FINANCIAL REPORT
2019

GROUPE
CAISSE CENTRALE DE RÉASSURANCE

CONTENTS

1 CONSOLIDATED MANAGEMENT REPORT

1 FINANCIAL ENVIRONMENT

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

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

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

The year was shaped by three main factors:

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

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

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

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

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

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

2 SIGNIFICANT EVENTS OF THE YEAR

France was hit by a large number of natural disasters in 2019. These included the floods caused by exceptionally heavy rainfall in the Occitanie region (October), the Cévennes region (November and December) and the South-West region (December), the earthquake in Teil in the Rhone valley (November), and various other events with less serious consequences. In addition, last year's exceptional drought conditions in around one-third of the country represented the third most serious drought event in terms of losses since the creation of the nat cat reinsurance scheme.

Caisse Centrale de Réassurance (CCR) paid out €766 million in respect of these events, in its role as public reinsurance company.

3 POST BALANCE SHEET EVENTS

As of the date when the consolidated financial statements were approved for publication, the Covid-19 epidemic, which began after the year-end, had caused a slowdown in activities without bringing them to a complete halt.

This was largely due to the fact that our business continuity plan had recently been updated in anticipation of the strikes that were expected to accompany the government's proposed pension reforms. The plan's effectiveness in preventing any disruption of the business was demonstrated by a full-scale test carried out at the end of last year. It should be pointed out that 90% of our 2020 premium income had already been secured as of January 1, in line with the budget. Lastly, the French government has contacted CCR to implement measures similar to those deployed in 2008 and 2009, for reinsurance transactions carried out after the lockdown and covering credit risks involving small-and medium-sized enterprises and midcaps in France.

4 FINANCIAL REVIEW

Written premiums

Consolidated written premiums for the year (all lines combined and before reinsurance) amounted to €1,507 million, up 10% from €1,371 million in 2018.

Of the total, 62.7% was generated by the State-guaranteed reinsurance business and 37.3% by open market reinsurance.

The public reinsurance business (all lines combined and before reinsurance) represented written premiums of €945 million, an increase of 4.2% compared with €907 million in 2018.

- Of this amount, 93.2% (€881 million) concerned reinsurance of **natural disaster risks in France**. The 5.4% increase compared with 2018 reflected last year's favorable change in portfolio and pricing mix and the positive impact of reinsurance adjustments concerning treaties written in prior years.
- **Terrorism risk** reinsurance premiums were stable compared with 2018 at €65 million, representing 6.8% of the total State guaranteed reinsurance business.
- The business of reinsuring so-called **exceptional risks** was discontinued with effect from January 1, 2019 and premium income from this business therefore corresponds exclusively to prior-year adjustments.
- The premium paid to the French State in exchange for the latter's guarantee for reinsurance cover provided on its behalf by CCR amounted to €100 million in 2019 (2018: €95 million).

Open market reinsurance premiums written in 2019 totaled €562 million, up 21% as reported and 18% at constant exchange rates[1]. Most of the increase corresponded to new business.

Premium income breaks down as follows:

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

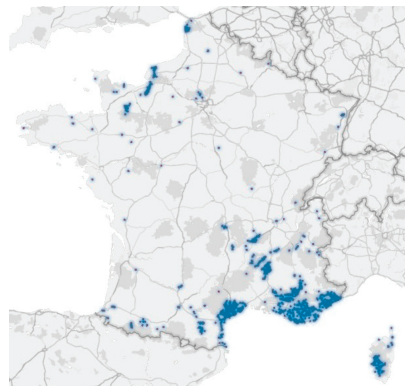
The €63 million growth at constant exchange rates was mainly attribuate to new reinsurance business written in the Middle East.

Loss ratios

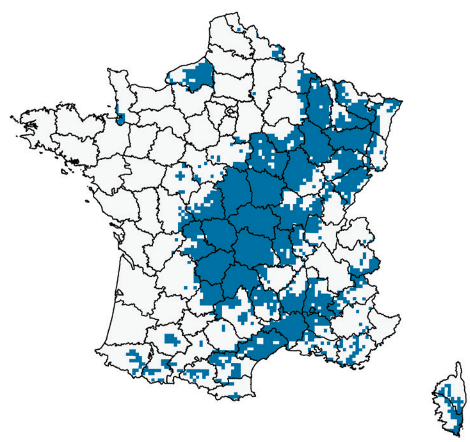
Public reinsurance

The underwriting result[2] from the public reinsurance business amounted to €30 million (2018: €40 million).

- The 2019 loss ratio for natural disaster reinsurance reflected the impact of three major flooding events (leading to losses of €274 million for CCR), an earthquake (losses of €50 million for CCR), and near-average attritional losses (€42 million for CCR). In addition, around a third of mainland France was affected by an extended period of drought, leading to the recognition of outstanding claims reserves of €400 million. Together, these events represented losses of €766 million.



Communes recognized as eligible for natural disaster payments in 2019 (excluding drought)



Map of drought-stricken areas in 2019

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

[2] *Underwriting result: sum of insurance service result, net of reinsurance, and internal management expenses (excluding claims management expenses included in the insurance service result).*

The liquidation surplus related to prior years recognized in 2019 amounted to €15 million.

On the above basis, the natural disaster underwriting result for 2019 was close to break-even, leading to the transfer of €0.2 million to the equalization reserve in accordance with the applicable regulations (2018: €70 million released from the reserve).

In all, claims expenses net of changes in the equalization reserve amounted to €755 million in 2019. At December 31, 2019, the equalization reserve stood at €1,365 million, unchanged from the previous year-end.

- The underwriting result from **Other State-guaranteed reinsurance business** was a profit of €30 million in 2019 (2018: €41 million profit). The year-on-year decline was due to the discontinuation of the exceptional risks business and adjustments to the equalization reserve in 2018 and 2019 in respect of terrorism reinsurance.

The **combined ratio for the public reinsurance business** came in at 96.3%[3] in 2019.

The **open market reinsurance business' combined ratio** continued to improve, falling to 98.1%[4] in 2019 from 99.4% in 2018.

The ratio breaks down as:

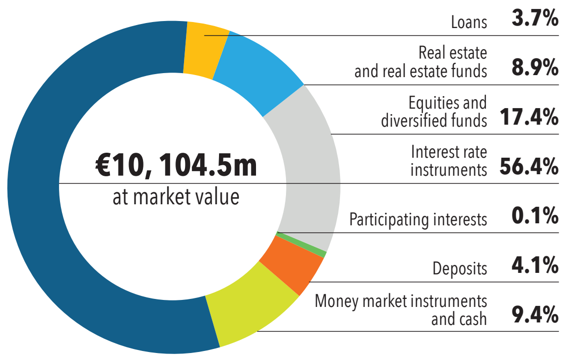
- a loss ratio of 66.6% (vs 68.0% in 2018);
- an expense ratio of 31.5% (vs 31.4% in 2018).

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

The Life profit margin stood at 5.2% in 2019 versus 6.3%[5] the previous year.

Management of financial and real estate investments

Consolidated **reinsurance investments**[6] had a net book value of €9,009.5 million at December 31, 2019 versus €8,573.0 million at the previous year-end.
The following table shows the breakdown of the reinsurance investment portfolio at net book value (NBV) and at market value (MV):



	December 31, 2019			December 31, 2018			Change			
montant en M€	**NBV**	**MV**	**% (at MV)**	**NBV**	**MV**	**% (at MV)**	**NBV**	**%**	**MV**	**%**
Money market instruments and cash	945.9	945.6	9.4%	787.7	787.4	8.3%	+158.2	+20.1%	+158.2	+20.1%
Interest rate instruments	5,492.3	5,696.0	56.4%	5,264.8	5, 464.0	57.7%	+227.5	+4.3%	+232.0	+4.2%
Loans	371.3	376.8	3.7%	363.8	366.9	3.9%	+7.5	+2.1%	+9.9	+2.7%
Real estate and real estate investment trust	413.9	902.3	8.9%	404.0	840.0	8.9%	+9.8	+2.4%	+62.3	+7.4%
Equities and diversified funds	1,367.7	1,756.7	17.4%	1,364.9	1 620.1	17.1%	+2.8	+0.2%	+136.6	+8.4%
Participating interests	6.2	15.0	0.1%	6.2	14.4	0.2%	0.0	0.0%	+0.6	+4.5%
Deposits	412.2	412.2	4.1%	381.6	381.6	4.0%	+30.6	+8.0%	+30.6	+8.0%
TOTAL	**9,009.5**	**10,104.5**	**100%**	**8, 573.0**	**9,474.3**	**100%**	**+436.5**	**+5.1%**	**+630.3**	**+6.7%**

[3] *Net combined ratio (CCR): sum of net claims and expenses, including change in the equalization reserve, and technical management expenses (including commissions) divided by net earned premiums.*
[4] *Net combined ratio (CCR Re): for the Non-Life business, sum of net claims and expenses, excluding change in the equalization reserve, and technical management expenses (including commissions) divided by net earned premiums.*
[5] *2018 pro forma Life profit margin including claims management expenses.*
[6] *CCR Group financial and real estate investments, including cash. In this section, the investment portfolio at December 31, 2018 has been remeasured at December 31, 2019 prices.*

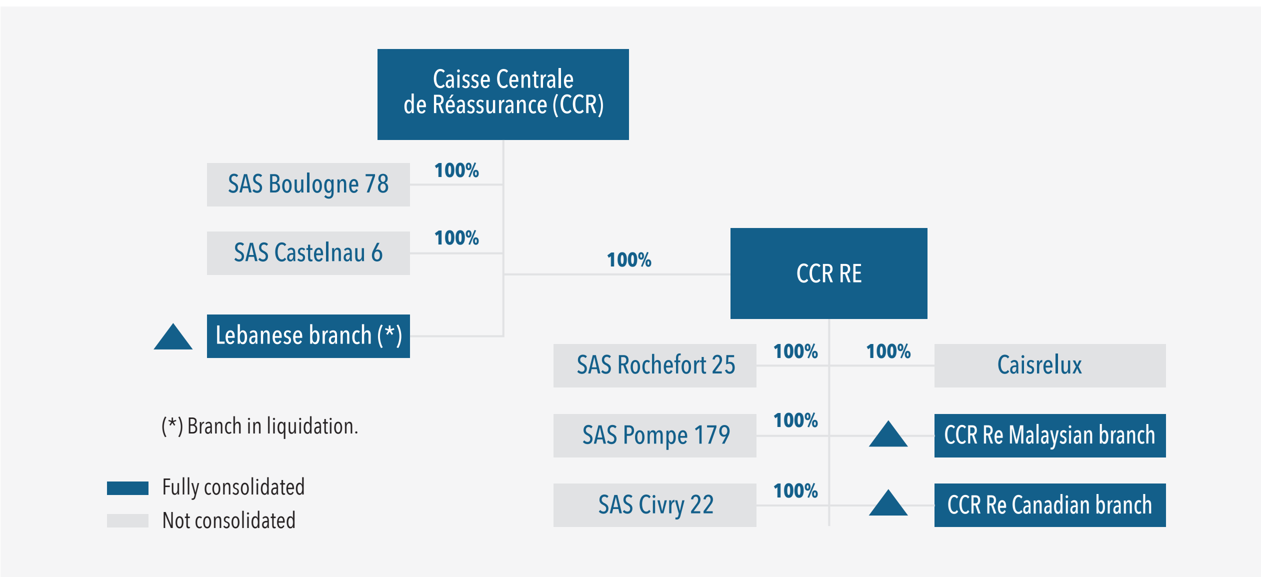
Net unrealized gains totaled €1,095.1 million at December 31, 2019 compared with €901.3 million at end-2018, reflecting conditions in the financial and real estate markets and asset sales carried out during the year. The market value of financial and real estate investments was €10,104.5 million, up 6.7% compared with end 2018.

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

- At December 31, 2019, investments in **money market instruments** represented 9.4% of the total investment portfolio at market value. They included money market funds for €112.2 million and cash and cash equivalents for €833.4 million.
- **Interest rate instruments** increased by 4.2% to €5,696.0 million, representing 56.4% of the portfolio at market value. The portfolio of directly held bonds rose 2.4% to €4,530.3 million (79.5% of the total) and investments in bond funds were up 12.3% at €1,165.7 million (20.5% of the total).
- Investments in **equities and diversified funds** grew 8.4% over the year and represented 17.4% of the total portfolio. The main investments are equity funds (38.5%), diversified funds (23.6%) and hybrid securities and alternative investment funds (24.1%). Unrealized gains on this asset class were up 52.4% at €389 million.
- Investments in **real estate** amounted to €902.3 million at December 31, 2019 and represented 8.9% of the total portfolio. Unrealized gains on directly-owned investment properties increased by 10.8% over the year.

Subsidiaries and affiliates

The CCR Group's legal structure is presented below:



CCR holds the entire share capital of CCR Re, an undertaking providing open market Non-Life, Life and Death/Disability & Health reinsurance, since December 31, 2016.

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 €55 million at December 31, 2019. The five companies reported net income of €2.3 million in 2019 and contributed €2.1 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, 2019, unchanged from the previous year-end. Caisrelux operates exclusively as a captive reinsurance company. Its financial statements approved for publication on March 18, 2020 show a profit.

Net income of the year

Consolidation net income for the year, amounted to €104 million (2018: €132 million), breaking down as follows:

- The reinsurance underwriting result was a profit of €39 million (2018: profit of €33 million). As explained earlier, it reflects the Group's natural disaster loss experience in 2019 and adjustments to equalization reserves in respect of terrorism risk reinsurance, as well as CCR Re's profitable business growth during the year.
- Net investment result amounted to €145 million, including investment revenue of €100 million and €45 million in net realized gains from disposals of investments. The overall yield on the reinsurance investment portfolio was 1.7% versus 1.9% in 2018.
- Income tax expense for the year was €81 million. The effective tax rate of 43.6% (excluding tax on non-recurring items) was the direct consequence of the tax rules applicable to movements on equalization reserves and changes in unrealized gains on UCITS.

5 2020 OUTLOOK

In 2020, we will continue to contribute to the public authorities' consideration on how to improve the payout mechanism for claims related to natural disasters. Discussions are focusing on the necessary changes to certain insurance parameters (deductibles, guarantees) and their consequences in terms of pricing. They also concern the need to strengthen preventive action, in order to contain the expected increase in losses due to the effects of climate change. We will continue to expand our role in the area of prevention, using the risk assessment tools developed over many years which are described in our publications[7].

2020 will also see the application of the new ceding insurer commission system for natural disaster risks reinsured with CCR. The system, which is applicable over the period 2020-2023, covers 92% of the market. A Steering Committee has been set up to encourage ceding insurers to adopt the best prevention practices developed by the industry in accordance with guidelines issued by France's Ministry of the Economy and Finance.

Lastly, we are contributing our technical expertise to work by the public authorities to improve the management of agricultural risks.

CCR Re will pursue the international expansion of its open market reinsurance business.

A new strategic plan, named Streamline, was approved by CCR Re's Board of Directors on December 11, 2019 and will steer the company's development over the period 2020-2022. This new plan applies the streamlining and profiling principles of an agile and innovative vehicle, with the following fundamental goals:

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

A key aim of Streamline is to consolidate CCR Re's financial strength and keep its solvency coverage ratio in the range of 180% to 220%.

6 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. The Group 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 for non-convertible currencies.

[7] *Including Rapport d'Activité Scientifique (scientific activity report), Bilan Annuel des Catastrophes Naturelles en France (annual report on natural disasters in France), climate studies in France and the overseas departments and territories, etc.*

7 RESEARCH AND DEVELOPMENT ACTIVITY

Our **main R&D activities** in 2019 were as follows:

Data Science and Actuarial projects

- Deployment of text-mining technology with a view to automating the processing of ministerial orders declaring natural disasters and agricultural disasters. The aim is to achieve efficiency gains and improve data quality, in order to free up more time for analyses.
- Ongoing research project, in partnership with the Applied Mathematics laboratory of Paris V university (MAP5), on machine learning predictive modeling techniques that will be used for estimates of geotechnical damage caused by drought.
- Testing of the use of textual and contextual analysis techniques on unstructured data, in order to improve estimates of the probability of communes applying for droughts to be declared as natural disasters due to the magnitude of geotechnical damage (analysis of press clippings and websites).
- 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, exploratory research into cyber risks.

Modelling and R&D activities

- Partnerships with universities were pursued in 2019, focusing on three main areas of research:
  - Research on the use of meta-modeling techniques to estimate model uncertainty. The techniques are being tested on the marine submersion risk model developed by CCR. The project is being led jointly by CCR, the French Geological Survey Institution (BRGM) and Ecole des Mines de Saint Etienne engineering school.
  - Research project in partnership with the Nancy Geological Engineering School (ENSG), entitled "Multi-scale approach to seismic wave propagation for the development of a stochastic model to measure the impact of seismic activity in France". The aim of the project is to develop an internal probabilistic model to determine the risk of earthquakes occurring in France.
  - Research project in partnership with the French Agronomic Research Institute's SMART-LERECO laboratory and Rennes University's Agrocampus Ouest institute on the impact of severe climate events on agriculture in mainland France.
- Many other R&D projects on various modeling issues were also carried out during 2019:
  - The most noteworthy project aims to estimate the impact of climate change on cyclone risk in overseas departments and territories. Following on from the study published in 2018 on mainland France, research was conducted in partnership with Météo France and RiskWeatherTech to estimate cyclone risk over the period to 2050 based on various IPCC scenarios.
  - Ongoing project with the French Geological Survey Institution (BRGM) to analyze mainland France's exposure to earthquake risk. The Teil earthquake in November 2019 provided an opportunity to try out the tools for the first time.
  - Participation in the European Nature Insurance Value Assessment & Demonstration (NAIAD) project which aims to assess and determine the relevance of nature-based solutions to reduce the risks associated with water (floods and drought). The project is being conducted in partnership with 23 European institutions and companies. CCR is the only insurance industry representative in the NAIAD consortium. Its experience of modeling run-off flood risk will be leveraged at two French research sites (the Brague and Lez rivers).
  - Participation in the TIREX project financed by France's National Research Agency (ANR). The project is being led by the Governance, Risks, Environment, Development (GRED) laboratory in Montpellier. The aim is to analyze the impact of recent hurricanes (Irma, José and Maria) on the French West Indies and improve monitoring of regional reconstruction efforts by formally describing continuous scientific feedback methods. CCR is participating in this project by sharing its historical knowledge concerning hurricanes (chronology, severity and damage) and estimates of insured losses caused by the recent hurricanes.
  - CCR is also a partner in the ANR-financed PICS project to develop a process for forecasting and estimating the socio-economic impacts of flash floods. Eight partners are involved in the project, IFSTTAR, IGE, CNRM, IRSTEA, CEREMA, Géosciences Rennes, SCHAPI and CCR.
  - Exploratory research on remote sensing was carried out in 2019, to determine the contribution of space imagery and the use of drones for natural disaster modeling purposes, with a specific focus on floods.

Prevention-related R&D

For many years, work on the collection and processing of data and the development of modeling tools has helped to make public reinsurance of natural disaster risks more appropriate and effective, and provide insight to the public authorities as they consider how best to deal with their financial consequences. In 2019, this work was also leveraged to match indicators of losses and exposures to natural disaster risks with indicators of preventive measures deployed in France, in order to analyze the measures' appropriateness and effectiveness, depending on the region.

Scientific calculation and data processing infrastructure

In light of the growing need for scientific calculation and high volume data processing capacity to run our models, considerable work was undertaken in 2019 to optimize data loading and processing tools, and adapt the scientific calculation architecture. This work is expected to lead to significant improvements in 2020. It will contribute to maintaining our state of-the-art data management expertise.

PARI university chair

Since 2018, CCR has supported the PARI university chair and its 2018-2021 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.

157 Re

During the year, CCR Re successfully created the first sidecar domiciled in France, named 157 Re.
By accepting a 25% participation in the global Property Cat portfolio, 157 Re has provided CCR Re with fully collateralized third-party capital that will allow the company to pursue its diversification and profitable organic growth. This Solvency II-compliant strategic vehicle also enables CCR Re to tap a competitive and flexible investor source. 157 Re is an umbrella fund and the first of its sub funds, 157 Re 19, was launched on April 1, 2019. It will be followed by other funds in the coming years, depending on investor demand and CCR Re's needs. In December 2019, it was rolled over for 2020.
157 Re is the first sidecar to be organized as a *Fonds Commun de Titrisation* (FCT) *Supportant des Risques d'Assurance* (insurance risk securitization fund) governed by French law. Up to now, FCTs were only used for financial asset securitizations.
157 Re has been licensed by France's banking and insurance supervisor (Autorité de Contrôle Prudentiel et de Résolution) and the tax rules applicable to investors in the fund have been confirmed by the French tax authorities.

Automation

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

2 CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET
ASSETS

(in thousands of euros)	NOTES	DECEMBER 31, 2019	DECEMBER 31, 2018
INTANGIBLE ASSETS	**4.1**	**2,965**	**3,376**
REINSURANCE INVESTMENTS	**4.2**	**8,257,827**	**8,022,184**
Real estate investments		278,592	283,148
Investments in affiliates and participating interests	4.3	6,200	6,200
Other investments		7,731,012	7,510,786
Cash deposits with ceding insurers		242,023	222,050
REINSURERS' SHARE OF TECHNICAL RESERVES	**4.5**	**18,934**	**6,943**
OTHER RECEIVABLES	**4.6**	**134,528**	**392,259**
OTHER ASSETS		**767,922**	**560,834**
Property and equipment		2,865	2,537
Other		765,057	558,297
ACCRUED INCOME AND PREPAID EXPENSES	**4.7**	**589,441**	**572,787**
Deferred acquisition costs		43,582	36,970
Deferred tax assets		132,812	129,959
Other		413,047	405,858
TOTAL ASSETS		**9,771,617**	**9,558,383**

CONSOLIDATED BALANCE SHEET
EQUITY AND LIABILITIES

(in thousands of euros)	NOTES	DECEMBER 31, 2019	DECEMBER 31, 2018
SHAREHOLDERS' EQUITY	**4.8**	**2,550,184**	**2,460,890**
Share capital		60,000	60,000
Additional paid-in capital		-	-
Reserves and retained earnings		2,386,090	2,268,432
Special revaluation reserve		-	-
Net income of the year		104,094	132,458
GROSS TECHNICAL RESERVES	**4.9.1**	**7,034,399**	**6,917,080**
Life technical reserves		175,200	176,261
Non-Life technical reserves		6,859,199	6,740,819
PROVISIONS	**4.10**	**14,247**	**14,576**
OTHER LIABILITIES	**4.11**	**132,566**	**122,745**
DEFERRED REVENUE AND ACCRUED EXPENSES	**4.12**	**40,221**	**43,092**
TOTAL EQUITY AND LIABILITIES		**9,771,617**	**9,558,383**

CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	NOTES	NON-LIFE REINSURANCE	LIFE REINSURANCE	2019 TOTAL	2018 TOTAL
Written premiums	6.2	1,396,555	110,347	1,506,902	1,371,193
Change in unearned premium reserves		(31,610)	(13,051)	(44,661)	(28,530)
EARNED PREMIUMS		**1,364,945**	**97,296**	**1,462,241**	**1,342,663**
Other operating revenue		2,595	-	2,595	1,312
Investment income, net of expenses	5.1	100,293	4,089	104,382	118,267
REVENUE FROM ORDINARY ACTIVITIES		**102,888**	**4,089**	**106,977**	**119,579**
Reinsurance claims expenses		(1,095,404)	(67,254)	(1,162,658)	(1,066,537)
Income and expenses net of ceded income and expenses		(108,661)	(3,086)	(111,747)	(115,531)
Management expenses		(131,961)	(18,839)	(150,800)	(130,630)
EXPENSES FROM ORDINARY ACTIVITIES		**(1,336,026)**	**(89,179)**	**(1,425,205)**	**(1,312,698)**
INCOME FROM ORDINARY ACTIVITIES		**131,807**	**12,206**	**144,013**	**149,544**
Investment income net of investment expenses	5.1			40,958	47,148
Other income and expense, net				153	11
Non-recurring income and expenses, net	5.3			(131)	50
Employee profit-sharing				(276)	-
Income tax	5.2			(80,623)	(64,295)
CONSOLIDATED NET INCOME				**104,094**	**132,458**
Basic earnings per share (in euros)				34.70	44.15
Diluted earnings per share (in euros)				34.70	44.15

CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS

(in thousands of euros)	DECEMBER 31, 2019	DECEMBER 31, 2018
COMMITMENTS RECEIVED	**27,131**	**24,763**
COMMITMENTS GIVEN	**38,886**	**36,500**
- Loan guarantees, other guarantees and bonds issued	38,886	36,500
- 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	**379**	**440**
ASSETS RECEIVED AS COLLATERAL FROM REINSURED INSTITUTIONS WITH A JOINT AND SEVERAL GUARANTEE OF 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 financial statements approved for publication by the Board of Directors on April 29, 2020.

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 the CCR Group have been prepared in accordance with the Government order (arrêté) dated January 17, 2001 adopting Regulation CRC 2000-05 dated December 7, 2000 concerning the consolidation rules applicable by companies governed by the French Insurance Code (Code des Assurances), as amended by the other regulations issued by the CRC and the ANC.

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 April 29, 2020.

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, 2019, in accordance with Article R.341-4 of the French Insurance Code.

The consolidated income statement presents income and expenses for the period from January 1 to December 31, 2019.

1.4 BASIS AND METHODS OF CONSOLIDATION

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

a) 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.

b) 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.

c) 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 insurance investments portfolio, 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 profit 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 profit 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 profit 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 profit 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 profit 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, 2019 include comparative information at December 31, 2018.

NOTE 2
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 INTANGIBLE ASSETS

Software licenses are initially recognized at cost and amortized over a period of three years.

Internal software development costs for the Group's insurance accounting system have been capitalized and are being amortized on a straight-line basis over a period of five years from the date when the system was put into operation.

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.

a) 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 recorded on a prorata basis over the period to the execution date of the work, as scheduled in the multi year renovation and refurbishment program.

Provisions for 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 flows method.

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

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

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

b) Equities and UCITS

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

They are classified in two categories:

- *Participating interests,* whose reference value corresponds to their value-in-use, i.e., their fair value to the Group. Value in use is determined using a multi-criteria approach including, for reinsurance companies, the investee's adjusted net asset value taking into account earnings multiples and 10 year earnings projections and, for real estate companies, the Group's share in the investee's net assets plus unrealized capital gains. Impairment provisions are recorded line-by-line for assets whose value-in-use is below cost.
- *Marketable securities,* which are measured at probable realizable value. When probable realizable value is significantly below cost, a provision for other than temporary impairment is recorded 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, 2018 and December 31, 2019, 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.

c) Fixed income securities

Bonds are initially recognized at cost excluding accrued interest.

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

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

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.

d) Other assets

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

e) 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 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.

2.4 ACCRUAL ACCOUNTS

a) 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.

b) Reinsurance adjustments

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

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 PROVISIONS

a) Pension and other post-employment benefit liabilities

These liabilities concern length-of-service awards payable to employees on retirement. They are determined by the projected unit credit method, based on employees' vested rights per year of service.

The assumptions used concern:

- projected future salary increases, with the same rate applied for both management and non-management personnel based on the latest estimates of growth in total salary costs;
- survival rates, which are determined based on the INSEE TD-TV 12-14 table and are calculated by dividing the "number of living persons who have reached retirement age" by the "number of living persons with the same age as the employee";
- average staff turnover rates, used to estimate the number of current employees in each age group who are expected to remain with the Company until retirement;
- a discount rate based on the iBoxx Corporate Overall AA 10+ (0.70% in 2019 compared with 1.57% in 2018);
- the calculation also includes employer payroll taxes, at the rate of 55%.

b) Provision for special pre-retirement vacation costs
The 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.

c) Provision for long-service awards
This concerns the long-service awards paid to employees who earn a Médaille d'Honneur du Travail in recognition of their long service. The awards are determined in accordance with the legal rules.
The provision is determined by a similar method as that described for length-of-service awards, except that the discount rate is based on the iBoxx Corporate Overall AA 7-10 (0.30% in 2019 compared with 1.13% in 2018).

d) 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 deferred taxes;
- provisions for major repairs;
- provisions for non-recurring expenses;
- provisions for currency risks; and
- other provisions for contingencies and charges.

2.7 TECHNICAL RESERVES

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

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

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

b) Outstanding claims reserves and mathematical reserves
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 an independent actuarial firm.

Reserving policy
The reserving policy defining the guiding reserving principles applied at December 31, 2019 was approved by CCR's Board of Directors on October 17, 2019 and CCR Re's Board of Directors on October 10, 2019.

Approach
Projections are prepared to determine ultimate premiums and losses based on French accounting principles applicable to separate financial statements.
Technical reserves are based on underwriting year/fiscal year triangles and statistical data provided by ceding insurers,
which are used to produce premium and claim development triangles. 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;
- estimated potential compensation claims by municipalities with the interministerial commission;
- ceding insurer IBNRs.

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

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

c) Equalization reserves and exceptional risk reserves
The equalization reserves provided for in Article R.343-8 12° a) of the French Insurance Code are intended to cover fluctuations in claims incurred under reinsurance treaties covering natural disaster, nuclear and exceptional risks.

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.

2.8 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.

2.9 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.

2.10 EARNINGS PER SHARE

Basic earnings per share correspond to attributable net income of 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:

			2019			2018		
Entity	**Registration no.**	**Address**	**% voting rights**	**% interest**	**Consolidation method**	**% voting rights**	**% interest**	**Consolidation method**
CCR SA	388 202 533	157 boulevard Haussmann 75008 Paris	100%	100%	Consolidating parent	100%	100%	Consolidating parent
CCR RE SA	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, 2019	ADDITION/INCREASE	OTHER MOVEMENTS	DISPOSAL/DECREASE	DEC. 31, 2018
Gross	67,744	1,385	-	(253)	66,612
Amortization	(64,779)	(1,543)	-	-	(63,236)
NET	**2,965**	**(158)**	**-**	**(253)**	**3,376**

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				
2	Equities and other variable-income securities (other than investment funds)	251,993	251,354	452,195	200,841
3	Investment funds (other than those in 4)	2,817,699	2,817,357	3,256,647	439,290
4	Investment funds invested solely in fixed-income securities	-	-	-	-
5	Bonds and other fixed-income securities	4,425,172	4,409,079	4,530,328	121,247
6	Mortgage loans	-	-	-	-
7	Other loans	4,822	4,822	4,822	-
8	Deposits with ceding insurers	242,023	242,023	242,023	-
9	Cash deposits (other than those in 8) and guarantees	238,508	238,508	238,508	-
10	Unit-linked portfolios	-	-	-	-
	SUB-TOTAL	**8,324,000**	**8,241,736**	**9,475,849**	**1,234,112**
11	Other forward financial instruments				
	a) Investment or divestment strategy	-	-	-	-
	b) Yield strategy	86,210	86,210	87,001	791
	c) Other strategies	-	-	-	-
	TOTAL, LINES 1 TO 11	**8,410,210**	**8,327,946**	**9,562,850**	**1,234,903**
a/	of which:				
	investments measured in accordance with Article R.343-9	4,425,172	4,409,079	4,530,328	121,247
	investments measured in accordance with Article R.343-10	3,656,806	3,590,632	4,703,498	1,112,865
	investments measured in accordance with Article R.343-13	-	-	-	-
	Forward financial instruments	86,210	86,210	87,001	791
b/	of which:				
	OECD member country issuers	8,241,056	8,158,777	9,386,584	1,227,806
	Non-OECD issuers	82,945	82,959	89,265	6,306

4.3 INVESTMENTS IN AFFILIATES AND PARTICIPATING INTERESTS

(in thousands of euros)	PERCENT INTEREST	INVESTMENT	SHAREHOLDERS' EQUITY	NET INCOME OF THE PERIOD	NET CARRYING AMOUNT OF INVESTMENT	REALIZABLE VALUE
SA Caisrelux	100%	6,200	6,200	-	6,200	NC

4.4 OTHER INVESTMENTS

2019 (in thousands of euros)	PERCENT INTEREST	INVESTMENT	SHAREHOLDERS' EQUITY	NET INCOME OF THE PERIOD	NET CARRYING AMOUNT OF INVESTMENT	REALIZABLE VALUE
SAS Boulogne 78	100%	5,710	6,023	223	5,709	17,857
SAS Rochefort 25	100%	14,940	15,824	1,211	14,932	59,319
SAS Pompe 179	100%	15,270	15,522	394	15,268	55,349
SAS Civry 22	100%	7,860	8,041	222	7,859	32,413
SAS Castelnau 6	100%	7,280	7,439	264	7,279	32,629

4.5 REINSURERS' SHARE OF TECHNICAL RESERVES

	DECEMBER 31, 2019			DECEMBER 31, 2018		
(in thousands of euros)	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL
Unearned premium and unexpired risks reserves	658		658	1		1
Outstanding claims reserves	17,575	701	18,276	6,080	862	6,942
TOTAL	**18,233**	**701**	**18,934**	**6,081**	**862**	**6,943**

4.6 OTHER RECEIVABLES

GROSS RECEIVABLES AND IMPAIRMENT LOSSES (in thousands of euros)	DECEMBER 31, 2019 GROSS	IMPAIRMENT	NET	DECEMBER 31, 2018 GROSS	IMPAIRMENT	NET
Reinsurance receivables	129,542	(967)	128,575	305,805	(2,442)	303,363
Prepaid and recoverable taxes	161	-	161	81,154	-	81,154
Prepaid payroll costs	5	-	5	-	-	-
Other receivables	76,476	(70,689)	5,787	78,512	(70,770)	7,742
TOTAL	**206,184**	**(71,656)**	**134,528**	**465,471**	**(73,212)**	**392,259**

ANALYSIS OF NET RECEIVABLES BY MATURITY (in thousands of euros)	DECEMBER 31, 2019 DUE WITHIN 1 YEAR	DUE IN 1-5 YEARS	DUE BEYOND 5 YEARS	TOTAL	DECEMBER 31, 2018 TOTAL
Reinsurance receivables	128,575	-	-	128,575	303,363
Prepaid and recoverable taxes	161	-	-	161	81,154
Prepaid payroll costs	5	-	-	5	-
Other receivables	4,990		797	5,787	7,742
TOTAL	**133,731**	**-**	**797**	**134,528**	**392,259**

4.7 ACCRUED INCOME AND PREPAID EXPENSES

(in thousands of euros)	DECEMBER 31, 2019	DECEMBER 31, 2018
Reinsurance adjustments	361,234	347,841
Deferred acquisition costs	43,582	36,970
Accrued interest and rental income	33,508	38,634
Deferred tax assets	132,812	129,959
Other	18,305	19,383
TOTAL	**589,441**	**572,787**

4.8 SHAREHOLDERS' EQUITY

(in thousands of euros)	SHARE CAPITAL	ADDITIONAL PAID-IN CAPITAL	RESERVES AND RETAINED EARNINGS	NET INCOME OF THE YEAR	TOTAL SHAREHOLDERS' EQUITY
AT DECEMBER 31, 2018	**60,000**	**-**	**2,268,432**	**132,458**	**2,460,890**
Changes in capital			-		-
Share premiums			-		-
Guarantee fund reserve			(131)		(131)
Special reserve for exceptional and nuclear risks			4,940		4,940
Special reserve for natural disaster risks			117,414		117,414
Reserve for major natural risks			-		-
Special reserve for terrorism risks			9,718		9,718
Special reserve for specific credit insurance risks			4		4
Reserve for the purchase of original works by living artists			18		18
Other reserves			34,629		34,629
Reserves and retained earnings			(48,934)		(48,934)
Dividend payments				(14,800)	(14,800)
Appropriation of prior year net income				(117,658)	(117,658)
Net income of the year				104,094	104,094
AT DECEMBER 31, 2019	**60,000**	**-**	**2,386,090**	**104,094**	**2,550,184**

4.9 TECHNICAL RESERVES

EXPENSES BY TYPE (in thousands of euros)	DECEMBER 31, 2019			DECEMBER 31, 2018		
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL
Life reinsurance reserves		89,297	89,297		73,323	73,323
Life outstanding claims reserves		83,730	83,730		63,868	63,868
Life policyholders' surplus reserve		2,173	2,173		3,134	3,134
Other Life technical reserves		-	-		35,936	35,936
Non-Life unearned premium reserves	494,059		494,059	459,716		459,716
Non-Life outstanding claims reserves	4,385,105		4,385,105	4,373,664		4,373,664
Non-Life equalization reserves	1,935,879		1,935,879	1,907,439		1,907,439
Other Non-Life technical reserves	44,156		44,156		-	-
TOTAL	**6,859,199**	**175,200**	**7,034,399**	**6,740,819**	**176,261**	**6,917,080**

LIQUIDATION OF OUTSTANDING CLAIMS RESERVES FOR CLAIMS INCURRED IN PRIOR PERIODS, BY LINE OF BUSINESS (in thousands of euros)	DECEMBER 31, 2019			DECEMBER 31, 2018		
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL
Outstanding claims reserves at January 1	4,270,599	337,816	4,608,415	4,596,306	298,902	4,895,208
Prior year claims paid during the year	1,042,649	30,052	1,072,701	1,279,469	57,091	1,336,560
Outstanding claims reserves for claims incurred in prior periods at December 31	3,222,867	229,033	3,451,900	3,195,732	246,793	3,442,525
NET SURPLUS (+) OR DEFICIT (-)	**5,083**	**78,731**	**83,814**	**121,105**	**(4,982)**	**116,123**

4.10 PROVISIONS

(in thousands of euros)	DECEMBER 31, 2019	MOVEMENTS	DECEMBER 31, 2018
Provision for length-of-service awards	5,257	(158)	5,415
Provision for long-service awards	3,037	(347)	3,384
Provision for extra paid vacation for retirees	2,159	(14)	2,173
Provisions for non-recurring expenses	216	30	186
Provisions for currency risks	211	122	89
Provisions for major repairs	3,367	38	3,329
TOTAL	**14,247**	**(329)**	**14,576**

4.11 OTHER LIABILITIES

ANALYSIS BY TYPE (in thousands of euros)	DECEMBER 31, 2019	DECEMBER 31, 2018
Deposits received (other than from insurers)	2,426	2,178
Cash deposits received from reinsurers	79	157
Reinsurance payables	2,703	953
Accrued payroll costs	14,231	14,221
Accrued taxes	8,749	5,894
Other payables	104,378	99,342
TOTAL	**132,566**	**122,745**

ANALYSIS BY MATURITY (in thousands of euros)	DECEMBER 31, 2019				DECEMBER 31, 2018
	DUE WITHIN 1 YEAR	DUE IN 1 TO 5 YEARS	DUE BEYOND 5 YEARS	TOTAL	TOTAL
Deposits received (other than from insurers)				2,426	2,178
Cash deposits received from reinsurers	79			79	157
Reinsurance payables	2,703			2,703	953
Accrued payroll costs	14,231			14,231	14,221
Accrued taxes	8,749			8,749	5,894
Other payables	104,378			104,378	99,342
TOTAL	**132,566**	**-**	**-**	**132,566**	**122,745**

4.12 DEFERRED REVENUE AND ACCRUED EXPENSES

(in thousands of euros)	DECEMBER 31, 2019	DECEMBER 31, 2018
Non-Life deferred acquisition costs	72	-
Deferred revenue	33,895	42,786
Reinsurance adjustments	6,129	33
Other deferred revenue and accrued expenses	125	273
TOTAL	**40,221**	**43,092**

NOTE 5
NOTES TO THE INCOME STATEMENT

5.1 INVESTMENT INCOME, NET OF EXPENSES

(in thousands of euros)	2019	2018
Revenue from real estate investments	23,897	23,808
Revenue from other investments	99,742	112,364
Interest on cash deposits and technical accounts	2,770	2,500
Other investment income	3,314	5,320
Realized gains from investments	130,276	88,924
INVESTMENT INCOME	**259,999**	**232,915**
External investment management expenses	(7,157)	(7,771)
Internal investment management expenses	(8,102)	(8,168)
Other investment expenses	(16,366)	(16,437)
Realized losses from investments	(83,034)	(35,123)
FINANCIAL EXPENSES	**(114,659)**	**(67,499)**
INVESTMENT INCOME, NET OF EXPENSES	**145,340**	**165,415**

5.2 INCOME TAX

ANALYSIS OF INCOME TAX EXPENSE (in thousands of euros)	2019	2018
Current tax expense	(83,476)	(16,182)
Deferred tax benefit	2,853	(48,113)
TOTAL	**(80,623)**	**(64,295)**

DEFERRED TAXES BY CATEGORY (in thousands of euros)	2019	2018
Deferred taxes on temporary differences	132,915	130,180
Consolidation adjustments	(103)	(221)
TOTAL DEFERRED TAX ASSETS	**132,812**	**129,959**

TAX PROOF (in thousands of euros)	2019	2018
Consolidated net income	104,094	132,458
Income tax	(80,623)	(64,295)
INCOME BEFORE TAX	**184,717**	**196,753**
Standard tax rate	34.43%	34.43%
Tax at the standard rate	(63,604)	(67,749)
Effects on income taxable at the standard rate		
- Tax credits	871	1,149
- Tax loss carryforwards	0	(333)
- Difference in tax rate paid by Canadian branch	(1,354)	770
- Adjustment of 2018 temporary differences	(94)	0
- Valuation allowances on deferred tax assets	(12,329)	(11,145)
- Elimination of movements on special revaluation reserve	(5)	
- Other permanent differences	949	690
- Differences in tax rates	(5,058)	12,321
TOTAL	**(17,019)**	**3,453**
Income tax	(80,623)	(64,295)
EFFECTIVE TAX RATE	**43.65%**	**32.68%**

5.3 NON-RECURRING ITEMS

NON-CURRENT INCOME AND EXPENSE (in thousands of euros)	2019	2018
NON-CURRENT INCOME	**19**	**139**
- Reversal of exceptional impairment losses	19	139
- Other non-current income	-	-
NON-RECURRING EXPENSES	**(150)**	**(89)**
- Charges to provisions for non-recurring expenses	(150)	(89)
- Other non-recurring expenses	-	-
NET NON-CURRENT INCOME (EXPENSE)	**(131)**	**50**

5.4 PAYROLL COSTS AND NUMBER OF EMPLOYEES

(in thousands of euros)	2019	2018
PAYROLL COSTS	**30,571**	**30,940**
AVERAGE NUMBER OF EMPLOYEES	**275**	**278**
- Non-managerial staff	17	19
- Managers	245	247
- Canadian branch	10	9
- Lebanese branch	3	3

5.5 DEPRECIATION, AMORTIZATION & PROVISIONS

(in thousands of euros)	2019	2018
Depreciation and amortization expense	2,544	2,396
Impairment losses	-	-
TOTAL	**2,544**	**2,396**

5.6 FEES PAID TO THE STATUTORY AUDITORS

(in thousands of euros)	2019	2018
For the statutory audit of the financial statements	343	298
For audit-related advice and services	103	46
TOTAL	**446**	**344**

NOTE 6
SEGMENT INFORMATION

6.1A OPERATING SEGMENT INCOME STATEMENTS

NON-LIFE REINSURANCE TECHNICAL ACCOUNT (in thousands of euros)	2019 GROSS	2019 REINSURANCE	2019 NET	2018 NET
EARNED PREMIUMS	**1,364,945**	**(126,794)**	**1,238,151**	**1,169,531**
Written premiums	1,396,555	(127,452)	1,269,103	1,190,041
Change in unearned premium reserves	(31,610)	658	(30,952)	(20,510)
INVESTMENT INCOME ALLOCATED FROM THE NON TECHNICAL ACCOUNT		**-**	**100,293**	**114,885**
OTHER UNDERWRITING INCOME		**-**	**2,595**	**1,153**
CLAIMS EXPENSES		**16,064**	**(1,036,035)**	**(1,045,565)**
Paid claims and expenses	(1,067,699)	4,764	(1,062,935)	(1,376,172)
Change in outstanding claims reserves	15,600	11,300	26,900	330,607
CHANGE IN OTHER TECHNICAL RESERVES			**(8,219)**	**(12,118)**
PROFIT COMMISSION		**360**	**(6,286)**	**(7,163)**
ACQUISITION AND MANAGEMENT EXPENSES		**4,076**	**(119,705)**	**(108,468)**
Acquisition costs	(109,371)	4,076	(105,295)	(93,999)
Management expenses	(16,119)	-	(16,119)	(14,772)
Reinsurance commissions received	1,709	-	1,709	303
OTHER UNDERWRITING EXPENSES		**-**	**(10,547)**	**(12,067)**
CHANGE IN EQUALIZATION RESERVES		**-**	**(28,440)**	**38,874**
NON-LIFE INCOME FROM ORDINARY ACTIVITIES	**238,101**	**(106,294)**	**131,807**	**139,062**

6.1B OPERATING SEGMENT INCOME STATEMENTS

LIFE REINSURANCE TECHNICAL ACCOUNT (in thousands of euros)	2019 GROSS	2019 REINSURANCE	2019 NET	2018 NET
WRITTEN PREMIUMS	**97,296**	**(4,028)**	**93,268**	**56,845**
INVESTMENT INCOME, NET OF ALLOCATION TO THE NON-TECHNICAL ACCOUNT	**4,089**	**-**	**4,089**	**3,382**
OTHER UNDERWRITING INCOME	**-**	**-**	**-**	**159**
CLAIMS EXPENSES	**(57,969)**	**844**	**(57,125)**	**(32,320)**
Paid claims and expenses	(38,711)	1,006	(37,705)	(30,338)
Change in outstanding claims reserves	(19,258)	(162)	(19,420)	(1,982)
CHANGE IN LIFE REINSURANCE RESERVES AND OTHER TECHNICAL RESERVES	**(1,803)**	**-**	**(1,803)**	**(2,515)**
PROFIT COMMISSION	**(7,482)**	**98**	**(7,384)**	**(5,277)**
ACQUISITION AND MANAGEMENT EXPENSES	**(20,019)**	**1,860**	**(18,159)**	**(9,355)**
Acquisition costs	(20,019)	1,860	(18,159)	(9,355)
Management expenses	-	-	-	-
Reinsurance commissions received	-	-	-	-
OTHER UNDERWRITING EXPENSES	**(680)**	**-**	**(680)**	**(437)**
LIFE INCOME FROM ORDINARY ACTIVITIES	**13,432**	**(1,226)**	**12,206**	**10,482**

6.2 PREMIUMS BY OPERATING SEGMENT

GROSS WRITTEN PREMIUMS BY OPERATING SEGMENT (in thousands of euros)	2019	2018
REINSURANCE WITHOUT STATE GUARANTEE	**561,710**	**464,218**
Inward Life reinsurance	110,347	68,526
Inward Non-Life reinsurance	451,363	395,692
STATE-GUARANTEED REINSURANCE	**945,192**	**906,975**
Exceptional and nuclear risks	(462)	6,602
Natural disaster risks	880,891	835,464
Terrorism risks	64,738	64,874
Of which small and medium-sized risks	*43,738*	*43,874*
Major risks (reinsurance of terrorism risks insured by GAREAT)	*21,000*	*21,000*
Credit insurance risks	24	35
TOTAL	**1,506,902**	**1,371,193**

GROSS WRITTEN PREMIUMS BY GEOGRAPHICAL AREA	2019			2018		
(in thousands of euros)	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL
France	1,047,777	36,092	1,083,869	998,868	36,005	1,034,873
EU excluding France	79,001	2,459	81,460	68,454	4,269	72,723
Europe	19,764	1,064	20,828	20,717	-	20,717
Africa & Middle East	128,111	43,212	171,323	86,218	19,886	106,104
Far East & Oceania	77,171	24,787	101,958	96,302	5,232	101,534
North America	36,414	2,367	38,781	26,520	3,033	29,553
South America	8,317	366	8,683	5,589	101	5,690
TOTAL	**1,396,555**	**110,347**	**1,506,902**	**1,302,667**	**68,526**	**1,371,193**

6.3 PREMIUMS BY OPERATING SEGMENT

(in thousands of euros)	2019	2018
Inward Non-Life reinsurance	6,859,199	6,740,819
Inward Life reinsurance	175,200	176,261
TOTAL	**7,034,399**	**6,917,080**

NOTE 7
POST BALANCE SHEET EVENTS

As of the date when the consolidated financial statements were approved for publication, the Covid-19 epidemic, which began after the year-end, had caused a slowdown in activities without bringing them to a complete halt.

This was largely due to the fact that the Group's business continuity plan had recently been updated in anticipation of the strikes that were expected to accompany the government's proposed pension reforms. The plan's effectiveness in preventing any disruption of the business was demonstrated by a full-scale test carried out at the end of 2019.

It should be pointed out that 90% of 2020 premium income had already been secured as of January 1, in line with the budget.

Lastly, the French government has contacted CCR to implement measures similar to those deployed in 2008 and 2009, for reinsurance transactions carried out before December 31, 2020 and covering credit risks involving small- and medium sized enterprises and midcaps in France.

3 COMPANY FINANCIAL STATEMENTS

BALANCE SHEET AT DECEMBER 31, 2019
ASSETS

(in thousands of euros)	GROSS AMOUNT	AMORTIZATION, DEPRECIATION & PROVISIONS	Dec. 31, 2019 NET AMOUNT	Dec. 31, 2018 NET AMOUNT
INTANGIBLE ASSETS	73,614	70,655	2,959	3,369
INVESTMENTS				
Real estate investments	169,947	30,848	139,099	140,612
Investments in affiliates and participating interests	435,929		435,929	435,929
Other investments	6,224,811	982	6,223,829	6,017,244
Cash deposits with ceding insurers	8,651		8,651	9,216
TOTAL	**6,839,339**	**31,830**	**6,807,509**	**6,603,002**
REINSURERS' SHARE OF TECHNICAL RESERVES				
Non-Life unearned premium reserves	938		938	1,053
Life reinsurance reserves	3,515		3,515	3,205
Life outstanding claims reserves	826		826	597
Non-Life outstanding claims reserves	120,056		120,056	137,807
Other Non-Life technical reserves				
TOTAL	**125,335**		**125,335**	**142,662**
RECEIVABLES				
Reinsurance receivables	72,686	59	72,627	262,217
Prepaid payroll costs	3		3	
Prepaid and recoverable taxes	28		28	73,043
Other receivables	78,836	70,625	8,210	9,356
TOTAL	**151,552**	**70,684**	**80,868**	**344,617**
OTHER ASSETS				
Property and equipment	14,225	11,454	2,770	2,430
Current accounts and cash	524,952		524,952	398,934
TOTAL	**539,177**	**11,454**	**527,723**	**401,364**
ACCRUED INCOME AND PREPAID EXPENSES				
Accrued interest and rental revenue	30,385		30,385	34,930
Life and Non-Life deferred acquisition costs				616
Other accrued income and prepaid expenses	131,988		131,988	163,967
TOTAL	**162,373**		**162,373**	**199,513**
TOTAL ASSETS	**7,891,389**	**184,624**	**7,706,766**	**7,694,526**

BALANCE SHEET AT DECEMBER 31, 2019
EQUITY AND LIABILITIES

(in thousands of euros)	Dec. 31, 2019 BEFORE APPROPRIATION OF RESULTS	Dec. 31, 2018 BEFORE APPROPRIATION OF RESULTS
SHAREHOLDERS' EQUITY		
Share capital	60,000	60,000
Additional paid-in capital		
Revaluation reserves	2,751	2,751
Other reserves		
Special net long-term capital gains reserve		
Guarantee fund reserve	1,496	1,627
Special reserve for exceptional and nuclear risks	245,215	240,277
Special reserve for natural disaster risks	1,769,987	1,652,573
Special reserve for terrorism risks	151,474	141,756
Other reserves	8,654	8,654
Special reserve for specific credit insurance risks	19,974	19,970
Reserve for the purchase of original works by living artists	91	73
Retained earnings		
Net income of the year	66,818	146,762
TOTAL	**2,326,460**	**2,274,442**
GROSS TECHNICAL RESERVES		
Non-Life unearned premium reserves	321,695	314,267
Life reinsurance reserves	3,512	3,205
Life outstanding claims reserves	868	597
Non-Life outstanding claims reserves	2,977,293	3,045,423
Equalization reserves	1,911,240	1,881,241
Other Life technical reserves		
TOTAL	**5,214,608**	**5,244,733**
PROVISIONS	11,542	13,483
OTHER LIABILITIES		
Insurance payables		
Reinsurance payables	225	
Other borrowings, deposits and guarantees received	1,503	1,218
Accrued payroll costs	8,708	9,636
Accrued taxes	3,131	3,481
Other payables	104,619	99,855
TOTAL	**118,185**	**114,190**
DEFERRED REVENUE AND ACCRUED EXPENSES	35,970	47,677
TOTAL EQUITY AND LIABILITIES	**7,706,766**	**7,694,526**

INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2019

(in thousands of euros)	GROSS	REINSURANCE	2019 NET	2018 NET
NON-LIFE TECHNICAL ACCOUNT				
Earned premiums				
Premiums	943,879	98,444	845,435	811,889
Change in unearned premium reserves	(7,393)	149	(7,543)	(4,391)
	936,485	**98,594**	**837,892**	**807,498**
Investment income allocated from non-technical account	**66,170**	**0**	**66,170**	**84,440**
Other underwriting income	**567**	**0**	**567**	**348**
Claims expenses				
Paid claims and expenses	(818,385)	(13,943)	(804,442)	(1,170,927)
Change in outstanding claims reserves	72,893	22,546	50,347	379,172
	(745,492)	**8,603**	**(754,095)**	**(791,755)**
Profit commission	**313**	**313**	**0**	**(2)**
Acquisition and management expenses				
Acquisition costs	(13,839)		(13,839)	(14,351)
Management expenses	(4,118)		(4,118)	(5,089)
Reinsurance commissions received		(154)	154	799
	(17,957)	**(154)**	**(17,803)**	**(18,640)**
Other underwriting expenses	**(5,949)**	**0**	**(5,949)**	**(7,599)**
Change in equalization reserves	**(29,999)**	**0**	**(29,999)**	**49,747**
NON-LIFE REINSURANCE UNDERWRITING RESULT	**204,139**	**107,356**	**96,783**	**124,036**

INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2019

(in thousands of euros)	GROSS	REINSURANCE	2019 NET	2018 NET
LIFE TECHNICAL ACCOUNT				
Premiums	**772**	**772**	**0**	**0**
Investment income				
Investment revenue				
Other investment income				
Realized gains from investments				
	0	**0**	**0**	**0**
Other underwriting income	**0**	**0**	**0**	**0**
Claims expenses				
Paid claims and expenses	(127)	(124)	(2)	(4)
Change in outstanding claims reserves	(225)	(226)	0	0
	(352)	**(350)**	**(2)**	**(4)**
Change in Life reinsurance reserves and other technical reserves				
Life reinsurance reserves	10	10	0	0
	10	**10**	**0**	**0**
Profit commission	**(34)**	**(34)**	**0**	**0**
Acquisition and management expenses				
Acquisition costs	(23)		(23)	(7)
Management expenses	(10)		(10)	(3)
Reinsurance commissions received		(23)	23	7
	(32)	**(23)**	**(9)**	**(3)**
Investment expenses				
Internal and external investment management costs and interest				
Other investment expenses				
Realized losses from investments				
	0	**0**	**0**	**0**
Other underwriting expenses	**0**	**0**	**0**	**0**
LIFE REINSURANCE UNDERWRITING RESULT	**364**	**375**	**(12)**	**(6)**

INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2019

(in thousands of euros)	2019 NET	2018 NET
NON-TECHNICAL ACCOUNT		
Non-Life reinsurance underwriting result	**96,783**	**124,036**
Life reinsurance underwriting result	**(12)**	**(6)**
Non-Life investment income		
Investment revenue	93,658	104 ,461
Other investment income	3,049	5,141
Realized gains from investments	61,168	46,972
	157,875	**156,573**
Non-Life investment expenses		
Internal and external investment management costs and interest	(8,639)	(8,607)
Other investment expenses	(13,041)	(12,646)
Realized losses from investments	(39,627)	(13,015)
	(61,307)	**(34,268)**
Investment income transferred to the Non-Life technical account	**(66,170)**	**(84,440)**
Other income	**150**	**215**
Other expenses	**0**	**(311)**
Non-recurring items		
Non-current income	490	876
Non-recurring expenses	0	0
	490	**876**
Employee profit-sharing	**0**	**0**
Income tax	**(60,992)**	**(15,913)**
NET INCOME OF THE YEAR	**66,818**	**146,762**

NOTES TO THE FINANCIAL STATEMENTS OF CAISSE CENTRALE DE REASSURANCE

The following notes and tables are an integral part of the financial statements approved for publication by the Board of Directors on April 29, 2020.

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) and terrorism risks (Article L.431-10).

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 underwriting result generated in each case, which is recorded in a reserve account covering the corresponding transactions, in accordance with Articles L.431-7, R.431-16-3, R.431-16-4 and A.431-6 of the French Insurance Code.

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

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

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

State-guaranteed reinsurance commitments are not reinsured on the market because the State guarantee protects underwriting 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 201-3 of Regulation ANC 2015-11 concerning the accounting treatment of finite risk reinsurance treaties (also referred to as financial reinsurance treaties) did not lead to any such treaties being identified in the portfolio of managed contracts.

1-1 CHANGE IN ACCOUNTING METHODS

The 2019 financial statements have been prepared using the same methods as those for 2018.

1-2 INTANGIBLE ASSETS

Software licenses are initially recognized at cost and amortized on a straight-line basis over a period of three years. Development costs for the insurance accounting system have been capitalized and are being amortized on a straight-line basis over a period of five years from the date when the system was put into operation.

1.3 INVESTMENTS

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

a) Real estate investments

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

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

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

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

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

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

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

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

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

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

b) Equities and UCITS

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

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

Other-than-temporary impairment is assessed based on a multi-criteria analysis that takes into account (a) the existence of a material unrealized loss compared to the asset's net carrying amount over an uninterrupted period of six months ending on the reporting date, and (b) any problems that are specific to the investee's business or result from economic factors and severely limit the probability of the impairment reversing in the medium term. In the case of UCITS, the assessment takes into account their performance in relation to their benchmark index.
For assets that are not intended to be held over the long term, this method generally leads to the use of the closing price quoted for the asset on the reporting date.
For the preparation of the financial statements at December 31, 2019, the Company considered that any equities and UCITS for which the reference value was at least 20% below cost would be subject to other-than-temporary impairment, in line with the above regulation.

Based on changes in the market price of securities held in the portfolio at December 31, 2019, provisions for other than temporary impairment at that date amounted to €0.982 million.

c) Fixed income securities

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

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

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

d) Other assets

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

e) Investment income

Profits and losses on disposal of investments are calculated using the FIFO method. Part of the net investment result 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 Opinion CNC 2007-02 dated May 4, 2007, transactions are recorded in the transaction currency and converted into euros at the closing exchange rate on the reporting date.

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

In 2019, differences arising from the conversion of opening foreign currency assets and liabilities at the closing exchange rate represented a net gain of €0.526 million.

1.7 PROVISIONS

a) Pension and other post-employment benefit liabilities

These liabilities concern length-of-service awards payable to employees on retirement.
They are determined by the projected unit credit method, based on employees' vested rights per year of service.

The assumptions used concern:

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

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

b) Provision for special pre-retirement vacation costs

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

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

c) Provision for long-service awards

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

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

1.8 TECHNICAL RESERVES AND UNDERWRITING RESULT

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

a) Unearned premium reserves

Premiums recognized during the year correspond to the projected ultimate premium as determined at the reporting date. Unearned premium reserves correspond to the remaining life of a policy or group of policies between the reporting date and the coverage expiry date.

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

b) Outstanding claims reserves and mathematical reserves

Technical reserving control and governance environment

The process for calculating technical reserves is the responsibility of the 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 an independent actuarial firm.

Reserving policy

The reserving policy defining the guiding reserving principles applied at December 31, 2019 was approved by the Company's Board of Directors on October 17, 2019.

Approach

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

Technical reserves are based on underwriting year/fiscal year triangles and statistical data provided by ceding insurers, which are used to produce premium and claim development triangles. 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;
- estimated potential compensation claims by municipalities with the interministerial commission;
- ceding insurer IBNRs.

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

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

c) Equalization reserve

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

d) 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, 2019.

1.9 OTHER ITEMS

a) Expenses analyzed by function

The total cost of each corporate function is calculated and allocated to the relevant cost account (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.

b) CICE employment incentive tax credit

The Company's CICE tax credit for 2018 in the amount of €127,727 was recorded as a deduction from income tax.

Since January 1, 2019, the CICE has been converted into an immediate and lasting reduction in social security contributions. As a result, no CICE tax credit was recorded for 2019.

NOTE 2
NOTES TO THE BALANCE SHEET

2.1 NOTES TO ASSETS

GROSS (in € thousands)	Dec. 31, 2018 AUDITED	MOVEMENTS ADDITIONS	MOVEMENTS DISPOSALS	Dec. 31, 2019
Start-up costs	5,963			5,963
Software licenses and development costs	66,272	1,166		67,438
Developments in progress	253	213	253	213
INTANGIBLE ASSETS	**72,488**	**1,379**	**253**	**73,614**
Investment property	100,447	1,116		101,563
Owner-occupied property	54,886	91		54,977
Assets under construction	300	372	254	418
Shares in unlisted real estate companies	12,989			12,989
TOTAL REAL ESTATE INVESTMENTS	**168,622**	**1,579**	**254**	**169,947**
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	**9,216**	**11,815**	**12,380**	**8,651**

NET (in € thousands)	Dec. 31, 2019 GROSS	AMORTIZATION & DEPRECIATION PROVISIONS	Dec. 31, 2019 NET	Dec. 31, 2018 "NET-AUDITED"
Start-up costs	5,963	5,963		
Software licenses and development costs	67,438	64,692	2,746	3,116
Developments in progress	213		213	253
INTANGIBLE ASSETS	**73,614**	**70,655**	**2,959**	**3,369**
Investment property	101,563	24,554	77,009	77,771
Owner-occupied property	54,977	6,294	48,683	49,552
Assets under construction	418		418	300
Shares in unlisted real estate companies	12,989		12,989	12,989
TOTAL REAL ESTATE INVESTMENTS	**169,947**	**30,848**	**139,099**	**140,612**
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	**8,651**		**8,651**	**9,216**

2.2 INFORMATION ABOUT INVESTMENTS

(in thousands of euros)	GROSS	Dec. 31, 2019 AMORTIZATION & PROVISIONS	NET	Dec. 31, 2018 NET - AUDITED
Equities and other variable-income securities	2,030,974	982	2,029,992	1,936,306
Bonds and other fixed-income securities	4,139,243		4,139,243	4,025,603
Loans	4,594		4,594	5,335
Bank deposits	50,000		50,000	50,000
Other investments				
TOTAL	**6,224,811**	**982**	**6,223,829**	**6,017,244**

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	169,947	139,099	381,836	242,737
2	Equities and other variable income securities (other than investment funds)	551,056	550,416	740,207	189,791
3	Investment funds (other than those in 4)	1,840,847	1,840,505	2,153,811	313,306
4	Investment funds invested solely in fixed-income securities	-	-	-	-
5	Bonds and other fixed-income securities	4,139,243	4,124,320	4,237,283	112,963
6	Mortgage loans	-	-	-	-
7	Other loans	79,594	79,594	79,594	-
8	Deposits with ceding insurers	8,651	8,651	8,651	-
9	Cash deposits (other than those in 8) and guarantees	50,000	50,000	50,000	-
10	Unit-linked portfolios	-	-	-	-
	SUB-TOTAL	**6,839,339**	**6,792,586**	**7,651,382**	**858,796**
11	Other forward financial instruments	-	-	-	-
	* Investment or divestment strategy	-	-	-	-
	* Other strategies	-	-	-	-
	* Amortization of premiums/discounts	-	-	-	-
	TOTAL, LINES 1 TO 11	**6,839,339**	**6,792,586**	**7,651,382**	**858,796**
a	of which:				
	investments measured in accordance with Article R.343-9	4,139,243	4,124,320	4,237,283	112,963
	investments measured in accordance with Article R.343-10	2,691,444	2,659,614	3,405,447	745,834
	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	6,796,583	6,749,825	7,604,364	854,539
	Non-OECD issuers	42,756	42,761	47,018	4,258

(1) *Including the unamortized portion of redemption premiums on securities measured in accordance with Article R.343-19, for €14.9 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	72,686	59	72,627	72,627			72,627
Prepaid payroll costs	3		3	3			3
Prepaid and recoverable taxes	28		28	28			28
Other receivables	78,835	70,625	8,210	7,413		797	8,210
TOTAL	**151,552**	**70,684**	**80,868**	**80,071**		**797**	**80,868**

Reinsurance receivables include a €0.1 million receivable from CCR Re which is due within one year.

Other receivables include:

- a €70.6 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;
- €0.5 million in receivables from property companies.

OTHER PAYABLES (in € thousands)	NET	DUE WITHIN 1 YEAR	DUE IN 1 TO 5 YEARS	DUE BEYOND 5 YEARS	TOTAL
Reinsurance payables	225	225			225
Other borrowings, deposits and guarantees received	1,503	1,503			1,503
Accrued payroll costs	8,708	8,708			8,708
Accrued taxes	3,131	3,131			3,131
Other payables	104,618	104,618			104,618
TOTAL	**118,185**	**118,185**			**118,185**

Other payables include €2.1 million payable to CCR Re.

2.5 SUBSIDIARIES AND AFFILIATES

COMPANY	SHARE CAPITAL	RESERVES	% INTEREST	CARRYING AMOUNT OF SHARES		2019 PREMIUM INCOME	2019 NET INCOME	DIVIDENDS RECEIVED IN 2019
				GROSS	NET			
1/ SUBSIDIARIES								
SA CCR RE 157, Boulevard Haussmann 75008 PARIS	90,082	328,391	100.00%	360,929	360,929	561,710	34,897	0
2/ AFFILIATES								
SAS CASTELNAU 6 157, Boulevard Haussmann 75008 PARIS	7,280	159	100.00%	7,279	7,279	1,125	264	224
SAS CASTELNAU 78 157, Boulevard Haussmann 75008 PARIS	5,710	313	100.00%	5,709	5,709	632	223	197

2.6 PROPERTY AND EQUIPMENT

GROSS (in € thousands)	DEC. 31, 2018 AUDITED	MOVEMENTS +	-	DEC. 31, 2019
Deposits and guarantees	37			37
Equipment and installations	9,775	1,370		11,145
Vehicles				
Office furniture and equipment	1,572	7		1,579
Fixtures and fittings	1,455	9		1,464
Assets under construction				
TOTAL	**12,839**	**1,386**		**14,225**

DEPRECIATION (in thousands of euros)	DEC. 31, 2018 AUDITÉ	DEC. 31, 2019 +	DECREASES -	DEC. 31, 2019
Equipment and installations	9,104	757		9,861
Vehicles				
Office furniture and equipment	716	158		874
Fixtures and fittings	588	131		719
TOTAL	**10,408**	**1,046**		**11,454**

2.7 ACCRUAL ACCOUNTS

(in thousands of euros)	Dec. 31, 2019		Dec. 31, 2018 - Audited	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Reinsurance adjustments	114,282	3,686	145,082	6,608
Deferred acquisition costs			616	
Accrued interest	30,385		34,930	
Amortization of redemption premiums	17,236	32,159	18,278	40,819
Prepaid expenses and deferred revenue	470	125	606	250
TOTAL	**162,373**	**35,970**	**199,513**	**47,677**

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 2019	DIFFERENCE 2018 AUDITED
Euro	7,606,932	7,545,402	61,530	139,184
US dollar	20,868	22,958	(2,090)	426
Canadian dollar	114	14	100	92
Pound sterling	70,374	69,323	1,051	1,071
Japanese yen	9,126	7,217	1,909	1,850
Swedish krona	0	0	0	0
Swiss franc	90	90	0	0
Taiwan dollar	1,273	1,708	(435)	(4)
Australian dollar	105	7	98	96
Hong Kong dollar	160	0	160	155
Norwegian krone	0	0	0	0
Danish krone	0	0	0	0
Other currencies	11,941	7,446	4,495	3,893
TOTAL	**7,720,983**	**7,654,165**	**66,818**	**146,763**

2.9 SHAREHOLDERS' EQUITY

2019 **CHANGES IN EQUITY (in thousands of euros)**	JANUARY 1 **BEFORE APPROPRIATION OF RESULTS**	MOVEMENTS FOR THE YEAR **APPROPRIATION OF 2018 NET INCOME**	 **OTHER MOVEMENTS**	DECEMBER 31
Share capital **(1)**	60,000			60,000
Special revaluation reserve	2,751			2,751
Special guarantee fund reserve	1,627	(131)		1,496
Special reserve for exceptional and nuclear risks	240,277	4 938		245,215
Reserve for natural disaster risks	1,652,573	117,414		1,769,987
Reserve for major natural risks				
Special reserve for terrorism risks	141,756	9,718		151,474
Special reserve for specific credit insurance risks	19,970	4		19,974
Reserve for the purchase of original works by living artists	72	19		91
Capitalization reserve				
Other reserves	8,654			8,654
Retained earnings				
2018 net income	146,762	(146,762)		
Dividend		14,800	(14,800)	
Net income of the year			66,818	66,818
TOTAL	**2,274,442**		**52,018**	**2,326,460**

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

2.10 BREAKDOWN OF PROVISIONS

MOVEMENTS FOR THE YEAR (in thousands of euros)	2018 AUDITED	INCREASES +	DECREASES -	2019
Other investment grants	23	38	61	
Accelerated depreciation	853		455	398
Special revaluation reserve	693		16	677
Provision for length-of-service awards	4,614	1	731	3,884
Provision for long-service awards	3,251		485	2,766
Provision for extra paid vacation for retirees	1,827		192	1,635
Provisions for non-recurring expenses	36			36
Provisions for major repairs	2,186		40	2,146
TOTAL	**13,483**	**39**	**1,980**	**11,542**

2.11 COMMITMENTS RECEIVED AND GIVEN

	(in thousands of euros)	2019	2018
1	**COMMITMENTS RECEIVED**	**1,498**	**1,585**
2	**COMMITMENTS GIVEN**	**25,000**	**26,945**
2a	Loan guarantees, other guarantees and bonds issued	25,000	26,945
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**		
3a	Assets received as collateral from cedents and reinsurers		
3b	Assets received from companies for substitution transactions		
3c	Other reciprocal commitments		
4	**OTHER ASSETS HELD ON BEHALF OF THIRD PARTIES FOR INSURANCE UNDERTAKINGS**		
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 years		
	- 1 to 5 years		
	- More than 5 years		

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

(in thousands of euros)	DEC. 31, 2019	DEC. 31, 2018
Venture capital investment fund commitments	82,892	93,364
Debt fund commitments	111,349	80,460
Real estate investment fund commitments	13,643	17,102

NOTE 3
NOTES TO THE INCOME STATEMENT

3.1 WRITTEN PREMIUMS BY OPERATING SEGMENT

(in thousands of euros)	2019	2018 AUDITED
Exceptional and nuclear risks	(461)	6,602
Natural disaster risks	880,891	835,464
Terrorism risks	64,738	64,874
Of which small and medium-sized risks	*43,738*	*43,874*
Major risks (reinsurance of terrorism risks insured by GAREAT)	*21,000*	*21,000*
Credit insurance risks	24	35
PUBLIC REINSURANCE PREMIUM INCOME	**945,192**	**906,975**
OPEN MARKET REINSURANCE PREMIUM INCOME (RUN-OFF)	**(541)**	**1,355**
TOTAL	**944,651**	**908,330**

3.2 PORTFOLIO MOVEMENTS

2019	PUBLIC REINSURANCE		OPEN MARKET REINSURANCE (Run off)	
(in thousands of euros)	**GROSS**	**NET**	**GROSS**	**NET**
NEW BUSINESS				
Premiums	71,461	71,461		
Paid claims and expenses	1,128	1,128		
CANCELLATIONS AND TERMINATIONS				
Premiums	(68,229)	(68,229)	(18)	
Paid claims and expenses	(1,128)	(1,128)	(914)	

3.3 REINSURANCE COMMISSIONS

(in thousands of euros)	2019	2018 AUDITED
Gross commissions and brokerage fees	2,629	2,407
Life	23	7
Non-Life	2,606	2,400

3.4 INVESTMENT INCOME AND EXPENSES

2019 (in thousands of euros)	INCOME AND EXPENSES FROM INVESTMENTS IN RELATED COMPANIES	OTHER INVESTMENT INCOME AND EXPENSES	TOTAL
Revenue from real estate investments	471	11,006	11,477
Revenue from other investments		78,377	78,377
Interest income on intercompany loans	3,750		3,750
Interest on cash deposits and technical accounts		54	54
TOTAL INVESTMENT REVENUE	**4,221**	**89,437**	**93,658**
Other investment income		3,049	3,049
Realized gains from investments		61,168	61,168
TOTAL INVESTMENT INCOME	**4,221**	**153,654**	**157,875**
External investment management expenses		(4,077)	(4,077)
Internal investment management expenses		(4,562)	(4,562)
Other investment expenses		(13,041)	(13,041)
Realized losses from investments		(39,627)	(39,627)
TOTAL INVESTMENT EXPENSES	**0**	**(61,307)**	**(61,307)**
TOTAL INVESTMENT INCOME, NET OF EXPENSES	**4,221**	**92,347**	**96,568**

3.5 UNDERWRITING EXPENSES BY TYPE AND BY FUNCTION

In the following table, expenses for 2019 are presented net of amounts rebilled to CCR Group subsidiaries and to the public funds managed on behalf of the French State.

3.5 A EXPENSE BREAKDOWN

EXPENSES BY TYPE (in thousands of euros)	2019	2018 **AUDITED**
External expenses	6,092	5,857
Other external expenses	2,043	1,984
Taxes other than on income	5,977	6,585
Payroll costs	10 913	13,129
Other management expenses	41	65
SUB-TOTAL	**25,066**	**27,619**
Depreciation of property and equipment	1,268	1,157
Theoretical rent on the Company's registered office	315	1,386
TOTAL	**26,649**	**30,163**

EXPENSES BY FUNCTION (in thousands of euros)	2019	2018 **AUDITED**
Claims management expenses	1,593	2,363
Other business acquisition costs	10,701	11,740
Other management expenses	4,025	5,115
Other underwriting expenses	5,768	6,385
Investment management expenses	4,562	4,560
TOTAL	**26,649**	**30,163**

In addition to the above amounts, costs of €1.6 million were incurred for the management of the 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* (construction risks);
- *Fonds National de Gestion des Risques en Agriculture* (agricultural risks);
- *Fonds de Prévention des Risques Naturels Majeurs* (natural risks);
- *Fonds de Garantie des Risques liés à l'Epandage agricole des boues d'épuration urbaines ou industrielles* (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* (medical liability risks).

In accordance with Article 336-2 section VI - Expense accounts (class 6) of the ANC regulation, reimbursements of these expenses are recorded in sub accounts that are separate from the main accounts used to record the expense concerned.

3.5 B PAYROLL COSTS AND NUMBER OF EMPLOYEES (including property managers)

(in thousands of euros)	2019	2018 AUDITED
Wages and salaries	7,981	8,997
Payroll taxes	3,183	4,385
Other expenses	(159)	(166)
TOTAL	**11,005**	**13,216**
Average number of employees	170	202
Managers	*156*	*186*
Non-managerial staff	*14*	*16*
AVERAGE NUMBER OF EMPLOYEES	**170**	**202**

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

3.5 C COMPENSATION PAID TO THE COMPANY'S MANAGEMENT AND MANAGEMENT BODIES

(in thousands of euros)	2019	2018
Directors' compensation*	40	51
Management compensation	278	276

* 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, the expenses of internal cost centers not related directly to the insurance business and impairment losses on third-party accounts.

3.7 NON-RECURRING ITEMS

2019 **(in thousands of euros)**	**Non-recurring expenses**	**Non-current income**
Reversals from the special revaluation reserve		16
Accelerated depreciation		456
Provisions for impairment of receivables		18
Other non-current income and expenses		
TOTAL	**0**	**490**

3.8 EMPLOYEE PROFIT-SHARING

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

3.9 INCOME TAX

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

The first €500,000 of taxable income for 2019 was taxed at the rate of 28% and the balance at the rate of 33 1/3% unless otherwise specified.

NOTE 4
OTHER INFORMATION

4.1 FEES PAID TO THE STATUTORY AUDITORS

The fees recognized in expenses for 2019 for the statutory audit of the financial statements included €111,550 paid to Deloitte and €125,926 paid to PwC. Fees recognized in expenses in 2019 for other services provided by PwC included:

- €10,008 for the review of accounting entries in connection with preparations for the tax audit of the computerized accounting records;
- €72,769 for the preparation in English of the Group SFCR and the review of the English version of the financial reports.

4.2 POST BALANCE SHEET EVENTS

As of the date when the financial statements were approved for publication, the Covid-19 epidemic, which began after the year-end, had caused a slowdown in activities without bringing them to a complete halt. This was largely due to the fact that the Company's business continuity plan had recently been updated in anticipation of the strikes that were expected to accompany the government's proposed pension reforms. The plan's effectiveness in preventing any disruption of the business was demonstrated by a full-scale test carried out at the end of last year. It should be pointed out that 99.8% of the Company's 2020 premium income had already been secured as of January 1, in line with the budget. In addition, as of the date that the financial statements were approved for publication, the Company's reinsurance liabilities did not include any contractual exposure to the consequences of Covid-19. Lastly, the French government has contacted CCR to implement measures similar to those deployed in 2008 and 2009, for reinsurance transactions carried out before December 31, 2020 and covering credit risks involving small- and medium sized enterprises and midcaps in France.

4 STATUTORY AUDITORS' REPORT

PricewaterhouseCoopers Audit
Member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles*

63 rue de Villiers
92200 Neuilly sur Seine

Deloitte & Associés
Member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles*

6 place de la Pyramide
92908 Paris La Défense Cedex

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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

To the Shareholders,

1 OPINION

In compliance with the engagement entrusted to us by your Shareholders' Meetings, we have audited the accompanying financial statements of Caisse Centrale de Réassurance SA for the year ended December 31, 2019. These financial statements were approved by the Board of Directors on April 29, 2020 based on information available at that date and in the evolving context of the COVID-19 health crisis.

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

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

2 BASIS FOR OPINION

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the information we collected is both sufficient and appropriate to serve as the basis for our opinion.

Our responsibilities under these standards are further described in the
"Responsibilities of Statutory Auditors relating to the audit of the financial statements" section of this report.

Independence

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

3 JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

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

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

Key audit matter - Outstanding claims reserves

Description of risk	How our audit addressed this risk
In accordance with the French Insurance Code (*Code des assurances*) and accounting regulation, companies that conduct inward reinsurance operations must record sufficient reserves to settle all outstanding incurred claims, whether or not they have been reported at the balance sheet date. The methods used to measure outstanding claims reserves, which appear in the Company's balance sheet in an amount of €2,978 million at December 31, 2019, are specified in Note 1.8 to the financial statements. This amount comprises claims reserves reported by the ceding insurers, adjusted to reflect the ultimate cost estimated by CCR of all reported and unreported claims. This ultimate cost is determined based on information, primarily statistical, provided by the ceding insurers. It is also based on the use of reserving methods, which are adapted based on the type of risk involved, the severity of the event covered, the financial year in which the claim occurs and the quality of the available data.	To assess the reasonableness of the estimation of claims reserves and their compliance with the applicable regulations, we conducted the following audit work in conjunction with our actuarial experts: • assessing the relevance of the statistical methods and the appropriateness of the actuarial inputs and assumptions used by the Company; • familiarizing ourselves with the design and testing the efficiency of the key controls used to handle claims and determine reserves; • assessing the reliability of the financial statements prepared by the Company in terms of the integrity of data presented and used to estimate claims reserves, and testing the source data; • determining whether material claims likely to affect the projected expense for the year had been taken into account; • carrying out an independent estimate of the claims reserves for the year that were estimated using triangles;

Description of risk	How our audit addressed this risk
The inherent uncertainty in estimating outstanding claims reserves is greater for reinsurers, chiefly due to the longer time period between the event itself and the date on which the settlement claim is filed with the reinsurer, the dependence on ceding insurers to obtain information on claims and differences in ceding insurers' practices relating to reserves. The degree of judgment involved in estimating the ultimate cost is therefore significant, particularly for major and recent events and long-tail lines (particularly droughts). For that reason, and in light of the material nature of this item in the Company's financial statements, the measurement of outstanding claims reserves was considered a key audit matter in 2019, and required particular attention regarding the audit procedures to apply.	• analyzing the liquidation of the reserves recorded at the previous year-end compared with actual expenses, in order to verify whether it is aligned with the estimates previously made by the Company; • including, in our audit team, members with specific knowledge of information systems in order to gain an understanding of the internal control environment of the systems used by the Company, and testing the effectiveness of IT general controls.

4 SPECIFIC VERIFICATIONS

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

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

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report approved on April 29, 2020 and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements, with the exception of the following item.

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

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

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

Information with respect to corporate governance

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

5 REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Caisse Centrale de Réassurance by the Shareholders' Meeting held on May 11, 2016 for Deloitte & Associés and in June 1991 for PricewaterhouseCoopers Audit.

At December 31, 2019, Deloitte & Associés and PricewaterhouseCoopers Audit were in the 4^{th} and the 29^{th} consecutive year of their engagement, respectively.

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

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

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

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

The financial statements were approved by the Board of Directors.

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

Objective and audit approach

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

As specified in Article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit.

They also:

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

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

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

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

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

Report to the Accounts Committee

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

Our report to the Accounts Committee includes the risks of material misstatement that, in our professional judgment, were the most significant for the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

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

Neuilly-sur-Seine and Paris la Défense, April 30, 2020

The Statutory Auditors

Deloitte & Associés

Pascal Colin

PricewaterhouseCoopers Audit

2020.04.3
0 20:16:38
+02'00'

Christine Billy

PricewaterhouseCoopers Audit
Member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles*

63 rue de Villiers
92200 Neuilly sur Seine

Deloitte & Associés
Member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles*

6 place de la Pyramide
92908 Paris La Défense Cedex

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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

To the Shareholders,

1 OPINION

In compliance with the engagement entrusted to us by your Shareholders' Meetings, we have audited the accompanying consolidated financial statements of Caisse Centrale de Réassurance for the year ended December 31, 2019. These financial statements were approved by the Board of Directors on April 29, 2020 based on information available at that date and in the evolving context of the COVID-19 health crisis.

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 Group at December 31, 2019 and of the results of its operations for the year then ended in accordance with French accounting principles.

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

2 BASIS FOR OPINION

Audit framework

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

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

Independence

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

3 JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the consolidated financial statements, as well as how we addressed those risks.
These matters were addressed as part of our audit of the consolidated financial statements as a whole, approved in the context described above, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

Key audit matter no. 1 – Outstanding claims reserves

Description of risk	How our audit addressed this risk
In accordance with the French Insurance Code (*Code des assurances*) and accounting regulations, groups that conduct inward reinsurance operations must record sufficient reserves to settle all outstanding incurred claims, whether or not they have been reported at the balance sheet date. The methods used to measure outstanding claims reserves, which appear in the Group's balance sheet in an amount of €4,469 million at December 31, 2019, are specified in Note 2.7.2 to the consolidated financial statements. This amount comprises claims reserves reported by the ceding insurers, adjusted to reflect the ultimate cost estimated by CCR of all reported and unreported claims. This ultimate cost is determined based on information, primarily statistical, provided by the ceding insurers. It is also based on the use of reserving methods, which are adapted based on the type of risk involved, the severity of the event covered, the financial year in which the claim occurs and the quality of the available data. The inherent uncertainty in estimating outstanding claims reserves is greater for reinsurers, chiefly due to the longer time period between the event itself and the date on which the settlement claim is filed with the reinsurer, the dependence on ceding insurers to obtain information on claims and differences in ceding insurers' practices relating to reserves.	To assess the reasonableness of the estimation of claims reserves and their compliance with the applicable regulations, we conducted the following audit work in conjunction with our actuarial experts: • assessing the relevance of the statistical methods and the appropriateness of the actuarial inputs and assumptions used by the Group; • familiarizing ourselves with the design and testing the efficiency of the key controls used to handle claims and determine reserves; • assessing the reliability of the financial statements prepared by the Group in terms of the integrity of data presented and used to estimate claims reserves, and testing the source data; • determining whether material claims likely to affect the projected expense for the year had been taken into account; • carrying out an independent estimate of the claims reserves that were estimated using triangles for the main reinsurance lines; • analyzing the liquidation of reserves recorded at the previous year-end compared with actual expenses, in order to verify whether it is aligned with the estimates previously made by the Group;

Description of risk	How our audit addressed this risk
The degree of judgement involved in estimating the ultimate cost is therefore significant, particularly for major and recent events and long-tail lines. For that reason, and in light of the material nature of this item in the Group's financial statements, the measurement of outstanding claims reserves was considered a key audit matter in 2019, and required particular attention regarding the audit procedures to apply.	• including, in our audit team, members with specific knowledge of information systems in order to gain an understanding of the internal control environment of the systems used by the Group, and testing the IT general controls.

Key audit matter no. 2 – Estimation of written premiums not yet received from ceding insurers (open market reinsurance)

Description of risk	How our audit addressed this risk
At December 31, 2019, gross earned premiums in the open market reinsurance scope comprise: - premiums included in the accounts received from the ceding insurers; - an estimate of the premiums not yet received; - change in unearned premium reserves. The Group records the ceding insurers' accounts upon receipt. At the reporting date, an estimate is carried out for the accounts not yet received to present the Group's reinsurance commitments as accurately as possible. The estimates chiefly concern the earned premiums not yet received from ceding insurers, determined using the methods presented in Note 2.7 to the consolidated financial statements. This estimate is determined using the premium income amount provided for at the date of effect of the treaty, which is revised regularly based on the premiums actually received from the ceding insurers. Due to the specific nature of the reinsurance business, a significant portion of written premiums for the year is based on estimates. The Company reviews its assumptions and estimates periodically based on past experience and various other factors. Actual premiums may be substantially different to the estimates produced by the Company. Accordingly, we deemed the valuation of reinsurance premiums to be a key audit matter.	To assess the reasonableness of the estimation of ultimate premiums, our audit comprised the following tasks conducted in conjunction with our actuarial experts: • assessing the relevance of the statistical methods and the appropriateness of the actuarial assumptions used by the Group; • familiarizing ourselves with the design and testing the efficiency of the key controls relating to underwriting premiums and the treatment of accounts received from ceding insurers; • assessing the reliability of the financial statements prepared by the Group in terms of the integrity of data presented and used to estimate premiums not yet received from ceding insurers, and testing the source data; • conducting substantive testing on the premiums recognized based on the accounts provided by the ceding insurers; • carrying out an independent estimate of ultimate premiums for the main reinsurance lines; • analyzing the liquidation of premiums not yet received that were recognized at the previous year-end compared with premiums actually received, in order to verify whether it is aligned with the estimates previously made by the Company; • including, in our audit team, members with specific knowledge of information systems in order to gain an understanding of the internal control environment of the systems used by the Group, and testing the effectiveness of certain automated processes.

4 SPECIFIC VERIFICATIONS

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also verified the information pertaining to the Group presented in the Board of Directors' management report approved on April 29, 2020. Management has confirmed that events that have occurred and information that has come to light relating to the COVID-19 crisis since the consolidated financial statements were closed will be reported to the Shareholders' Meeting called to approve these consolidated financial statements.

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

5 REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Caisse Centrale de Réassurance by the Shareholders' Meeting held on May 11, 2016 for Deloitte & Associés and in June 1991 for PricewaterhouseCoopers Audit.

At December 31, 2019, Deloitte & Associés and PricewaterhouseCoopers Audit were in the 4th and the 29th consecutive year of their engagement, respectively.

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

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements that are free of 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 expects to liquidate the Company or to cease operations.

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

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

7 RESPONSIBILITIES OF THE STATUTORY AUDITORS RELATING TO THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

As specified in Article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit.
They also:
- identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

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

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

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

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

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Report to the Accounts Committee

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

Our report to the Accounts Committee includes the risks of material misstatement that, in our professional judgment, were the most significant for the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

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

Neuilly-sur-Seine and Paris la Défense, April 30, 2020

The Statutory Auditors

Deloitte & Associés	PricewaterhouseCoopers Audit
	2020.04.3 0 13:32:21 +02'00'
Pascal Colin	Christine Billy

5 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

Declaration by the person responsible

I declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Annual 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 of all businesses and firms included within the scope of the consolidated group, and that the management report accurately reflects the evolution of the business, the results and the financial position of the Company and of all businesses and firms included within the scope of the consolidated group, and describes the main risks and contingencies which they are faced with.

I have obtained the Auditors' report from the Statutory Auditors, in which they indicate that they have verified the information concerning the financial situation and the accounts provided in this Annual Report.

April 30, 2020

Chief Executive Officer

Bertrand Labilloy

GROUPE
CAISSE CENTRALE DE RÉASSURANCE

CCR | CCR RE

157 boulevard Haussmann 75008 Paris
SA au capital de 90 082 100 € 817 446 511 RCS Paris
Tél. : + 33 1 44 35 31 00