2022 FINANCIAL REPORT

GROUPE
CAISSE CENTRALE DE RÉASSURANCE

CCR | CCR RE

CONTENTS

1 CONSOLIDATED MANAGEMENT REPORT

1.1 Business environment

2022 was a watershed year for the reinsurance sector:

- it followed several loss-making years for the sector, and
- it was characterized by three major events:
  - the war in Ukraine, which had both direct and indirect effects on the reinsurance sector;
  - the end of the low interest rate environment and a widespread surge in inflation (affecting both insurance and reinsurance premiums and losses);
  - Hurricane Ian in the United States.

The year also saw a succession of events which, while not qualifying as major, were nonetheless significant, including hail storms in France, Typhoon Hinnamor in South Korea and flooding in South Africa.

The consequence of this difficult year was a significant decrease in Non-Life reinsurance capacity available for the January 2023 treaty renewal campaign, which was down by an estimated 17% (USD 115 billion). In particular, many reinsurers scaled back their natural disaster commitments.

Strictly speaking, the market did not tighten over the course of 2022 (there was no evidence of a significant rate increase across all markets, all countries or all reinsurance classes) but the first signs of a turnaround nonetheless started to emerge.

CCR Re successfully strengthened its presence:

- in Asia, in new markets such as Cambodia, Thailand and Sri Lanka;
- in Latin America (in Colombia for example);
- in Europe (particularly in Spain).

The year's natural disasters had only a very limited impact on CCR Re:

- the Company had no direct exposure in Russia or Ukraine, and very few indirect exposures in the transport, aviation, and credit sectors;
- it did not incur any direct losses from Hurricane Ian in North America (and indirect losses – arising from a retrocession program – were very low).

However, CCR incurred significant natural disaster losses, with last year's drought representing the most serious event for the natural disaster reinsurance system.

In France, the property-damage market continued to grow, with premiums up by 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 French market is being reshaped by the emergence of "insurtechs", resulting from mergers between leading players such as Generali and La Médicale, new partnerships such as that between Allianz and Crédit Mutuel, and the arrival of new capacity. Mutual insurers still dominate the market but are facing competition from bancassurers and traditional insurance companies.

Lastly, 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.

1.2 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 very well in both Europe and the United States. The Eurostoxx 50 and CAC 40 indices lost 8.5% and 6.7% respectively, while the SP500 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 ten-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 the CCR Group 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. The CCR Group 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.

1.3 Significant events of the year

Cyber attack

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

The Group 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

The post-Covid economic recovery, fiscal stimulus measures and the war in Ukraine combined to drive inflation to levels not seen in Western economies for 30 years. The CCR Group responded by adjusting its policies immediately, at the beginning of 2022:

- underwriting: pricing assumptions for the various business lines were updated throughout the year, taking into account long-term economic and social inflation forecasts in all of CCR Re's host countries;
- technical reserves: the effect of higher-than-expected inflation is conservatively estimated at 12% of the CCR Group's claims reserves, net of reinsurance;
- cost base: the CCR Group continued to support the rapid pace of business growth while keeping general management expenses under control.

War in Ukraine

The war in Ukraine has not had a direct impact on the CCR Group. The Group 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.

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 the temperature peaking 2.3°C above the 1991-2020 average high. 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.

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 finalizing 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 more detail in decrees to be issued by the French Council of STATE in 2023.

1.4 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 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.

Earthquake in Turkey

The earthquake that occurred on February 6, 2023 was extreme in terms of its magnitude (7.8 on the Richter scale) and devastating in terms of its impact on the country's macroeconomic environment and the consequences of many buildings failing to comply with seismic building codes. The available impact models are incapable of capturing the losses associated with this event and the market has decided that they do not represent a suitable basis for cost estimates. CCR Re has based its approach on (i) feedback from individual ceding insurers and brokers, and (ii) exposures at the administrative level of the province multiplied by exposure rates within each province, taking into account the earthquake risk, the population density and the estimated PML[1] for treaties with reported claims. CCR Re currently estimates that its exposure amounts to between €15 million and €30 million after retrocessions and before taxes.

1.5 Financial review

Written premiums

Consolidated gross written premiums for the year (all lines combined, before reinsurance), amounted to €2,066 million, up 9.1% from €1,893 million in 2021. Of the total, 52.2% was generated by the State-guaranteed reinsurance business (55.5% in 2021) and 47.8% by open market reinsurance (44.5% in 2021).

The public reinsurance business (all lines combined and before reinsurance) represented written premiums of €1,080 million, up 2.7% from €1,051 million in 2021. These amounts do not include the open market reinsurance business managed on a run-off basis, the impact of which is minimal (€3 million in 2021, €0 million in 2022).

- Of this amount, 93.2% (€1,006 million) concerned reinsurance of natural disaster risks in France. The €84 million increase in premium income in 2022 (up 9.2%) reflected portfolio changes (€53 million positive impact), prior year adjustments (€9 million positive impact) and new business net of cancellations (€23 million positive impact, with two major ceding insurers joining the natural disaster reinsurance system in 2022).
- 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.

Open market reinsurance premiums written in 2022 totaled €987 million vs. €843 million in 2021, an increase of 17% at both current and constant exchange rates[2].

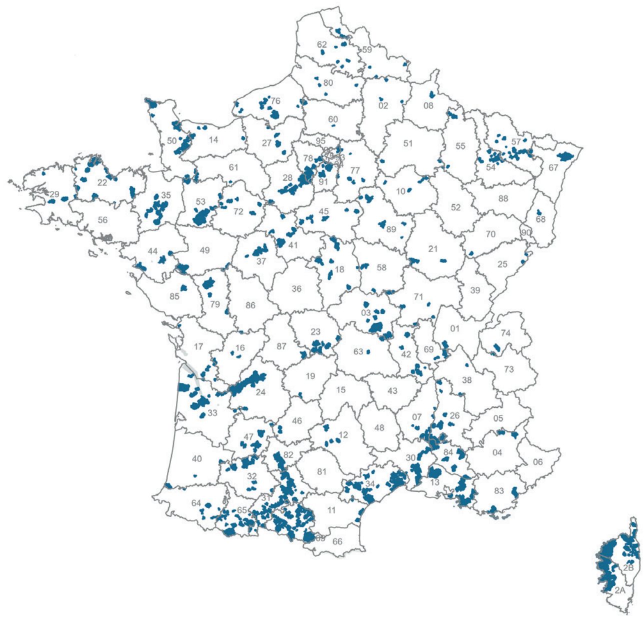
- Premium income breaks down as follows:
  - Non-Life written premiums totaled €653 million, up 20% as reported, and accounted for 66% of total premiums. The €108 million increase versus 2021 corresponded for the most part to new business written in Europe and Asia and the increase in premiums written by ceding insurers.
  - Life written premiums amounted to €334 million, up 12% as reported, and represented 34% of total premiums. The €36 million increase versus 2021 corresponded mainly to new business written in the Middle East, France and Asia.

Ceded premiums

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).

Earned premiums reinsured on the market by CCR Re stood at €72.1 million (2021: €52.2 million), including €17.1 million in fronted premiums (2021: €5.4 million) and €39.7 million in natural disaster premiums (2021: €34.0 million).

1 PML: probable maximum loss.
2 Changes at constant exchange rates correspond to the difference between 2022 premiums converted at the December 31, 2021 exchange rate and 2021 premiums converted at the December 31, 2021 exchange rate.



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

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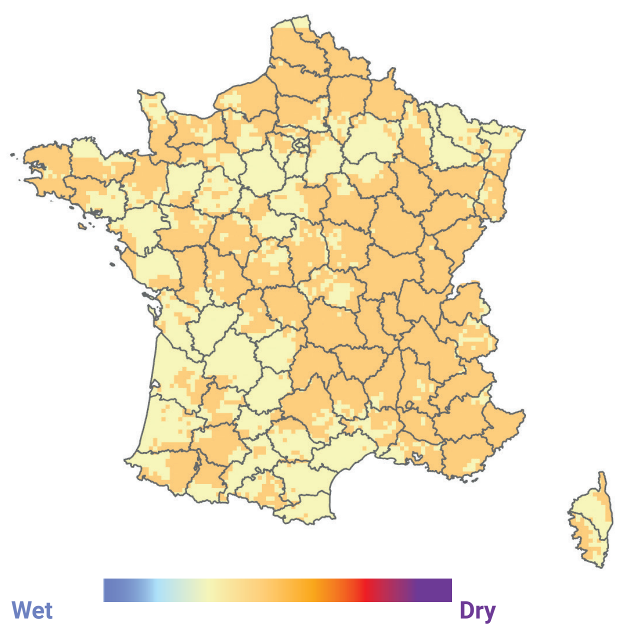


Intensity of the spring 2022 drought in France

Loss ratios

Public reinsurance

The technical balance[3] 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.

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 events in recent years led CCR to release a total of €2.5 billion from this reserve, reducing it to its lowest level since 2001 in 2022. 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.

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

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.

Open market reinsurance

Non-life natural disaster losses after reinsurance represented €35 million (2021: €43 million). The 2022 total included the cost of damage caused by hail storms in France in May-June 2022, which represented losses of €30 million before reinsurance (€15.5 million after reinsurance).

Major man-made disaster claims represented losses of €34 million before and after reinsurance (2021: €15 million after reinsurance), including losses related to the war in Ukraine for €12 million.

The Life reinsurance business's technical margin[4] increased to 3.6% in 2022 from 3.1% the previous year. The improvement in profitability was limited by the effects of inflation.

In this context, the 2022 technical balance was at break-even.

Combined ratio

At December 31, 2022, the CCR Group's combined ratio stood at 100.9%, breaking down as:

- a loss ratio[5] of 88.2%;
- an expense ratio[6] of 12.7%.

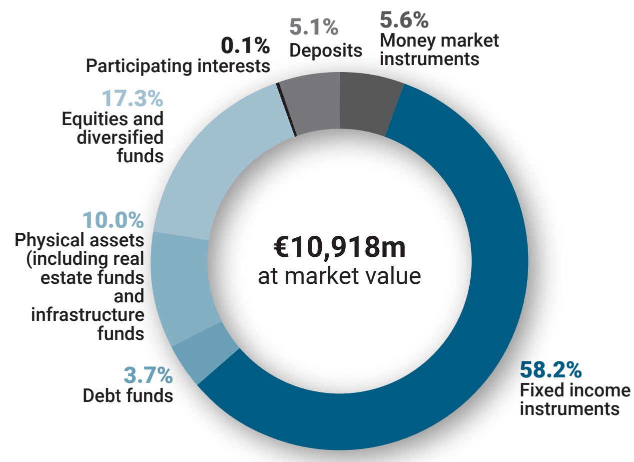
Net investment income

Net investment income amounted to €132 million, consisting for the most part of investment revenue for €99 million and net realized gains from investments for €33 million. The return on invested assets[7] was 1.4% in 2022 (1.3% in 2021).

Management of financial and real estate investments

Investment portfolio breakdown

Reinsurance investments[8] had a net book value of €10,652.7 million at December 31, 2022 (December 31, 2021: €10,087.4 million). The portfolio's market value was €10,918.2 million, down 3.9% from December 31, 2021.



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

5 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.

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

7 Ratio of net investment income to reinsurance investments, excluding ceding insurer deposits, owner-occupied property, and assets related to subsidiaries.

8 CCR's financial and real estate investments, including cash.

The following table shows the breakdown of the reinsurance investment portfolio at net book value (NBV) and at market value (MV):

Breakdown of Group reinsurance investment portfolio

	Dec. 31, 2021			Dec. 31, 2022			Change			
(in millions of euros)	NBV	MV	% (at MV)	NBV	MV	% (at MV)	NBV	%	MV	%
Money market instruments	640.1	639.6	5.6%	607.7	607.9	5.6%	-32.4	-5.1%	-31.6	-4.9%
Fixed income instruments	6,603.9	6,730.3	59.3%	7,017.3	6,356.4	58.2%	+413.4	+6.3%	-373.8	-5.6%
Debt funds	395.7	412.5	3.6%	399.7	407.7	3.7%	+4.0	+1.0%	-4.8	-1.2%
Physical assets (including real estate funds and infrastructure funds)	463.3	1,059.3	9.3%	484.2	1,086.8	10.0%	+21.0	+4.5%	+27.5	+2.6%
Equities and diversified funds	1,569.3	2,093.6	18.4%	1,575.3	1,890.3	17.3%	+6.1	+0.4%	-203.3	-9.7%
Participating interests	6.2	11.6	0.1%	14.7	15.4	0.1%	+8.5	+137.1%	+3.8	+32.3%
Deposits	408.9	408.9	3.6%	553.7	553.7	5.1%	+144.8	+35.4%	+144.8	+35.4%
TOTAL	10,087.4	11,355.7	100%	10,652.7	10,918.2	100%	+565.4	+5.6%	-437.5	-3.9%
of which investments	9,749.3	11,017.7	97.0%	10,358.3	10,623.7	97.3%	+608.9	+6.2%	-393.9	-3.6%
of which current accounts and cash	338.0	338.0	3.0%	294.5	294.5	2.7%	-43.6	-12.9%	-43.6	-12.9%

As shown in the above table, changes in the structure of the Group's reinsurance investment portfolio in 2022 were as follows:

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- Investments in **money market instruments** represented 5.6% of the total portfolio at market value. They included money market funds for €177.1 million and cash and cash equivalents for €430.6 million.
- **Fixed income instruments** decreased by 5.6% to €6,356.4 million, representing 58.2% of the portfolio at market value. The portfolio of directly held bonds fell 5.5% to €5,046 million (79.4% of the total) and investments in bond funds were down 5.8% at €1,310 million (20.6% of the total). The increase in interest rates in 2022 had the effect of reducing the portfolio's market value by approximately €790 million.
- Investments in **debt funds** amounted to €408 million at market value, representing 3.7% of the total portfolio (unchanged from 2021).
- Investments in **physical assets** amounted to €1,086.8 million at December 31, 2022 and represented 10.0% of the total portfolio. Unrealized gains on directly-owned investment properties increased by 1.7% over the year.
- Investments in **equities and diversified funds** slid 9.7% over the year and represented 17.3% of the total portfolio. The main investments are equity funds (39%), diversified funds (26%) and hybrid securities and alternative investment funds (22%). Net unrealized gains on this asset class were down 40% at €314.9 million (€524.3 million at December 31, 2021).
- Investments in **participating interests** were €8.5 million higher compared to December 31, 2021. The increase corresponded to a subordinated loan granted by CCR Re to its subsidiary Caisrelux.
- **Deposits** with ceding companies represented €554 million (5.1% of the portfolio) at December 31, 2022. The €145 million increase compared to the previous year-end was consistent with business growth over the year.

At December 31, 2022, financial investments meeting **environmental, social and governance (ESG)** criteria stood at €3,239.8 million at market value, stable compared with end-2021 and representing 29.7% of total reinsurance investments.

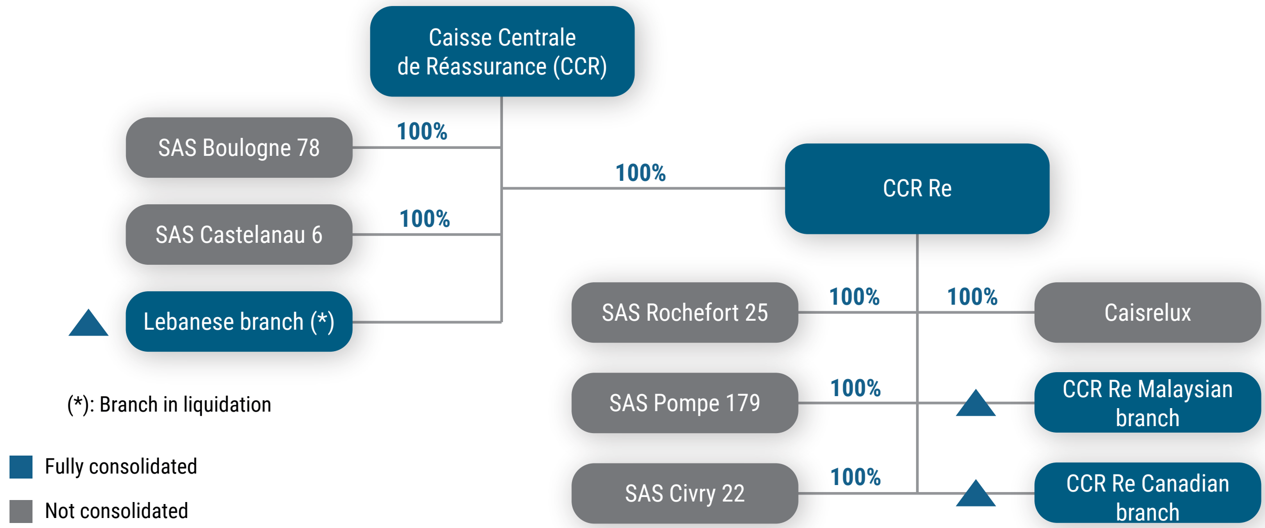
Net income for the year

Consolidated net income for the year amounted to €164 million (2021: €196 million), breaking down as follows:

- The reinsurance technical balance was a loss of €18 million.
- Net investment income amounted to €132 million.
- Non-recurring income and expenses represented a net expense of €14 million, corresponding mainly to the €13.20 million provision for contingencies set aside in connection with a tax audit.
- Income tax for the year was a benefit of €64 million, as a result of the negative technical result and changes for 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 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.

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1.6 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.

For its part, CCR Re will pursue its strategy to drive business growth in 2023.

During the January 2023 treaty renewal campaign, CCR Re benefited considerably from the toughest market conditions since 2001. Premium bases rose significantly, more or less across the board and for all classes of business, and reinsurance rates also increased.

For everyone across the market, the treaty renewal exercise was difficult from a commercial standpoint. CCR Re emerged as a company providing increased natural disaster reinsurance capacity (in nominal terms) and offering increased shares, with popular cross-business offers (Life, Non-Life and Specialty) covering the full range of clients' needs under their programs.

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.

The CCR Group 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. It also believes that the 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%, the CCR Group considers that the best strategy consists of investing in high quality bonds.

1.7 Forward financial instruments policy

Currency risk results from differences between assets and liabilities in each currency.

It is impossible to exactly match assets and liabilities in each currency on a continuous basis. CCR Re endeavors to limit the balance sheet's exposure to currency risks and uses hedging instruments to reduce the impact of exchange rate fluctuations.

Currency risk is managed using a certain number of indicators to assess the risk from different angles, currency by currency.

Hedging instruments include forward foreign exchange contracts and derivative instruments (non-deliverable forwards) for non-convertible currencies. Realized and unrealized gains and losses on forward financial instruments used in yield strategies are recorded directly in the income statement, as allowed under paragraph 3012-3 of Regulation CRC 2002-09 for forward contracts.

1.8 Research and development activity

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

Modeling and R&D activities

- During 2022, several improvements were made to the flood model to improve modeling of the losses caused by rivers breaking their banks.
- The CCR Group participates in research projects on the subject of flooding.
- 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.
- The work on earthquake risk was used to develop an operational model, the results of which have been incorporated into the CCR Group's partial internal model (PIM) for estimating its natural disaster risks.

- In terms of services, CCR Group 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, in collaboration with Institut Agro Rennes and Météo-France, on the modeling of the consequences of extreme climate events (drought and excess water) on crop production in France over the period to 2050. 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.

Data science and actuarial projects

- Continued execution of a research project in partnership with Paris V University's Applied Mathematics Laboratory (MAP5) on machine learning modeling techniques. These techniques will be used to estimate the geotechnical effects of drought.
- Ongoing research project in partnership with Mines ParisTech's Geosciences Center on dual geostatistical and Bayesian approaches to estimating insured values.
- In the area of anthropic risk, finalization of an internship on cyber risk modeling. This internship will continue in 2022 under a work-study program overseen jointly by ISUP and CCR.
- Development of a nuclear accident simulation model to support nuclear third-party liability pricing decisions.

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 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.

Automation

During the year, CCR Re continued to deploy its automated solution for the input of broker accounts, accounts e-processing. A total of 29% of broker accounts were processed using this software in 2022, placing the Company on track to meet its target coverage rate of 40%. By enabling accountants to spend more time on analyzing and checking broker accounts, rather than on entering the data, it plays an important role in managing data quality risk.

Since 2020, the value added by these solutions has encouraged CCR Re to continue leveraging new technologies such as robotics, text mining and artificial intelligence. The digital applications team has been strengthened to pursue research into new tools in POC mode with the operational teams.

The main development projects in 2022 concerned:

- **contractual e-processing**: the equivalent of accounts e-processing, but for contract management. The purpose of this software is to read, analyze and transcribe contractual documents received in electronic format. It should help to automate the input of contract data in CCR Re's contract management system and allow for faster reading and use of contract documents. It is currently in the process of being deployed and will add to the existing data quality measures.
- **clause analysis project**: a tool for identifying and analyzing contractual clauses before the treaties are signed. Its purpose is to automate the pre-signature analysis of contractual documents by:
  - comparing their clauses to CCR Re's standard clauses, and
  - checking the clauses against a checklist of mandatory clauses.

  By plugging the tool into the search engine, users will be able to detect any changes made to CCR Re's standard clauses to take account of practices in a specific market or the needs of a specific ceding insurer, and also to identify new clauses by geographic area.

Capital model

In 2022, CCR Re also continued to develop its **capital model** for internal risk assessment purposes. This model is used to measure the sensitivity of the Company's risk profile to a potential strategic decision, such as an increase in exposure to a given country or a change in gross written premiums derived from a specific class of reinsurance or a specific geographic area. Particular care has been taken to better capture CCR Re's natural and man-made disaster exposure in all countries and to measure the alignment of its outward reinsurance programs with its risk appetite.

For the past three years, this model has been used to determine the risk capital allocated to new non-life reinsurance business by measuring the return on the allocated amounts. The modeled operational risk module is interfaced with the operational risk mapping database, which includes the major risk assessments used by the model. The capital model uses the results (distribution curve for random expense variables) of the CCR Re natural disaster model. It provides an estimate of the amount of capital to be tied up (according to the chosen metric); as well as a visual simulation of the portfolio diversification effect and the portfolio's allocation between the different entities, territories and lines of business.

PARI university chair

Since 2018, CCR has supported the PARI university chair and its 2018-2022 research program on the challenges of big data for the insurance sector. One of the aims is to examine the link between solidarity (which is necessary for natural disaster insurance) and segmentation (which is becoming possible as the models become more detailed and should ultimately pave the way for risk selection). The research program is being led by Science Po Paris, ENSAE and Institut Louis Bachelier.

1.9 Other information

Calculation of financial indicators

Non-Life combined ratio

The loss ratio corresponds to losses and loss adjustment expenses, net of reinsurance, divided by earned premiums net of reinsurance.

The expense ratio corresponds to the sum of profit and other commissions paid to ceding insurers, the change in deferred acquisition costs, reinsurance commissions received and management expenses excluding investment expenses and claims management expenses, divided by earned premiums net of reinsurance.

(in millions of euros)	2021R	2022R
Gross written premiums	1,596	1,732
Net earned premiums (A)	**1,545**	**1,642**
Claims expenses and charges to other technical reserves (B)	(1,094)	(1,448)
Loss ratio - (B) / (A)	**70.8%**	**88.2%**
Commissions, fees, other underwriting income and expenses (C)	(283)	(209)
Expense ratio: - (C) / (A)	18.3%	12.7%
NON-LIFE COMBINED RATIO - [(B) + (C)] / (A)	89.1%	100.9%

Cost ratio

The cost ratio corresponds to management expenses net of investment expenses and taxes divided by written premiums before reinsurance.

(in millions of euros)	2021R	2022R
Total management expenses recorded in the income statement	(69.9)	(75.6)
Of which investment expenses	8.2	8.3
Of which taxes	5.6	4.7
TOTAL EXPENSES (FOR THE CALCULATION OF THE COST RATIO) (A)	(56.1)	(62.6)
Gross written premiums before reinsurance, excluding supplier credit support mechanisms (B)	**1,832**	**2,066**
COST RATIO: - (B) / (A)	3.1%	3.0%

Return on invested assets

The return on invested assets corresponds to net investment income divided by reinsurance investments, excluding interest on subordinated debt, excluding miscellaneous adjustments (ceding insurer deposits and owner-occupied property).

(in millions of euros)	2021R	2022R
Net investment income	123.2	132.3
Miscellaneous adjustments (ceding insurer deposits and owner-occupied property)	(4.1)	(4.8)
Cost of debt	8.9	8.9
Net investment income (for the calculation of the return on invested assets)	128.1	136.4
Average reinsurance investments	9,608	9,970
RATE OF RETURN ON INVESTED ASSETS	1.3%	1.4%

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CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET
ASSETS

(in thousands of euros)	NOTES	DEC. 31, 2022	DEC. 31, 2021
INTANGIBLE ASSETS	4.1	7,520	5,474
REINSURANCE INVESTMENTS	4.2	10,365,224	9,748,630
Real estate investments		309,672	302,728
Investments in affiliates and participating interests	4.3	14,700	6,200
Other investments		9,682,474	9,210,923
Cash deposits with ceding insurers		358,378	228,779
REINSURERS' SHARE OF TECHNICAL RESERVES	4.5	94,077	84,873
REINSURANCE RECEIVABLES	4.6	190,068	166,775
OTHER RECEIVABLES	4.6	330,657	188,159
OTHER ASSETS		298,099	341,058
Property and equipment		3,625	3,025
Other		294,474	338,033
ACCRUED INCOME AND PREPAID EXPENSES	4.7	695,758	549,833
Deferred acquisition costs		73,700	61,876
Other		622,058	487,957
TOTAL ASSETS		11,981,403	11,084,802

CONSOLIDATED BALANCE SHEET
EQUITY AND LIABILITIES

(in thousands of euros)	NOTES	DEC. 31, 2022	DEC. 31, 2021
SHAREHOLDERS' EQUITY	**4.8**	**2,981,124**	**2,817,080**
Share capital		60,000	60,000
Additional paid-in capital		-	-
Reserves and retained earnings		2,757,080	2,561,252
Net income for the year		164,044	195,828
SUBORDINATED DEBT	**4.9**	**300,000**	**300,000**
GROSS TECHNICAL RESERVES	**4.10**	**8,393,177**	**7,700,996**
Life technical reserves		282,229	252,972
Non-Life technical reserves		8,110,948	7,448,024
PROVISIONS	**4.11**	**25,318**	**15,923**
REINSURANCE PAYABLES	**4.12**	**52,849**	**40,118**
OTHER LIABILITIES	**4.12**	**180,775**	**170,775**
DEFERRED REVENUE AND ACCRUED EXPENSES	**4.13**	**48,160**	**39,910**
TOTAL EQUITY AND LIABILITIES		**11,981,403**	**11,084,802**

CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	Notes	2022 Non-Life reinsurance	2022 Life reinsurance	2022 Total	2021 Total
Written premiums	6.2	1,874,867	191,222	2,066,089	1,893,154
Change in unearned premium reserves		69,250	(3,197)	66,053	93,716
EARNED PREMIUMS		**1,944,117**	**188,025**	**2,132,142**	**1,986,870**
Other operating revenue		1,209	-	1,209	2,080
Investment income, net of expenses	5.1	103,628	2,476	106,104	92,642
INCOME FROM ORDINARY ACTIVITIES		**104,837**	**2,476**	**107,313**	**94,722**
Reinsurance claims expenses		(1,630,745)	(150,652)	(1,781,397)	(1,356,070)
Income and expenses net of ceded income and expenses		(118,908)	(2,717)	(121,625)	(148,592)
Management expenses		(225,858)	(22,838)	(248,696)	(319,414)
EXPENSES FROM ORDINARY ACTIVITIES		**(1,975,511)**	**(176,207)**	**(2,151,718)**	**(1,824,076)**
INCOME FROM ORDINARY ACTIVITIES		**73,443**	**14,294**	**87,737**	**257,516**
Investment income net of investment expenses	5.1			26,147	30,586
Other income, net				19	4
Non-recurring income and expenses, net	5.4			(14,169)	(3,135)
Employee profit-sharing				-	(620)
Income tax	5.2			64,310	(88,523)
CONSOLIDATED NET INCOME				**164,044**	**195,828**
Basic earnings per share (in euros)				54.68	65.28
Diluted earnings per share (in euros)				54.68	65.28

CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS

(in thousands of euros)	DEC. 31, 2022	DEC. 31, 2021
COMMITMENTS RECEIVED	11,654	10,792
COMMITMENTS GIVEN	15,828	16,414
- Loan guarantees, other guarantees and bonds issued	15,828	16,414
- Securities and other assets purchased under resale agreements	-	-
- Other commitments concerning securities, other assets or revenues	-	-
- Other commitments given	-	-
ASSETS RECEIVED AS COLLATERAL FROM CEDENTS AND REINSURERS	389	373
OTHER RECIPROCAL COMMITMENTS	995	12,438
ASSETS RECEIVED AS COLLATERAL FROM REINSURED INSTITUTIONS WITH A JOINT AND SEVERAL GUARANTEE OR WITH SUBSTITUTION	-	-
ASSETS OWNED BY EMPLOYEE BENEFITS INSTITUTIONS	-	-
OTHER ASSETS HELD ON BEHALF OF THIRD PARTIES	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following notes and tables are an integral part of the consolidated financial statements approved for publication by the Board of Directors on March 29, 2023.

NOTE 1

CONSOLIDATION POLICIES AND METHODS

1.1 Information about the Group

The CCR Group has two main lines of business:

- State-guaranteed reinsurance of natural disaster risks and other exceptional risks, conducted by CCR,
- Open market reinsurance in the French and international markets, conducted by CCR Re.

Both companies have their corporate headquarters at 157, boulevard Haussmann, 75008 Paris, France.

1.2 Accounting principles

The consolidated financial statements of CCR have been prepared in accordance with Regulation ANC 2020-01 on consolidated financial statements dated October 9, 2020, approved by French government order of December 29, 2020 and published in the Official Journal on December 31, 2020.

The consolidated financial statements are presented by operating segment. The Group's two operating segments are Life reinsurance and Non-Life reinsurance.

The consolidated financial statements have been prepared in accordance with the general principle of prudence and the following basic accounting conventions:

- going concern;
- consistent application of accounting methods from one reporting period to the next;
- segregation of reporting periods.

They were approved for publication by the Board of Directors on March 29, 2023.

1.3 Reporting period

The consolidated financial statements have been prepared on the basis of each company's financial statements for the fiscal year ended December 31, 2022, in accordance with Article R.341-4 of the French Insurance Code (*Code des assurances*).

The consolidated income statement presents income and expenses for the period from January 1 to December 31, 2022.

1.4 Basis and methods of consolidation

The basis and methods of consolidation are described in Note 3.

Consolidation methods

The consolidation method applied to each Group company depends on the level of control.

- **Exclusive control:** exclusive control is presumed to be exercised when the Group holds more than 50% of the investee's voting rights, directly or indirectly, unless it can be clearly demonstrated that this ownership interest does not permit the Group to exercise control. Exclusive control is also exercised where the Group holds half or less than half of an investee's voting rights but has the power to direct the investee's financial and operating policies, and designate or remove from office the majority of the members of the Board of Directors or equivalent decision-making body. Companies that are exclusively controlled are fully consolidated.
- **Joint control:** joint control is the contractually agreed sharing of control of an arrangement, which exists only when operating, strategic and financial decisions about the relevant activities require the unanimous consent of the parties sharing control. Jointly controlled arrangements are consolidated by the proportional method.
- **Significant influence:** significant influence is defined as the power to participate in, but not to control, the financial and operating policy decisions of the investee. It is presumed to be exercised when the Group holds over 20% of an investee's voting rights, directly or indirectly. Companies over which the Group exercises significant influence are accounted for by the equity method.

General exclusions

Exclusively controlled companies, jointly controlled arrangements and companies over which the Group exercises significant influence are excluded from the scope of consolidation when:

- the investee's shares are held for sale as of the acquisition date;
- severe and lasting restrictions exist that substantially affect the Group's ability to exercise control or significant influence over the investee and to transfer funds between the investee and the other consolidated companies.

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Specific exclusions

An exclusively controlled company, a jointly controlled arrangement or a company over which the Group exercises significant influence may be excluded from the scope of consolidation, provided that its exclusion does not affect the true and fair view provided by the consolidated financial statements.

- In the case of a real estate company or an investment fund held in the reinsurance investments portfolio.

  In this case, there is a presumption that the true and fair view will be altered by its exclusion if, inter alia:
  - the company or fund holds a material number of shares in other Group companies or a number of shares that, if excluded, would modify the scope of consolidation;
  - the company or fund contributes to the Group's financing in the form of loans or lease financing;
  - in the case of a real estate company, the income generated by the business is not recognized in full in the consolidated financial statements in the reporting period.
- In the case of a flow-through entity (resource pooling organizations or underwriting pools) for which each partner's share of income is recorded directly in that partner's separate financial statements, its exclusion is presumed to affect the true and fair view provided by the consolidated financial statements if the entity has material assets or liabilities.

1.5 Foreign currency translation

The CCR Group's presentation currency for the consolidated financial statements is the euro. The amounts reported in the financial statements are rounded to the nearest thousand euros.

The consolidated financial statements do not include the financial statements of any entities whose presentation currency is not the euro.

1.6 Elimination of intercompany transactions

Intercompany transactions between fully consolidated companies and related assets and liabilities are eliminated in consolidation, together with intercompany profits and losses. Intercompany profits and losses are eliminated from net income attributable to owners of the parent and minority interests proportionately to their respective interests in the capital of the company that recorded the profit or loss. As an exception to this principle, capital losses are not eliminated when they reflect an other-than-temporary impairment in value of the underlying assets.

1.7 Segment information

The CCR Group has two operating segments:
- Non-Life reinsurance;
- Life reinsurance.

Intersegment transactions between the Non-Life and Life reinsurance businesses and the other businesses are eliminated from the operating segment income statements.

1.8 Deferred taxes

Deferred taxes are calculated for all temporary differences between the carrying amount of assets and liabilities and their tax base, as well as for tax loss carryforwards.

Deferred tax assets and liabilities are measured using the tax rate that is expected to apply when the asset is realized or the liability is settled. The contra entry is recorded in the income statement, or in equity when the deferred tax arises from an item recognized by adjusting equity.

Deferred tax assets are recognized to the extent that it is probable that sufficient taxable income will be available against which deductible temporary differences or tax loss carryforwards can be utilized. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow the benefit of part or all of that deferred tax asset to be utilized.

Deferred tax assets and liabilities are not discounted. They are offset when the entity has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

1.9 Consolidation adjustments

The consolidated financial statements are based on the separate financial statements of the consolidated entities prepared in accordance with the standards applicable to each entity, as adjusted to comply with the standards applicable in France for the preparation of the consolidated financial statements of reinsurance groups.

1.10 Comparative information

The consolidated financial statements at December 31, 2022 include comparative information at December 31, 2021.

NOTE 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Intangible assets

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

Internal software development costs are capitalized and amortized over a period of five years from the date when the software is put into operation.

2.2 Investments

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

Real estate investments

Initial measurement and depreciation

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

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

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

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

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

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

Provisions for impairment

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

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

An impairment provision is recognized for any negative difference between the reference value and the property's net carrying amount, taking into account the entity's long-term holding strategy. An impairment provision is considered necessary when the reference value is at least 15% below the net carrying amount.

The reference value of properties held for sale corresponds to their estimated realizable value.

The fair values shown in the reinsurance investments table correspond to the amounts determined during five-yearly independent valuations and annual estimates made between two valuations by a valuer licensed by the French insurance supervisor (*Autorité de Contrôle Prudentiel et de Résolution*).

Equities and UCITS

Equities and units in UCITS are initially recognized at their acquisition cost.

They are classified in two categories:

- **Participating interests**, whose reference value corresponds to their value-in-use, i.e., their fair value to the Group. Value-in-use is assessed using a multi-criteria approach that includes:
    - for reinsurance companies: the investee's adjusted net asset value taking into account earnings projections and multiples, comparable transactions and the value of economic capital;

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- for real estate companies, the Company's share in the investee's net assets plus unrealized capital gains.

Impairment provisions are recorded line-by-line for assets whose value-in-use is below cost.

- **Marketable securities**, which are measured at probable realizable value. When probable realizable value is significantly below cost, a provision for other-than-temporary impairment is recorded in accordance with Articles 123-6 to 123-19 of Regulation ANC 2015-11 dated November 26, 2015.

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

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

For the preparation of the financial statements at December 31, 2022, a provision for other-than-temporary impairment was recorded for equities and UCITS for which the reference value was at least 20% below cost during a period of six months, in line with the above regulation.

Fixed income securities

Bonds are initially recognized at cost excluding accrued interest.

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

A provision for other-than-temporary impairment is recorded only in the case of issuer default. Realizable value corresponds to the closing market price or, if no price is quoted, fair value.

Article 121-9 of Regulation ANC 2015-11 dated November 26, 2015 concerning the accounting classification of convertible bonds stipulates that these assets should be accounted for in accordance with Article R.343-9 of the French Insurance Code. However, when the acquisition-date yield-to-maturity is negative, they may be accounted for in accordance with Article R.343-10. The CCR Group is not concerned by this regulation because no convertible bonds are held in its direct portfolio.

Other assets

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

Foreign currency assets and liabilities

Open foreign currency positions result from differences between the carrying amounts of assets and liabilities in each currency.

Certain open positions are hedged using either forward contracts or – in the case of non-convertible currencies – currency derivatives.

2.3 Other assets

Property and equipment are initially recognized at historical cost.

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

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

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

2.4 Accrual accounts

Deferred acquisition costs

Deferred business acquisition costs are recognized over the insured period in the same way as the unearned premiums on the policies concerned.

Reinsurance adjustments

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

2.5 Multi-currency accounts

Each Group company’s transactions are recorded in the transaction currency and converted into euros at the closing exchange rate on the reporting date.

Conversion gains and losses, including unrealized gains and losses at the reporting date, are recognized in the income statement.

2.6 Subordinated debt

Subordinated debt is recorded in liabilities at the nominal amount.

The related issuance costs are amortized over ten years.

2.7 Provisions

Pension and other post-employment benefit liabilities

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

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

The assumptions used concern:

- projected future salary increases, with the same rate applied for both management and non-management personnel based on the latest estimates of growth in total salary costs;
- survival rates, which are determined based on the INSEE TD-TV 15-17 table and are calculated by dividing the “number of living persons who have reached retirement age” by the “number of living persons with the same age as the employee”;
- average staff turnover rates, used to estimate the number of current employees in each age group who are expected to remain with the Company until retirement;
- a discount rate based on the iBoxx Corporate Overall AA 10+ (3.36% in 2022 compared with 0.78% in 2021);
- the calculation also includes employer payroll taxes, at the rate of 55%.

Provision for special pre-retirement vacation costs

The agreements in force within the Group concerning employee benefits provide for an increase in the annual vacation entitlement for employees who are coming up to retirement age.

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

Provision for long-service awards

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

The provision is determined by a similar method as that described for length-of-service awards, except that the discount rate is based on the iBoxx Corporate Overall AA 7-10 (3.31% in 2022 compared with 0.28% in 2021).

Other provisions

Provisions are recorded for clearly identified contingencies and charges that are probable as a result of past or current events but whose occurrence, timing or amount are uncertain.

They include:

- provisions for major repairs;
- provisions for non-recurring expense;
- provisions for currency risks; and
- other provisions for contingencies and charges.

2.8 Technical reserves

Unearned premium reserves

Premiums recognized during the year correspond to the projected ultimate premium as determined at the reporting date.

Unearned premium reserves correspond to the remaining life of a policy or group of policies between the reporting date and the coverage expiry date.

The calculation method depends on the type of policy and is based on the period covered by each premium and/or the period remaining until the policy renewal date.

The review of statements received from the ceding companies and the estimation methods used to prepare these statements was pursued in 2022, leading to a change in the method of estimating unearned premium reserves for all ceding companies that send in statements only showing premiums. This change had no impact on CCR's 2022 net income.

Outstanding claims reserves and mathematical reserves

These reserves correspond to the estimated ultimate undiscounted cost of reported and unreported incurred claims, and are determined based on the principle that technical reserves must be sufficient to cover foreseeable probable losses, except in the specific cases described in the notes to the financial statements. They are stated net of subrogation and salvage, estimated on a conservative basis.

The estimate includes claims settlement expenses, determined company by company based on cost accounting data.

Technical reserving control and governance environment

The process for calculating technical reserves is the responsibility of the Reinsurance and Public Funds Department for CCR and the Actuarial and Risks Department for CCR Re's open market reinsurance business.

The process involves performing actuarial analyses and obtaining the opinion of experts during meetings of the Technical Reserve Committees whose members include members of the Actuarial, Underwriting and Modeling functions, as well as any other experts concerned such as loss adjusters.

The calculations are independently reviewed by the Actuarial function. In addition, technical reserves are audited every three years by independent actuaries.

Reserving policy

The reserving policy defining the guiding reserving principles applied at December 31, 2022 was approved by CCR's Board of Directors on October 12, 2022 and CCR Re's Board of Directors on December 7, 2022.

Approach

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

Technical reserves are based on underwriting year/fiscal year triangles and statistical data provided by ceding insurers, which are used to produce premium and claim development triangles. Data used to prepare actuarial estimates are based on statistical euro exchange rates for the underwriting year. In line with this method, data in foreign currencies are converted into euros at the exchange rate on December 31 of the year preceding the start of the underwriting year.

Projected natural disaster claims under specific proportional treaties are analyzed between short-tail risks (excluding drought) and long-tail risks (drought).

The range of possible methods for determining ultimate premiums and losses include:

- liquidation of premium and claim triangles using the Development Factor Model;
- the Bornhuetter Ferguson method;
- underwriters' loss ratios;
- quotation loss ratios;
- average historical loss ratios;
- ceding insurer data sampling;
- use of internally developed expert models (ARTEMIS-CCR);
- number of municipalities and historical losses;
- loss ratio regression vs number of recognized municipalities (ultimate premiums and losses);
- ceding insurer IBNRs;
- CAP, CAP+ and CAP Relais reinsurance statements.

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

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

Equalization reserves and exceptional risk reserves

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

Reserves for non-recurring expenses under reinsurance treaties covering nuclear and exceptional risks are provided for in Article R.431-27 of the French Insurance Code. Movements on these reserves are strictly regulated.

2.9 Investment income, net of expenses

Investment income includes accrued interest and rental income for the year, dividend income, reversals of impairment losses, redemption premiums receivable, gains on disposal of investments and, if applicable, net realized exchange gains and reversals of depreciation on investment properties.

Investment expenses include investment management expenses, interest expense, depreciation of investment properties, impairment losses, amortization of redemption premiums, losses on disposal of investments and, if applicable, net realized exchange losses.

2.10 Non-recurring items

Non-recurring items correspond to income and expenses that are non-recurring and do not arise in the normal course of business.

2.11 Earnings per share

Basic earnings per share correspond to attributable net income for the year divided by the average number of ordinary shares outstanding during the year.

The average number of shares outstanding during the year corresponds to the number of ordinary shares outstanding at January 1, adjusted for the number of ordinary shares bought back or issued during the year.

The Group has not issued any dilutive instruments and diluted earnings per share are therefore the same as basic earnings per share.

NOTE 3

SCOPE OF CONSOLIDATION

The following entities are excluded from the scope of consolidation:
- Entities that are not material at the level of the Group. They are excluded if the sum of their net assets represents less than 3% of the Group's consolidated net assets.
- Entities or vehicles that are held for sale or in which the Group does not have the ability to participate in financial and operating policy decisions (mainly collective investment vehicles).

These exclusions do not affect the true and fair view provided by the consolidated financial statements.
Entities excluded from the scope of consolidation are reported in the consolidated balance sheet under "Investments in affiliates and participating interests" and "Equities and other variable income securities".

The list of consolidated companies is presented below:

			DEC. 31, 2022			DEC. 31, 2021		
Entity	Registration no.	Address	% voting rights	% interest	Consolidation method	% voting rights	% interest	Consolidation method
CCR	388,202,533	157, boulevard Haussmann, 75008 Paris	100%	100%	Consolidating parent	100%	100%	Consolidating parent
CCR Re	817,446,511	157, boulevard Haussmann, 75008 Paris	100%	100%	Full	100%	100%	Full

NOTE 4

NOTES TO THE BALANCE SHEET

4.1 Intangible assets

(in thousands of euros)	DEC. 31, 2022	Addition/increase	Other movements	Disposal/ decrease	DEC. 31, 2021
Gross	44,604	4,482	-	(1,047)	41,169
Amortization	(37,084)	(1,389)	-	-	(35,695)
NET	7,520	3,093	-	(1,047)	5,474

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4.2 Reinsurance investments

	(in thousands of euros)	Gross	Net	Realizable value	Unrealized gains and losses
1	Real estate investments and real estate investments in progress	391,266	309,671	887,573	577,902
2	Equities and other variable income securities (other than invesment funds)	275,130	273,875	426,954	153,079
3	Investment funds (other than those in 4)	3,428,765	3,424,129	3,552,469	128,340
4	Investment funds invested solely in fixed-income securities	-	-	-	-
5	Bonds and other fixed-income securities	5,650,000	5,640,298	5,046,450	(593,848)
6	Mortgage loans	-	-	-	-
7	Other loans	17,765	17,765	17,765	-
8	Deposits with ceding insurers	358,377	358,377	358,377	-
9	Cash deposits (other than those in 8) and guarantees	331,405	331,405	331,405	-
10	Unit-linked portfolios	-	-	-	-
SUB-TOTAL		**10,452,708**	**10,355,520**	**10,620,993**	**265,473**
11	Other forward financial instruments				
	a) Investment or divestment strategy	-	-	-	-
	b) Yield strategy	96,869	96,869	98,151	1,282
	c) Other strategies	-	-	-	-
12	**TOTAL, LINES 1 TO 11**	**10,549,577**	**10,452,389**	**10,719,144**	**266,755**
a	of which:				
	- investments measured in accordance with Article R.343-9	5,650,000	5,640,298	5,046,450	(593,848)
	- investments measured in accordance with Article R.343-10	4,444,331	4,356,845	5,216,165	859,320
	- investments measured in accordance with Article R.343-13	-	-	-	-
	- forward financial instruments	96,869	96,869	98,151	1,282
b	of which:				
	- OECD member country issuers	10,334,099	10,236,855	10,501,235	264,380
	- Non-OECD issuers	118,609	118,665	119,758	1,093

2

4.3 Investments in affiliates and participating interests

(in thousands of euros)	% interest	Investment	Shareholders' equity	Net income for the year	Net carrying amount	Realizable value of investment	Outstanding loans & advances granted by the Company
SA Caisrelux 534, rue de Neudorf L-2220 Luxembourg	100%	6,200	6,200	-	6,200	6,893	8,500

4.4 Other investments

2022 (in thousands of euros)	% interest	Investment	Shareholders' equity excluding net income for the year	Net income for the year	Net carrying amount	Realizable value of investment
SAS Boulogne 78 157, boulevard Haussmann 75008 Paris	100%	5,710	6,053	112	5,709	18,188
SAS Rochefort 25 157, boulevard Haussmann 75008 Paris	100%	14,940	16,004	1,405	14,932	70,460
SAS Pompe 179 157, boulevard Haussmann 75008 Paris	100%	15,270	15,569	5,557	15,268	73,126
SAS Civry 22 157, boulevard Haussmann 75008 Paris	100%	7,860	8,071	127	7,859	35,724
SAS Castelnau 6 157, boulevard Haussmann 75008 Paris	100%	7,280	7,488	335	7,279	38,531

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4.5 Reinsurers' share of technical reserves

(in thousands of euros)	DEC. 31, 2022			DEC. 31, 2021		
	Non-Life	Life	TOTAL	Non-Life	Life	TOTAL
Unearned premium and unexpired risks reserves	1,163	639	1,802	443	-	443
Outstanding claims reserves	84,297	7,978	92,275	81,894	2,536	84,430
TOTAL	85,460	8,617	94,077	82,337	2,536	84,873

4.6 Reinsurance receivables – other receivables

GROSS RECEIVABLES AND IMPAIRMENT LOSSES (in thousands of euros)	DEC. 31, 2022			DEC. 31, 2021		
	Gross	Impairment	Net	Gross	Impairment	Net
Reinsurance receivables	190,546	(478)	190,068	167,233	(458)	166,775
REINSURANCE RECEIVABLES	**190,546**	**(478)**	**190,068**	**167,233**	**(458)**	**166,775**
Prepaid payroll costs	-	-	-	4	-	4
Prepaid and recoverable taxes	78,866	-	78,866	11,039	-	11,039
Other receivables	83,628	(70,690)	12,938	76,808	(70,831)	5,977
Deferred tax assets	238,853	-	238,853	171,139	-	171,139
OTHER RECEIVABLES	**401,347**	**(70,690)**	**330,657**	**258,990**	**(70,831)**	**188,159**

ANALYSIS OF NET RECEIVABLES BY MATURITY (in thousands of euros)	DEC. 31, 2022				DEC. 31, 2021
	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	Total	Total
Reinsurance receivables	190,068	-	-	190,068	166,775
REINSURANCE RECEIVABLES	**190,068**	**-**	**-**	**190,068**	**166,775**
Prepaid payroll costs	-	-	-	-	4
Prepaid and recoverable taxes	78,866	-	-	78,866	11,039
Other receivables	12,141	-	797	12,938	5,977
Deferred tax assets	238,853	-	-	238,853	171,139
OTHER RECEIVABLES	**329,860**	**-**	**797**	**330,657**	**188,159**

2

4.7 Accrued income and prepaid expenses

(in thousands of euros)	DEC. 31, 2022	DEC. 31, 2021
Reinsurance adjustments	579,688	439,541
Deferred acquisition costs	73,700	61,876
Accrued interest and rental income	25,088	24,562
Bond issuance costs	2,472	2,778
Other	14,810	21,076
TOTAL	**695,758**	**549,833**

4.8 Shareholders' equity

(in thousands of euros)	Share capital	Additional paid-in capital	Reserves and retained earnings	Net income	Total shareholders' equity
AT DECEMBER 31, 2021	**60,000**	**-**	**2,561,252**	**195,828**	**2,817,080**
Changes in capital	-	-	-	-	-
Share premiums	-	-	-	-	-
Guarantee fund reserve	-	-	-	-	-
Special reserve for exceptional and nuclear risks	-	-	29,371	-	29,371
Special reserve for natural disaster risks	-	-	104,195	-	104,195
Reserve for major natural risks	-	-	-	-	-
Special reserve for terrorism risks	-	-	-	-	-
Special reserve for specific credit insurance risks	-	-	-	-	-
Reserve for the purchase of original works by living artists	-	-	-	-	-
Other reserves	-	-	41,005	-	41,005
Reserves and retained earnings	-	-	21,257	-	21,257
Dividend payments	-	-	-	-	-
Appropriation of prior year net income	-	-	-	(195,828)	(195,828)
Net income for the year	-	-	-	164,044	164,044
AT DECEMBER 31, 2022	**60,000**	**-**	**2,757,080**	**164,044**	**2,981,124**

4.9 Subordinated debt

During the year, CCR Re carried out a €300 million subordinated notes issue.

The notes' main features are as follows:
- Issue date: July 15, 2020
- Nominal amount: €300,000,000
- Interest: 2.875% per year
- First call date: April 15, 2030
- Maturity: July 15, 2040

The debt issuance costs (including the issue premium), in the amount of €3.1 million, have been recorded in prepaid expenses on the assets side of the balance sheet and are being amortized over ten years. As of December 31, 2022, the unamortized balance amounted to €2.5 million.

4.10 Technical reserves

Technical reserves by type

(in thousands of euros)	DEC. 31, 2022			DEC. 31, 2021		
	Non-Life	Life	Total	Non-Life	Life	Total
Life reinsurance reserves		116,700	116,700		132,840	132,840
Life outstanding claims reserves		163,795	163,795		118,275	118,275
Life policyholders' surplus reserve		1,734	1,734		1,857	1,857
Non-Life unearned premium reserves	351,238		351,238	419,363		419,363
Non-Life outstanding claims reserves	6,671,378		6,671,378	4,834,879		4,834,879
Non-Life equalization reserves	1,031,057		1,031,057	2,139,179		2,139,179
Other Non-Life technical reserves	57,275		57,275	54,603		54,603
TOTAL	8,110,948	282,229	8,393,177	7,448,024	252,972	7,700,996

Liquidation of outstanding claims reserves for claims incurred in prior periods, by line of business

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(in thousands of euros)	DEC. 31, 2022			DEC. 31, 2021		
	Non-Life	Life	Total	Non-Life	Life	Total
Outstanding claims reserves at January 1	4,946,676	236,405	5,183,081	5,160,624	194,448	5,355,072
Prior year claims paid during the year	402,833	16,682	419,515	982,511	78,301	1,060,812
Outstanding claims reserves for claims incurred in prior periods at December 31	4,514,120	148,831	4,662,951	4,107,575	128,553	4,236,128
NET SURPLUS (+) OR DEFICIT (-)	29,723	70,892	100,615	70,538	(12,406)	58,132

4.11 Provisions

(in thousands of euros)	DEC. 31, 2022	Movements	DEC. 31, 2021
Other provisions	13,163	11,580	1,583
Provision for length-of-service awards	3,791	(1,202)	4,993
Provision for long-service awards	2,235	(875)	3,110
Provision for extra paid vacation for retirees	1,426	(591)	2,017
Provisions for non-recurring expenses	293	(30)	323
Provisions for major repairs	4,410	513	3,897
TOTAL	25,318	9,395	15,923

4.12 Reinsurance payables – other payables

ANALYSIS BY TYPE (in thousands of euros)	DEC. 31, 2022	DEC. 31, 2021
Reinsurance payables	52,849	40,118
REINSURANCE PAYABLES	52,849	40,118
Deposits received (other than from insurers)	2,552	2,424
Cash deposits received from reinsurers	2,411	2,741
Accrued payroll costs	15,572	15,599
Accrued taxes	8,251	9,662
Other payables	151,989	140,349
OTHER LIABILITIES	180,775	170,775

ANALYSIS BY MATURITY (in thousands of euros)	DEC. 31, 2022				DEC. 31, 2021
	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	Total	Total
Reinsurance payables	52,849	-	-	52,849	40,118
REINSURANCE PAYABLES	52,849	-	-	52,849	40,118
Deposits received (other than from insurers)	2,552	-	-	2,552	2,424
Cash deposits received from reinsurers	2,411	-	-	2,411	2,741
Accrued payroll costs	15,572	-	-	15,572	15,599
Accrued taxes	8,251	-	-	8,251	9,662
Other payables	151,989	-	-	151,989	140,349
OTHER LIABILITIES	180,775	-	-	180,775	170,775

2

4.13 Deferred revenue and accrued expenses

(in thousands of euros)	DEC. 31, 2022	DEC. 31, 2021
Ceded Non-Life deferred acquisition costs	85	42
Deferred revenue	23,489	21,995
Reinsurance adjustments	24,512	17,873
Other deferred revenue and accrued expenses	74	-
TOTAL	48,160	39,910

NOTE 5

NOTES TO THE INCOME STATEMENT

5.1 Investment income, net of expenses

(in thousands of euros)	2022	2021
Revenue from real estate investments	29,959	23,708
Revenue from other investments	85,988	80,392
Interest on cash deposits and technical accounts	4,481	3,619
Other investment income	17,635	7,680
Realized gains from investments	158,835	139,125
INVESTMENT INCOME	**296,898**	**254,524**
Interest on subordinated debt	(8,601)	(8,601)
Amortization of subordinated debt issuance costs	(307)	(303)
External investment management expenses	(7,027)	(6,783)
Internal investment management expenses	(8,396)	(8,329)
Other investment expenses	(16,463)	(19,102)
Realized losses from investments	(123,853)	(88,178)
INVESTMENT EXPENSES	**(164,647)**	**(131,296)**
INVESTMENT INCOME, NET OF EXPENSES	**132,251**	**123,228**

5.2 Income tax

Analysis of income tax expense

(in thousands of euros)	2022	2021
Current tax expense	(3,404)	(115,410)
Deferred tax benefit	67,714	26,887
TOTAL	64,310	(88,523)

Deferred taxes by category

(in thousands of euros)	DEC. 31, 2022	DEC. 31, 2021
Deferred taxes on temporary differences	238,853	171,139
Consolidation adjustments	-	-
TOTAL DEFERRED TAX ASSETS	238,853	171,139

5.3 Tax proof

(in thousands of euros)	2022	2021
Consolidated net income	164,044	195,828
Income tax	64,310	(88,523)
INCOME BEFORE TAX	99,734	284,351
Standard tax rate	25.83%	28.41%
Tax at the standard rate	(25,761)	(80,777)
Effects on income taxable at the standard rate		
Tax credits	1,375	1,442
Difference in tax rate paid by Canadian branch	(1,623)	3,318
Prior year adjustments	(1,596)	0
Valuation allowances on deferred tax assets	90,839	(10,902)
Elimination of movements on special revaluation reserve	(5)	(5)
Other permanent differences	1,103	1,833
Tax due by the Malaysian branch	(151)	0
Differences in tax rates	129	(3,431)
TOTAL	90,071	(7,746)
INCOME TAX	64,310	(88,523)
EFFECTIVE TAX RATE	-64.48%	31.13%

5.4 Non-recurring income and expenses, net

(in thousands of euros)	2022	2021
NON-RECURRING INCOME	**1,632**	**145**
Reversal of exceptional impairment losses	1,628	130
Other non-recurring income	4	15
NON-RECURRING EXPENSES	**(15,801)**	**(3,280)**
Charges to provisions for non-recurring expenses	(13,163)	(1,593)
IFRS project costs	(745)	(1,578)
Rent holidays granted to tenants of investment property	-	(6)
Other non-recurring expenses	(1,893)	(103)
NON-RECURRING INCOME AND EXPENSES, NET	**(14,169)**	**(3,135)**

5.5 Payroll costs and number of employees

(in thousands of euros)	2022	2021
PAYROLL COSTS	**37,144**	**35,190**
AVERAGE NUMBER OF EMPLOYEES	**300**	**289**
Headquarters	288	277
Managers	*281*	*269*
Non-managerial staff	*7*	*8*
Canadian branch	9	9
Lebanese branch	3	3

5.6 Depreciation, amortization and impairment

(in thousands of euros)	2022	2021
Depreciation and amortization expense	5,518	5,118
Impairment losses	-	-
TOTAL	**5,518**	**5,118**

5.7 Fees paid to the Statutory Auditors

(in thousands of euros)	2022	2021
For the statutory audit of the financial statements	373	356
For other services	(2)	8
TOTAL	**371**	**364**

NOTE 6

SEGMENT INFORMATION

6.1 Operating segment income statements

Non-Life reinsurance technical account

(in thousands of euros)	2022			2021
	Gross	Reinsurance	Net	Net
EARNED PREMIUMS	1,944,117	(176,515)	1,767,602	1,697,495
Written premiums	1,874,867	(177,253)	1,697,614	1,582,500
Change in unearned premium reserves	69,250	738	69,988	114,995
INVESTMENT INCOME ALLOCATED FROM THE NON-TECHNICAL ACCOUNT	103,628	-	103,628	90,763
OTHER UNDERWRITING INCOME	1,209	-	1,209	2,067
CLAIMS EXPENSES	(2,721,310)	51,253	(2,670,057)	(829,702)
Paid claims and expenses	(880,047)	49,148	(830,899)	(1,045,042)
Change in outstanding claims reserves	(1,841,263)	2,105	(1,839,158)	215,340
CHANGE IN OTHER TECHNICAL RESERVES	(2,671)	-	(2,671)	(7,405)
PROFIT COMMISSION	(14,887)	1,452	(13,435)	(11,861)
ACQUISITION AND MANAGEMENT EXPENSES	(221,122)	12,960	(208,162)	(285,949)
Acquisition costs	(205,003)	12,960	(192,043)	(271,071)
Management expenses	(21,021)	-	(21,021)	(18,464)
Reinsurance commissions received	4,902	-	4,902	3,586
OTHER UNDERWRITING EXPENSES	(12,794)	-	(12,794)	(13,582)
CHANGE IN EQUALIZATION RESERVES	1,108,123	-	1,108,123	(375,657)
NON-LIFE INCOME FROM ORDINARY ACTIVITIES	184,293	(110,850)	73,443	266,169

Life reinsurance technical account

(in thousands of euros)	2022			2021
	Gross	Reinsurance	Net	Net
PREMIUMS	**188,025**	**(9,408)**	**178,617**	**129,866**
INVESTMENT INCOME, NET OF ALLOCATION TO THE NON-TECHNICAL ACCOUNT	**2,476**	**-**	**2,476**	**1,879**
OTHER UNDERWRITING INCOME	**-**	**-**	**-**	**13**
CLAIMS EXPENSES	**(157,653)**	**6,206**	**(151,447)**	**(109,908)**
Paid claims and expenses	(113,485)	764	(112,721)	(90,898)
Change in outstanding claims reserves	(44,168)	5,442	(38,726)	(19,010)
CHANGE IN LIFE REINSURANCE RESERVES AND OTHER TECHNICAL RESERVES	**20,431**	**-**	**20,431**	**(3,325)**
PROFIT COMMISSION	**(13,430)**	**181**	**(13,249)**	**(10,881)**
ACQUISITION AND MANAGEMENT EXPENSES	**(19,847)**	**(1,516)**	**(21,363)**	**(15,089)**
Acquisition costs	(16,860)	(1,516)	(18,376)	(11,612)
Management expenses	(3,291)	-	(3,291)	(3,477)
Reinsurance commissions received	304	-	304	-
OTHER UNDERWRITING EXPENSES	**(1,171)**	**-**	**(1,171)**	**(1,208)**
LIFE INCOME (EXPENSE) FROM ORDINARY ACTIVITIES	**18,831**	**(4,537)**	**14,294**	**(8,653)**

2

6.2 Gross written premiums by operating segment

Gross written premiums by operating segment

(in thousands of euros)	2022	2021
REINSURANCE WITHOUT STATE GUARANTEE	**987,033**	**842,653**
Inward Life reinsurance	191,223	155,764
Inward Non-Life reinsurance	795,810	686,889
STATE-GUARANTEED REINSURANCE	**1,079,056**	**1,050,501**
Exceptional and nuclear risks	917	275
Natural disaster risks	1,006,159	921,681
Terrorism risks	71,670	67,364
Credit insurance risks	310	61,181
TOTAL	**2,066,089**	**1,893,154**

Gross written premiums by geographical area

(in thousands of euros)	2022			2021		
	Non-Life	Life	Total	Non-Life	Life	Total
France	1,216,267	38,321	1,254,588	1,173,066	38,864	1,211,930
EU excluding France	123,790	1,292	125,082	120,151	1,394	121,545
Europe excluding EU	53,701	765	54,466	31,124	524	31,648
Africa & Middle East	202,691	103,093	305,784	175,523	79,106	254,629
Far East & Oceania	177,609	17,858	195,467	162,974	15,152	178,126
North America	84,376	8,827	93,203	53,981	1,751	55,732
South America	16,433	21,066	37,499	20,571	18,973	39,544
TOTAL	**1,874,867**	**191,222**	**2,066,089**	**1,737,390**	**155,764**	**1,893,154**

NOTE 7

POST BALANCE SHEET EVENTS

2

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 dispose of its residual interest in 2026. SMABTP would assume control of CCR Re as the majority shareholder.

Earthquake in Turkey

The earthquake that occurred on February 6, 2023 was extreme in terms of its magnitude (7.8 on the Richter scale) and devastating in terms of its impact on the country's macroeconomic environment and the consequences of many buildings failing to comply with seismic building codes. The available impact models are incapable of capturing the losses associated with this event and the market has decided that they do not represent a suitable basis for cost estimates. CCR Re has based its approach on (i) feedback from individual ceding insurers and brokers, and (ii) exposures at the administrative level of the province multiplied by exposure rates within each province, taking into account the earthquake risk, the population density and the estimated PML[1] for treaties with reported claims. CCR Re currently estimates that its exposure amounts to between €15 million and €30 million after retrocessions and before taxes.

1 PML: probable maximum loss.

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COMPANY FINANCIAL STATEMENTS

BALANCE SHEET AT DECEMBER 31, 2022

ASSETS

(in thousands of euros)	DEC. 31, 2022 Gross amount	DEC. 31, 2022 Amortization, depreciation & provisions	DEC. 31, 2022 Net amount	DEC. 31, 2021 Net amount
INTANGIBLE ASSETS	49,298	42,952	6,346	5,022
INVESTMENTS	49,298	42,952	6,346	5,022
Real estate investments	216,151	39,772	176,379	167,553
Investments in affiliates and participating interests	435,929		435,929	435,929
Other investments	7,485,998	5,891	7,480,107	7,128,350
Cash deposits with ceding insurers	4,251		4,251	4,359
TOTAL	8,142,329	45,663	8,096,666	7,736,191
REINSURERS' SHARE OF TECHNICAL RESERVES				
Non-Life unearned premium reserves	1,032		1,032	957
Life reinsurance reserves				3,995
Life outstanding claims reserves	241		241	(3,530)
Non-Life outstanding claims reserves	57,489		57,489	67,804
Other Non-Life technical reserves				
TOTAL	58,762		58,762	69,226
RECEIVABLES				
Reinsurance receivables	47,936		47,936	62,351
Prepaid payroll costs				4
Prepaid and recoverable taxes	72,359		72,359	2,102
Other receivables	80,409	70,669	9,740	9,527
TOTAL	200,704	70,669	130,035	73,984
OTHER ASSETS				
Property and equipment	20,744	17,196	3,548	2,930
Current accounts and cash	169,994		169,994	194,745
TOTAL	190,738	17,196	173,542	197,675
ACCRUED INCOME AND PREPAID EXPENSES				
Accrued interest and rental income	20,024		20,024	20,385
Life and Non-Life deferred acquisition costs				137
Other accrued income and prepaid expenses	146,919		146,919	100,456
TOTAL	166,943		166,943	120,978
TOTAL ASSETS	8,808,774	176,480	8,632,294	8,203,075

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BALANCE SHEET AT DECEMBER 31, 2022

EQUITY AND LIABILITIES

(in thousands of euros)	DEC. 31, 2022 Before appropriation of net income	DEC. 31, 2021 Before appropriation of net income
SHAREHOLDERS' EQUITY		
Share capital	60,000	60,000
Additional paid-in capital		
Revaluation reserves	2,751	2,751
Other reserves		
Guarantee fund reserve	1,496	1,496
Special reserve for exceptional and nuclear risks	274,586	245,215
Special reserve for natural disaster risks	1,915,766	1,811,571
Special reserve for terrorism risks	151,474	151,474
Other reserves	8,654	8,654
Special reserve for specific credit insurance risks	86,790	86,790
Reserve for the purchase of original works by living artists	93	93
Retained earnings		
Net income for the year	66,617	133,566
TOTAL	**2,568,227**	**2,501,610**
GROSS TECHNICAL RESERVES		
Non-Life unearned premium reserves	79,366	197,900
Life reinsurance reserves	241	180
Life outstanding claims reserves		285
Non-Life outstanding claims reserves	4,794,169	3,215,703
Equalization reserves	1,005,895	2,119,001
Other Non-Life technical reserves		
TOTAL	**5,879,671**	**5,533,069**
PROVISIONS	**22,467**	**11,066**
OTHER LIABILITIES		
Reinsurance payables		
Other borrowings, deposits and guarantees received	1,632	1,512
Accrued payroll costs	10,019	10,003
Accrued taxes	4,502	6,033
Other payables	123,448	118,708
TOTAL	**139,601**	**136,256**
DEFERRED REVENUE AND ACCRUED EXPENSES	**22,328**	**21,074**
TOTAL EQUITY AND LIABILITIES	**8,632,294**	**8,203,075**

INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2022

(in thousands of euros)	2022			2021
	Gross	Reinsurance	Net	Net
NON-LIFE TECHNICAL ACCOUNT				
Earned premiums:				
Written premiums	1,079,350	114,093	965,257	943,192
Change in unearned premium reserves	118,489	(119)	118,608	135,675
	1,197,839	**113,974**	**1,083,865**	**1,078,867**
Investment income allocated from non-technical account	**67,417**		**67,417**	**63,284**
Other underwriting income	**376**		**376**	**783**
Claims expenses:				
Paid claims and expenses	(587,020)	(4,716)	(582,304)	(640,717)
Change in outstanding claims reserves	(1,580,546)	8,213	(1,588,759)	232,539
	(2,167,566)	**3,497**	**(2,171,063)**	**(408,178)**
Change in other technical reserves				**72**
Profit commission	**(29)**	**(31)**	**1**	
Acquisition and management expenses:				
Acquisition costs	(30,519)		(30,519)	(132,166)
Management expenses	(6,210)		(6,210)	(4,966)
Reinsurance commissions received		103	(103)	684
	(36,729)	**103**	**(36,832)**	**(136,448)**
Other underwriting expenses	**(7,132)**		**(7,132)**	**(7,197)**
Change in equalization reserves	**1,113,106**		**1,113,106**	**(382,347)**
NON-LIFE REINSURANCE TECHNICAL RESULT	**167,282**	**117,543**	**49,738**	**208,836**

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INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2022

(in thousands of euros)	2022			2021
	Gross	Reinsurance	Net	Net
LIFE TECHNICAL ACCOUNT				
Premiums	**156**	**156**		
Investment income:				
Investment revenue				
Other investment income				
Realized gains from investments				
Other underwriting income				
Claims expenses:				
Paid claims and expenses	(459)	(456)	(3)	
Change in outstanding claims reserves	297	297		
	(162)	**(159)**	**(3)**	
Change in Life reinsurance reserves and other technical reserves				
Life reinsurance reserves	(50)	(50)		
Other technical reserves				
	(50)	**(50)**		
Profit commission				
Acquisition and management expenses:				
Acquisition costs				23
Management expenses	(2)		(2)	(5)
Reinsurance commissions received		1	(1)	(22)
	(2)	**1**	**(2)**	**(4)**
Investment expenses:				
Internal and external investment management expenses and interest				
Other investment expenses				
Realized losses from investments				
Other underwriting expenses				
LIFE REINSURANCE TECHNICAL RESULT	**(58)**	**(53)**	**(5)**	**(4)**

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INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2022

(in thousands of euros)	2022	2021
	Net	Net
NON-TECHNICAL ACCOUNT		
Non-Life reinsurance technical result	**49,739**	**208,836**
Life reinsurance technical result	**(5)**	**(4)**
Investment income:		
Investment revenue	85,454	79,153
Other investment income	15,532	7,229
Realized gains from investments	42,313	61,993
	143,299	**148,375**
Investment expenses:		
Internal and external investment management costs and interest	(8,947)	(8,779)
Other investment expenses	(12,753)	(15,198)
Realized losses from investments	(24,177)	(32,010)
	(45,877)	**(55,987)**
Investment income transferred to the Non-Life technical account	**(67,417)**	**(63,284)**
Other income	**12**	**9**
Other expenses		**(8)**
Non-recurring items:		
Non-recurring income	35	155
Non-recurring expenses	(14,280)	(16)
	(14,245)	**139**
Employee profit-sharing		**(554)**
Income tax	**1,111**	**(103,956)**
NET INCOME FOR THE YEAR	**66,617**	**133,566**

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NOTES TO THE FINANCIAL STATEMENTS

The following notes and tables are an integral part of the financial statements approved for publication by the Board of Directors on March 29, 2023.

Caisse Centrale de Réassurance (CCR) is a State-owned joint stock corporation (*société anonyme*). Its business is governed by the French Insurance Code (*Code des Assurances*).

CCR operates as a reinsurer of exceptional and nuclear risks (Articles L.431-4 and L.431-5 of the French Insurance Code), natural disaster risks (Article L.431-9), terrorism risks (Article L.431-10) and certain credit insurance risks.

These reinsurance operations are backed by a State guarantee and are governed by specific agreements. Separate financial statements are kept for each class of business in order to calculate the technical 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.

The Company's in-force business also includes treaties not covered by the State guarantee which the ceding insurers chose not to transfer to CCR Re at the time of the 2016 spin-off of CCR's open market insurance business to this subsidiary.

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The income statement is analyzed between the Life and Non-Life technical accounts and the non-technical account.

The technical accounts include the respective income and expenses of the Life and Non-Life reinsurance businesses, general management expenses and the allocation of investment income generated by reinsurance assets.

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

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

This method ensures that premium income and claims expenses are recorded by the Company in the same fiscal year as the ceding insurer.

State-guaranteed reinsurance commitments are not reinsured on the market because the State guarantee protects technical results against a sharp increase in the frequency or severity of reinsured risks. The fee paid by CCR for this guarantee is calculated as a percentage of its annual premium income.

The only open market reinsurance business remaining in the financial statements concerns ceding insurers who chose not to transfer their treaty to CCR Re. CCR has transferred the risks relating to non-transferred treaties to CCR Re under a retrocession treaty.

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

1.1 Change in accounting methods

The 2022 financial statements have been prepared using the same methods as those for 2021.

1.2 Intangible assets

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

Internal software development costs are capitalized and amortized over a period of five years from the date when the software is put into operation.

1.3 Investments

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

Real estate investments

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

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

- the shell, which is depreciated based on the building’s acquisition-date residual value over its estimated useful life as from the construction completion date, as follows:
    - 120 years for residential property,
    - 150 years for residential property completed before 1900,
    - 80 years for office property;

- the core, depreciated over 30 to 35 years;
- technical installations, depreciated over 25 years;
- fixtures and fittings, depreciated over 15 to 25 years.

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

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

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

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

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

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

- The fair values shown in the reinsurance investments table correspond to the amounts determined during five-yearly independent valuations and annual estimates made between two valuations by a valuer licensed by the French insurance supervisor (*Autorité de Contrôle Prudentiel et de Résolution*).

- The same principles are applied for the measurement of shares in real estate companies.

Equities and UCITS

Equities and units in UCITS are initially recognized at their acquisition cost.

They are classified in two categories:

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

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

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

For the preparation of the financial statements at December 31, 2022, the Company considered that any equities and UCITS for which the reference value was at least 20% below cost were subject to other-than-temporary impairment, in line with Article 123-10 of Regulation ANC 2015-11.

Based on changes in the market price of securities held in the portfolio at December 31, 2022, provisions for other-than-temporary impairment at that date amounted to €5.89 million.

Fixed income securities

Bonds are initially recognized at cost excluding accrued interest.

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

A provision for other-than-temporary impairment is recorded only in the case of issuer default. Realizable value corresponds to the closing market price or, if no price is quoted, fair value. Application of this criterion did not lead to any provisions for other-than-temporary impairment being recorded in 2022.

Article 121-9 of Regulation ANC 2015-11 dated November 26, 2015 concerning the accounting classification of convertible bonds stipulates that these assets should be accounted for in accordance with Article R.343-9 of the French Insurance Code. However, when the acquisition-date yield-to-maturity is negative, they may be accounted for in accordance with Article R.343-10. The CCR Group is not concerned by this regulation because no convertible bonds are held in its direct portfolio.

Other assets

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

Investment income

Gains and losses realized on disposal of investments are calculated using the FIFO method. Part of the net investment income generated during the year is allocated as follows at the reporting date:

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

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

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

1.4 Property and equipment

Property and equipment are initially recognized at historical cost.

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

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

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

1.5 Accrual accounts

Reinsurance adjustments

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

1.6 Multi-currency accounts

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

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

In 2022, differences arising from the conversion of opening foreign currency assets and liabilities at the closing exchange rate represented a net loss of €0.411 million.

1.7 Provisions

Provision for length-of-service awards

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

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

The assumptions used concern:

- projected future salary increases, with the same rate applied for both management and non-management personnel based on the latest estimates of growth in total salary costs;
- survival rates, which are determined using the INSEE TD-TV 15-17 table and are calculated by dividing the "number of living persons who have reached retirement age" by the "number of living persons with the same age as the employee";
- average staff turnover rates, used to estimate the number of current employees in each age group who are expected to remain with the Company until retirement;
- a discount rate based on the iBoxx Corporate Overall AA 10+ (3.36% in 2022 compared with 0.78% in 2021).

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

Provision for special pre-retirement vacation costs

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

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

Provision for long-service awards

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

The provision is determined by a similar method as that described for length-of-service awards, except that the discount rate is based on the iBoxx Corporate Overall AA 7-10 (3.31% in 2022 compared with 0.28% in 2021).

1.8 Technical reserves and technical result

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

Unearned premium reserves

Premiums recognized during the year correspond to the projected ultimate premium as determined at the reporting date.

Unearned premium reserves correspond to the remaining life of a policy or group of policies between the reporting date and the coverage expiry date.

The calculation method depends on the type of policy and is based on the period covered by each premium and/or the period remaining until the policy renewal date.

The review of statements received from the ceding companies and the estimation methods used to prepare these statements was pursued in 2022, leading to a change in the method of estimating unearned premium reserves for all ceding companies that send in statements that only show premiums. This change had no impact on CCR's 2022 net income.

Outstanding claims reserves and mathematical reserves

Technical reserving control and governance environment

The process for calculating technical reserves is the responsibility of the Reinsurance and Public Funds Department. The process involves performing actuarial analyses and obtaining the opinion of experts during meetings of the Technical Reserve Committees whose members include members of the Reinsurance and Public Funds Department's Actuarial, Underwriting and Modeling functions, as well as any other experts concerned such as State-guaranteed reinsurance loss adjusters.

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

Reserving policy

The reserving policy defining the guiding reserving principles applied at December 31, 2022 was approved by the Company's Board of Directors on October 12, 2022.

Approach

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

Technical reserves are based on underwriting year/fiscal year triangles and statistical data provided by ceding insurers, which are used to produce premium and claim development triangles. Projected natural disaster claims under proportional treaties are analyzed between short-tail risks (excluding drought) and long-tail risks (drought).

The range of possible methods for determining ultimate premiums and losses by risk include:

- historical loss ratios;
- ceding insurer data sampling;
- use of internally developed expert models (ARTEMIS-CCR);
- number of municipalities and historical losses;
- loss ratio regression vs. number of recognized municipalities (ultimate premiums and losses);
- liquidation of premium and claim triangles using the Development Factor Model;
- ceding insurer IBNRs;
- CAP, CAP+ and CAP Relais reinsurance statements.

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

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

Equalization reserve

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

Liquidity risk reserve

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

No liquidity risk reserve was carried in the financial statements at December 31, 2022.

1.9 Other items

Expenses analyzed by function

The total cost of each corporate function is calculated and allocated to the relevant cost account (loss adjustment costs, business acquisition costs, investment management costs, management expenses or other underwriting expenses).

For cost centers spanning several functions, costs are allocated to the different functions on a time spent basis.

Allocation of theoretical rent on the Company's office building takes into account the surface area occupied by each function.

NOTE 2

NOTES TO THE BALANCE SHEET

2.1 Notes to assets

GROSS (in thousands of euros)	DEC. 31, 2021	Movements: Additions	Movements: Disposals	DEC. 31, 2022
Start-up costs	5,963			5,963
Software licenses and development costs	40,028	1,707		41,735
Developments in progress	595	1,600	595	1,600
TOTAL INTANGIBLE ASSETS	**46,586**	**3,307**	**595**	**49,298**
Investment property	103,654	41,904		145,558
Owner-occupied property	55,527	61		55,588
Assets under construction	31,963	1,585	31,532	2,016
Shares in unlisted real estate companies	12,989			12,989
TOTAL REAL ESTATE INVESTMENTS	**204,133**	**43,550**	**31,532**	**216,151**
Equities and other variable income securities	360,929			360,929
Loans	75,000			75,000
INVESTMENTS IN AFFILIATES AND PARTICIPATING INTERESTS	**435,929**			**435,929**
CASH DEPOSITS WITH CEDING INSURERS	**4,359**	**2,748**	**2,856**	**4,251**

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In 2021, “Assets under construction” included €31.3 million corresponding to payments made for the off-plan acquisition, on June 25, 2020, of a real estate complex at 65 *bis* rue Lafayette/37 rue de Montholon in the 9th *arrondissement* of Paris. As of December 31, 2022, this property complex, completed and delivered on May 24, 2022, was recorded under "Buildings" for a gross value of €40.8 million.

NET (in thousands of euros)	DECEMBER 31, 2022: Gross	DECEMBER 31, 2022: Amortization, depreciation & provisions	DECEMBER 31, 2022: Net	DECEMBER 31, 2021: Net
Start-up costs	5,963	5,963		
Software licenses and development costs	41,735	36,989	4,746	4,427
Developments in progress	1,600		1,600	595
TOTAL INTANGIBLE ASSETS	**49,298**	**42,952**	**6,346**	**5,022**
Investment property	145,558	30,568	114,990	75,292
Owner-occupied property	55,588	9,204	46,384	47,309
Assets under construction	2,016		2,016	31,963
Shares in unlisted real estate companies	12,989		12,989	12,989
TOTAL REAL ESTATE INVESTMENTS	**216,151**	**39,772**	**176,379**	**167,553**
Equities and other variable income securities	360,929		360,929	360,929
Loans	75,000		75,000	75,000
INVESTMENTS IN AFFILIATES AND PARTICIPATING INTERESTS	**435,929**		**435,929**	**435,929**
CASH DEPOSITS WITH CEDING INSURERS	**4,251**		**4,251**	**4,359**

2.2 Information about investments

	DEC. 31, 2022			DEC. 31, 2021
(in thousands of euros)	Gross	Amortization & provisions	Net	Net
Equities and other variable income securities	2,489,224	5,891	2,483,333	2,445,343
Bonds and other fixed-income securities	4,907,553		4,907,553	4,595,597
Loans	9,221		9,221	7,410
Bank deposits	80,000		80,000	80,000
TOTAL	7,485,998	5,891	7,480,107	7,128,350

2.3 Investment summary

	(in thousands of euros)	Gross	Net[1]	Realizable value	Unrealized gains and losses
1	Real estate investments and real estate investments in progress	216,152	176,379	467,550	291,171
2	Equities and other variable income securities (other than investment funds)	531,591	530,336	1,093,306	562,970
3	Investment funds (other than those in 4)	2,318,561	2,313,925	2,466,047	152,122
4	Investment funds invested solely in fixed-income securities	-	-	-	-
5	Bonds and other fixed-income securities	4,907,553	4,897,566	4,377,113	(520,453)
6	Mortgage loans	-	-	-	-
7	Other loans	84,221	84,221	84,221	-
8	Deposits with ceding insurers	4,251	4,251	4,251	-
9	Cash deposits (other than those in 8) and guarantees	80,000	80,000	80,000	-
10	Unit-linked portfolios	-	-	-	-
SUB-TOTAL		**8,142,329**	**8,086,678**	**8,572,488**	**485,810**
11	Other forward financial instruments	-	-	-	-
	* Investment or divestment strategy	-	-	-	-
	* Other strategies	-	-	-	-
	* Amortization of premiums/discounts	-	-	-	-
12	**TOTAL, LINES 1 TO 11**	**8,142,329**	**8,086,678**	**8,572,488**	**485,810**
a	of which:				
	Investments measured in accordance with Article R.343-9	4,907,553	4,897,566	4,377,113	(520,453)
	Investments measured in accordance with Article R.343-10	3,230,524	3,184,861	4,191,124	1,006,263
	Investments measured in accordance with Article R.343-13	-	-	-	-
	Investments measured in accordance with Article R.343-11	-	-	-	-
	Forward financial instruments	-	-	-	-
b	of which:				
	OECD member country issuers	8,075,880	8,020,202	8,508,362	488,161
	Non-OECD issuers	66,449	66,476	64,126	(2,351)

3

1 Including the unamortized portion of redemption premiums on securities measured in accordance with Article R.343-19, for €9.9 million.

2.4 Receivables and payables

OTHER RECEIVABLES (in thousands of euros)	Gross	Provisions	Net	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	Total
Reinsurance receivables	47,936		47,936	47,936			47,936
Prepaid payroll costs							
Prepaid and recoverable taxes	72,359		72,359	72,359			72,359
Other receivables	80,409	70,669	9,740	8,943		797	9,740
TOTAL	200,704	70,669	130,035	129,238		797	130,035

Reinsurance receivables include a €0.2 million receivable from CCR Re which is due within one year.

Other receivables include:

- a €70.5 million receivable resulting from two final court rulings, which has been provisioned in full due to the default risk represented by the debtors who are natural persons;
- a €4.7 million receivable from CCR Re;
- €1.3 million in receivables from property companies.

OTHER PAYABLES (in thousands of euros)	Net	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	Total
Other borrowings, deposits and guarantees received	1,632	1,632			1,632
Accrued payroll costs	10,019	10,019			10,019
Accrued taxes	4,502	4,502			4,502
Other payables	123,448	123,448			123,448
TOTAL	139,601	139,601			139,601

Other payables include:

- €1.5 million due to CCR Re;
- €5.1 million due to property companies.

2.5 Subsidiaries and affiliates

SUBSIDIARIES AND AFFILIATES (in thousands of euros)	Share capital	Reserves & retained earnings before appropriation of net income	% interest	Carrying amount of shares		Outstanding loans & advances granted by the Company	2022 gross written premiums	2022 net income	Dividends received in 2022
				GROSS	NET				
SA CCR Re 157, boulevard Haussmann, 75008 Paris	90,082	404,870	100.00%	360,929	360,929	75,000	987,033	42,027	12,296
SAS Castelnau 6 157, boulevard Haussmann, 75008 Paris	7,280	208	100.00%	7,279	7,279		1,287	335	355
SAS Boulogne 78 157, boulevard Haussmann, 75008 Paris	5,710	343	100.00%	5,709	5,709		498	112	159

3

2.6 Property and equipment

GROSS (in thousands of euros)	DEC. 31, 2021	Movements +	Movements -	DEC. 31, 2022
Deposits and guarantees	37			37
Computer and other equipment	14,386	2,711		17,097
Office furniture and equipment	1,738	29		1,767
Fixtures and fittings	1,718	125		1,843
TOTAL	17,879	2,865		20,744

DEPRECIATION (in thousands of euros)	DEC. 31, 2021	Increases +	Decreases -	DEC. 31, 2022
Computer and other equipment	12,767	1,912		14,679
Office furniture and equipment	1,194	176		1,370
Fixtures and fittings	988	159		1,147
TOTAL	14,949	2,247		17,196

3

2.7 Accrual accounts

(in thousands of euros)	DEC. 31, 2022		DEC. 31, 2021	
	Assets	Liabilities	Assets	Liabilities
Reinsurance adjustments	134,944	1,256	80,588	1,322
Deferred acquisition costs			137	
Accrued interest	20,024		20,385	
Amortization of redemption premiums	11,011	20,998	18,777	19,752
Prepaid expenses and deferred revenue	964	74	1,090	
TOTAL	166,943	22,328	120,978	21,074

2.8 Foreign currency assets and liabilities

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

CURRENCIES (in thousands of euros)	Assets	Liabilities	Difference 2022	Difference 2021
Euro	8,594,212	8,528,159	66,053	131,925
US dollar	11,349	14,186	(2,837)	(2,907)
Canadian dollar	113		113	111
Pound sterling	32,634	31,717	917	983
Japanese yen	3,088	1,433	1,655	1,786
Taiwan dollar	3,822	3,853	(31)	
Australian dollar	99	(2)	101	100
Hong Kong dollar				159
Other currencies	823	177	646	1,409
TOTAL	**8,646,140**	**8,579,523**	**66,617**	**133,566**

3

2.9 Shareholders' equity

2022 (in thousands of euros)	January 1 Before appropriation of net income	Movements for the year Appropriation of 2021 net income	Other movements	December 31
Share capital[1]	60,000			60,000
Special revaluation reserve	2,751			2,751
Special guarantee fund reserve	1,496			1,496
Special reserve for exceptional and nuclear risks	245,215	29,371		274,586
Reserve for natural disaster risks	1,811,571	104,195		1,915,766
Reserve for major natural risks				-
Special reserve for terrorism risks	151,474			151,474
Special reserve for specific credit insurance risks	86,790			86,790
Reserve for the purchase of original works by living artists	93			93
Other reserves	8,654			8,654
Retained earnings				-
2021 net income	133,566	(133,566)		-
Dividend				-
Net income for the year			66,617	66,617
TOTAL	2,501,610		66,617	2,568,227

1 The share capital comprises 3,000,000 shares with a par value of €20.

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2.10 Breakdown of provisions

(in thousands of euros)	Dec. 31, 2021	Movements for the year Increases +	Decreases -	Dec. 31, 2022
Special revaluation reserve	646		16	630
Other provisions		13,163		13,163
Provision for length-of-service awards	3,638		802	2,836
Provision for long-service awards	2,834		797	2,037
Provision for extra paid vacation for retirees	1,543		423	1,120
Provisions for non-recurring expenses	43			43
Provisions for major repairs	2,362	276		2,638
TOTAL	11,066	13,439	2,038	22,467

2.11 Commitments received and given

(in thousands of euros)		DEC. 31, 2022	DEC. 31, 2021
1 - COMMITMENTS RECEIVED		**1,847**	**1,516**
2 - COMMITMENTS GIVEN		**6,744**	**6,486**
2a	Loan guarantees, other guarantees and bonds issued	6,744	6,486
2b	Securities and other assets purchased under resale agreements		
2c	Other commitments concerning securities, other assets or revenues		
2d	Guarantee fund drawdown rights		
2e	Other commitments given		
3 - RECIPROCAL COMMITMENTS		**995**	**12,438**
3a	Assets received as collateral from cedents and reinsurers		
3b	Assets received from companies for substitution transactions		
3c	Other reciprocal commitments	995	12,438
4 - OTHER ASSETS HELD ON BEHALF OF THIRD PARTIES			
5 - FORWARD FINANCIAL INSTRUMENTS			
5a	**Forward financial instruments by strategy:** - Investment or divestment strategy - Yield strategy - Other strategies		
5b	**Forward financial instruments by market:** - Over-the-counter market - Regulated market		
5c	**Forward financial instruments by type of market risk and instrument:** - Interest rate risk - Currency risk - Equity risk		
5d	**Forward financial instruments by type of instrument:** - Swaps - Forward rate agreements - Forward contracts - Options		
5e	**Forward financial instruments by remaining term of the strategy:** - 0 to 1 year - 1 to 5 years - More than 5 years		

The unpaid portion of assets held by the Company that is recorded as a deduction from the carrying amount of the investment concerned can be analyzed as follows:

(in thousands of euros)	DEC. 31, 2022	DEC. 31, 2021
Equity fund commitments	83,100	100,568
Debt fund commitments	97,923	97,362
Physical asset investment fund commitments	81,188	75,750

NOTE 3

NOTES TO THE INCOME STATEMENT

3.1 Gross written premiums by operating segment

(in thousands of euros)	DEC. 31, 2022	DEC. 31, 2021
Exceptional and nuclear risks	917	275
Natural disaster risks	1,006,159	921,681
Terrorism risks	71,670	67,364
Of which small and medium-sized risks	*48,708*	*46,364*
Major risks (reinsurance of terrorism risks insured by GAREAT)	*22,962*	*21,000*
Credit insurance risks	310	61,181
Of which CAP	*915*	*15,364*
CAP+	*510*	*18,297*
CAP Relais	*(1,115)*	*27,520*
PUBLIC REINSURANCE GROSS WRITTEN PREMIUMS	**1,079,056**	**1,050,501**
OPEN MARKET REINSURANCE GROSS WRITTEN PREMIUMS (RUN-OFF)	**449**	**3,065**
TOTAL	**1,079,505**	**1,053,566**

3.2 Portfolio movements

2022 (in thousands of euros)	Public reinsurance		Open market reinsurance (run-off)	
	Gross	Net	Gross	Net
NEW BUSINESS				
Premiums	66,133	66,133		
Paid claims and expenses	1,535	1,535		(191)
CANCELLATIONS AND TERMINATIONS				
Premiums	(68,796)	(68,796)	(1,631)	
Paid claims and expenses	(1,535)	(1,535)	564	191

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3.3 Reinsurance commissions

(in thousands of euros)	Dec. 31, 2022		Dec. 31, 2021	
	Gross	Net	Gross	Net
Life	(1)		(21)	
Non-Life	20,061	20,164	122,187	121,503
TOTAL	20,060	20,164	122,166	121,503

3.4 Investment income and expenses

2022 (in thousands of euros)	Income and expenses from investments in related companies	Other investment income and expenses	Total
Revenue from real estate investments	382	12,554	12,936
Revenue from other investments	12,296	56,475	68,771
Interest income on loans to related companies	3,750		3,750
Interest on cash deposits and technical accounts		(3)	(3)
TOTAL INVESTMENT REVENUE	16,428	69,026	85,454
Other investment income		15,532	15,532
Realized gains from investments		42,313	42,313
TOTAL INVESTMENT INCOME	16,428	126,871	143,299
External investment management expenses		(4,328)	(4,328)
Internal investment management expenses		(4,619)	(4,619)
Other investment expenses		(12,753)	(12,753)
Realized losses from investments		(24,177)	(24,177)
TOTAL INVESTMENT EXPENSES	0	(45,877)	(45,877)
TOTAL INVESTMENT INCOME, NET OF EXPENSES	16,428	80,994	97,422

3.5 Underwriting expenses by type and by function

In the following table, expenses for 2022 are presented net of amounts rebilled to CCR Group subsidiaries and to the public funds managed on behalf of the French State.

A - Expense breakdown

EXPENSES BY TYPE (in thousands of euros)	2022	2021
External expenses	8,352	6,393
Other external expenses	1,881	1,761
Taxes other than on income	5,348	6,434
Payroll costs	12,172	11,552
Other management expenses	115	131
SUB-TOTAL	**27,868**	**26,271**
Depreciation of property and equipment	1,686	1,432
Theoretical rent on the Company's registered office	301	210
TOTAL	**29,855**	**27,913**

EXPENSES BY FUNCTION (in thousands of euros)	2022	2021
Claims management expenses	1,888	2,272
Other business acquisition costs	10,346	9,980
Other administrative expenses	6,187	5,013
Other underwriting expenses	6,906	6,424
Investment management expenses	4,528	4,224
TOTAL	**29,855**	**27,913**

3

In addition to the above amounts, costs of €1.5 million were incurred for the management of the CCR Group's real estate subsidiaries and the management of the following public funds on behalf of the French State:

- *Fonds de Compensation des Risques de l'Assurance de la Construction* – FCAC (construction risks);
- *Fonds National de Gestion des Risques en Agriculture* – FNGRA (agricultural risks);
- *Fonds de Garantie des Risques liés à l'Epandage agricole des boues d'épuration urbaines ou industrielles* – FGRE (agriculture-related pollution risks);
- *Fonds de garantie des dommages consécutifs à des Actes de Prévention, de Diagnostic ou de Soins dispensés par les professionnels de santé exerçant à titre libéral et mentionnés à l'article L 1142-1 du code de la santé publique* – FAPDS (medical liability risks).

In accordance with Article 336-2 of the ANC regulation no. 2015-11, reimbursements of these expenses are recorded in sub-accounts that are separate from the main accounts used to record the expense concerned.

B - Breakdown of payroll costs and number of employees (including property managers)

(in thousands of euros)	2022	2021
Payroll costs:		
Wages and salaries	9,033	8,275
Payroll taxes	3,925	3,550
Other expenses	(695)	(192)
TOTAL	12,263	11,633
Average number of employees:		
Managers	157	154
Non-managerial staff	6	7
TOTAL	163	161

C - Compensation paid to the Company's administrative and management bodies

(in thousands of euros)	2022	2021
Directors' compensation [1]	100	115
Management compensation	326	264

1 Excluding expenses reimbursed upon presentation of supporting documents.

3.6 Other underwriting income and expenses

Other underwriting income mainly comprises income from the Company's interests in professional economic interest groups. Other underwriting expenses include expenses arising from these interests and the expenses of internal cost centers not related directly to the insurance business.

3.7 Non-recurring items

2022 **(in thousands of euros)**	**Non-recurring expenses**	**Non-recurring income**
Reversals from the special revaluation reserve		16
Reversals from other contingency reserves		15
Other non-recurring income		4
Provision for tax audit	13,163	
Other non-recurring expenses	1,117	
TOTAL	**14,280**	**35**

3.8 Employee profit-sharing

The income statement does not include any employee profit-sharing expenses.

3.9 Income tax

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

Current income tax on 2022 taxable income is due at the rate of 25%.

NOTE 4

OTHER INFORMATION

4.1 Fees paid to the Statutory Auditors

Fees recorded in expenses for the year comprised:

- statutory audit fees of €65 thousand for Deloitte, €114 thousand for Mazars and a €1 thousand credit for PwC,
- fees of €2 thousand for non-audit services provided by PwC.

4.2 Post balance sheet events

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.

4 STATUTORY AUDITORS' REPORTS

Mazars SA
61, rue Henri Regnault,
92400 Courbevoie

Deloitte & Associés
6 place de la Pyramide,
92800 Puteaux

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

CCR

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.
This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of CCR,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of CCR for the year ended December 31, 2022.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2022 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (Code de déontologie) for statutory auditors, for the period from January 1st, 2022 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments - Key Audit Matters

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

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Measurement of technical reserves related to reinsurance contracts

Key audit matters

Companies carrying out assumed reinsurance operations must, in accordance with the insurance code and accounting regulations, estimate the technical provisions necessary for the settlement, both in principal and in incidental terms, including management costs, of all unpaid claims that have arisen, whether they were declared at the closing date or not.

The technical reserves of your company amount to EUR 4 794 million for Non-Life reinsurance as at December 31, 2022. They represent one of the most important liability items and the assessment of their estimate involving a certain number of assumptions constitutes a Key Audit Matter.

The uncertainties inherent in the estimation of technical provisions are increased for reinsurers, mainly due to the greater time interval separating the event itself from the request for payment of the loss made to the reinsurer, the dependence on ceding companies to obtain information on claims and discrepancies in reserving practices among ceding companies.

Different methodologies can be used to assess these provisions, the main methods of which are specified in note 1.8 to the annual financial statements: the provisions for claims declared by the ceding companies are recorded upon receipt of the ceding companies' accounts and these provisions are supplemented in order to estimating the ultimate burden of all known and unknown claims.

Judgment is more important on long-tail Non-Life lines of business (Automotive Civil Liability, General Civil Liability, Construction). Estimating technical reserves on these branches therefore presents an increased risk and required particular attention in terms of the audit procedures implemented.

In this context, we considered the measurement of technical reserves related to reinsurance contracts as a key audit matter.

Audit Responses

To cover the risk related to the technical reserves estimation, our audit approach was as follows:

- we assessed the relevance of the statistical methods and the appropriateness of the actuarial parameters and assumptions used by the company;

- we obtained an understanding of the design of key controls relating to claims management and the determination of these provisions;

- we assessed the reliability of the statements produced by the company in terms of the integrity of the data produced and used to estimate claims reserves, and we tested the source data;

- we assessed the consideration of significant claims likely to affect the projection of the expense for the year;

- we performed an independent estimate of claims reserves on the main branches;

- we reviewed the liquidation of the provisions recognized at the previous closing with regard to the actual expenses in order to verify whether it confirms the estimates previously made by the company;

- we included within our team members with specific skills in IT systems to perform procedures aiming at reviewing the internal control environment of the systems used by the management and test the functioning general IT controls that cover those processes.

Measurement of unearned premium reserve

Key audit matters

Unearned premiums correspond to the fraction of written premiums relating to the subsequent financial years. If the guarantee relates to several financial years, only the part of the premium which corresponds to the current financial year must be included in the income of the period. Thus, during each inventory, the part of the premiums which corresponds to subsequent years must be booked as an unearned premium reserve to be attached to future years.

These reserves are computed according to the nature of the contracts based on a rate linked to the rate of premiums writing and/or based on a *prorata temporis* rate linked to the expiry date of the contracts. The necessary data to compute unearned premium reserves depends on the information received from ceding companies.

The methods for computing the non-life unearned premium reserves, which appear on the company's balance sheet for an amount of €79 million as of December 31, 2022, are specified in note 1.8 of the appendix to the annual financial statements.

Due to the ongoing work carried out by CCR to ensure the reliability of the information received from ceding companies and in view of its significant nature on the annual financial statements, the valuation of unearned premium reserves was considered to be a key audit matter and required particular attention in terms of the implemented audit procedures.

Audit Responses

To cover the risk on the measurement of reinsurance premiums, we implemented the following audit approach:

- we assessed the relevance of the statistical methods and the appropriateness of the actuarial assumptions used by the company;
- we obtained an understanding of the design of key controls relating to the premiums management and to the computing of unearned premium reserves;
- we assessed the reliability of the statements produced by the company in terms of the integrity of the data produced and used to estimate the unearned premium reserves, and we tested the source data;
- we performed an independent estimate of unearned premium reserves on the main branches ;
- we performed substantive tests on the premiums accounted from the ceding companies accounts and we validated the deferral rates.
- we included within our team members with specific skills in IT systems to perform procedures aiming at reviewing the internal control environment of the systems used by the management and test the functioning general IT controls that cover those processes.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents provided to shareholders with respect to the financial position and the financial statements.

The sincerity and consistency of the information relating to the payment terms mentioned in Article D.441-6 of the French Commercial Code (Code de Commerce) with the financial statements lead us to report the following observation: As indicated in the management report, this information does not include insurance and reinsurance transactions, as your company considers that they do not fall within the scope of the information to be produced, in accordance with the circular of the Fédération Française de l'Assurance of May 29th, 2017.

Information relating to corporate governance

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

Other information

Appointment of the Statutory Auditors

We were appointed as statutory auditors of CCR by the Annual General Meeting held on June 23rd, 2022 for Mazars and by the Annual General Meeting held on May 11th, 2016 for Deloitte.

As at December 31, 2022, Mazars was in the 1st year of its engagement and Deloitte was in the 7th year of its engagement.

Responsibilities of management and those charged with governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

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

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identify and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.

- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

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

Report to the Audit, Accounts and Risks Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, May 17th, 2023

The Auditors
French original signed by

Mazars	Deloitte
Jean-Claude PAULY	Pascal COLIN

Mazars SA
61, rue Henri Regnault,
92400 Courbevoie

Deloitte & Associés
6 place de la Pyramide,
92800 Puteaux

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

CCR

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.
This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of CCR,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of CCR for the year ended December 31, 2022.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2022 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (Code de déontologie) for statutory auditors, for the period from January 1st, 2022 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments - Key Audit Matters

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

These matters were addressed in the context of our audit of the Consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Measurement of technical reserves related to reinsurance contracts

Key audit matters

Companies carrying out assumed reinsurance operations must, in accordance with the insurance code and accounting regulations, estimate the technical provisions necessary for the settlement, both in principal and in incidental terms, including management costs, of all unpaid claims that have arisen, whether they were declared at the closing date or not.

The technical reserves of your company amount to EUR 164 million for Life reinsurance and to EUR 6 671 million for Non-Life reinsurance, as at December 31, 2022. They represent one of the most important liability items and the assessment of their estimate involving a certain number of assumptions constitutes a Key Audit Matter.

The uncertainties inherent in the estimation of technical provisions are increased for reinsurers, mainly due to the greater time interval separating the event itself from the request for payment of the loss made to the reinsurer, the dependence on ceding companies to obtain information on claims and discrepancies in reserving practices among ceding companies.

Different methodologies can be used to assess these provisions, the main methods of which are specified in note 1.8 to the consolidated financial statements: the provisions for claims declared by the ceding companies are recorded upon receipt of the ceding companies' accounts and these provisions are supplemented in order to estimating the ultimate burden of all known and unknown claims.

Judgment is more important on long-tail Non-Life lines of business (Automotive Civil Liability, General Civil Liability, Construction). Estimating technical reserves on these branches therefore presents an increased risk and required particular attention in terms of the audit procedures implemented.

In this context, we considered the measurement of technical reserves related to reinsurance contracts as a key audit matter.

Audit Responses

To cover the risk related to the technical reserves estimation, our audit approach was as follows:

- we assessed the relevance of the statistical methods and the appropriateness of the actuarial parameters and assumptions used by the company;
- we obtained an understanding of the design of key controls relating to claims management and the determination of these provisions;
- we assessed the reliability of the statements produced by the company in terms of the integrity of the data produced and used to estimate claims reserves, and we tested the source data;
- we assessed the consideration of significant claims likely to affect the projection of the expense for the year;
- we performed an independent estimate of claims reserves on the main branches;
- we reviewed the liquidation of the provisions recognized at the previous closing with regard to the actual expenses in order to verify whether it confirms the estimates previously made by the company;
- we included within our team members with specific skills in IT systems to perform procedures aiming at reviewing the internal control environment of the systems used by the management and test the functioning general IT controls that cover those processes.

Measurement of premiums (premiums not received from ceding companies and unearned premium reserves)

Key audit matters

Gross earned premiums recognized as of December 31, 2022 consist of:

- The premiums appearing on the accounts received from ceding companies;
- Estimation of premiums not received;
- The change in unearned premiums reserve.

The company books the accounts received from ceding companies upon receipt. At the closing date, the accounts not received are subject to an estimate in order to recognize the situation closest to the reality of the reinsurance commitments taken by the company.

It is specific to the reinsurance activity to observe a significant proportion of estimates in the premiums issued for a financial year. The company periodically reviews its assumptions and estimates based on past experience and various other factors. Actual premiums may differ materially from company estimates.

In this context, we considered that the valuation of reinsurance premiums constituted a key point of the audit.

Audit Responses

To cover the risk on the measurement of reinsurance premiums, we implemented the following audit approach:

- we assessed the relevance of the statistical methods and the appropriateness of the actuarial assumptions used by the company;
- we obtained an understanding of the design and tested the effectiveness of key controls relating to the underwriting of premiums and the processing of ceding accounts received;
- we assessed the reliability of the statements produced by the company in terms of the integrity of the data produced and used to estimate the premiums not received from the ceding companies, and tests on the source data;
- we performed an independent estimate of ultimate premiums on the main branches;
- we reviewed the liquidation of premiums not received recognized at the previous closing with regard to the premiums actually received.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information, given in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and the consistency with the consolidated financial statements.

Other information

Appointment of the Statutory Auditors

We were appointed as statutory auditors of CCR by the Annual General Meeting held on June 23rd, 2022 for Mazars and by the Annual General Meeting held on May 11th, 2016 for Deloitte.

As at December 31, 2022, Mazars was in the 1st year of its engagement and Deloitte was in the 7th year of its engagement.

Responsibilities of management and those charged with governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

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

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.

- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

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

- Collects information related to persons and entities included in the scope of consolidation that it deems sufficient and appropriate to express an opinion on the consolidated financial statements. The auditor is responsible for the management, supervision and execution of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit, Accounts and Risks Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, May 17th, 2023

The Auditors
French original signed by

Mazars	Deloitte
Jean-Claude PAULY	Pascal COLIN

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STATEMENT BY THE PERSON RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT

PERSON RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT

Name and title of person responsible

Bertrand Labilloy, Chief Executive Officer of CCR

STATEMENT BY THE PERSON RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT

I declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Annual Financial Report is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I confirm that, to the best of my knowledge, the financial statements have been drawn up in accordance with applicable accounting standards and accurately show the position of the assets and liabilities, the financial position and the net income or loss of the Company and that the management report accurately reflects the evolution of the business, the results and the financial position of the Company and all companies included in the scope of consolidation and describes the main risks and contingencies with which they are faced.

I have obtained the Statutory Auditors' report on the consolidated and individual financial statements, in which they indicate that they have verified the information concerning the financial position and the financial statements provided in this financial report.

March 22, 2023

Chief Executive Officer

Bertrand Labilloy

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