Risks Committee, a Compensation, Appointments & Governance Committee and a Strategy Committee;
- an executive body comprising the Chief Executive Officer, the Associate Chief Executive Officer and the Deputy Chief Executive Officer, who are the three persons effectively running the undertaking (*dirigeants effectifs*).

It also has four key functions as defined by Solvency II.

In 2022, CCR continued to improve its operational risk management system with respect to security. The CCR Group was the victim of a cyber attack and a new information system was built prioritizing security. The security of physical access to premises was also tightened. These efforts will also help improve data security risks and GDPR non-compliance risk.

Work continued to ensure that climate risks are managed appropriately, given their growing severity at global level. This work was an integral part of the ORSA process.

CCR reviews its risks at regular intervals. Its main exposure is to natural disaster risk, followed by reserving risk and market risk.

Both underwriting risks are managed by CCR on an aggregate basis using highly sophisticated analyses and models, underwriting strategies and ORSA processes, and through risk mitigation tools such as reinsurance. The State guarantee for these businesses is itself a critical mitigating factor.

The main processes used to manage these risks are:
- adoption of an overall risk budget by the Board of Directors;
- adoption of a sub-budget for natural disaster risk by the Board of Directors;
- construction of a portfolio from a strict underwriting and pricing perspective and according to a specific decision-making process;
- verification and validation of strict underwriting rules;
- use of reports prepared by the Actuarial function in order to adjust the risk profile and risk models and increase outward reinsurance where necessary.

As CCR is assessed under the standard formula, an analysis of adequacy (particularly as regards reserve risk and natural disaster risk) is carried out on a regular basis.

SIGNIFICANT EVENTS OF THE YEAR

Cyber attack

CCR was the victim of a cyber attack on July 4, 2022. CCR responded immediately by placing a protective wall around the information system, cutting off all incoming and outgoing data flows, setting up a crisis unit and mobilizing teams of experts to assist with managing and investigating the attack and rebuilding the system.

However, at no time was business interrupted as a result of the cyber attack. In line with the business continuity plan, the system operated in downgraded mode and data processing rates were slower. Following the attack, the decision was made to rebuild the system.

At the end of 2022, CCR's IT security was significantly upgraded and its full operating capabilities were restored.

Inflationary environment

Although inflation has been stable in France in recent years, events in 2022 (the war in Ukraine, Covid-19, tensions on the commodities and energy markets) drove a spike in prices, particularly for commodities, suddenly taking inflation to a level unseen in Europe over the past 20 years.

In spite of the French government's energy price shield, this inflation has prompted an increase in the cost of (re)construction and therefore in the cost of natural disaster – and particularly drought – claims, owing to the relatively long compensation periods for this risk.

The impact of inflation relates to 2022 claims that will be settled in the future, but also to claims filed in previous years that have not yet been settled in full.

War in Ukraine

The war in Ukraine has not had a direct impact on CCR. CCR has no direct exposure to Ukraine or Russia, in either its reinsurance portfolio or its asset portfolios, and does not hold any assets in rubles or hryvnia.

Third-party liability cover for nuclear operators (RCEN)

In order to fill a gap in the private market, in 2022 CCR signed a reinsurance treaty with Assuratome, the French co-reinsurance pool. The reinsurance treaty covers the Assuratome pool for third-party liability of nuclear operators. This arrangement enables the French government to manage nuclear risk where no insurance is available on the private market for the strategic industrial activity.

3DS law and drought treatment

The 3DS law on differentiation, decentralization and deconcentration has introduced various measures to simplify public initiatives. In particular, it offers the government the opportunity to issue an official order modifying the treatment of clay soil shrinkage and swelling.

Based on the work carried out by CCR in respect of this order in 2022 at the request of the various stakeholders, solutions were identified that helped improve drought treatment while preserving the financial equilibrium of the natural disaster insurance system. Some components of this reform will be described in more detail in decrees to be issued by the French Council of State in 2023.

Drought claims

After the previous year’s fairly limited natural disaster losses, 2022 saw a repeat of the very high losses observed in 2016-2020, due mainly to drought claims.

The summer of 2022 was the second hottest in France since at least 1900, beaten only by 2003, with temperatures 2.3°C above the 1991-2020 average. In addition to heat waves, most of France was hit by a severe meteorological drought which in August affected a larger area than during the major droughts of 1976 and 2003.

CCR estimates the cost to the market of the 2022 drought at €2.9 billion, making it the most expensive event for CCR in real terms since the natural disaster reinsurance system was set up, costing more than Hurricane Irma in 2017.

Since 2016, to deal with the succession of climate events, CCR has released a total of €2.5 billion from its natural disaster equalization reserve, which stood at its lowest level since 2001 at the end of 2022. This historically low level is evidence of the need to make a series of adjustments to ensure the sustainability of the natural disaster reinsurance system.

The two main avenues explored to stabilize the system’s financing and guarantee its sustainability, consist of strengthening natural disaster prevention efforts and increasing the system's resources.

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PRESENTATION, BUSINESS AND PERFORMANCE

PRESENTATION, BUSINESS AND PERFORMANCE

In accordance with Article L.355-1 of the French Insurance Code "*Code des assurances*", reinsurance undertakings must regularly provide the ACPR with the information it needs to exercise the requisite supervision. This information is set out in two separate reports along with the quantitative reports referred to in Article L.355-1 of the French Insurance Code.

One of these reports is the Solvency and Financial Condition Report (SFCR) for public disclosure, which is published each year.

The Board of Directors approves this narrative report in accordance with Articles R.355-1 and R.355-7 of the French Insurance Code.

1 PRESENTATION

1.1 Name and legal form

The name of the undertaking is Caisse Centrale de Réassurance (CCR), which was incorporated as a French joint stock company (*société anonyme*).

CCR is a special insurance undertaking (*organisme particulier d'assurance*) governed by the provisions of Chapter I, Title III – Special insurance undertakings, Book IV – Special insurance regimes and organizations of the French Insurance Code.

At December 31, 2022, CCR had 166 employees.

1.2 Business

CCR operates in the State-guaranteed public reinsurance sector and as a manager of public funds. It also conducts research on behalf of the State, on the origins, prevention and coverage of natural risks, agricultural risks and other risks.

- **Public reinsurance (State-guaranteed reinsurance):** CCR is authorized by law to provide State-guaranteed reinsurance of certain exceptional risks in France, as part of its mandate to operate in the public interest entrusted to it by the French State. Public reinsurance covers:
  - **reinsurance for natural disasters** (Article L.431-9 of the French Insurance Code),
  - **reinsurance for terrorism risks** (Article L.431-10 of the French Insurance Code),
  - **reinsurance for liability risks of ship and nuclear power station operators** (Article L.431-5 of the French Insurance Code),
  - **reinsurance for transport risks of an exceptional nature** (Article L.431-4 of the French Insurance Code),
  - **reinsurance for credit insurance risks** (Article 7 of Act 2020-289 dated March 23, 2020 [amended 2020 Finance Act], as amended by Article 34 of Act 2020-935 dated July 30, 2020 [amended 2020 Finance Act] and the related enabling legislation [decree 2020-849 dated July 3, 2020]).

The latter two businesses are currently being managed on a run-off basis.

- **Management of public funds:** CCR is responsible by law for the accounting and financial management of the following public funds on behalf of the French State:
  - ***Fonds National de Gestion des Risques en Agriculture*** – FNGRA (agricultural risks) pursuant to Article L.431-11 of the French Insurance Code,
  - ***Fonds de Compensation des Risques de l'Assurance Construction*** – FCAC (construction risks) pursuant to Article L.431-14 of the French Insurance Code,
  - ***Fonds de Garantie des Risques liés à l'Épandage Agricole des Boues d'Épuration Urbaines et Industrielles*** – FGRE (farming-related pollution risks) pursuant to Article L.425-1 of the French Insurance Code,

- CCR is also responsible for the accounting, financial and administrative management of the following public funds:
  - ***Fonds de garantie des dommages consécutifs à des actes de prévention, de diagnostic ou de soins dispensés par des professionnels de santé exerçant à titre libéral*** – FAPDS (medical liability risks), pursuant to Article L.426-1 of the French Insurance Code;

- ***Fonds de Garantie des Opérateurs de Voyages et de Séjours*** – FGOVS (travel operator liability risks), pursuant to Article 163 of the 2022 Finance Act (dated December 30, 2021) and decree 2021-1912 dated December 30, 2021. At December 31, 2022, the European Commission's authorization to set up this fund by way of derogation from European competition law is in progress.

The State-guaranteed reinsurance business is carried out in compliance with the enabling law and is guaranteed by the French State in a specific legal and regulatory framework. Separate financial statements are kept for each class of business in order to calculate the underwriting result generated in each case, which is recorded in a reserve account covering the corresponding transactions, in accordance with Articles L.431-7, R.431-16-3, R.431-16-4 and A.431-6 of the French Insurance Code.

Activities carried out within the scope of CCR's role as manager of public funds on behalf of the French State are not recorded in CCR's financial statements. A separate off-book account is used for each fund, insofar as CCR is tasked with the administrative and accounting management of each fund under powers delegated by the French State.

1.3 Branches and subsidiaries

CCR has a branch in Lebanon related to its former open market reinsurance business. It discontinued its operations in 2017. This branch has been dormant since 2017 and a file in support of its closure has been submitted to the Lebanese authorities.

CCR holds the entire share capital of CCR Re, a reinsurance undertaking with an international portfolio. It also holds real estate subsidiaries Boulogne 78 SAS and Castelnau 6 SAS (French simplified joint stock companies [*sociétés par actions simplifiées*]).

In 2022, CCR launched its plan to transfer control of CCR Re in coordination with the French Treasury.

1.4 Supervisory authority and statutory auditors

The supervisory authority providing financial supervision of CCR is:

Autorité de Contrôle Prudentiel et de Résolution (ACPR)
Insurance Sector
4 Place de Budapest
75436 Paris Cedex 09 (France)
Direction du Contrôle 1, Brigade 4

Since CCR has sole control of its subsidiary CCR Re, it is required to prepare consolidated financial statements (Article L.233-16 of the French Commercial Code [*Code de commerce*]) at December 31, 2022. Due to this obligation to prepare consolidated financial statements, CCR is required to appoint a second principal statutory auditor (Article L.832-2 of the French Commercial Code).

The statutory auditor responsible for auditing CCR's statutory and consolidated financial statements along with the financial statements of the two French real estate subsidiaries and the five public funds managed by CCR on behalf of the French State is:

Deloitte & Associés
Statutory Auditor
6 Place de la Pyramide
92800 Puteaux (France)

Deloitte & Associés was appointed in 2016 and re-appointed in 2022.

The other principal statutory auditor appointed in 2022 and responsible for auditing CCR's statutory and consolidated financial statements jointly (based on an even split of the workload) with Deloitte & Associés is:

MAZARS
Statutory Auditor
61, rue Henri Regnault
92400 Courbevoie (France)

1.5 Assessment of CCR's solvency standing and executive summary

For the purposes of regulatory reporting under Solvency II, CCR uses the standard formula for all of its businesses. In accordance with CCR's strategy, its risk profile did not significantly evolve in 2022 and reflects the risk exposure arising on its public reinsurance and asset management business activities.

The solvency coverage ratio stood at 165.8% at December 31, 2022 based on €4,877 million in Solvency II own funds and a Solvency Capital Requirement (SCR) of €2,941 million.

2 BUSINESS AND PERFORMANCE

All of the information presented in this section complies with Regulation ANC 2015-11 concerning the statutory financial statements of insurance undertakings, issued by the French accounting standards-setter (*Autorité des Normes Comptables* – ANC) on November 26, 2015.

(extracted from the CCR management report for the year ended December 31, 2022)

2.1 Business environment

For the past five years, the property and casualty insurance market in France has seen significant and recurring natural disaster loss experience that has affected CCR's earnings. 2022 was no exception, with the situation compounded by high inflation.

Against this backdrop, the property and casualty insurance market grew, with premiums up an estimated 4.5% in 2022. The increase was greater for commercial lines (up 6.2%) than for personal lines (up 3.8%) and auto insurance (up 2.8%).

The property and casualty business in 2022 was shaped by the emergence of "insurtechs" – a result of mergers between leading players, by new partnerships and by the arrival of new capacity. Mutual insurers still dominate the market but are facing competition from bancassurers and traditional insurance companies.

In the reinsurance field, many players have overhauled their terms and conditions, particularly in view of the increase in the number of large-scale natural disasters – a sign of climate change – and of high inflation for which they were ill-prepared. Certain natural disaster cover is no longer offered by the market, and there has also been a sharp rise in rates, a reemergence of different terms on the same program, and tightening of access to capacity. The leading players have been slow to position themselves in this tense environment, and trade-offs have been made between the different markets (Europe, North America and Asia).

Work on the various reforms of the natural disaster reinsurance system and the crop insurance reform is continuing and should be completed rapidly. The Baudu law's enabling legislation was published in France's Official Journal (*Journal Officiel*) on December 31, 2022. Concerning crop insurance reform, the law of March 2, 2022 has established a new system based on the principles of national solidarity and risk-sharing between the state, farmers and insurers.

In this regard, CCR has continued its underwriting policy, which is part of a long-term approach of providing ongoing support for ceding insurers, while taking into account the specific characteristics of this market.

2.2 Financial environment

The financial environment in 2022 was particularly challenging for investors, with soaring inflation and its consequences eroding the value of all asset classes. The economic growth observed in 2021 made sense as markets re-opened post Covid; however, last year's surge in inflation took the central banks and investors by surprise. During the year, investors kept their eyes on actual and expected trends in the monetary policies of the main central banks. At the same time, the scope for fiscal support measures in the post-Covid economic environment was increasingly limited due to the large amounts of government debt to be refinanced at significantly higher interest rates. All told, 2022 saw a complete reversal of the previous year's expansionary fiscal policies and loose monetary policies.

In 2022, the developed countries' stock markets performed poorly in both Europe and the United States. The Eurostoxx 50 and CAC 40 indices lost 8.5% and 6.7% respectively, while the S&P500 and Nasdaq indices shed 18.1% and 32.5% respectively. Growth stocks such as US technology stocks were particularly affected by the higher interest rate environment. The more resilient performance by the European stock markets reflected the positive impact of luxury goods stocks and the markets' lower exposure to growth stocks.

The bond markets were severely affected by the interest rate hikes decided by the central banks in a bid to bring inflation back under control. France's ten-year OAT rate rose from 0.25% at the beginning of the year to 3.11% at the year end, representing the largest annual rate increase since 1994. Rate hikes in the United States were equally ambitious, with the 10-year Fed Funds rate jumping from 1.63% to 3.88% in 2022.

In the bond market, average credit risk premiums on investment grade bonds rose sharply in the first three quarters of 2022, as illustrated by the rise in the iTraxx Europe index (which measures the average risk premium for European investment grade bonds) from 46 bps to 136 bps. In the fourth quarter, however, the pressure eased and the iTraxx Europe ended the year at 90 bps.

In a year of rapidly falling asset prices, from the beginning of the year onwards CCR adopted a prudent approach to determining its stock market exposures. After a three-year period of stability in the overall asset allocation, the protection fund was deployed leading to an average net exposure over the year of 20%. Deployment of this fund ensured that asset portfolios were well protected against falling stock market prices in 2022.

The fixed income and diversified fund portfolios were adversely affected by sharply higher bond yields, increased credit risk premiums and a decline in the value of higher risk assets. However, for several years, their duration had been kept at a manageable level of around four years and their average credit quality had remained high. CCR did not attempt to boost portfolio returns by accepting higher interest rate or credit risks in a zero interest rate environment. Then, when interest rates started to rise, it sold bonds held in the portfolios and reinvested the proceeds in short-dated bonds in intermediate maturity bands, in order to raise the portfolios' average yield to maturity.

Concerning asset allocation, the portfolio of infrastructure assets was expanded through major investment commitments made in late 2021 and early 2022. This proved to be a good strategy, since infrastructure assets were among the only asset classes, along with real estate, to deliver positive performances in 2022. The focus on this asset class was the most significant change in asset allocation in the last three years.

2.3 Significant events of the year

Cyber attack

CCR was the victim of a cyber attack on July 4, 2022.

CCR responded immediately by placing a protective wall around the information system, cutting off all incoming and outgoing data flows, setting up a crisis unit and mobilizing teams of experts to assist with managing and investigating the attack and rebuilding the system.

At no time was business interrupted as a result of the cyber attack. In line with the business continuity plan, the system operated in downgraded mode and data processing rates were slower. Following the attack, the decision was made to rebuild the system.

As of end-2022, IT security had been significantly upgraded, most information systems had been reconnected, and back-office and Solvency II reporting capabilities had been recovered.

Inflationary environment

Although inflation has been stable in France in recent years, events in 2022 (the war in Ukraine, Covid-19, tensions on the commodities and energy markets) drove a spike in prices, particularly for commodities, suddenly taking inflation to a level unseen in Europe over the past 20 years.

In spite of the French government's energy price shield, this inflation has prompted an increase in the cost of (re)construction and therefore in the cost of natural disaster claims – particularly drought – claims, owing to the relatively long compensation periods for this risk (as a general rule, drought claims for a given year stabilize completely after a period of 15 years).

Inflation affects 2022 claims which will be paid in the future (including the aforementioned claims for the 2022 drought) but also claims from prior years that have not yet been fully settled (again, drought claims are a major cause of the overall increase in costs).

War in Ukraine

The war in Ukraine has not had a direct impact on CCR. CCR has no direct exposure to Ukraine or Russia, in either its reinsurance portfolio or its asset portfolios, and does not hold any assets in rubles or hryvnia.

Third-party liability cover for nuclear operators (RCEN)

In order to fill a gap in the private market, in 2022 CCR signed a reinsurance treaty with Assuratome, the French co-reinsurance pool. The reinsurance treaty covers the Assuratome pool for third-party liability of nuclear operators. This long-term cover enables the French government to manage nuclear risk where no (re)insurance is available on the private market for the strategic industrial activity.

3DS law and drought treatment

The 3DS law on differentiation, decentralization and deconcentration adopted by the French Parliament in September 2022 has introduced various measures to simplify public initiatives. In particular, it offers the government the opportunity to issue an official order modifying the treatment of clay soil shrinkage and swelling.

The work on the government order carried out by CCR in 2022 at the request of the various French institutional stakeholders (*Direction Générale du Trésor* [DGT], *Direction du Budget* [DB], *Direction Générale de la Sécurité Civile et de la Gestion des Crises* [DGSCGC], *Direction Générale de la Prévention des Risques* [DGPR], *Direction de l'Habitat, de l'Urbanisme et des Paysages* [DHUP]) led to the identification of solutions that will improve treatment of the consequences of drought while preserving the financial stability of the natural disaster reinsurance system. Some components of this reform will be described in moire detail in decrees to be issued by the French Council of State in 2023.

Drought claims

After the previous year's fairly limited natural disaster losses, 2022 saw a repeat of the very high losses observed in 2016-2020, due mainly to drought claims.

The summer of 2022 was the second hottest in France since at least 1900, beaten only by 2003, with temperatures 2.3°C above the 1991-2020 average. In addition to heat waves, most of France was hit by a severe meteorological drought which in August affected a larger area than during the historic droughts of 1976 and 2003.

CCR estimates the cost to the market of the 2022 drought at €2.9 billion, making it the most expensive event for CCR in real terms since the natural disaster reinsurance system was set up, costing more than Hurricane Irma in 2017.

Since 2016, to deal with the succession of climate events, CCR has released a total of €2.5 billion from its natural disaster equalization reserve, which stood at its lowest level since 2001 at the end of 2022. This historically low level is evidence of the need to make a series of adjustments to ensure the sustainability of the natural disaster reinsurance system.

The two main avenues explored to stabilize the system's financing and guarantee its sustainability, consist of strengthening natural disaster prevention efforts and increasing the system's resources.

2.4 Post balance sheet events

Partial disposal of CCR Re

On February 8, 2023, CCR announced that it had entered into exclusive negotiations with the consortium made up of SMABTP and MACSF with a view to ceding control of CCR Re and increasing its capital by €200 million.

Under the proposed transaction, CCR would initially dispose of approximately 70% of CCR Re's capital. The transaction would value CCR Re based on economic share equity, i.e., close to €1 billion before the capital increase. To support CCR Re's growth, the operation would be followed by a €200 million increase in its capital, fully financed by the consortium, which would thereby obtain a total stake of approximately 75%. CCR would remain in the capital as a minority partner with a stake of around 25% alongside the consortium, thus enabling it to assist in making CCR Re fully autonomous and implementing its ambitious project. CCR would also benefit from a put option and would grant a promise to sell its residual interest in 2026. SMABTP, as the majority shareholder, would take control of CCR Re.

Fonds de Garantie

In response to a sharp rise in energy costs, CCR worked with the French Treasury to set up a new public fund aimed at supporting companies that consume large quantities of gas and electricity. The *Fonds de Garantie des Contrats d'Électricité et de Gaz* (FCGEG) was introduced in the French Finance Act of December 2022 and approved by the European Commission in the first quarter of 2023. CCR has been entrusted with the accounting and financial management of this new fund.

The creation of this fund comes one year after the *Fonds de Garantie des Opérateurs de Voyage et de Séjour* was introduced to protect travel operator liability risks following the Covid-19 crisis at the end of 2021 pursuant to the 2022 Finance Act, approved by the European Commission in February 2023. CCR is also responsible for the accounting and financial management of this fund.

The orders reforming the compensation for geotechnical drought under the natural disaster insurance system were published in the French Official Journal on February 9, 2023. These orders require implementing decrees that are expected to be published in 2023 and will apply as of January 1, 2024. However, they will not impact any claims reported in 2022 or in previous years.

2.5 Financial review

Written premiums

Gross written premiums for the year (all lines combined, before reinsurance), amounted to €1,080 million, up 2.5% from €1,054 million in 2021. Premiums relating to the open market reinsurance business managed on a run-off basis were minimal in 2022 (€0 million versus €3 million in 2021).

Out of total gross written premiums, €1,006 million (93.2% of State-guaranteed reinsurance premiums) was generated by premiums from natural disaster reinsurance in France. The year-on-year increase (€84 million, or 9.2%) reflects:

- changes in underlying premiums charged by insurers (€53 million increase);
- new business net of cancellations (€23 million increase), with two major ceding insurers joining the natural disaster insurance system in 2022;
- prior-year premium adjustments (€9 million increase).

Terrorism risk reinsurance premiums were stable compared with 2021 at €72 million (up €4 million or 6.4% compared with 2021), representing 6.6% of the State-guaranteed reinsurance business.

Written reinsurance premiums for exceptional risks totaled €1 million, representing 0.1% of the State-guaranteed reinsurance business. The €0.6 million increase compared with the previous year was primarily attributable to CCR's extension (from 10 to 30 years) of reinsurance coverage for the third-party liability of nuclear installation operators in respect of their authorized radioactive discharges since July 1, 2022.

Lastly, the credit insurance support mechanisms were discontinued with effect from January 1, 2022 and gross written premiums from this business therefore corresponded exclusively to prior-year adjustments.

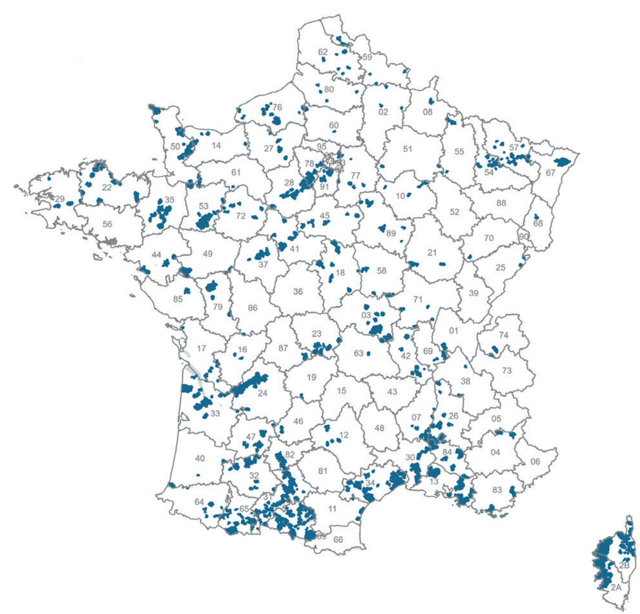
The fee paid by CCR to the French State in exchange for the latter's guarantee for reinsurance coverage provided on its behalf by CCR amounted to €114 million in 2022 (2021: €107 million). The increase in 2022 was in line with the decline in written premiums.

Loss ratios

Public reinsurance

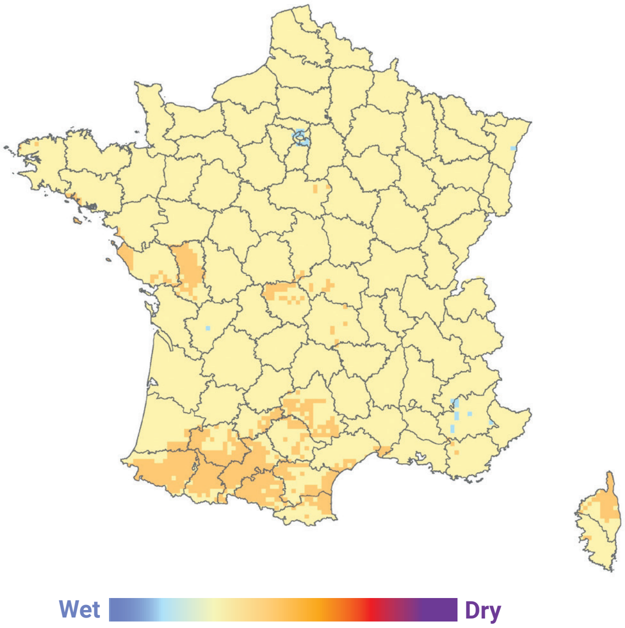
The technical balance[1] from the public reinsurance business amounted to a negative €17.8 million (2021: a positive €145.5 million).

Concerning **natural disasters**, last year's drought was exceptionally severe, resulting in losses of €1,425 million for CCR (vs. a total of €2.9 billion for the market). The drought was the worst natural disaster event since the inception of the system in 1982.



Municipalities recognized as eligible for natural disaster payments in 2022 (floods and landslips/landslides)

1 Technical balance: sum of underwriting result, net of reinsurance, and internal management expenses (excluding claims management expenses included in the net underwriting result).



Intensity of the spring 2022 drought in France

Excluding the drought and in the absence of a major loss event, reinsurance losses were moderate, representing a cost for CCR of €179 million (2021: €249 million), with 1,532 incidents expected to be recognized as natural disasters (2021: 2,840).

In view of the heavy losses incurred in 2022, the priorities of certain **non-proportional reinsurance** treaties were met. The amount recognized by CCR on these categories of treaties represented an expense of €164 million (2021: 0).

In addition, €455 million of prior year liquidation losses were recorded, including €411 million to take into account the effects of inflation on outstanding claims reserves, and €44 million attributable in particular to the Le Teil earthquake in 2019.

Other technical items (notably claims management expenses) represented an expense of €3 million.

In order to deal with the exceptional loss experience in 2022, particularly drought losses, CCR released €1,183 million from the equalization reserve (after allocating €297 million to the reserve in 2021). At December 31, 2022, the equalization reserve stood at €272 million. The series of natural disasters over the past few years has led CCR to release a total of €2.5 billion from this reserve, which in 2022 stood at its lowest level since 2001. Increasing the system's resources is a priority issue for the coming year.

In all, claims expenses net of changes in the equalization reserve amounted to €1,042 million (compared with €731 millon in 2021). The natural disaster technical balance represented a loss of €70 million in 2022 (2021: €99 million profit).

The technical balance from **credit insurance support mechanisms** was a profit of €25 million in 2022 (2021: €17 million profit). The settlement of claims recorded in 2021 led to a prior year surplus of €55 million.

The technical balance from **other State-guaranteed reinsurance business** was a profit of €27 million in 2022 (2021: €29 million profit). The year-on-year decline was due to adjustments to the equalization reserve in respect of terrorism reinsurance and reinsurance of exceptional risks in 2021 and 2022.

Commissions

Commission expense for the year totaled €20 million versus €122 million in 2021. This was mainly due to commission arrangements for natural disasters (€21 million). These arrangements provide for the payment of commission based on the natural disaster ratio at the beginning of the year and on prevention efforts by the ceding insurers. The components of the commission related to the natural disaster technical result represented zero in 2022, given the very high loss experience in 2022.

Combined ratio

At December 31, 2022, CCR's combined ratio stood at 101.6% (compared with 86.5% in 2021), breaking down as:

- a loss ratio[2] of 97.6% (73.3% in 2021), impacted by very high natural disaster claims, and despite the net release from the equalization reserve;
- an expense ratio[3] of 4.0% (13.2% in 2021). The reduction in this ratio reflects low commissions for ceding insurers.

2 The loss ratio corresponds to incurred present and past losses (paid or covered by outstanding claims reserves, net of reinsurance) plus claims management expenses and the change in the equalization reserve divided by earned premiums net of reinsurance.

3 The expense ratio corresponds to commissions and internal management expenses, excluding claims management expenses, divided by earned premiums net of reinsurance.

Net investment income

Net investment income totaled €97.4 million (2021: €92.4 million).

Investment revenue was €77.2 million, up €16.4 million compared to 2021, reflecting:

- the increase in dividends paid by CCR Re (€6.8 million higher than in 2021, with €12.3 million collected in 2022);
- the increase in income from the fixed-income portfolio (€4.9 million more than in 2021), in line with rising interest rates on the financial markets;
- higher real estate revenue (up €1.8 million on 2021);
- a more favorable change in the provision for other-than-temporary impairment (€3.4 million positive impact versus 2021).

Capital gains and losses in 2022 amount to €20.2 million (versus €31.5 million in 2021), resulting in a return on invested assets[4] of 1.1%, stable compared to 2021.

No amounts needed to be recorded in the liquidity risk reserve in 2022 owing to trends in the financial markets during the year.

1

Management of financial and real estate investments

Investment strategy in the context of spiraling inflation

We maintained a cautious approach to our stock market exposure in this rather uncertain environment. Our net exposure to equities averaged 20% in 2022, which helped protect our portfolios amid the downturn in the equity markets during the year.

Interest rates rose sharply in 2022. France's ten-year OAT rate soared, from 0.23% to 3.11% at the end of the year. Interest rate pressure against a backdrop of spiraling inflation led to a sharp decline in the value of bond portfolios. All asset classes fell sharply in 2022, with the exception of physical assets.

In this regard, we were active in the bond markets, trading off portfolios to capture value on the curve before it reversed at the beginning of 2023. We also took advantage of the political crisis in the UK to increase the portfolio's exposure to the British pound. We benefited from premiums on corporate bonds with intermediate maturities (five to seven years on average) in the primary market, by selling equivalent securities but with short maturities.

In **real estate**, the unprecedented, challenging market conditions caused by the interest rate hike stalled transactions. Although purchases and sales slowed sharply in the second half of the year, with a 54% drop in transaction volumes in the fourth quarter compared with the same period in 2021, the rental market continued to perform well for prime properties, allowing CCR to benefit from an inflation-linked rise in rents. CCR continued to be very active in the real estate market. Occupancy rates remained high in our residential properties and office leases were rolled over at higher rents. A refurbishment program was carried out to improve the real estate portfolio's energy performance.

Investment portfolio breakdown

Reinsurance investments[5] had a net book value of €8,256.7 million at December 31, 2022 (December 31, 2021: €7,930.0 million).

The market value of CCR's financial and real estate investments was €8,742.5 million versus €9,056.5 million one year earlier.

Changes in the structure of CCR's reinsurance investment portfolio in 2022 were as follows:

- the market value of investments in **money market instruments** represented €391 million, or 4.5% of the total portfolio at market value. They included money market funds for €141.1 million and cash and cash equivalents for €250 million;
- **fixed-income instruments** declined by 5% year on year to €5,148.2 million at end-December 2022, representing 59% of the total portfolio at market value. The portfolio breaks down between directly held bonds for 85% and bond funds for 15%. The increase in interest rates in 2022 had the effect of reducing the portfolio's market value by approximately €640 million.

The **bond portfolio** is mostly invested in fixed-rate bonds (99% of the portfolio and 98% of the fixed-income portfolio). At December 31, 2022, 85% of the bond portfolio was rated A or higher.

- investments in **debt funds** amounted to €316 million at market value, representing 7% of the total portfolio (unchanged from 2021);

- investments in **physical assets** increased by 3.9% in 2022 to €624.8 million, representing 7.1% of total investments. The increase primarily reflected the off-plan purchase in 2020 of an office building which CCR took full delivery of in 2022;

4 Ratio of net investment income to reinsurance investments, excluding ceding insurer deposits, owner-occupied property, and assets related to subsidiaries.
5 CCR's financial and real estate investments, including cash.

- investments in **equities and diversified funds** amounted to €1,395.7 million. The portfolio represented 16% of reinsurance investments at December 31, 2022, a 10% decrease compared to the previous year-end. The main investments are equity funds (32.3%) and diversified funds (26%).

At December 31, 2022, financial investments meeting **environmental, social and governance (ESG)** criteria stood at €2,380.6 million at market value, an increase of 1.6% from end-2021. The portfolio represented 27.2% of total reinsurance investments versus 25.9% at December 31, 2021.

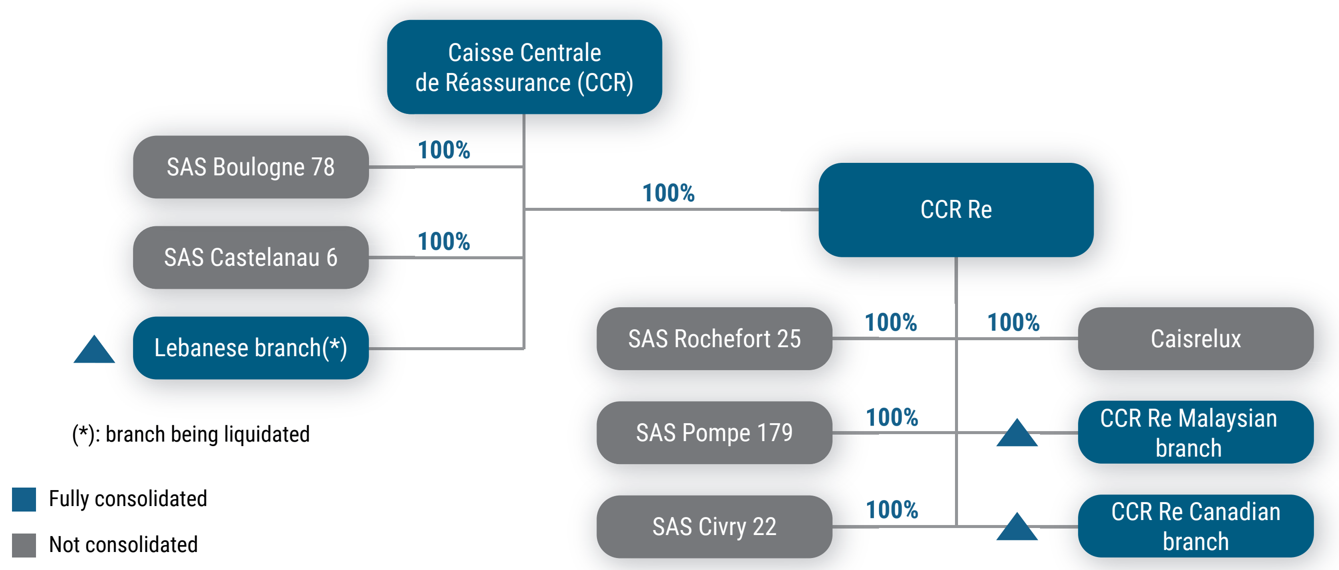
Net income for the year

CCR's net income for the year amounted to €66.6 million (2021: €133.6 million), breaking down as follows:

- The technical balance amounted to a negative €17.8 million (2021: a positive €145.5 million), reflecting:
  - €5.6 million in underwriting result net of reinsurance[6] (2021: €167.0 million),
  - management expenses (excluding investment management fees deducted from net investment income) of €23.4 million in 2022 (2021: €21.4 million);
- net investment income totaled €97.4 million (2021: €92.4 million);
- non-recurring income and expenses represented a net expense of €14.2 million (compared with income of €0.1 million in 2021), corresponding mainly to the €13.2 million provision for contingencies set aside in connection with a tax audit;
- income tax benefit of €1.1 million (2021: €104.0 million income tax expense), resulting from movements in the equalization reserve and changes during the year in unrealized gains on UCITS.

Subsidiaries and affiliates

The CCR Group's legal structure is presented below:



In addition to owning CCR Re, which is fully consolidated, the Group manages part of the real estate investment portfolio through five simplified joint stock corporations (SAS) with combined equity of €61 million at December 31, 2022. The five companies contributed €7.1 million to the Group's investment revenue for the year.

CCR's Lebanon branch has been dormant since 2016 and a file in support of its closure has been under review by the Lebanese authorities for several years.

CCR Re also has a reinsurance subsidiary in Luxembourg, Caisrelux. This company had share capital of €6.2 million at December 31, 2022, unchanged from the previous year-end. Caisrelux operates exclusively as a captive reinsurance company.

6 Underwriting result net of reinsurance, after claims management expenses. Claims management expenses are included in management expenses.

CCR Re reported net income of €42 million in 2022 (2021: €41 million), which breaks down as follows:

- EBITER[7] of €62 million;
- cost of debt stable at €13 million;
- a net charge to the equalization reserve of €5 million;
- income tax expense of €5 million.

2.6 2023 outlook

Business outlook

A key event of 2023 will be the renegotiation of CCR's natural disaster reinsurance system with industry representatives. The current system was negotiated with the market in 2019 for a period of four years (2020-2023). The main issue in 2023 will be to revise the mechanism for calculating commissions on proportional reinsurance.

An important goal in 2023 for CCR and the market as a whole will be to ensure the financial stability of the natural disaster reinsurance system. Over the period 2015-2021, the average loss ratio was 110%. This ratio shows that the system does not have sufficient resources to cover losses and the related management costs, and that the scheme has been in deficit for a long time (since 2016, with an exception in 2021, when drought claims were unusually low). In addition, the Baudu and 3DS laws will increase the burden on the natural disaster system for the coverage of losses.

Based on these observations, it will be important to promote prevention and increase the system's resources in order to restore its financial stability and long-term sustainability.

Financial outlook

Energy-related issues are unlikely to be a major drag on growth in 2023. European gas prices rose to a historic high in the summer but the trend then reversed completely, to everyone's surprise, and the price ended the year lower than at the start of the war in Ukraine. Several factors explain the current price, including the warm winter, the economic slowdown and reduced consumption. While it may not be possible to completely avoid a recession in Europe, it will probably be less severe than was expected last summer.

In China, the economy is expected to rebound in the coming months following radical moves to lift almost all Covid-19 restrictions and the political decision to actively support the economy. In the United States, the situation is more uncertain, with the Federal Reserve still willing to introduce further interest rate hikes in the coming months and with economic activity staging a soft landing. However, the easing of inflationary pressures in Europe and the United States means it is more likely that the major central banks will consider relaxing their efforts to control the money supply.

A new confrontation is taking shape between the pessimism triggered by the global economic slowdown and the recent optimism reinforced by falling inflation and the reopening of the Chinese economy. The latest macroeconomic data suggest that the American and European economies will slip into recession in 2023, but at the same time, analysts expect 2023 to be another year of strong corporate earnings, even if the rates of growth are lower.

Higher risk assets have flourished since the start of 2023, a trend that seems to prove the analysts right. In the space of a few days, all the stock markets have moved into comfortably positive territory, contrasting with a pretty gloomy 2022. The fairly sharp decline in inflation on both sides of the Atlantic led to a roughly 50-basis point fall in European and American interest rates in the first half of January. The lower interest rates have driven up the present value of future corporate earnings, fueling an increase in share prices. However, the rate cuts are based on the expectation that inflation will decline due to an economic slowdown which, paradoxically, would lead to a fall in corporate earnings.

CCR has maintained a fairly cautious stance with regard to higher risk assets since the beginning of 2023 and believes that inflation will be more resilient than markets are anticipating at this stage. Central banks will need to keep interest rates high throughout most of 2023 as core inflation, linked to wage pressures, will decline more slowly than overall inflation including energy prices. The lower interest rates provide a better reflection of the economic slowdown, through a flattening of the yield curve. With the French ten-year OAT rate standing at between 2.50% and 3%, CCR considers that the best strategy consists of investing in high quality bonds.

7 Earnings before interest, taxes and the equalization reserve. EBITER also excludes non-recurring items.

2

GOVERNANCE SYSTEM

2

GOVERNANCE SYSTEM

GOVERNANCE SYSTEM

CCR has a transparent, structured governance system based around its administrative, management and supervisory bodies, including:

- a Board of Directors and three Board committees: an Audit, Accounts & Risks Committee, a Compensation, Appointments & Governance Committee and a Strategy Committee,
- an executive body comprising the Chief Executive Officer, the Associate Chief Executive Officer and the Deputy Chief Executive Officer, who are the persons effectively running the undertaking (*dirigeants effectifs*).

The governance system also includes four key functions ensuring optimal conduct of its business.

1 STRUCTURE OF THE ADMINISTRATIVE, MANAGEMENT OR SUPERVISORY BODY OF THE UNDERTAKING

1.1 Board of Directors

Separation of the roles of Board Chairman and executive management

Further to the entry into force on July 1, 2015 of French government order 2014-948 of August 20, 2014 notably concerning corporate governance in publicly traded companies, the Board of Directors' meeting of July 2, 2015 reviewed the executive management structure and decided to maintain the separation between the roles of Chairman of the Board of Directors and Chief Executive Officer. The separation of functions has been maintained since then.

Chairman of the Board of Directors

In accordance with the aforementioned French government order 2014-948 of August 20, 2014 and with the bylaws (brought into line with said order by the Shareholders' Meeting of June 25, 2015), the Chairman of the Board of Directors is appointed by the Board of Directors from among its members for his or her term of office as director. At the Board meeting of May 4, 2021, Jacques Le Pape was appointed as Chairman of the Board of Directors for the duration of his term of office as director. He replaced Pierre Blayau, whose appointment and term of office as director expired at the close of the Shareholders' Meeting held immediately before the Board meeting. At the Ordinary Shareholders' Meeting of May 4, 2021, Jacques Le Pape was elected as a director for a five-year term expiring at the end of the Shareholders' Meeting to be called to approve the financial statements for the year ending December 31, 2025.

The Board of Directors has not imposed any restrictions on the Chairman's powers.

Composition of the Board of Directors

In accordance with French company law governing joint stock companies and with the aforementioned French government order 2014-948 of August 20, 2014, the Board of Directors may have up to 15 members, including one director representing the French State (appointed by French ministerial decree). The other directors are appointed by the Shareholders' Meeting, with some recommended by the French State and one third representing employees.

The term of office of directors is five years.

Role and responsibilities of the Board of Directors

In accordance with its internal rules, the Board of Directors sets CCR's strategic, economic and financial priorities.

Besides matters that must be referred to it pursuant to applicable laws and regulations, the Board reviews and discusses the following matters, after review by the competent committee where appropriate:

- the undertaking's overall underwriting and financial strategy at least once a year;
- CCR's multi-year strategic plan;
- CCR's provisional annual budget and risk appetite;
- planned mergers and acquisitions;
- the outlines of the retrocession program;
- any illiquid or relatively illiquid financial or real estate investment of at least €50 million, in order to validate both the nature and the amount of the investment;
- planned leases of owner-occupied property.

The Board exercises the responsibilities as described in the Solvency II Directive and the associated regulations. In this respect, it approves the reports and policies submitted for its approval pursuant to the Directive.

Solvency II policies adopted by the Board of Directors

The Board of Directors has adopted the following 16 policies:

- General risk management policy
- Public reinsurance underwriting policy
- Reserving policy
- Operational risk policy
- Outward reinsurance and risk mitigation policy
- Investment risk management policy
- Asset-liability management (ALM) policy
- Liquidity risk policy
- Outsourcing policy
- Internal control policy
- Internal audit policy
- Compliance policy
- Compensation policy
- Fit and proper policy
- Actuarial policy
- Policy concerning communications with the insurance supervisor

Board of Directors' practices and procedures

Internal rules

The Board of Directors' internal rules set out its practices and procedures.

The appendix to the internal rules includes the internal rules applicable to the Board committees: the Audit, Accounts & Risks Committee, the Compensation, Appointments & Governance Committee and the Strategy Committee.

The Board of Directors also has a "Director's Charter" which defines the guiding principles to which the directors adhere and which they undertake to respect in exercising their duties as directors. The Director's Charter is appended to the Board of Directors' internal rules.

Board meetings

Meetings of the Board and its committees for the coming year are scheduled at the one-from-last Board meeting for the current year. The schedule may subsequently be adjusted and special meetings may be organized as needed.

Board meetings are convened in writing and take place at CCR's registered office. Approximately one week before a Board meeting, each director receives comprehensive documentation setting out the agenda and key information for most of the items on that agenda. Since 2015, the documentation for meetings of the Board and its committees has been available exclusively in electronic form on a secure dedicated website. Once online, the documentation for a given meeting may be amended, with additional information or updates.

The Chairman of the Board organizes and chairs all Board meetings. Board meetings are attended by the directors, the representative of the employee representative body (*Comité Social et Economique* – CSE) in an advisory capacity only, and the Board secretary. Board meetings are also attended by the Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer and Chief Risk Officer. Depending on the matters discussed, Board meetings may also be attended by the managers concerned by the items on the agenda. The persons performing key functions attend Board meetings in order to present their work.

1.2 Audit, Accounts & Risks Committee

Up to six directors sit on the Audit, Accounts & Risks Committee set up by the Board of Directors on June 30, 2020, including one director representing employees. It is chaired by Patrice Forget.

At least one member must have specific financial or accounting expertise and qualify as independent based on the criteria adopted by the Board. This member is Laurence Barry.

The committee is chiefly responsible for examining the interim and annual financial statements, reviewing changes and adjustments to accounting principles and policies, monitoring the effectiveness of internal control and risk management systems, and monitoring the statutory auditors' work. It also expresses an opinion on the auditor selection process and issues a recommendation concerning the accounting firm to be proposed for appointment as statutory auditor at the Shareholders' Meeting. It reviews the reports and policies falling within its remit and is also responsible for hearing the report of the Actuarial function.

The committee is also responsible for monitoring the effectiveness of internal control and risk management systems, as well as risk management and internal control policies and procedures. These responsibilities include reviewing:

- major risks and the related risk control and management resources;
- strategic risks and the risks associated with the undertaking's main insurance and financial obligations;
- financial management risks, including off-balance sheet commitments, material claims and litigation and the investment strategy;
- executive management's risk identification procedures;
- the adequacy and effectiveness of the internal control system and the system for monitoring and managing risks.

It also monitors controls over compliance with applicable laws and regulations, including those adopted in application of Solvency II, by examining the reports and policies falling within its remit. The committee meets with the head of the Internal Audit function, reviews the internal audit program prior to its approval by the Board of Directors, analyzes the internal auditors' main recommendations and monitors their implementation. It is also tasked with monitoring risk management indicators, overseeing the Own Risk and Solvency Assessment (ORSA) based on the ORSA report, and meeting with the holder of the Risk Management function. It also meets with the heads of the other key functions.

1.3 Compensation, Appointments & Governance Committee

Up to four directors sit on the Compensation, Appointments & Governance Committee, which was set up in 2004, including one director representing employees. It is chaired by Nathalie Broutèle.

It monitors the undertaking's individual and collective compensation policy, evaluates its coherence with the undertaking's strategy and performance targets, and analyzes key inputs for payroll trends within the undertaking. The committee also recommends the basis for compensation, defines performance criteria and the degree to which executive corporate officers have achieved those criteria, and also recommends the amount of directors' fees and how those fees should be allocated.

1.4 Strategy Committee

Up to six directors sit on the Strategy Committee, set up by the Board of Directors on July 2, 2015, including one director representing employees.

It is notably responsible for reviewing and providing the Board with its opinion and recommendations as regards CCR's business and financial strategy. The committee considers CCR's identified avenues for growth and any related developments, as well as any planned strategic agreements. It is responsible for monitoring the strategy implemented by executive management, especially as regards the strategic decisions made by the Board.

1.5 Executive body

Executive management

The members of CCR's executive management are:
- Bertrand Labilloy, Chief Executive Officer;
- Edouard Viellefond, Associate Chief Executive Officer;
- Laurent Montador, Deputy Chief Executive Officer.

Bertrand Labilloy has been Chief Executive Officer of CCR since January 16, 2015. Following the entry into force of the aforementioned French government order of August 20, 2014 on July 1, 2015, Bertrand Labilloy was appointed Chief Executive Officer by French presidential decree of August 17, 2015 (published in the Official Journal of the French Republic on August 19, 2015) on the recommendation of the Board of Directors. Bertrand Labilloy's appointment as Chief Executive Officer expired on August 17, 2020 and he was re-appointed to this position as of that date, by French presidential decree of August 13, 2020 (published in the Official Journal of the French Republic on August 14, 2020).

Edouard Viellefond was appointed Associate Chief Executive Officer by the Board of Directors at its meeting of September 20, 2022, with effect from September 21, 2022 and for the remainder of the term of office of the Chief Executive Officer or until the appointment of a new Chief Executive Officer.

Persons who effectively run CCR and the CCR Group

On November 2, 2015, the Board of Directors noted that, in his capacity as Chief Executive Officer, Bertrand Labilloy automatically qualified as a person effectively running the undertaking (*dirigeant effectif*) within the meaning of Article L.322-3-2 of the French Insurance Code, for the term of his office as Chief Executive Officer. Mr Labilloy also appointed Laurent Montador, Deputy Chief Executive Officer, as a person effectively running the undertaking for the term of his salaried position as Deputy Chief Executive Officer.

Laurent Montador's decision-making remit covers all of CCR's businesses.

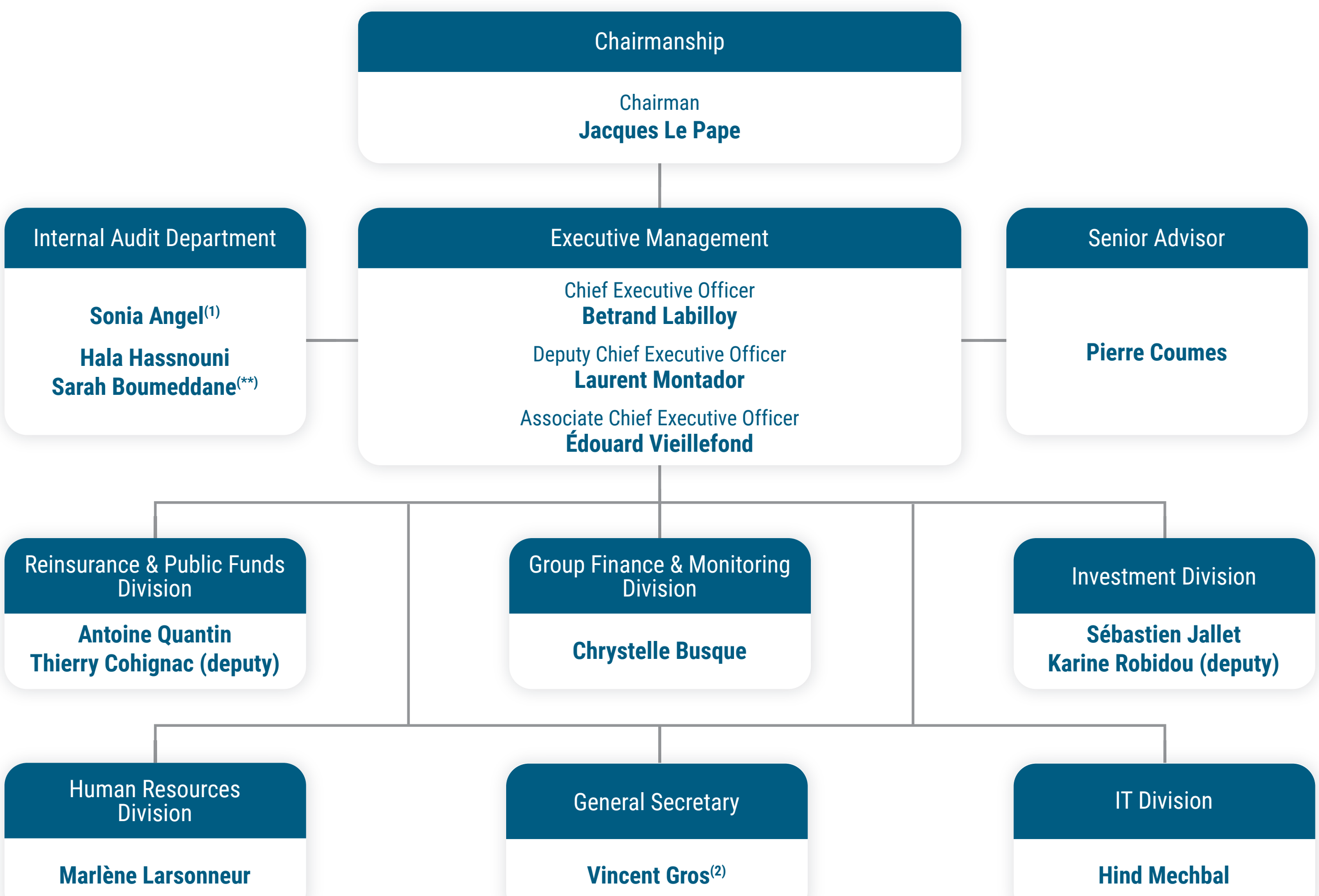
Édouard Vieillefond, in his capacity as Associate Chief Executive Officer is, by law and under Article L.322-3-2 of the French Insurance Code, one of the persons effectively running the undertaking (*dirigeant effectif*), for the term of his office as Associate Chief Executive Officer.

Mr Labilloy, Mr Vieillefond and Mr Montador also effectively run the CCR Group within the meaning of Solvency II.

CCR notified the French insurance supervisor (ACPR) that Mr Labilloy's appointment had been renewed in August 2020. The ACPR replied to this notification on December 3, 2020, confirming that it had no objections to Mr Labilloy's re-appointment. The General Secretary informed the Board of Directors of the ACPR's reply on December 15, 2020.

Role of CCR's key internal divisions

Organization chart at December 31, 2022



(1) Internal Audit key function holder
(2) Compliance key function holder
(**) Internship

Role of the Reinsurance & Public Funds Division
The Reinsurance & Public Funds Division is responsible for underwriting reinsurance for natural disasters, terrorism and third-party liability of nuclear operators, as well as managing public reinsurance claims.

The Division also manages certain public funds on behalf of the French State (see section 1.2 "Business" for details).

A specialist Natural Risk Prevention unit created in 2018 supports public authorities, insurers, regional authorities and other stakeholders in the implementation of their preventive measures.

The Reinsurance & Public Funds Division is supported by the work of two technical departments:
- the Data Science, Actuarial & Reserving Department, which is responsible for collecting, processing and analyzing the data provided by CCR insureds; determining the rates for reinsurance and reserving treaties; and providing reviews of the Division's work to CCR's customers and partners;
- the Research & Development and Natural Disaster and Agriculture Risk Modeling Department, which is responsible for developing models that simulate natural and anthropic disasters and subsequently for implementing those models if and when such disasters occur.

In addition to these operational activities, the entire division regularly performs studies at the request of the public authorities, to provide insight as they consider how to improve existing payout or prevention mechanisms or implement new risk management solutions. In 2020, studies were performed in support of industry discussions about the possible introduction of a catastrophic health insurance scheme.

Role of the Group Finance & Monitoring Division
The role of the Group Finance & Monitoring Division is to prepare financial information for CCR Group companies and support the Group's management.

To this end, it is responsible for:
- preparing the Group's financial and tax reports in compliance with the law;
- performing profitability analyses and contributing to the Group's management;
- preparing business plans and monitoring their implementation;
- defining and producing the content of the Group's financial communications;
- the administrative management of the reinsurance investment portfolio, keeping the related accounts and preparing the related reporting packages;
- cash management.

Role of the Investment Division
This Division is responsible for managing the Group's investments in line with the investment strategy. It also advises the Investment Committee on investment strategy decisions, drawing on its financial market expertise.

The Investment Division is organized around the following departments:
- Direct Management Department, responsible for managing the bond and money market portfolios;
- Delegated Management Department, responsible for managing investment funds;
- Real Estate Management Department, responsible for managing real estate assets and investments in real estate funds (OPPCI);
- ESG Department, responsible for managing the Group's ESG portfolios.

1.6 Activities outsourced to CCR Re

2

In 2022, CCR outsourced certain support activities to its subsidiary CCR Re, including the following critical or key activities:
- risk management;
- asset-liability management (ALM).

CCR Re's Actuarial & Risks Division is responsible for these activities.

Outsourcing of risk management

Description of outsourced risk management activities
Since July 1, 2018, CCR has outsourced the following risk management activities to CCR Re:
- setting up a general governance and risk management framework;
- setting up an internal control system;
- assessing SCR regulatory requirements;
- ensuring compliance with the risk appetite.

This outsourcing arrangement is appropriate in light of CCR's business and risk profile.

Organization of the risk management system

As member of the CCR Group for Solvency II purposes, CCR is part of the Solvency II risk management system set up within the CCR Group. Under Solvency II, reinsurance undertakings are required to have an effective risk management system that is well integrated into their operational structure.

Two types of committees are responsible for the risk management system within CCR:

- internal committees, whose responsibilities are to optimize the management of ALM, financial investment and real estate risks, natural disaster SCR and cumulative exposures, underwriting risk, emerging risks and reserve risks;
- a Committee of the Board of Directors (the Audit, Accounts & Risks Committee).

At Group level, all risks are monitored by CCR Re's Actuarial & Risks Division. This Division is supported by:

- a network of 23 Permanent Control Managers (PCMs) – one for each department – including 15 at CCR and eight at CCR Re;
- the Group Risks Committee ("CORI").

It also bases its work on the findings of audits conducted by CCR's Internal Audit Department.

All risks incurred by CCR are identified as part of the CCR Group's overall risk management system. Frequency of occurrence and potential impact are estimated for each risk. Controls are identified or implemented in order to reduce or avoid the risks. Each control is assessed on a yearly basis. Risks classified as "major" based on the frequency/severity matrix are also audited at least every year. Under normal circumstances, risk maps and the associated controls are reviewed every three years.

To enhance its overall risk management system, CCR has procedures in place to identify, monitor and reduce underwriting risk. CCR's management team is responsible for implementing procedures for continuously improving risk management. These procedures enable the risks inherent to CCR to be duly identified and analyzed. They are designed to ensure compliance with the risk tolerance limits and controls in place within CCR and the CCR Group and therefore with CCR Group policies. The procedures enable risks to be monitored along with compliance with risk tolerance limits within the overall risk appetite framework.

CCR's management team, supported by the Actuarial & Risks Division, regularly reviews risk maps and the associated controls as well as risk management procedures, in order to ensure that they continue to reflect market conditions and CCR's business activities.

Description of solvency assessments, ORSA reports and reporting procedures

As part of Solvency II and ALM work, the look-through analysis of CCR's investment funds is performed by CCR Re.

As an integral part of the CCR Group, CCR Re assesses CCR's solvency for Solvency II reporting purposes.

The same applies for CCR's ORSA and narrative SFCR reports.

Description of internal controls, guides and procedures used to monitor CCR compliance

To ensure CCR compliance, the persons effectively running CCR (*dirigeants effectifs*) have appointed a Compliance key function which is the same as that in place at CCR Re, in the sense that the two undertakings belong to the CCR Group for Solvency II purposes.

CCR has drawn up and implemented a list of risks and controls for managing its compliance requirements. This list is kept up to date and is amended to reflect any information on regulatory developments received through regulatory alerts or from the businesses.

The risk map along with the quality and effectiveness of controls are regularly tested as part of the overall risk management framework.

Outsourcing of asset-liability management

Description of CCR's outsourced asset-liability management (ALM) activities

Since July 1, 2018, CCR has outsourced ALM to CCR Re's Actuarial & Risks Division.

This outsourcing arrangement is appropriate in light of CCR's business and risk profile for the coverage of both its current and future liabilities.

Organization of ALM

CCR's ALM is outsourced to CCR Re's Actuarial & Risks Division and to the CCR Group's ALM Committee.

CCR Re's Actuarial & Risks Division is therefore responsible for ALM for the CCR Group and its subsidiaries (including CCR) and coordinates work to this effect.

Although the work is mainly carried out by CCR Re's Actuarial & Risks Division, its broad-shouldered nature requires input from CCR departments and divisions, including the Financial Investments Division, the Finance Division and the Real Estate Department.

ALM for CCR and its subsidiaries is supervised by the ALM Committee which is chaired by CCR's executive management. The ALM Committee includes the executive management team, the heads of CCR's Investments Division and Finance Division, and the heads of CCR Re's Actuarial & Risks Division and its ALM & Reserving Department. It may occasionally call on experts from the CCR Group.

2 KEY FUNCTIONS

The Solvency II Directive requires that all undertakings have four key functions – Risk Management, Compliance, Internal Audit and Actuarial – described in Articles 44, 46, 47 and 48, respectively, of the Directive.

A "function" is defined in Article 13 (29) as: "within a system of governance, [...] an internal capacity to undertake practical tasks; a system of governance includes the risk management function, the compliance function, the internal audit function and the actuarial function."

All of the functions are covered by CCR. In 2008, a head of ERM was appointed with responsibility for the overall coordination and management of risks. A manager has now been appointed by CCR for each of its key functions.

In 2022 they were as follows:

Risk Management function	Isabelle Grubic
Compliance function	Vincent Gros
Internal Audit function	Sonia Angel
Actuarial function	Nicolas Freslon

The ACPR received notification of their appointment, which it approved.

2.1 Key function governance structure

CCR's key function holders report directly to CCR's Chief Executive Officer and meet with him whenever deemed necessary. They may also meet with the Board of Directors as needed.

The current committee structure also allows any necessary exchanges to take place with the Board of Directors and its Audit, Accounts & Risks Committee.

Each key function holder has formally agreed to perform this function for CCR, CCR Re and the Group.

2.2 Risk Management function

Within the Actuarial & Risks Division, the head of the Risk Management function is responsible for:
- identifying, assessing and monitoring material risks;
- ensuring that risk management procedures are in place;
- ensuring that complete and consistent reporting systems exist covering the audited activity, primarily for major risks.

The Risk Management function also uses the work of the Actuarial function, notably in the following areas:
- asset-liability management;
- development of the economic capital model;
- monitoring of natural disaster risk exposure;
- analyses of the retrocession program.

The head of the Actuarial & Risks Division coordinates the Group Risks Committee ("CORI", see section 3.3 of this chapter) alongside the head of the Risk Management function.

Function holder

In 2022, the Risk Management function was held by the head of the Risk Management & Internal Control Department, placing the function at the center of the CCR Group. It is supported by a network of 23 Permanent Control Managers (PCMs) working in the various departments. As of December 31, 2022, CCR had 15 PCMs.

2.3 Compliance function

The holder of the Compliance function is responsible for all compliance issues. The work of the Compliance function is based on the compliance risks identified in CCR's risk map.

The controls performed by the function are reviewed annually by the internal control teams to assess the level of control over compliance risks and help drive the process of continuous improvement.

Function holder

Since September 13, 2019, the Compliance function has been held by CCR's General Counsel and Compliance Officer.

2.4 Internal Audit function

The Internal Audit function reports directly to CCR's Chief Executive Officer and is performed objectively and independently from all of the undertaking's other activities.

The Internal Audit function is responsible for providing the undertaking with an objective assessment of the effectiveness and efficiency of its risk management, internal control and governance processes.

Function holder

The Internal Audit function is held by the head of CCR's Internal Audit Department.

2.5 Actuarial function

The holder of the Actuarial function (the Chief Actuary) reports directly to CCR's Chief Executive Officer. The function's purpose is to express an opinion on:

- the portfolio underwritten by CCR;
- outward reinsurance;
- technical reserves.

Function holder

The Actuarial function is held by the head of CCR's Budget Control & Financial Communications Department.

3 COMMITTEE STRUCTURE

3.1 CCR Group Executive Committee ("Comex")

The Group Executive Committee ("Comex") is responsible for implementing the undertaking's strategy and for making the necessary operational and organizational decisions in this regard. The Comex ensures that operations managers are duly informed of strategic objectives and rules.

3.2 CCR Operational Committee

This committee is responsible for implementing CCR's strategy and for taking operational and organizational decisions for CCR.

3.3 CCR Group Risks Committee ("CORI")

This committee covers both CCR and CCR Re. Its role is to manage risks based around three main themes: Solvency II governance, risk management and compliance and procedures. Its responsibilities include:

- identifying potential events that could affect the organization;
- defining risk management procedures, so as to:
  - limit residual risks within the risk appetite framework,
  - provide reasonable assurance as to the achievement of objectives.

The Group Risks Committee uses the work of the following operational committees in the areas of disaster, cyber and data protection (GDPR) risks. For ESG risks, it bases itself on the work of the ESG Committee described in section 3.8 of this chapter.

IMM Committee

This committee is responsible for managing internal natural disaster models, which play an important role in assessing CCR's natural disaster risk through stochastic techniques.

Security Committee

This committee is responsible for monitoring the implementation of information systems security in accordance with the workload plan validated by the Group Risks Committee.

Its responsibilities include:

- facilitating the implementation of the security strategy by monitoring the roll-out of the security measures set out in the workload plan validated by the Group Risks Committee;
- proposing an information systems security policy to be approved by executive management;
- following up on major security alerts and recommending any additional measures that may be necessary;
- tracking the emerging new technologies monitored by the security manager and information systems security (RSSI) in order to continuously improve CCR's security measures.

Data Protection Committee

This committee oversees compliance with data protection (GDPR) procedures.

Its responsibilities include:

- reviewing the Group's GDPR compliance system and recommending any measures needed to ensure operational compliance with this regulation;
- examining GDPR issues relating to all or some of the CCR Group's personal data processing operations;
- deciding the action to be taken to comply with new domestic or European data protection regulations, including France's CNIL guidance.

3.4 CCR Group Investment Committee

The Group Investment Committee is responsible for monitoring the Group investment policy, as approved by the ALM Committee.

This committee guarantees investment oversight and implementation of the investment strategy.

It is assisted by the following operational committees for the management of investment risks:

ALM Committee

This committee defines asset-liability risk management policies, and approves annual strategic asset allocation targets as well as the financial hedging policy subject to compliance with the risk framework approved by the Board.

The **ALM Committee** bases its work on the research and results of ALM analyses provided by the Actuarial & Risks Division and relating to CCR. These analyses may be performed on a regular (operating reports, routine studies) or one-off (on request) basis.

Tactical Asset Allocation Committee

This operational committee is responsible for implementing tactical asset allocation methods designed to achieve the target allocation decided by the ALM Committee.

Investment Risk Committee

This operational committee monitors and approves the financial risk associated with investments, including credit risk on the portfolio of directly held bonds, concentration risk (control ratios), aggregate underlying securities positions (look-through analyses of funds), credit risk associated with underlying securities (held by investment funds) that have the lowest post-look-through ratings, counterparty risk, interest rate risk, etc.

3.5 CCR Underwriting Committee

This committee is responsible for deciding whether or not to renew policies representing exposures that require senior management approval in accordance with the underwriting guidelines drawn up for the public reinsurance business.

3.6 CCR Major Claims Committee

This committee is responsible for facilitating the flow of information between the claims departments and the underwriting departments and for developing an overall vision of outstanding claims. Meetings are an opportunity to:

- provide a technical overview of major claims;
- discuss visits to the site of reinsurance claims;
- prepare a ceding insurer watchlist;
- discuss technical or commercial issues arising in relation to the claims or in the reinsurance accounts;
- identify any need to adjust management procedures;
- identify potential commutation opportunities.

3.7 CCR Reserving Committee

This committee conducts in-depth analyses of current reserve levels and fine-tunes estimates of ultimate reserves.

3.8 ESG Committees

This committee is in charge of defining the ESG (environmental, social and governance) risk management strategy. It meets twice a year to discuss ESG issues and to ensure the strategy is duly implemented.

The ESG Committee is assisted by the SRI Committee (see below).

SRI Committee

This committee develops CCR’s socially responsible investment policy, drafts regulatory ESG reports, determines the amounts to be invested in ESG assets and engages in dialogue with asset management firms to encourage them to act as responsible shareholders.

Its responsibilities include:

- developing the socially responsible investment policy;
- designing regulatory ESG report templates and preparing the reports;
- proposing investment amounts by strategy and asset class (green bonds, climate funds, impact funds, green infrastructure assets, etc.);
- reviewing the results of portfolio risk analyses and scoring exercises, in order to manage the portfolios’ transition trajectory;
- analyzing the ESG/climate questionnaires returned by the asset managers;
- actively encouraging asset management firms to act as responsible shareholders;
- providing feedback from meetings among the SRI community/ESG forums;
- monitoring changes in ESG regulations.

4 COMPENSATION POLICY AND PRACTICES

CCR has a formal compensation policy covering all employees, management and directors.

4.1 Compensation policy

In line with CCR's overall strategy, the aims of the compensation policy are to:

- reward in-house expertise and foster employee loyalty and motivation;
- attract talent;
- discourage excessive risk-taking and ensure that risk-taking remains consistent with CCR's risk appetite.

There are three pillars of the compensation policy:

- a fixed portion which accounts for the bulk of employee compensation;
- a variable "bonus" portion linked to the individual performance of each employee. The targets set by managers must be measurable and realistic, enabling the individual performance of each employee to be assessed and discouraging risk-taking;
- a variable portion (profit-sharing, incentives and employer contribution) linked to employees' performance as a whole.

4.2 Compensation paid to corporate officers

Chairman of the Board of Directors' compensation

The Chairman of the Board of Directors receives fixed compensation. He does not receive any benefits in kind.

His compensation is submitted to the Compensation, Appointments & Governance Committee for opinion and set by the Board of Directors subject to ministerial approval as provided for in Article 3 of decree 53-707 of August 9, 1953. This approval was issued on June 11, 2021.

Compensation paid to the Chief Executive Officer and Associate Chief Executive Officer

The Chief Executive Officer and Associate Chief Executive Officer receive fixed and variable compensation. They do not receive any benefits in kind.

Based on a recommendation of the Compensation, Appointments & Governance Committee, CCR's Board of Directors sets the total annual fixed compensation for Bertrand Labilloy in his capacity as Chief Executive Officer of CCR and Chairman and Chief Executive Officer of CCR Re. It also decides the proportion of compensation to be assigned to each of these offices, along with the percentage of variable compensation payable for each.

Based on a recommendation of the Compensation, Appointments & Governance Committee, CCR's Board of Directors sets the total annual fixed compensation for Édouard Viellefond in his capacity as Associate Chief Executive Officer of CCR, along with the percentage of variable compensation payable.

The Compensation, Appointments & Governance Committee makes recommendations to the Board regarding the variable portion of compensation accruing to the Chief Executive Officer and the Associate Chief Executive Officer for the current period. The Board has the final say in this regard. The committee also assesses to what extent targets for the past year were achieved and makes recommendations in this regard to the Board, which decides the amount of variable compensation payable to the Chief Executive Officer and the Associate Chief Executive Officer.

Decisions made regarding the compensation of the Chief Executive Officer and the Associate Chief Executive Officer are subject to French ministerial approval as provided for in Article 3 of French decree 53-707 of August 9, 1953 and communicated on June 11, 2021.

Directors' compensation

Directors' compensation consists of directors' fees. The Shareholders' Meeting sets the total annual amount of directors' fees in accordance with the French Commercial Code. The fees are subject to French ministerial approval, as provided for in Article 3 of French decree 53-707 of August 9, 1953. This approval was issued on June 11, 2021.

The basis for awarding these fees among the directors is set by the Board of Directors based on a recommendation of the Compensation, Appointments & Governance Committee.

In accordance with French government order 2014-948 of August 20, 2014 on corporate governance and corporate actions of partly State-owned companies, the compensation due to the representative of the French State in respect of his or her duties as director are paid into the government budget. The compensation due to government officials elected as directors by the Shareholders' Meeting on the recommendation of the French State is also paid into the government budget. The same applies to the compensation due to other directors elected by the Shareholders' Meeting on the recommendation of the French State that exceeds a certain ceiling set by a decree issued by the French Minister of the Economy.

Employee representative directors are not compensated for their duties. The Chairman of the Board of Directors is not paid any compensation for his participation in Board meetings. One director waived his right to compensation for his participation in Board meetings.

The total directors' compensation budget is allocated among the directors based on whether or not they are also members of a Board committee and on their attendance rate at meetings of the Board and, where applicable, its committees. The Chairmen/Chairwomen of the Board committees receive an amount of compensation that is greater than that paid to ordinary members.

With the exception of the aforementioned compensation accruing to CCR Re's Chairman and Chief Executive Officer, none of CCR's corporate officers collected compensation from CCR subsidiaries in 2022.

5 MATERIAL TRANSACTIONS

No material transactions were entered into in 2022 with any shareholders, parties exercising significant influence over the undertaking, or members of the administrative, management or supervisory bodies.

6 FIT AND PROPER POLICY

The fit and proper policy taking into account CCR's special appointment procedures was revised in 2020.

The policy formally sets down fit and proper requirements for those effectively running the undertaking (*dirigeants effectifs*), key function holders and members of the Board of Directors.

The fit and proper requirements were assessed on the bases set down by the policy.

7 RISK MANAGEMENT SYSTEM (INCLUDING ORSA)

CCR's risk management system is based on the COSO II risk framework.

The system is structured around:
- an Actuarial & Risks Division at the heart of the undertaking;
- a risk appetite framework;
- risk tolerance limits aligned with the risk appetite;
- an operational risk management and control system.

7.1 Organization of risk management

Risk management at CCR concerns all employees.

The system places the Actuarial & Risks Division and the Risk Management key function at the center of the undertaking's risk management process. The Board of Directors, management and all employees are fully integrated in the process.

The different parties involved in the risk management process are described below, along with their role and responsibilities in terms of managing risks.

Board of Directors

The Board of Directors oversees the risk management system, supported by the work of the Audit, Accounts & Risks Committee.

The Board ensures that the risk management and internal control system is efficient and effective, and guarantees to the authorities that this is the case.

To this end, the Board liaises closely with the Risk Management key function.

Executive management

Executive management owns and has overall responsibility for risks. It:

- defines the internal control and risk management policy;
- monitors the implementation of action plans using the Actuarial & Risk Division's reports, in particular those presented to the Group Risks Committee;
- informs the Board of Directors of the results of the overall risk management system.

Risks Committee ("CORI")

See section 3.3 on page 29.

Actuarial & Risks Division

The Actuarial & Risks Division reports to executive management and is in charge of the overall coordination of the risk management and internal control systems.

It defines the risk management approach, ensures the undertaking's solvency (particularly the adequacy of its technical reserves), conducts actuarial research, identifies key risks and coordinates work carried out to implement the requirements of Solvency II.

It promotes a risk culture across the organization and ensures that risks are managed appropriately.

The Actuarial & Risks Division also assists management in strategic decision-making.

Risk Management key function

The Risk Management key function reports to executive management.

The function supports the Board of Directors, the Board committees and executive management in implementing an effective risk management system. It monitors the risk management system and the overall risk profile for CCR and the CCR Group.

It is also responsible for the Risk Management & Internal Control Department ("GRCI"), providing risk management support, defining the methodological framework for comprehensive risk mapping and monitoring, issuing alerts where applicable, and ensuring that the undertaking has sufficient capital available relative to the risks taken.

As head of the Risk Management & Internal Control Department ("GRCI"), the Risk Management function is responsible for coordinating an effective internal control system.

Compliance function

The Compliance function guarantees that compliance risks within CCR[1] are managed appropriately.

Internal audit

Internal audit is an independent and objective activity that provides CCR with assurance concerning the control of operations, advises on opportunities for improving the level of control and contributes to the value creation process.

To provide this assurance, the Internal Audit function assesses and reports on the effectiveness of governance and risk management and internal control processes designed to help the organization to meet its strategic, business, financial and compliance objectives. Based on their observations, the internal auditors recommend improvements to these processes and monitor their implementation.

The Internal Audit function therefore makes a critical contribution to internal control by assessing the system's efficiency and effectiveness.

1 For more information on the role and responsibilities of the Compliance function, see the compliance policy.

The Internal Audit function proposes the multi-year internal audit plan and performs the audits.

Permanent Control Managers (PCMs)

The Permanent Control Managers act as the Risk Management & Internal Control Department's correspondents in each CCR entity. This organization around Permanent Control Managers ensures that controls are performed as close as possible to operational risks, thereby optimizing the management of these risks.

The Permanent Control Managers:

- represent the undertaking in matters of internal control and risk management;
- ensure that processes and controls are duly documented;
- regularly inform the Risk Management & Internal Control Department of any process changes and emerging risks;
- help improve controls;
- follow up on action plans;
- monitor incidents;
- assist the entity manager in improving processes and controls;
- process tier 2 controls for low and medium operational risks and report their findings to internal control teams.

Entity managers

The entity managers are responsible for managing their entity's risks.

They help to invigorate the risk management system and define the undertaking's first line of defense. They ensure that controls are duly implemented.

They are responsible for establishing the rules, procedures, organization and information system needed to manage risks within their area of responsibility, in compliance with the risk tolerance limits assigned to them in the policies, guidelines and other internal documents governing their activities.

Control managers

Control managers are operations staff who perform m tier 1 controls. They are appointed by the manager.

During each control assessment exercise, they self-assess the controls that they are responsible for performing.

The self-assessment enables the control managers to report the extent to which the control objectives are met, as well as to identify opportunities to improve the internal control system, and encourages them to propose improvements in their capacity as operations staff.

Employees

Risks may arise from the performance of their day-to-day tasks. Thanks to their business expertise, they can manage the risks incurred, giving them a central role in the overall system.

They are responsible for :

- producing and communicating any information relating to the internal control system in real time (processes, risks, controls, incidents, action plans);
- helping to perform and formally document controls;
- assisting in the drafting of control procedures.

They are the main source of information about any operational dysfunctions and help to drive continuous improvement of operating processes.

Employees are responsible for complying with all rules and procedures and performing their tasks in a professional manner.

7.2 Presentation of the risk management system

The risk management system is based on:

- a predefined risk appetite;
- an allocation of risk tolerance limits to the various levels of CCR;
- identification of all risks to which CCR is exposed;
- risk assessment, follow-up and information.

Risk appetite

The risk appetite is the combined level of risk which CCR accepts to take on in order to pursue its business operations and meet its strategic objectives. It is an aggregate limit.

CCR is responsible for building a profitable portfolio with controlled risk.

Consistent with the reversed "production cycle" specific to insurance and reinsurance undertakings, CCR is also an asset manager and allocates a risk budget with a view to managing its asset portfolio in a prudent but informed manner.

Risk-taking within this strategy is primarily related to meeting solvency requirements and thereby protecting the French State's interest.

For 2022, the Board of Directors set a risk appetite that enables CCR to allocate an appropriate level of capital to conduct its business successfully, while maintaining an SCR ratio of above 115% over the year and a post-shock capacity to absorb the costs relating to a natural disaster with a 15-year recurrence interval without recourse to the State guarantee, even if the following two shock scenarios were to occur:

- natural disaster with a 15-year recurrence interval;
- financial crisis.

CCR risk framework

The risk framework covers all of the risks that could impact the undertaking. It includes the risk classes referred to in Solvency II and has been adapted to suit CCR's risk profile.

The risk map is reviewed each year as part of the Group Risks Committee's review of major risks, and every three years for all risks charted on the risk map.

The framework has three levels of granularity and is built in the same way as the risk appetite:

- the first level of risk is a macro structure of large risk families relating to CCR's businesses;
- the second provides an additional level of detail for these large risk families, to enable certain families to be monitored more closely;
- where appropriate, the third level rolls down risks classified in the second level to provide a more in-depth analysis of certain risk families such as human risk. Human risk notably includes the risk of error, internal fraud risk, or the risk of failure to comply with procedures.

The CCR risk framework is organized around five Level 1 risk families:

They are defined below.

Strategic risks

Strategic risks are risks relating to the management of the undertaking, reputational risks and emerging risks. They include the risk of losses due to failed strategies or missed targets.

Strategic risks may result from:

- external factors: an unfavorable economic environment, increased competition from a similar product or business, new or revised laws or regulations with a direct or indirect impact on the undertaking;
- an inappropriate strategy or poor strategic implementation: poorly defined target markets, inappropriate communications, poor strategic deployment, inappropriate management of business lines and subsidiaries, inadequate budget;
- an organization misaligned with strategic objectives: inadequate or poorly defined committee/governance structure, inadequate or poorly defined policies and procedures, key person risk;
- a major risk scenario such as a rating downgrade;
- failure to plan for systemic and endogenous risks: political, economic, social, technological, climate and emerging risks that may also prevent the Group from meeting its objectives and cause the strategy to fail.

Financial risks – Market risks

Market risk may be defined as the risk of losses due to an unfavorable change in financial markets, asset/liability management or financial management. Market risks correspond to the risk of losses or of an adverse change in financial position resulting, directly or indirectly, from fluctuations in market volatility or market prices for assets, liabilities and financial instruments due to changes in market values or in the macro-economic environment.

They may be influenced by political, macro-economic, fiscal, social, environmental or other factors. Environmental factors include sustainability risks, including the consequences of climate change, that may affect the other market risks listed above. Climate risk corresponds to the risk of asset values being adversely affected by physical risks and the risks associated with the transition to a low-carbon economy, as well as by the potential reputational damage that may be caused by the undertaking's investment choices.

Financial risks – Credit risks

Credit risk may be defined as the risk of losses or an adverse change in the undertaking's financial position or regulatory ratios resulting from fluctuations that affect the credit quality (probability of default, loss given default, spread or rating) of securities issuers, counterparties or any debtor, to which an insurance or reinsurance undertaking may be exposed.

CCR's main financial risk exposures

CCR's asset portfolio is managed conservatively, with a strong focus on fixed income asset classes with a fairly low sensitivity to interest rate risks and limited direct exposure to credit risk (achieved by selecting instruments with an average rating of between AA and A). The portfolio also has only a limited exposure to currency risk (achieved by neutralizing asset-liability mismatches by currency wherever possible). Despite this management policy, changes in financial markets may have a significant adverse effect on CCR's earnings and on the value of its current assets:

- persistently low interest rates adversely affect CCR's ability to earn adequate yields;
- an increase in interest rates could also have an adverse effect if it occurred at a time when CCR had significant liquidity needs;
- stock market volatility also represents a significant risk factor for CCR. A steep fall in share prices would reduce the undertaking's net income due to the requirement to book a provision for other-than-temporary impairment. The impact would be particularly unfavorable if the fall occurred at a time when CCR had significant liquidity needs;
- a possible lasting fall in real estate prices represents an additional risk factor;
- CCR is also exposed to the risk of failure by a banking partner.

Underwriting risks – Public reinsurance

Public reinsurance underwriting risk is the risk of loss or of an adverse change in the value of insurance liabilities, due to the occurrence of one-off events or inadequate pricing and reserving assumptions relating to public reinsurance.

CCR's main public reinsurance underwriting risk exposures

CCR mainly reinsures risks offering a good visibility but with high levels of volatility and severity. They consist for the most part of property damage risks.

For this reason, its public reinsurance underwriting activities expose CCR to the following risks: natural disaster and terrorism risks in France, the risk of higher-than-expected incurred losses and higher attritional losses exacerbated by low policy deductibles.

Operational risks

All of CCR's activities are exposed to operational risks, that may be caused by either internal or external factors:

- internal operational risk may be defined as the risk of losses resulting from (i) inadequate or ineffective processes, procedures, employee behaviors, systems or premises, and (ii) failure to comply with applicable laws and regulations or the standards of good conduct defined by CCR or the insurance industry;
- external operational risk may be defined as the risk of losses resulting from external events (cyber attacks, external fraud, failures by external service providers, security breaches, etc.).

They are defined in detail by entity, so that any control failures can be targeted more effectively.

Presentation of the undertaking's exposure to operational risks

CCR's main operational risk exposures are as follows:

- underwriting of a risk that falls outside CCR's risk appetite, leading to potentially significant losses, notably due to:
  - errors in analyzing a proposal,
  - failure to comply with underwriting rules,
  - signature of a contractual document that is different from the negotiated terms,
  - poor quality of information received from the ceding insurer;
- risk modeling error;
- financial statements that do not comply with the true and fair view principle;
- results forecasting error, leading to a significant adjustment to reserves.

These risks are monitored through a tried and tested process that involves:

- defining rules based on underwriting, pricing and management guides;
- setting up appropriate alerts to monitor operations;
- a mapping of controls;
- internal controls;
- internal audits.

CCR further improved its risk management system in 2022, particularly with regard to security.

In July 2022, the CCR Group fell victim to a cyber attack. The security of the new system was the primary focus when the decision to rebuild the information system was taken. The security of physical access to premises was also tightened.

Own Risk and Solvency Assessment (ORSA)

To have better visibility over its risk profile and ensure risk management is best adapted to the specificities of its profile, CCR has opted for a more in-depth analysis and closer management of certain risks covered by the standard formula, i.e., risks to which it is particularly exposed and which may prove challenging to manage. This primarily concerns natural disaster and financial risks.

CCR has also developed various approaches that can be used to analyze certain risks not explicitly covered by the standard formula.

In addition to preliminary work carried out in connection with the standard formula, and in order to better understand its risk profile, CCR develops sustainable processes to map the risks to which it is exposed and to analyze and assess those risks (both qualitatively and quantitatively) and therefore limit them. Mitigation solutions are adopted whenever the risk is deemed material. These processes are continuously expanded and improved.

Internal ORSA policy

CCR has an internal ORSA umbrella risk management policy with processes based on the system described above. This policy incorporates all strategic management processes.

The five processes in the ORSA policy are:

- **calculation of own solvency**, including nonquantifiable risks or risks outside the standard formula;
- **calculation of overall solvency needs** (prospective solvency);
- **definition of a quantitative supervisory framework** with comfort zones;
- **ongoing supervision** through risk reporting;
- **exceptional ORSA** procedure.

The ORSA policy was updated in 2022.

ORSA report

A yearly report is drawn up when performing a recurring or one-off Own Risk and Solvency Assessment (ORSA), and is addressed to senior management as well as the ACPR. The report is validated by the Board of Directors before being sent to the ACPR within a period of 15 days.

The report contains an executive summary of all deliverables described in the policy.

8 INTERNAL CONTROL SYSTEM

8.1 Objectives

CCR has adopted the internal control objectives defined by the AMF. The objectives of the internal control system set up by CCR are therefore to ensure:

- compliance with applicable laws and regulations;
- due application of instructions and priorities set by executive management;
- proper functioning of internal corporate processes, particularly those relating to the safeguarding of assets;
- reliability of financial reporting;
- information systems security.

Generally speaking, internal control helps exercise due control over the undertaking's business, helping to ensure its operations are effective and its resources are used efficiently.

8.2 Internal control approach and organization

The internal control approach reflects CCR's goal of closely managing risk and meeting its regulatory requirements.

The EU's Solvency II Directive states that insurance and reinsurance undertakings must have an effective internal control system in place. That system must at least include administrative and accounting procedures, an internal control framework, appropriate reporting arrangements at all levels of the undertaking and a compliance function.

CCR's internal control and risk management approach is primarily based on the following components:

AWARENESS:
All employees have a role to play in the internal control system and should also be able to make suggestions.

STRUCTURE:
The internal control approach is built on recognized frameworks applied across the organization and on resources that are adapted to the objectives set.

SUPPORT:
All those involved in applying new methodologies should be adequately prepared, monitored and supported.

COMMUNICATION:
The progress made in terms of internal control should be communicated both internally and externally.

DOCUMENTATION:
All inputs of the formal internal control system (manuals of standards and procedures, operating reports, formalized process charts, descriptions of tests and control assessment analyses, risk maps, etc.) should be created and made available to all.

The ongoing internal control improvement drive helps optimize operations and enables business to be managed more efficiently.

8.3 Charters

CCR has five charters:

- **the internal control charter** was revised in 2019. The charter sets out to describe and inform staff about the system put in place within the undertaking;
- **an IT charter** specifies the conditions needed to meet IT security goals while respecting the rights and freedoms of the undertaking's employees. According to the terms of the charter, CCR undertakes to respect transparency in defining and executing its IT security procedures, while employees agree to comply with applicable legislation when using the IT tools at their disposal. The charter was revised by the Security Committee in September 2021 to supplement systems security rules concerning the risk of professional e-mail addresses being used for the communication of personal information;
- **SRI (Socially Responsible Investment) charter:** The CCR Group has adopted an investment charter based on three main pillars, reflecting the Group's commitment to the climate and the ESG challenges relating to the energy, ecological and social transition:
    - Pillar 1: Prevention of transition risks,
    - Pillar 2: Adaptation to physical risks resulting from climate change,
    - Pillar 3: Supporting the social transition.

The CCR Group has chosen to adopt a two-tiered approach for each of these pillars. This approach involves (i) strengthening risk management (transition risk, physical risk and ESG risk), measuring the financial impact of these risks on the portfolio and incorporating them in its investment policy, and (ii) helping to finance issuers that are well positioned to respond to the challenges identified.
For each of the three pillars in its SRI charter, the CCR Group has chosen a number of Sustainable Development Goals (SDGs) in order to position its strategy in the energy, ecological and social transition and direct its investments towards the gradual achievement of these goals;

- **a code of ethics** summarizes the purpose and values of the undertaking and defines the principles to which employees should refer when exercising their duties;
- **an archiving charter** formally sets down the rules for archiving documents that are required to be kept over the long term, specifies roles and responsibilities and helps achieve compliance with applicable legal and industry regulations.

8.4 Internal control independence and effectiveness

The Internal Audit Department, the Actuarial & Risks Division's Risk Management & Internal Control Department and the statutory auditors draft recommendations when they identify a weakness in the internal control system. These recommendations are put to the Audit, Accounts & Risks Committee.

Implementation of the recommendations is followed up by the Internal Audit department when the recommendations result from internal audits and by the Risk Management & Internal Control Department in all other cases, which report periodically to executive management and to the Audit, Accounts & Risks Committee.

The commitment of the executive management team and senior managers helps ensure that action plans are put in place to act on these recommendations.

8.5 Business continuity plan

The business continuity plan aims to ensure that CCR's critical business operations can continue after a serious accident or major disaster affecting CCR. The risks covered by this plan include the risk that CCR's premises will be destroyed or will no longer be accessible, that certain files will be destroyed, or that all information (underwriting, accounting and finance) or communication systems will become unavailable for a sustained period of time.

The business continuity plan sets out:

- the crisis management system (crisis structure, escalation procedures, decision-making processes, HR management, crisis communication, etc.);
- the IT back-up plan;
- user contingency measures (relocation, transport, telephony, etc.); and
- the business recovery and safe-mode operating plans.

The business continuity plan identifies three priorities designed to ensure that the undertaking can continue to pursue its business operations and that the unacceptable impacts of these major risks for CCR are reduced:

- contact with customers and with the French State (the CCR Group's shareholder) must be maintained;
- sensitive documents must be protected;
- IT tools must continue to be available.

In 2022, CCR fell victim to a ransomware cyber attack. The contingency plan was activated as soon as the incident occurred, with systems operating in downgraded mode, the restoration of messaging, and then the restoration of key Company applications in the weeks following the attack, in order of their criticality. No data loss was reported, and the Company was able to continue delivering essential services to its customers, partners and employees. This experience demonstrated the Company's resilience and subsequently, owing to the measures taken following the reconstruction of the information system, helped strengthen security.

8.6 CCR rules and procedures

CCR also has internal rules and procedures that enable it to successfully pursue its business operations while managing its risk. These rules and/or procedures notably concern:

- compliance of the undertaking's business operations with the policies and strategies defined by the management bodies and compliance of its reinsurance operations with applicable laws and regulations;
- valuation and supervision of investments;
- identification, assessment, management and control of the risks to which CCR is exposed;
- compliance of inward reinsurance and pricing, outward reinsurance and reserving for regulated liabilities with the undertaking's policy in these areas;
- supervision of claims management;
- supervision of subsidiaries;
- management of outsourced operations and the marketing approach used for the undertaking's products;
- preparation and verification of accounting and financial information.

9 OUTSOURCING

Key activities within CCR are outsourced to undertakings within the CCR Group. Outsourcing arrangements are described in section 1.6 on page 25.

10 ADDITIONAL INFORMATION

10.1 Research and development activity

2

In 2022, CCR pursued its research and development efforts to better quantify natural and anthropic risks. Our main R&D activities in 2022 were as follows:

Ongoing research and development projects:

- Various ongoing research projects on the use of machine learning modeling techniques to estimate geotechnical drought risks with the combined use of geostatistical and Bayesian methods to estimate insured values. In the area of anthropic risk, research work on the modeling of cyber risks;
- Development of a nuclear accident simulation model to support nuclear third-party liability pricing decisions;
- During 2022, several improvements were made to the flood model to improve modeling of the losses caused by rivers breaking their banks. These improvements focused on three main areas. The first was the conversion of simulated streamflows to elevations. The second was the propagation of flows on the DTM (Digital Terrain Model). Finally, in collaboration with INRAE, a new method was implemented for predicting the flows of large rivers that integrates snow stocks;
- CCR is involved in several research projects, two of which relate to flooding. The first is the "PICS" project, funded by France's National Research Agency. The aim of this project was to design and test forecasting systems capable of representing the impacts of floods up to six hours in advance. It was conducted in collaboration with various partners, including Gustave Eiffel University, Cerema, INRAE, Geosciences Rennes, Météo-France, CNRS, SHAPI and IGE, and was completed in 2022;
- A second research project ("MUFFINS") started in 2022 after the PICS project. The partners involved are Cerema, IMFT, the Toulouse Institute of Mathematics, INRAE, INRIA, Gustave Eiffel University, Météo-France and the French Ministry for the Ecological Transition. This project aims to explore new methods to model flash flooding hazards. It uses physical and mathematical models such as finely-tuned metamodels to simulate streamflow, overflow and runoff. CCR is involved in this project as an end user;
- Concerning drought risks, new methods have been deployed to forecast expected losses as early as June, using an agro-climate index developed as part of a research project. These methodologies were particularly useful in 2022, a record year for drought;
- The work on earthquake risk, completed as part of a thesis with the Nancy School of Geographical Sciences (ENSG), was used to develop an operational model, the results of which were incorporated into CCR's partial internal model (PIM) for estimating its natural disaster risks;
- In terms of services, CCR models were used to carry out studies for the electricity transmission company RTE. The objective of this project was to study the exposure of electrical substations and pylons managed by RTE to the

risk of flooding and to anticipate future changes in this risk due to climate change. The analysis covered the risk of rivers breaking their banks, runoff risks and coastal submersion risks.

Research projects presented or started in 2022

- An economics thesis developed in collaboration with Institut Agro Rennes and Météo-France focuses on modeling the consequences of extreme climate events (drought and excess water) on crop production in France over the period to 2050, and was successfully presented on July 12, 2022. The quality of this research has been recognized by both academics and insurance professionals.
- The RING - CCR partnership has resulted in a first thesis presented in 2021 and two scientific papers published in 2021 and 2022 on earthquake modeling. The partnership continued in 2022 with the launch of a new research project aimed at drilling down into the results already obtained on this subject.
- For the first time, Météo-France, BRGM and CCR have joined forces to jointly oversee a research project on the development of new tools for estimating drought losses due to clay shrinkage and swelling.

Reform of the Comprehensive Climate Risk Insurance system for the agriculture sector

Since 2015, CCR has been developing a model for estimating crop losses due to climate events in mainland France. The model covers all cultivation categories in France: meadows, vineyards, silviculture and field crops analyzed by type. It operates on two levels: by administrative district and by individual farm, using AGRESTE and RICA data.

The model, along with CCR's expertise in this area, were particularly useful to government departments working on the reform of the Comprehensive Climate Risk Insurance system for the agriculture sector.

Prevention-related R&D

CCR recognizes that the management of natural disaster risks cannot be limited to the payment of insurance settlements, and has been developing activities in favor of prevention for several years now. It is playing an essential role as a catalyst, identifying operational solutions for the treatment and prevention of drought. For example, ceding insurers are encouraged to get their customers to adopt preventive practices and government departments are assisted in developing and assessing their own prevention policies.

The following are just some examples of prevention work carried out in 2022:

- The very high level of geotechnical drought damage in recent years led CCR to explore techniques to better treat and prevent this peril. From March to August 2022, CCR retained the services of Terrasol, a subsidiary of the Setec Group specialized in conducting geotechnical studies prior to the design of large structures, to conduct a study on the effectiveness of micropile underpinning, and geomembrane waterproofing and perimeter terrace horizontal waterproofing solutions. The study suggests that opportunities may exist to improve not only the post-disaster treatment of drought damage but also its prevention, and it has been communicated to the insurance profession and the ministries concerned. The next step will be to conduct practical experiments in partnership with the insurance industry federation, France Assureurs, with the aim of achieving a reduction in drought losses in the medium to long term;
- Since 2020, CCR has been rewarding its ceding insurers' prevention efforts through a commission mechanism. In 2022, the total commission paid under this system amounted to €17.5 million for the entire market. The reports submitted by the ceding insurers attest to their continuing drive to improve prevention. The profession is organizing, creating internal structures, training employees and hiring prevention specialists. It is also using more and more service providers to diversify the services it offers to its customers (warning systems, vulnerability tests, self-testing solutions, flood protection);
- CCR's role in supporting government natural disaster prevention policies was recognized in 2021 by the Baudu law and confirmed the same year with the signature of a five-year agreement with the General Risk Prevention Directorate of France's Ministry for the Ecological Transition and Territorial Cohesion. In 2022, a number of projects were carried out under this agreement, the most symbolic of which were an economic analysis of the usefulness of implementing hurricane regulations in the French overseas territories and a report on natural hazard prevention in France over the period 1995-2020.

3 RISK PROFILE

RISK PROFILE

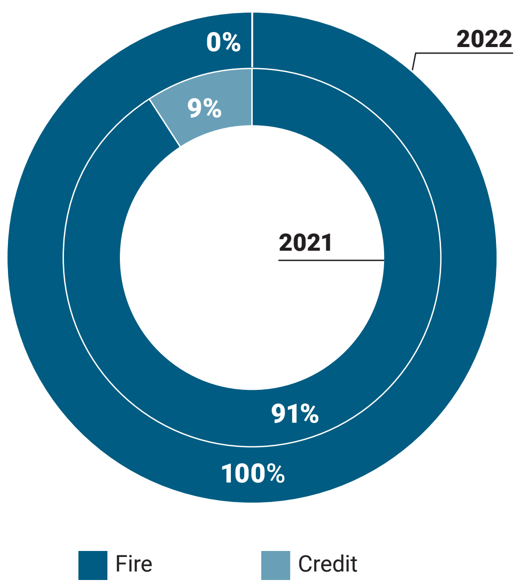
1 UNDERWRITING RISK

1.1 Background

With the exception of Life and Non-Life business not transferred to CCR Re (managed by CCR on a run-off basis), CCR is engaged solely in the Non-Life reinsurance business in France.

In 2022, CCR's public reinsurance business generated total gross written premiums of €1,080 million, 93.2% of which derived from natural disaster reinsurance premiums.

The following chart illustrates the breakdown of gross written premiums for the last two underwriting years:



1.2 Risks identified for SCR purposes

Based on CCR's risk profile under the standard formula, the most significant risk arises on Non-Life natural disaster cover. This is followed in order of significance by the Non-Life Premium and Reserve SCR, Market SCR, Operational SCR and Counterparty SCR.

The Non-Life underwriting SCR results for the most part from natural disaster risk, followed by premium and reserving risk, which represents two times less.

Both of these risks are managed by CCR on an aggregate basis using highly sophisticated analyses and models, underwriting strategies and ORSA processes, and through risk mitigation tools such as outward reinsurance. The State guarantee for these businesses is itself a critical mitigating factor.

The main processes used to manage these risks are:
- adoption of an overall risk budget by the Board of Directors;
- adoption of a sub-budget for natural disaster risk by the Board of Directors;
- construction of a portfolio from a strict underwriting and pricing perspective and according to a specific decision-making process;
- verification and validation of strict underwriting rules;
- use of reports prepared by the Actuarial function in order to adjust the risk profile and risk models and increase outward reinsurance where necessary.

As CCR is assessed under the standard formula, an analysis of adequacy (particularly as regards reserve risk and natural disaster risk) is carried out on a regular basis.

All risks, sensitivities and systems in place are described in detail in CCR's ORSA report.

2 ASSET MANAGEMENT

2.1 General principles

The general guidelines of the investment strategy are approved by the Board of Directors in December each year for the following financial period. They cover (i) the maximum investment risk that can be taken by CCR and (ii) the objectives and upper and lower investment limits in the different asset classes.

The results of financial management practices and the consequences of market developments are regularly discussed within Board of Directors' meetings. The Board notably receives:

- details, at the time of year-end closing procedures, of overall changes in financial investments (i.e., by type of investment and over several financial periods) in terms of historical cost and market value;
- periodical information regarding changes in financial assets, by type of investment;
- periodical information regarding developments in the real estate market, together with any prior approval requests for real estate transactions;
- details of specific investments (such as derivatives contracted to directly manage risk), together with any authorization requests regarding these products.

2.2 Analytical framework for the asset allocation strategy

Asset allocation is underpinned by analyses in the three areas described below.

Risk

CCR strives to identify three levels of risk at any one time:

- capital risk, which is the risk that an asset will suffer a significant and other-than-temporary loss in value;
- risk of fluctuations in the value of an asset, which primarily has an accounting (provisions and reserves affecting profit) and regulatory (changes in Solvency II own funds) impact for as long as the asset in question is not sold;
- the risk that two correlated assets will suffer a simultaneous loss in value. Assets may be closely correlated in extreme or atypical scenarios, even though they appear to be decorrelated and help build a diversified portfolio under normal conditions.

These three levels of risk are not generally deemed of equal importance, as the first (capital risk) is seen as the most significant.

Liquidity

Liquidity is the ability to sell an asset quickly without significantly affecting its market price, or its estimated value in the case of an unlisted asset. Assets can span the full range of liquidity, from highly liquid to illiquid.

Estimated returns

Returns can be identified in one of two categories:

- yield: payment of income in the form of coupons, interest, dividends or rent;
- profitability: includes yield as well as unrealized and realized capital gains and losses.

In practice, all three of the areas listed above are interlinked.

2.3 Structure of CCR's assets

The asset structure is identified based on an analysis of directly held assets. A look-through analysis rounds out the risk assessment.

Money market investments

Investments in money market instruments represent only a small proportion of the total portfolio at market value. Virtually all of these instruments are denominated in euros.

Money market instruments include money market funds, demand accounts with banks and term deposits.

Bond and credit investments

Bond portfolios account for a substantial proportion of total investments at market value. Bond portfolios were scaled back slightly in 2022 due to the negative impact of rising interest rates on bond values. At cost, bond portfolios continued to increase, rising 4% in 2022.

The quality of bond investments is high in relation to credit risk. Green, social and sustainable bonds now represent 11.8% of total investments by market value.

Diversified investments

Diversified investments fall into one of three categories: hybrid securities, alternative investments and other diversified funds.

They concern only investment funds managed under discretionary mandates. Diversified investments account for a significant proportion of total investments.

Real estate and infrastructure investments

Real estate and infrastructure investments, currently consisting almost exclusively of property assets, account for a significant proportion of total investments. Investments in infrastructure assets are set to increase in the future. Real estate and infrastructure investments can be divided into two categories:

- residential and office buildings located in prime locations in Paris and the Paris region; and
- commitments to OPPCI/FCPI real estate funds, acquired for portfolio diversification purposes.

Equities

The equities portfolio, which represents the same proportion of total investments as the real estate portfolio, primarily consists of listed equities and private equity investments acquired for portfolio diversification purposes.

An overlay fund is used to manage the overall risk on the equities portfolio.

Equity investments

This item corresponds to CCR’s 100% stake in CCR Re.

2.4 Exposure to key financial risks

Currency risk

Exposure to currency risk is minimal.

Interest rate risk

The sensitivity of the fixed-income portfolio to interest rate risk was fairly low at end-2022.

Credit risk

The directly managed fixed-income portfolio solely comprises investment grade securities. AAA/AA-rated bonds account for over half of the fixed-income portfolio.

The fixed-income portfolio has an average AA- rating.

Liquidity risk

Asset liquidity is determined based on the characteristics of the overall investment portfolio, which comprises:

- money market instruments, representing liquid assets;
- limited investments in assets offering little or no liquidity; (mainly real estate, loan funds and private equity funds);
- investment-grade bonds, representing liquid assets;
- a series of funds which can be redeemed on a daily or weekly basis in most cases.

The least liquid assets are real estate investments.

Impact of financial shocks

The ORSA report looks at various shocks as applied to CCR's investments.

The inflation shock in 2022 led to adjustments to provisions at the end of 2022. This was taken into account in the projection of the 2023 risk budget and compliance with the risk appetite framework.

3 OPERATIONAL RISK

After the necessary adjustments have been made following specific controls, CCR is not exposed to any major operational risks.

3.1 Operational rollout

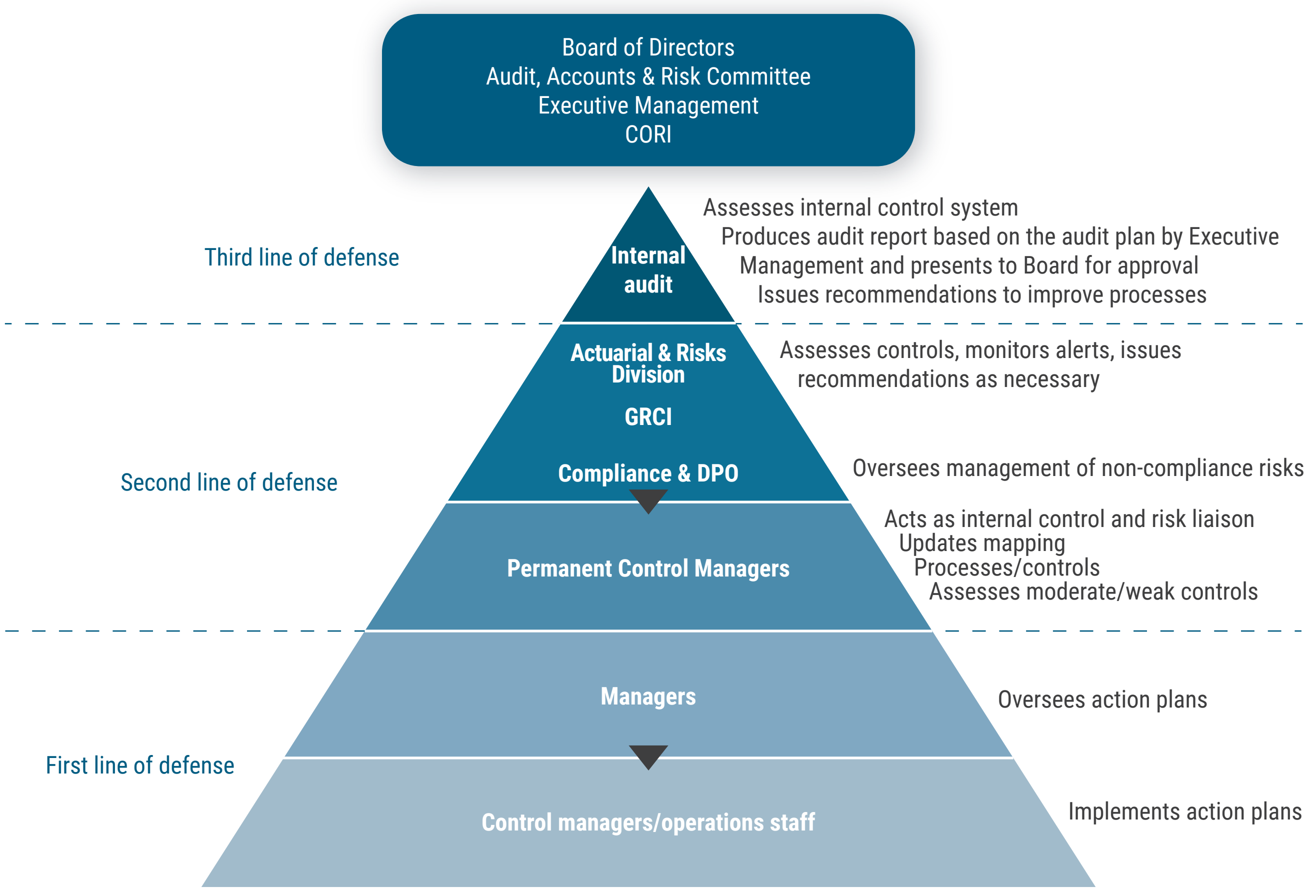
Operational risk for CCR is governed by the internal control system within the overall risk management process.

CCR has adopted the internal control objectives defined by the AMF. The objectives of the internal control system set up by CCR are therefore to ensure:

- compliance with applicable laws and regulations;
- due application of instructions and priorities set by executive management;
- proper functioning of internal corporate processes, particularly those relating to the safeguarding of assets;
- reliability of financial reporting.

Generally speaking, internal control helps exercise due control over the undertaking's business, helping to ensure its operations are effective and its resources are used efficiently. CCR uses the COSO II framework to analyze its overall risk management system.

The diagram below illustrates the position of internal control within the undertaking:



4 OTHER RISKS

At the date of this report, CCR has not identified any other risks that may impact or enhance the risk view presented above.

5 RISK EXPOSURE

5.1 Risk measurement

Risks are assessed using the standard process outlined above for operational risk, which is rolled down to all of the risks to which the undertaking is exposed. It should be recalled that this process is based on revisions of periodic risk maps, the emerging risks process, the “current perceived major risks” process and all actuarial research and analyses carried out by CCR.

5.2 Material risks

Material risks are described above (underwriting, investment). The members of the Executive Committee (“Comex”) have input in the “current perceived major risks” process through the Risks Committee (“CORI”) and the Risk Management function.

As a reminder, this process involves a top-down approach and is carried out once a year. The approach has evolved to factor in a continuous vision of critical risks and to set up flexible, responsive and effective measures to mitigate and/or manage those risks.

This process is designed to identify, at a given date, material risks for which certain – often external – risk factors are increasing significantly and which therefore need to be monitored more closely.

The risks are severe enough to put the business in difficulty. Generally speaking, material risks concern financial, underwriting or strategy risks. However, they can also be an emerging or operational risk whose legal or reputational impact would have negative consequences on the Company's solidity.

Once identified, it is necessary to ensure that measures are in place to avoid or mitigate the risk. Closer supervision of these risks:

- may highlight the need for new remedial measures to ensure they are duly managed;
- will enable the Company to act more swiftly if they occur.

Identifying a perceived major risk does not mean that the risk is real for CCR Re. This exercise involves thinking in terms of possible risks whose probability of occurrence or impact is increasing.

5.3 Investment strategy

Assets were invested in accordance with the “prudent person” principle set out in Article 132 of Directive 2009/138/EC.

Assets were invested in line with the investment risk management strategy adopted by CCR’s Board of Directors.

5.4 Concentration

CCR is not exposed to any significant concentration risk. Concentration risk is monitored within the undertaking’s different businesses, based on a look-through approach for investment activities, natural disaster exposure monitoring for underwriting activities and portfolio diversification goals.

6 RISK MITIGATION

CCR uses two main risk mitigation techniques: retrocession and hedging of the equities portfolio.

6.1 Outward reinsurance

CCR may use outward reinsurance to mitigate its risks. Outward reinsurance is the subject of a written policy approved by the Board of Directors.

6.2 Hedging of the equities portfolio

CCR has adopted a hedging strategy for its equities portfolio, which is:
- based on futures contracts;
- aimed at protecting against a fall of up to 15% in the price of the equities in the portfolio at December 31, 2022 compared to their opening value.

7 RISK SENSITIVITY

The ORSA report discloses the sensitivity of the risk profile to various adverse scenarios. It includes a detailed description of the scenarios envisaged and the impacts of those scenarios. CCR's sensitivity is extremely low, in line with its risk profile and the risk mitigation measures in place.

4

VALUATION OF ASSETS AND LIABILITIES

VALUATION OF ASSETS AND LIABILITIES

This section discusses the valuation of assets and liabilities for Solvency II purposes. It also provides an explanation of differences between French GAAP and the Solvency II Directive.

1 VALUE OF ASSETS AT DECEMBER 31, 2022

Assets are generally valued at market value and accordingly, no internal or external valuation model exists.

1.1 Source, control and use of data

The Financial Accounting & Treasury Department regularly produces reports used to monitor changes in financial investments. To guarantee the reliability and completeness of financial reporting, data is automatically extracted from the Chorus Institutionnels accounting software.

The valuations are provided by the Chorus Institutionnels database, which gathers data from the main pricing services and from investment fund depositaries. These data are then combined with information from insurance and reinsurance firms on the Paris market.

Given the financial instruments typically held by CCR in the portfolio, this database is reliable and thereby helps to significantly reduce incidences of erroneous or missing prices.

The entire portfolio is valued at the end of each month, although a valuation may be performed at any time at the request of the financial managers or executive management.

The value of the shares held in CCR Re is calculated each quarter in line with Solvency II.

An automated control of CCR's asset valuations compared to external valuations (based on data received from depositaries) is systematically performed at the end of each quarter.

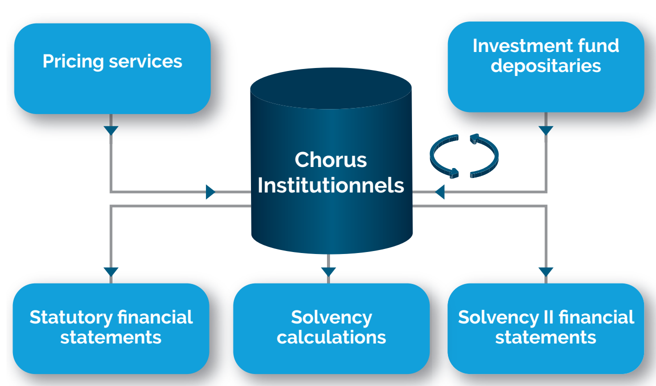
In compliance with regulations, real estate appraisers estimate the fair value of each real estate asset every five years. This value is then discounted to present value on a yearly basis and sent to the ACPR. Since CCR has held prime real estate assets for many years, they represent substantial unrealized capital gains.

Currency transactions (forward sales and non-deliverable forwards) are included in CCR's off-balance sheet commitments. The value of these commitments is systematically compared with the valuations received from financial intermediaries. Under the European Market Infrastructure Regulation (EMIR), intermediaries are asked to supply supporting documentation if there are any valuation discrepancies. These currency transactions are included in the Solvency II balance sheet.

More generally, as part of their interim audit, the statutory auditors perform materiality tests on the value of the various investments held by the undertaking.

Data extracted from Chorus are used to calculate solvency for the statutory financial statements and the Solvency II financial reports. The data/valuations are treated in the same way for each of these reports, in terms of both the assumptions used and the methods applied to make use of the information.

Accordingly, there are no quantitative or qualitative differences between the bases, methods and key assumptions used by CCR to value its assets for solvency purposes and those used to prepare the financial statements. Valuation differences between French GAAP and Solvency II are also tracked.



1.2 Value of investments

Assets (in thousands of euros)		Solvency II value C0010
Property, plant and equipment held for own use	R0060	80,300
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	8,627,984
Property (other than for own use)	R0080	330,530
Holdings in related undertakings, including participations	R0090	992,504
Equities	R0100	76,887
Equities - listed	R0110	3,555
Equities - unlisted	R0120	73,332
Bonds	R0130	4,397,067
Government bonds	R0140	1,395,872
Corporate bonds	R0150	3,001,195
Structured notes	R0160	
Collateralized securities	R0170	
Collective investment undertakings	R0180	2,750,900
Deposits other than cash equivalents	R0200	80,096
Loans and mortgages	R0230	77,378
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	750
Other loans and mortgages	R0260	76,628
Deposits to cedants	R0350	4,248
Cash and cash equivalents	R0410	169,994

1.3 Value of other assets

The value of other assets in the Solvency II balance sheet is as follows at the date of this report:

Assets

(in thousands of euros)

		Solvency II value
		C0010
Intangible assets	R0030	
Deferred tax assets	R0040	273,561
Pension benefit surplus	R0050	
Derivatives	R0190	
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	
Loans and mortgages	R0230	77,378
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	750
Other loans and mortgages	R0260	76,628
Reinsurance recoverables from:	R0270	43,018
Non-Life and health similar to Non-Life	R0280	29,821
Non-Life excluding health	R0290	29,821
Health similar to Non-Life	R0300	
Life and health similar to Life, excluding health and index-linked and unit-linked	R0310	13,198
Health similar to Life	R0320	415
Life excluding health and index-linked and unit-linked	R0330	12,783
Life index-linked and unit-linked	R0340	
Insurance and intermediaries receivables	R0360	47,689
Reinsurance receivables	R0370	246
Receivables (trade, not insurance)	R0380	83,063
Own shares (held directly)	R0390	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	
Any other assets, not elsewhere shown	R0420	
TOTAL ASSETS	**R0500**	**9,407,483**

Reinsurance reserves

Reinsurance reserves in the statutory financial statements are determined in accordance with Solvency II, with the calculation of a best estimate including an adjustment factor for reinsurance default risk.

Reinsurance receivables and other receivables

These captions include all outstanding receivables.

Any other assets, not elsewhere shown

At the date of this report, no assets were recorded on this line.

There are no differences between the value of other assets for Solvency II purposes and the value of other assets for financial reporting purposes: the same data, methods and key valuation assumptions are used. Valuation discrepancies between French GAAP and Solvency II are also tracked.

2 VALUE OF LIABILITIES AT DECEMBER 31, 2022

Business not transferred to CCR Re when this undertaking was created is ceded in full to CCR Re. As a result:
- the related liabilities and relevant lines of business (LoB) and currencies are included in the best estimate of CCR's inward reinsurance liabilities, as well as those relating to public reinsurance liabilities;
- the related liabilities and relevant lines of business and currencies are included in the best estimate of CCR's outward reinsurance liabilities, as well as those relating to public reinsurance liabilities;
- the SCR for these ceded liabilities is zero net of reinsurance.

2.1 Value of technical reserves

Reserving process used for the statutory financial statements

Inward reinsurance

The reserving process is formally documented in an annual guide validated by the Group Risks Committee ("CORI").

Reserves for the reinsurance business are calculated every quarter. The Data Science – Actuarial & Reserving Department is responsible for public reinsurance reserving and its work is reviewed each year by CCR's Actuarial function. Reinsurance reserving is audited by an independent auditor every three years.

The auditors work closely with Technical Accounting and Underwriting teams.

Reinsurance agreements are categorized by actuarial tranche. An actuarial tranche is defined as a group of obligations with similar risk and settlement characteristics.

Each tranche is characterized by:
- the risk covered: motor vehicle liability insurance, fire risk, etc.;
- the type of obligation: (management) x (Non-Life/Life) x (proportional/non-proportional).

For each actuarial tranche, the reserving process is the same:
- collection of "underwriting year/fiscal year" triangles on premiums, paid claims and outstanding claims reserves for the actuarial tranche. The triangles are generated from accounting data for the obligation underlying the actuarial tranche;
- collection of any expert data regarding the actuarial tranche in question (contractual/incident information, etc.);
- use of the ResQ software;
- calculation, for each underwriting year, of:
  - ultimate premiums and the resulting premiums not yet written,
  - an ultimate 50-50 claims expense, corresponding to actuarial expectations,
  - an ultimate 70-30 claims expense and the resulting 50-50 and 70-30 outstanding claims reserves,
  - settlement trajectories for these outstanding claims reserves and for premiums not yet written;
- breakdown by algorithm of the 50-50 and 70-30 outstanding claims reserves for each relevant obligation of the actuarial tranche.

The 70-30 outstanding claims reserves are the reserves that are included in CCR's statutory financial statements.

This process along with the actuarial tranches are reviewed by CCR's statutory auditors on a yearly basis. This reserving process has been applied by the CCR Group since 2001.

The quality of reserving is also reviewed by an independent auditor every three years.

Outward reinsurance

The reserving process for the Non-Life and Life outward reinsurance business is managed directly by the Reinsurance Department as assisted by the Technical Accounting team. Ultimate premiums and claims for each policy are estimated each quarter by the Reinsurance Department. Based on this, the Technical Accounting team estimates outstanding claims reserves ceded and premiums to be ceded.

Outward reinsurance may be managed on a policy-by-policy basis, insofar as it is far less significant (less than 20 policies per new retrocession program) and losses are extremely rare.

In outward reinsurance, since there is less uncertainty surrounding ceded insurance liabilities and CCR has little historical data, the 50-50 outstanding claims reserves ceded are the same as the 70-30 outstanding claims reserves ceded.

Allocation of lines of business

At the date of this report, CCR's portfolio covered the following lines of business (LoB):

- Motor vehicle liability insurance
- Marine, aviation and transport insurance
- Fire and other damage to property insurance
- General liability insurance
- Credit and suretyship insurance
- Miscellaneous financial loss
- Non-proportional casualty reinsurance
- Non-proportional marine, aviation and transport reinsurance
- Non-proportional property reinsurance
- Health reinsurance SLT
- Life reinsurance

It is important to note that premium risk currently only arises on property LoBs.

Inward reinsurance

The criteria for defining actuarial tranches are sufficiently precise to allow an appropriate allocation of each actuarial tranche to a given line of business. A reconciliation table has been drawn up and audited by independent experts.

An extract from this table is provided below:

ACTUARIAL TRANCHE		Lines of business	
Identifier	Description	Identifier	Description
LCINV04	Auto_RC_France_X	I000026	Reins TPL
LCINV05	Auto_RC_UK_X	I000026	Reins TPL
LCINV06	Auto_RC_X	I000026	Reins TPL
LCINV07	Auto_RC_P	I000016	Motor
LCINV08	CAT_Non_Vie	I000028	Reins Property

Since any inward reinsurance business is allocated to a given actuarial tranche, it is necessarily allocated to a single line of business.

Outward reinsurance

As retrocession treaties can simultaneously cover several lines of business, outstanding claims reserves ceded and premiums ceded are broken down pro rata by line of business, based on the LoB allocation of inward reinsurance covered by the retrocession treaty.

Best estimate and risk margin valuation approach

CCR Re's Actuarial & Risks Division is responsible for calculating the best estimate of the liability and the risk margin.

Best estimate

Inward reinsurance

Inward reinsurance resulting from actuarial tranches is broken down by line of business (LoB).

The criteria for defining actuarial tranches are sufficiently precise to allow an appropriate allocation of each actuarial tranche to a given line of business. A reconciliation table was drawn up and audited by PwC in late 2015. Since any inward business is allocated to a given actuarial tranche, it is necessarily allocated to a single line of business.

Future flows used as inputs for the best estimate calculation are based on settlements of the 50-50 outstanding claims reserves for each actuarial tranche and the associated premiums not yet written (also on a 50-50 basis), plus settlements of provisions for claims management expenses, administrative costs, investment fees and overheads. Settlements are made at the "currency x actuarial tranche" level.

These flows are discounted on a currency by currency basis by reference to EIOPA risk-free interest rate curves with a volatility adjustment at the calculation date.

The combination per line of business (application of the actuarial tranche/LoB reconciliation table) – and then for all LoBs combined – of the best estimate of premiums and claims for each actuarial tranche, respectively gives the best estimate before premiums and claims per LoB and the best estimate before final inward reinsurance.

Tests are performed during the process to ensure that all 50-50 outstanding claims reserves recorded for accounting purposes along with earned premiums not yet written are duly included in the best estimate calculation.

In terms of currencies, CCR's financial statements include some 100 different currencies due to its international reinsurance business. For at least 95% of the data, the best estimate is calculated and discounted for each currency, with different yield curves for each. The remaining data are discounted using the USD yield curve, as they give rise to financial flows essentially denominated in US dollars (e.g., HKD, MYR, etc.).

CCR's claims handling expenses are included in the 50-50 outstanding claims reserves and are recorded in an account created for this purpose.

In terms of both inward and outward reinsurance, the best estimate of premiums and claims is separated upstream, on the undiscounted settlement flows included in the best estimates and at a "line of business x currency" level, by reference to quantities reported under French GAAP at this level. Reported claims reserves under French GAAP are calculated for each contract using the CCR Group's AGIR system, based on contractual information and representing the portion of claims arising after the recognition date. These reserves are combined at the "line of business x currency" level and applied to the corresponding flows in order to determine the premium portion and therefore the claims portion.

Outward reinsurance

As retrocession treaties can simultaneously cover several lines of business, outstanding claims reserves ceded and premiums ceded are broken down pro rata by line of business, based on the LoB allocation of inward reinsurance covered by the retrocession treaty and on claims recognized for accounting purposes.

The best estimate of outward reinsurance liabilities is calculated in the same way as for inward reinsurance liabilities, based on reserves for outstanding claims and ceded premiums not yet written and taking into account settlement trajectories supplied by experts in the Reinsurance Department. The present value of premiums to be ceded is shown within liabilities in the Solvency II balance sheet. Tests are also built into the calculation process to verify that all of the above items are included in the best estimate calculation.

Inward reinsurance net of outward reinsurance

The best forward estimates of inward reinsurance net of outward reinsurance used to calculate the risk margin is determined based on all of the above items.

Risk margin

The risk margin is calculated on an aggregate basis using the simplified method set out in Article 58 (a) of Delegated Regulation 2015/35. The various "forward" SCR components are estimated for each future year until CCR's liabilities have been settled.

These estimates are based on Solvency II results at the calculation date, on CCR's accounting data, and on processes supported and validated by PwC during its end-2015 review. Aggregate forward SCRs are calculated by combining the forward components. The overall risk margin is then determined by discounting these forward SCRs.

Risk margins per line of business are inferred from the overall risk margin, in proportion to the best estimates per line of business.

Valuation for solvency and financial reporting purposes

There are no differences between the value of technical reserves for solvency purposes and the value of those reserves for financial reporting purposes: the same data, methods and key valuation assumptions are used.

Change in assumptions used to calculate technical reserves

The assumptions used by CCR to calculate technical reserves have not changed since December 31, 2020.

Technical reserves and special purpose vehicles at the date of this report

Best estimate of inward and outward reinsurance liabilities and the risk margin

Liabilities (in thousands of euros)		Solvency II value C0010
Technical provisions - Non-Life	R0510	3,965,629
Technical provisions - Non-Life (excluding health)	R0520	3,965,629
Technical provisions calculated as a whole	R0530	
Best estimate	R0540	3,548,005
Risk margin	R0550	417,624
Technical provisions - health (similar to Non-Life)	R0560	
Technical provisions calculated as a whole	R0570	
Best estimate	R0580	
Risk margin	R0590	
Technical provisions - Life (excluding index-linked and unit-linked)	R0600	14,820
Technical provisions - health (similar to Life)	R0610	466
Technical provisions calculated as a whole	R0620	
Best estimate	R0630	417
Risk margin	R0640	49
Technical provisions - Life (excluding health and index-linked and unit-linked)	R0650	14,354
Technical provisions calculated as a whole	R0660	
Best estimate	R0670	12,842
Risk margin	R0680	1,512
Technical provisions - index-linked and unit-linked	R0690	
Technical provisions calculated as a whole	R0700	
Best estimate	R0710	
Risk margin	R0720	

Assets (in thousands of euros)		Solvency II value C0010
Reinsurance recoverables from:	R0270	43,018
Non-Life and health similar to Non-Life	R0280	29,821
Non-Life excluding health	R0290	29,821
Health similar to Non-Life	R0300	
Life and health similar to Life, excluding health and index-linked and unit-linked	R0310	13,198
Health similar to Life	R0320	415
Life excluding health and index-linked and unit-linked	R0330	12,783
Life index-linked and unit-linked	R0340	

Special purpose vehicles
CCR has no special purpose vehicles in its Solvency II balance sheet at the date of this report.

Matching adjustment – volatility adjustment – transitional measures
CCR has applied the volatility adjustment referred to in Article 77(5) of Directive 2009/138/EC since the Solvency II quarterly valuation exercise at March 31, 2020. Best estimate and Solvency II margin variances, before and after the volatility adjustment, are analyzed regularly by CCR.

The results of applying the volatility adjustment are reported in S22.01 and S22.06. The analysis of Solvency II margin variances has been an integral part of CCR's ORSA since December 31, 2020.

At the date of this report, CCR does not apply:

- the matching adjustment referred to in Article 77(b) of Directive 2009/138/EC (it applies the principle of singularity for its assets);
- the transitional risk-free interest rate term structure referred to in Article 308(c) of Directive 2009/138/EC;
- the transitional deduction referred to in Article 308(d) of Directive 2009/138/EC.

2.2 Value of other liabilities

The value of other liabilities in the Solvency II balance sheet is as follows at the date of this report:

Liabilities (in thousands of euros)		Solvency II value C0010
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	13,206
Pension benefit obligations	R0760	5,992
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	391,324
Derivatives	R0790	
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance and intermediaries payables	R0820	0
Reinsurance payables	R0830	113,800
Payables (trade, not insurance)	R0840	24,242
Subordinated liabilities	R0850	
Subordinated liabilities not in Basic Own Funds	R0860	
Subordinated liabilities in Basic Own Funds	R0870	
Any other liabilities, not elsewhere shown	R0880	1,632
TOTAL LIABILITIES	**R0900**	**4,530,647**
EXCESS OF ASSETS OVER LIABILITIES	**R1000**	**4,876,836**

4

Other technical provisions

Other technical reserves comprise equalization reserves and outstanding claims reserves as required under Article 431 of the French Insurance Code relating to CCR. In the Solvency II balance sheet, these reserves are included in directly in own funds, without any need to restate technical reserves. They are reported in the French GAAP balance sheet for an amount of €1,151 million. In the Solvency II balance sheet, there is no corresponding caption.

Provisions other than technical provisions

This caption corresponds to miscellaneous provisions other than technical reserves. The total value of this item in the statutory financial statements is discounted over one year using a fixed rate, with the assumption that, in a runoff scenario, it will be settled within one year.

Pension benefit obligations

These items are already measured in accordance with IAS 19 in the statutory balance sheet and are not therefore restated in the Solvency II balance sheet.

Deferred tax liabilities

Deferred tax liabilities mainly consist of taxation of unrealized capital gains not yet liable for tax and of the portion of the equalization reserve not yet liable for tax. Deferred tax liabilities are measured using a tax rate of 25.83%, corresponding to the rate expected to apply when the temporary differences reverse, based on the latest information concerning corporate income tax rates available at December 31, 2022.

Reinsurance payables

This caption includes outstanding outward reinsurance payables, particularly outstanding premiums subject to reinsurance.

Payables (trade, not insurance)

This caption includes outstanding amounts payable to other CCR debtors, particularly the French State. Income tax will be assigned to this account if any amount remains payable. The total value of this item in the statutory financial statements is discounted over one year using a fixed rate, with the assumption that, in a runoff scenario, it will be settled within one year.

Any other liabilities, not elsewhere shown

At the date of this report, no liabilities were recorded on this line.

Value for solvency and financial reporting purposes

There are no differences between the value of other liabilities for solvency purposes and the value of other liabilities for financial reporting purposes: the same data, methods and key valuation assumptions are used.

3 OTHER KEY INFORMATION

There is no other key information relating to the valuation of assets and liabilities for solvency purposes.

5

CAPITAL MANAGEMENT

CAPITAL MANAGEMENT

1 CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

1.1 Objectives

CCR's capital management is designed to continually protect, increase and earn a return on its own funds within the adopted risk appetite framework.

In a favorable insurance year, CCR sets aside amounts to its equalization and other reserves in order to meet its target return on capital.

CCR has set profitability objectives in all of its businesses:
- in terms of underwriting public reinsurance;
- in terms of its financial investments.

1.2 Policy

These objectives are primarily pursued within the risk appetite framework adopted by CCR.

CCR has set itself the objective of a 115% solvency coverage ratio over the period covered by its business plan. The risk appetite strategy is discussed in further detail in the ORSA report.

The strategy enables:
- CCR to maintain a level of capital in line with the risks underwritten and limits set;
- risk budgets to be assigned to financial investments each year.

These amounts can then be factored into the work of the Underwriting and Finance teams.

Protection of own funds

To increase its financial strength, CCR has developed a capital protection strategy. This is applied through:
- the reinsurance and financial risk mitigation policy;
- the equalization reserve management policy currently being developed;
- the risk management policy;
- the implementation of management initiatives where appropriate.

Details of these policies are provided in the corresponding documentation.

1.3 Procedures

CCR implements the corporate strategy validated by its Board of Directors and follows the priorities set out in its three-year business plan.

The business plan is revised each year to reflect any market developments.

The following inputs are therefore recalculated each year and monitored on an ongoing basis:
- risk appetites and risk tolerance limits;
- risk budgets used – State guarantees, Finance.

The calculations are made by the Actuarial & Risks Division.

This Division is also responsible for ensuring that risk budgets are respected.

Each year, the Board of Directors validates proposals for additional risk budgets put forward by the Actuarial & Risks Division, subject to the risk tolerance limits set.

After approval of the Board of Directors, any additional budgets are allocated to the Underwriting and Finance teams and used in accordance with existing policies and guidelines. They are rolled down into risk limits which are taken up in capital protection policies and underwriting guides, and in the finance rules and regulations revised on a yearly basis.

Ongoing monitoring of the various activities rounds out this process, and enables management initiatives to be set in motion where necessary, for example changing the investment strategy, deciding not to renew loss-making or unprofitable businesses, and temporarily reducing or increasing underwriting capacity. These changes are made in compliance with the ORSA policy.

1.4 Changes during the last reference period

No changes were observed in capital management principles in the last reference period.

2 SOLVENCY II OWN FUNDS AT DECEMBER 31, 2022

2.1 Structure, quality and amount of Solvency II own funds

Basic own funds	Excess of assets over liabilities	€4,877 million
	Subordinated liabilities	-
	Treasury shares	-
Ancillary own funds		-
Total Solvency II own funds at December 31, 2022, before dividend payouts		**€4,877 million**
Dividends		€0 million
Total Solvency II own funds at December 31, 2022, after dividend payouts		**€4,877 million**

CCR does not have any subordinated liabilities, treasury shares or ancillary own funds.

All of CCR's Solvency II own funds are classified as tier 1 (see below).

2.2 Reconciliation of equity in the statutory financial statements with Solvency II own funds

CCR's equity at December 31, 2022 amounted to €2.568 billion before dividends in its French GAAP financial statements, compared to €4.877 billion after dividends in the Solvency II balance sheet.

Solvency II own funds are much higher than equity in the statutory financial statements. This chiefly reflects the amount of unrealized capital gains on CCR's investment portfolio at December 31, 2021, along with the inclusion of equalization reserves and outstanding claims reserves as required under Article 431 of the French Insurance Code in Solvency II own funds. It also reflects restatements of technical liabilities made for Solvency II purposes.

2.3 Change in Solvency II own funds between December 31, 2021 and December 31, 2022

Solvency II own funds after dividends fell by €1,143 million from €6,019 million at December 31, 2021 to €4,877 million at December 31, 2022.

3 SCR AND MCR COVERAGE RATIOS AT DECEMBER 31, 2022

Solvency II own funds after dividends totaled €4,877 million. Due to their make-up, all Solvency II own funds are eligible for inclusion in SCR and MCR coverage ratios:

- the SCR came out at €2,941 million, representing an SCR coverage ratio of 165.8%.
- the MCR came out at €735 million, representing an MCR coverage ratio of 663.3%.

The SCR coverage ratio before the volatility adjustment stood at 164.4%.

(in millions of euros)	After VA	Before VA
Solvency II own funds after dividend payouts	4,877	4,856
Solvency II own funds eligible for inclusion in SCR coverage ratio	4,877	4,856
SCR	2,941	2,953
SCR COVERAGE RATIO (Solvency II)	**165.8%**	**164.4%**

Applying the volatility adjustment at December 31, 2021 increased the SCR coverage ratio by 1.4%.

The limited impact was due to the risk profile of CCR's reinsurance portfolio (reflecting the relatively short duration of its reinsurance liabilities) and the low values on the date of the volatility adjustments by currency.

4 OWN FUNDS AND TRANSITIONAL MEASURES

The transitional measures referred to in Article 308 (b), paragraphs 9 and 10 of Directive 2009/138/EC do not apply to CCR.

5 DESCRIPTION OF ANCILLARY OWN FUNDS

CCR had no ancillary own funds at the date of this report.

6 AVAILABILITY AND TRANSFERABILITY OF SOLVENCY II OWN FUNDS

All of CCR's own funds belong to CCR and are deemed to be available and transferable within the scope of applicable regulations.

7 CALCULATION OF SCR, MCR AND ELIGIBLE OWN FUNDS

7.1 Method and options used

CCR applies the standard formula to calculate the SCR and its sub-components, as well as the MCR.

7.2 Loss-absorbing capacity of deferred taxes

CCR includes deferred taxes in its loss-absorbing capacity during an "equivalent scenario"-type stress. Deferred taxes are valued based on the balance sheets drawn up for tax, accounting and Solvency II purposes.

Regarding the inclusion of future tax credits in the calculation of deferred taxes, CCR believes, where appropriate and based on the visibility provided by its business plan, that it could justify recognizing €150 million in deferred tax assets for tax credits, based on a 2-year post-stress projection period.

A project was launched in 2020 to produce a documented process for analyzing this amount in accordance with regulatory requirements. This project had made significant progress at the year-end.

Excluding the €150 million, CCR's SCR would be €3,091 million versus €2,941 million, and its SCR coverage ratio would be 157.8% versus 165.8%.

7.3 Look-through approach

CCR has adopted a line-by-line look-through approach covering 89% of its investments under delegated management and 97% of its total investments under direct and delegated management, based on market values.

In the absence of detailed information, the estimated capital for the additional percentage of investments is prudent and based on the highest risk profile within the meaning of the technical specifications, i.e., a type 2 equities profile.

7.4 Ring-fenced funds

There are no ring-fenced asset funds. In terms of liabilities, CCR applies the rules adopted for managing public reinsurance technical liabilities, which do not in substance represent ring-fenced liabilities for CCR.

7.5 Simplified approaches used

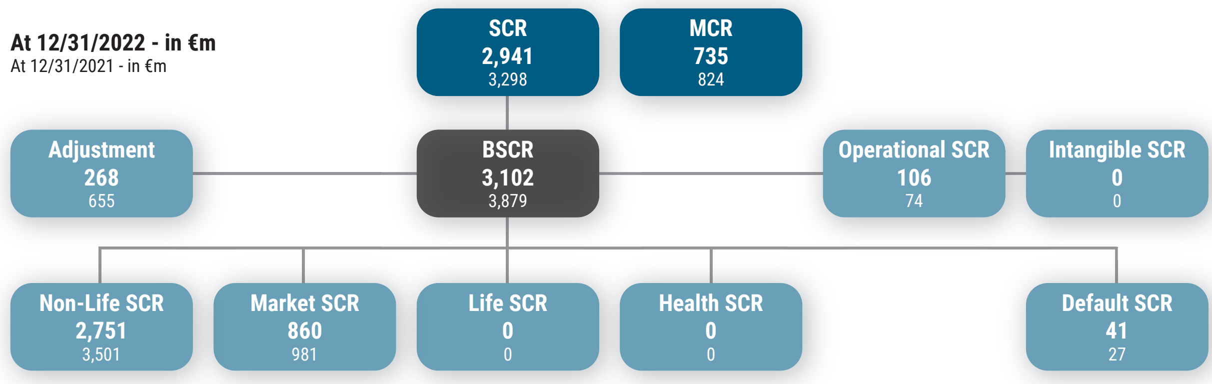
CCR did not use any simplified approach in calculating its capital requirements.

7.6 Difficulties encountered

CCR did not encounter any difficulties in estimating its capital requirements by risk profile, such as estimated under the standard formula.

8 SCR AND MCR

At December 31, 2022, CCR's SCR was estimated at €2,941 million versus €3,298 million at the previous year-end and its MCR was estimated at €735 million versus €824 million.



During the year, the main changes in the SCR resulted from:

- the decrease in the Natural Disaster SCR sub-module within the Non-Life SCR, moderated by the rise in the SCR for Premiums and Non-Life Reserves due to the increase in CCR's technical reserves;
- the decrease in the Market risk SCR, reflecting developments in the financial markets during the year;
- the decrease in term adjustments due to the decrease in deferred taxes.

9 CHANGES IN THE SOLVENCY MARGIN SINCE DECEMBER 31, 2021

Valuation date	Solvency margin
December 31, 2021	182.5%
December 31, 2022	165.8%

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APPENDICES: QRT

LIST OF QRT SCHEDULES:

The following schedules are not applicable to CCR:

S.25.02.21: Partial internal model

S.25.03.21: Full internal model

N.B.: to provide readers with a better understanding of the schedules, the columns relating to lines of business for which CCR has no commitments are not presented in certain schedules.

1 S.02.01.02: Balance sheet

Assets		Solvency II value
		C0010
Intangible assets	R0030	
Deferred tax assets	R0040	273,561
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	80,300
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	8,627,984
Property (other than for own use)	R0080	330,530
Holdings in related undertakings, including participations	R0090	992,504
Equities	R0100	76,887
Equities - listed	R0110	3,555
Equities - unlisted	R0120	73,332
Bonds	R0130	4,397,067
Government bonds	R0140	1,395,872
Corporate bonds	R0150	3,001,195
Structured notes	R0160	
Collateralized securities	R0170	
Collective investment undertakings	R0180	2,750,900
Derivatives	R0190	
Deposits other than cash equivalents	R0200	80,096
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	
Loans and mortgages	R0230	77,378
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	750
Other loans and mortgages	R0260	76,628
Reinsurance recoverables from:	R0270	43,018
Non-Life and health similar to Non-Life	R0280	29,821
Non-Life (excluding health)	R0290	29,821
Health similar to Non-Life	R0300	
Life and health similar to Life, excluding health and index-linked and unit-linked	R0310	13,198
Health similar to Life	R0320	415
Life excluding health and index-linked and unit-linked	R0330	12,783
Life index-linked and unit-linked	R0340	
Deposits to cedants	R0350	4,248
Insurance and intermediaries receivables	R0360	47,689
Reinsurance receivables	R0370	246
Receivables (trade, not insurance)	R0380	83,063
Own shares (held directly)	R0390	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	
Cash and cash equivalents	R0410	169,994
Any other assets, not elsewhere shown	R0420	
TOTAL ASSETS	**R0500**	**9,407,483**

Liabilities

		Solvency II value
		C0010
Technical provisions - Non-Life	R0510	3,965,629
Technical provisions - Non-Life (excluding health)	R0520	3,965,629
Technical provisions calculated as a whole	R0530	
Best estimate	R0540	3,548,005
Risk margin	R0550	417,624
Technical provisions - health (similar to Non-Life)	R0560	
Technical provisions calculated as a whole	R0570	
Best estimate	R0580	
Risk margin	R0590	
Technical provisions - Life (excluding index-linked and unit-linked)	R0600	14,820
Technical provisions - health (similar to Life)	R0610	466
Technical provisions calculated as a whole	R0620	
Best estimate	R0630	417
Risk margin	R0640	49
Technical provisions - Life (excluding health and index-linked and unit-linked)	R0650	14,354
Technical provisions calculated as a whole	R0660	
Best estimate	R0670	12,842
Risk margin	R0680	1,512
Technical provisions - index-linked and unit-linked	R0690	
Technical provisions calculated as a whole	R0700	
Best estimate	R0710	
Risk margin	R0720	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	13,206
Pension benefit obligations	R0760	5,992
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	391,324
Derivatives	R0790	
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	0
Reinsurance payables	R0830	113,800
Payables (trade, not insurance)	R0840	24,242
Subordinated liabilities	R0850	
Subordinated liabilities not in Basic Own Funds	R0860	
Subordinated liabilities in Basic Own Funds	R0870	
Any other liabilities, not elsewhere shown	R0880	1,632
TOTAL LIABILITIES	**R0900**	**4,530,647**
EXCESS OF ASSETS OVER LIABILITIES	**R1000**	**4,876,836**

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2 S.05.01.02.01: Non-Life - Premiums, claims and expenses by line of business

		Line of business for: Non-Life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)				Line of business for: accepted non-proportional reinsurance			
		Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	General liability insurance	Casualty	Marine, aviation and transport insurance	Property	TOTAL
		C0060	C0070	C0080	C0090	C0140	C0150	C0160	C0200
PREMIUMS WRITTEN									
Gross - direct business	R0110								
Gross - proportional reinsurance accepted	R0120	913	890,387		311				891,611
Gross - non-proportional reinsurance accepted	R0130					217		185,425	185,643
Reinsurers' share	R0140	42	94,363		72	217		17,302	111,997
Net	**R0200**	**871**	**796,024**		**238**	**0**		**168,123**	**965,256**
PREMIUMS EARNED									
Gross - direct business	R0210								
Gross - proportional reinsurance accepted	R0220	913	1,007,897		1,468				1,010,278
Gross - non-proportional reinsurance accepted	R0230					217		185,436	185,654
Reinsurers' share	R0240	42	95,716		72	217		16,019	112,067
Net	**R0300**	**871**	**912,181**		**1,396**	**0**		**169,417**	**1,083,865**
CLAIMS INCURRED									
Gross - direct business	R0310								
Gross - proportional reinsurance accepted	R0320	(258)	2,072,538	228	(54,198)				2,018,310
Gross - non-proportional reinsurance accepted	R0330					(3,116)	(20)	147,586	144,450
Reinsurers' share	R0340	17	(3,311)	168	(31)	(3,115)	(20)	(126)	(6,417)
Net	**R0400**	**(276)**	**2,075,848**	**60**	**(54,166)**	**(1)**	**0**	**147,712**	**2,169,178**
CHANGE IN OTHER TECHNICAL PROVISIONS									
Gross - direct business	R0410								
Gross - proportional reinsurance accepted	R0420								
Gross - non-proportional reinsurance accepted	R0430								
Reinsurers' share	R0440								
Net	**R0500**								
Expenses incurred	**R0550**	**8**	**44,821**	**(109)**	**118**	**(1)**	**13**	**5,219**	**50,069**
Other expenses	**R1200**								
TOTAL EXPENSES	**R1300**								**50,069**

3 S.05.01.02 - 02: Life - Premiums, claims and expenses by line of business

		Life reinsurance liabilities		
		Health reinsurance	Life reinsurance	TOTAL
		C0270	C0280	C0300
PREMIUMS WRITTEN				
Gross	R1410	2,096	156	2,252
Reinsurers' share	R1420	2,096	156	2,252
Net	**R1500**	**0**	**0**	**0**
PREMIUMS EARNED				
Gross	R1510	1,908	156	2,063
Reinsurers' share	R1520	1,908	156	2,063
Net	**R1600**	**0**	**0**	**0**
CLAIMS INCURRED				
Gross	R1610	2,921	209	3,130
Reinsurers' share	R1620	2,921	209	3,130
Net	**R1700**	**0**	**0**	**0**
CHANGE IN OTHER TECHNICAL PROVISIONS				
Gross	R1710			
Reinsurers' share	R1720			
Net	**R1800**			
Expenses incurred	**R1900**	**67**	**19**	**86**
Other expenses	**R2500**			
TOTAL EXPENSES	**R2600**			**86**

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4 S.05.02.01 - 01: Non-Life - Premiums, claims and expenses by country

		Home country	Top 5 countries (by amount of gross premiums written) - Non-Life obligations	Total Top 5 and home country
		C0080	C0020	C0140
	R0010			
PREMIUMS WRITTEN				
Gross - direct business	R0110			0
Gross - proportional reinsurance accepted	R0120	891,611		891,611
Gross - non-proportional reinsurance accepted	R0130	185,643		185,643
Reinsurers' share	R0140	111,997		111,997
Net	**R0200**	**965,256**	**0**	**965,256**
PREMIUMS EARNED				
Gross - direct business	R0210			0
Gross - proportional reinsurance accepted	R0220	1,010,278		1,010,278
Gross - non-proportional reinsurance accepted	R0230	185,654		185,654
Reinsurers' share	R0240	112,067		112,067
Net	**R0300**	**1,083,865**	**0**	**1,083,865**
CLAIMS INCURRED				
Gross - direct business	R0310			0
Gross - proportional reinsurance accepted	R0320	2,018,310		2,018,310
Gross - non-proportional reinsurance accepted	R0330	144,450		144,450
Reinsurers' share	R0340	(6,417)		(6,417)
Net	**R0400**	**2,169,178**	**0**	**2,169,178**
CHANGE IN OTHER TECHNICAL PROVISIONS				
Gross - direct business	R0410			0
Gross - proportional reinsurance accepted	R0420			0
Gross - non-proportional reinsurance accepted	R0430			0
Reinsurers' share	R0440			0
Net	**R0500**		**0**	**0**
Expenses incurred	**R0550**	**50,069**		**50,069**
Other expenses	**R1200**			
TOTAL EXPENSES	**R1300**			**50,069**

5 S.05.02.01 - 02: Life – Premiums, claims and expenses by country

		Home country	Top 5 countries (by amount of gross premiums written) - Life obligations	Total Top 5 and home country
		C0220	C0160	C0280
	R1400			
PREMIUMS WRITTEN				
Gross	R1410	2,252		2,252
Reinsurers' share	R1420	2,252		2,252
Net	**R1500**	**0**	**0**	**0**
PREMIUMS EARNED				
Gross	R1510	2,063		2,063
Reinsurers' share	R1520	2,063		2,063
Net	**R1600**	**0**	**0**	**0**
CLAIMS INCURRED				
Gross	R1610	3,130		3,130
Reinsurers' share	R1620	3,130		3,130
Net	**R1700**	**0**	**0**	**0**
CHANGE IN OTHER TECHNICAL PROVISIONS				
Gross	R1710	0		0
Reinsurers' share	R1720	**0**		0
Net	**R1800**	**0**	**0**	**0**
Expenses incurred	**R1900**	**86**		**86**
Other expenses	**R2500**			
TOTAL EXPENSES	**R2600**			**86**

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6 S.12.01.02: Life and health SLT technical provisions

		Accepted reinsurance	Total (Life other than health insurance, incl. unit-linked)	Health reinsurance (reinsurance accepted)	Total (health similar to Life)
		C0100	C0150	C0200	C0210
TECHNICAL PROVISIONS CALCULATED AS A WHOLE	**R0010**				
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0020				
TECHNICAL PROVISIONS CALCULATED AS A SUM OF BE AND RM					
BEST ESTIMATE					
GROSS BEST ESTIMATE	**R0030**	**12,842**	**12,842**	**417**	**417**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	12,783	12,783	415	415
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090	60	60	2	2
RISK MARGIN	**R0100**	**1,512**	**1,512**	**49**	**49**
AMOUNT OF THE TRANSITIONAL ON TECHNICAL PROVISIONS					
Technical provisions calculated as a whole	R0110				
Best estimate	R0120				
Risk margin	R0130				
TECHNICAL PROVISIONS - TOTAL	**R0200**	**14,354**	**14,354**	**466**	**466**

7 S.17.01.02: Non-Life technical provisions

		Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance		Total Non-Life obligation
		Marine, aviation and transport insurance	Fire and other damage to property insurance	Credit and suretyship insurance	Non-proportional casualty reinsurance	Non-proportional property reinsurance	
		C0070	C0080	C0100	C0150	C0170	C0180
Technical provisions calculated as a whole	R0010						
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050						
Technical provisions calculated as a sum of BE and RM							
Best estimate							
Premium provisions							
Gross	R0060	(18)	(158,917)	(8,750)		(24,971)	(192,656)
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140		7				7
Net best estimate of claims provisions	R0150	(18)	(158,924)	(8,750)		(24,971)	(192,664)
Claims provisions							
Gross	R0160	3,070	3,483,922	34,188	24,976	194,506	3,740,662
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	2,520	2,432		24,861		29,813
Net best estimate of claims provisions	R0250	550	3,481,490	34,188	115	194,506	3,710,848
Total best estimate - gross	R0260	3,052	3,325,005	25,438	24,976	169,534	3,548,005
Total best estimate - net	**R0270**	**532**	**3,322,566**	**25,438**	**115**	**169,534**	**3,518,185**
Risk margin	**R0280**	**359**	**391,375**	**2,994**	**2,940**	**19,955**	**417,624**
Amount of the transitional on technical provisions							
Technical provisions calculated as a whole	R0290						
Best estimate	R0300						
Risk margin	R0310						
Technical provisions - total							
Technical provisions - total	R0320	3,411	3,716,381	28,432	27,916	189,490	3,965,629
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	2,520	2,439		24,861		29,821
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	891	3,713,941	28,432	3,055	189,490	3,935,809

8 S.19.01.21: Non-Life insurance claims

Accident year/underwriting year	Z0020	1

Gross claims paid (non-cumulative)

Development year

Year		0	1	2	3	4	5	6	7	8	9	10 & +
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											14,065
Y-9	R0160	23,742	118,427	26,379	9,150	4,763	3,315	2,180	1,534	(1,478)	2,039	
Y-8	R0170	58,621	192,691	47,583	15,410	7,828	6,568	4,545	2,645	1,283		
Y-7	R0180	3,887	237,109	48,265	24,300	16,096	9,212	5,827	3,832			
Y-6	R0190	132,839	292,385	82,144	73,078	61,961	72,286	53,554				
Y-5	R0200	3,607	942,309	429,847	215,158	170,102	108,545					
Y-4	R0210	55,764	244,113	78,747	96,363	111,381						
Y-3	R0220	2,770	174,832	132,234	68,810							
Y-2	R0230	16,029	109,434	59,712								
Y-1	R0240	31,446	146,998									
Y	R0250	11,963										

		Current year	Sum of years (cumulative)
		C0170	C0180
	R0100	14,065	14,065
	R0160	2,039	190,051
	R0170	1,283	337,175
	R0180	3,832	348,529
	R0190	53,554	768,247
	R0200	108,545	1,869,567
	R0210	111,381	586,368
	R0220	68,810	378,646
	R0230	59,712	185,176
	R0240	146,998	178,444
	R0250	11,963	11,963
Total	R0260	582,183	4,868,231

Gross undiscounted best estimate claims provisions

Development year

Year		0	1	2	3	4	5	6	7	8	9	10 & +
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100											93,733
Y-9	R0160	422,682	111,462	68,491	29,502	23,120	14,169	8,668	8,545	8,386	4,868	
Y-8	R0170	608,201	169,214	76,694	46,573	34,287	26,468	20,247	18,713	17,223		
Y-7	R0180	693,094	266,777	116,139	95,569	53,754	41,809	21,149	16,634			
Y-6	R0190	874,824	402,371	292,429	273,361	246,244	186,242	160,902				
Y-5	R0200	2,068,501	1,230,448	726,091	627,345	448,278	366,548					
Y-4	R0210	759,833	651,765	673,431	678,456	541,341						
Y-3	R0220	708,346	542,201	390,445	424,668							
Y-2	R0230	908,725	694,018	535,377								
Y-1	R0240	303,383	503,347									
Y	R0250	1,664,257										

		Year end (discounted data)
		C0360
	R0100	76,097
	R0160	3,129
	R0170	11,726
	R0180	12,572
	R0190	136,059
	R0200	352,224
	R0210	472,244
	R0220	358,691
	R0230	458,986
	R0240	439,033
	R0250	1,419,900
Total	R0260	3,740,662

9 S.22.01.21: Impact of long-term guarantee measures and transitionals

		Amount with long-term guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
Technical provisions	R0010	3,980,449	0	0	28,032	0
Basic own funds	R0020	4,876,836	0	0	(20,956)	0
Eligible own funds to meet the Solvency Capital Ratio	R0050	4,876,836	0	0	(20,956)	0
Solvency Capital Requirement	R0090	2,940,881	0	0	12,268	0
Eligible own funds to meet Minimum Capital Requirement	R0100	4,876,836	0	0	(20,956)	0
Minimum Capital Requirement	R0110	735,220	0	0	3,067	0

10 S.23.01.01: Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
BASIC OWN FUNDS BEFORE DEDUCTION FOR PARTICIPATIONS IN OTHER FINANCIAL SECTORS, AS PROVIDED FOR IN ARTICLE 68 OF DELEGATED REGULATION 2015/35						
Ordinary share capital (gross of own shares)	R0010	60,000	60,000			
Share premium account related to ordinary share capital	R0030					
Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	4,816,836	4,816,836			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160					
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
OWN FUNDS FROM THE FINANCIAL STATEMENTS THAT SHOULD NOT BE REPRESENTED BY THE RECONCILIATION RESERVE AND DO NOT MEET THE CRITERIA TO BE CLASSIFIED AS SOLVENCY II OWN FUNDS						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
DEDUCTIONS						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	4,876,836	4,876,836			

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
ANCILLARY OWN FUNDS						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual-type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					
ELIGIBLE AND AVAILABLE OWN FUNDS						
Total available own funds to meet the SCR	R0500	4,876,836	4,876,836			
Total available own funds to meet the MCR	R0510	4,876,836	4,876,836			
Total eligible own funds to meet the SCR	R0540	4,876,836	4,876,836	0	0	0
Total eligible own funds to meet the MCR	R0550	4,876,836	4,876,836	0	0	
Solvency Capital Requirement	R0580	2,940,881				
Minimum Capital Requirement	R0600	735,220				
Ratio of eligible own funds to SCR	R0620	1.66				
Ratio of eligible own funds to MCR	R0640	6.63				

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		C0060
RECONCILIATION RESERVE		
Excess of assets over liabilities	R0700	4,876,836
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	60,000
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring-fenced funds	R0740	
Reconciliation reserve	R0760	4,816,836
EXPECTED PROFITS		
Expected profits included in future premiums (EPIFP) - Life business	R0770	
Expected profits included in future premiums (EPIFP) - Non-Life business	R0780	(152,154)
TOTAL EXPECTED PROFITS INCLUDED IN FUTURE PREMIUMS (EPIFP)	**R0790**	**(152,154)**

11 S.25.01.21: Solvency Capital Requirement (SCR) - for undertakings on Standard Formula

		Gross solvency capital requirement	Simplifications	USP
		C0110	C0120	C0090
Market risk	R0010	859,739		
Counterparty default risk	R0020	40,852		
Life underwriting risk	R0030	0		0
Health underwriting risk	R0040	0		0
Non-Life underwriting risk	R0050	2,751,328		0
Diversification	R0060	(549,775)		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	**R0100**	**3,102,144**		

CALCULATION OF SOLVENCY CAPITAL REQUIREMENT		C0100
Operational risk	R0130	106,500
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	(267,763)
Capital requirement for business operated in accordance with Article 4 of Directive 2003/41/EC	R0160	
Solvency Capital Requirement excluding capital add-on	**R0200**	**2,940,881**
Capital add-on already set	R0210	
Solvency Capital Requirement	**R0220**	**2,940,881**
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring-fenced funds	R0420	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

APPROACH TO TAX RATE		C0109
Approach based on average tax rate	R0590	1

LOSS-ABSORBING CAPACITY OF DEFERRED TAXES		C0130
LAC DT	R0640	(267,763)
LAC DT justified by reversion of deferred tax liabilities	R0650	(117,763)
LAC DT justified by reference to probable future taxable economic profit	R0660	(150,000)
LAC DT justified by carry back, current year	R0670	
LAC DT justified by carry back, future years	R0680	
Maximum LAC DT	R0690	(828,793)

12 S.28.01.01: Minimum Capital Requirement (MCR) - Only Life or only Non-Life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCRNL Result	R0010	435,014

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	0	0
Income protection insurance and proportional reinsurance	R0030	0	0
Workers' compensation insurance and proportional reinsurance	R0040	0	0
Motor vehicle liability insurance and proportional reinsurance	R0050	0	0
Other motor insurance and proportional reinsurance	R0060	0	0
Marine, aviation and transport insurance and proportional reinsurance	R0070	532	863
Fire and other damage to property insurance and proportional reinsurance	R0080	3,322,566	796,024
General liability insurance and proportional reinsurance	R0090	0	0
Credit and suretyship insurance and proportional reinsurance	R0100	25,438	238
Legal expenses insurance and proportional reinsurance	R0110	0	0
Assistance and proportional reinsurance	R0120	0	0
Miscellaneous financial loss insurance and proportional reinsurance	R0130	0	0
Non-proportional health reinsurance	R0140	0	0
Non-proportional casualty reinsurance	R0150	115	0
Non-proportional marine, aviation and transport reinsurance	R0160	0	0
Non-proportional property reinsurance	R0170	169,534	168,123

Linear formula component for life insurance and reinsurance obligations

		C0040
MCRL Result	R0200	1

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210	0	
Obligations with profit participation - future discretionary benefits	R0220	0	
Index-linked and unit-linked insurance obligations	R0230	0	
Other life (re)insurance and health (re)insurance obligations	R0240	62	
Total capital at risk for all Life (re)insurance obligations	R0250		0

OVERALL MCR CALCULATION		C0070
Linear MCR	R0300	435,016
Solvency Capital Requirement	R0310	2,940,881
MCR cap	R0320	1,323,396
MCR floor	R0330	735,220
Combined MCR	R0340	735,220
Absolute floor of the MCR	R0350	3,900
Minimum Capital Requirement	**R0400**	**735,220**

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