GROUP FINANCIAL REPORT 2018

GROUPE
CAISSE CENTRALE DE RÉASSURANCE

CCR™
Caisse **C**entrale de **R**éassurance – 157 boulevard Haussmann 75008 Paris France
SA au capital de 60 000 000 € - 388 202 533 RCS Paris
Tél. : + 33 1 44 35 31 00 - www.ccr.fr

CONTENTS OF THE REPORT

CONTENTS

1. FINANCIAL ENVIRONMENT

Ten years after the financial crisis, 2018 was a year of uncertainty and doubt as questions continued to be asked about the sustainability of the current economic cycle and the financial community became increasingly concerned about the financial system's vulnerability.

The global economy continued to grow (by 3.7% according to IMF estimates) but a gradual loss of momentum was observed as from March and leading indicators fell sharply. Several factors affected the economic outlook. Oil prices rose by around 24% between January and September, trade tensions deepened as China and the United States stepped up their war of words, the US Federal Reserve pursued the drive to normalize its monetary policy by announcing four successive rate hikes (lifting the Fed Funds rate from 1.50% at end-2017 to 2.50% at end-2018) and shrinking its balance sheet by around 8%.

These monetary adjustments took place in a global economy that was more indebted than ever, with the United States in particular faced with a rapidly expanding federal budget deficit.

So far, the normalization policy has not led to a steep rise in bond rates. During 2018, the US 10-year Treasury rate peaked at 3.20% before dropping sharply in November and December as investors became increasingly risk averse, while euro zone bond rates stayed very low and the ECB's overnight rate remained negative, at between -0.35% and -0.40%. Investors paid for the privilege of investing in the highest quality euro zone government bonds, as real yields stayed in negative territory. At the same time, yield curves flattened in the English-speaking developed countries (United States, Canada, United Kingdom and Australia).

2018 was a tumultuous year for the stock markets. The abrupt market correction in early February was a sign that investor confidence was starting to crumble after a long period of optimism. While the US stock markets quickly recovered, hitting a new high in September, the other markets trod water or started to decline. At the same time, several stock market sectors experienced corrections, with banking, automotive, construction and basic materials stocks among the worst hit. The number of stocks that recorded a gain over a rolling twelve-month period was already down sharply on the previous period, before another market correction occurred at the end of 2018. Overall, 2018 saw a general reversal of financial market trends.

Credit spreads widened in the fourth quarter, while the stock market correction tarnished the performance of equity portfolios. These tensions affected all segments of the credit market, from Investment Grade to High Yield, across all regions of the world. The combination of falling stock prices and tighter credit conditions in an environment shaped by faltering economic growth and liquidity shortages stoked investor unease, paving the way for the significant market correction at the end of the year.

Against this backdrop of extreme uncertainty and rising high-risk asset prices, the currency markets remained stable, with most major currencies losing no more than 10% against the US dollar, except for those of countries where the majority of investors demonstrated high levels of risk aversion, such as Brazil and South Africa. Fluctuations in the euro against the main currencies were limited. Broadly speaking implied currency volatility in 2018 was below the long-term average.

2. SIGNIFICANT EVENTS OF THE YEAR

- France was hit by a large number of natural disasters in 2018. The north-eastern third of the country was affected by drought, on January 4-5 Storm Eleanor struck, causing major floods, the Seine and Marne rivers broke their banks in January-February, and further serious flooding occurred in western France in June and in the Languedoc region in October. Added to these events, a very large number of small natural disaster claims were reported during the year. Caisse Centrale de Réassurance (CCR) paid out €872 million in respect of these events, in its role as public reinsurance company.

- CCR RE reported net profit of €35 million in 2018, representing double the 2017 amount in a year of strong 17% growth in the portfolio.

3. POST BALANCE SHEET EVENTS

No events likely to have a material impact on CCR's consolidated financial statements occurred between December 31, 2018 and April 9, 2019 when the financial statements were approved for publication by the Board of Directors.

4. FINANCIAL REVIEW

Written premiums

Consolidated written premiums for the year, before reinsurance, amounted to €1,371 million, up 6.5% from €1,288 million in 2017.

Of the total, 66.1% was generated by the State-guaranteed reinsurance business and 33.9% by open market reinsurance.

- The **public reinsurance business** (all lines combined and before reinsurance) represented written premiums of €907 million, an increase of 1.7% compared with €892 million in 2017.

Of this amount, 92.1% (€836 million) concerned reinsurance of **natural disaster risks** in France. The 2.3% increase compared with 2017 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 declined by 4.7% to €65 million, representing 7.2% of the total State-guaranteed reinsurance business.

Exceptional risk reinsurance premiums were also down compared with 2017, at €7 million. The exceptional risks reinsurance portfolio will be managed on a run-off basis as from January 1, 2019. As reinsurance treaties apply by underwriting year, the Group will continue to be exposed to certain exceptional risks until December 31, 2019.

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 €95 million in 2018 versus €89 million the previous year.

- **Open market reinsurance** premiums written in 2018 totaled €464 million, up 17.3% as reported and 16.7% at constant exchange rates[1].

The increase reflects new business written during the year and treaty renewals on favorable terms, partly offset by treaty cancellations arising in the normal course of business and due to strict compliance with the company's profit-driven underwriting policy.

Premium income breaks down as follows:

- **Non-Life** written premiums totaled €315 million, up 16.8% as reported and 16.3% at constant exchange rates. The Non-Life reinsurance business accounted for 67.9% of total written premiums in 2018.

  The €44 million increase at constant exchange rates was mainly attributable to new reinsurance business written in Asia, Africa and the Middle East.

- **Life** written premiums amounted to €149 million, an increase of 18.4% as reported and 17.6% at constant exchange rates.

Growth was led by new reinsurance business written in Africa, the Middle East and Asia.

Three classes of reinsurance business accounted for three-quarters of written premiums in 2018:

- Life, Death/Disability & Health
- Fire & Natural Perils
- Auto and Civil Liability

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

Loss ratios

Natural disaster reinsurance

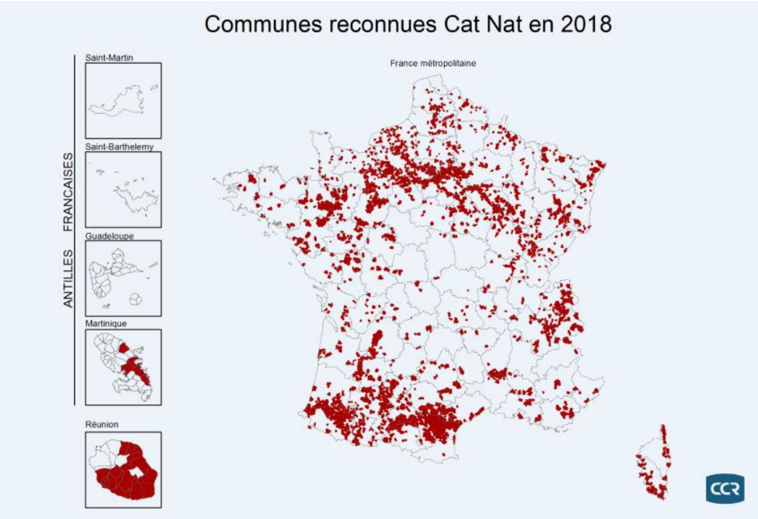
For the third year in a row, the Group's reinsurance operations generated an underwriting loss before transfers from the equalization reserve. The 2018 loss was €50 million, compared with €1,057 million in 2017 when the West Indies were hit by devastating hurricanes.

Four serious flood events occurred in 2018, leading to losses of €260 million for the Group. In addition, the north-eastern third of France was hit by an extended period of drought that led to 40% of the territory becoming eligible for natural disaster insurance payments. The related outstanding reinsurance claim reserves set aside by the Group included €385 million for natural disaster claims and a particularly high €227 million for attritional losses.

To offset the overall underwriting loss, €70 million was transferred from the equalization reserve in 2018 versus €1,120 million in 2017.

In all, claims expenses net of changes in the equalization reserve amounted to €720 million in 2018 (including an €80 million liquidation surplus relating to prior years), representing a loss ratio of 97.1% compared with 89.5% in 2017.

In addition, the equalization reserve was reduced to €1,365 million at December 31, 2018, from €1,435 million at the previous year-end.



[1]The increase at constant exchange rates corresponds to the difference between actual 2018 premiums converted at the December 31, 2017 exchange rate and 2017 premiums converted at the December 31, 2017 exchange rate.

Other State-guaranteed reinsurance business:

The underwriting result from other State-guaranteed reinsurance cover was a profit of €45 million in 2018 compared with a €56 million profit the previous year. The decline was the direct result of movements on the equalization reserve for terrorism risks recorded in 2017 and 2018, combined with a reduction in premium income for the year.

The **combined ratio for the public reinsurance business** came in at 95.1% in 2018.

Open market reinsurance: The Non-Life combined ratio stood at 99.4% at December 31, 2018, breaking down between:

- an expense ratio (commissions and brokerage fees) of 24%, and
- a loss ratio of 68%.

Natural disaster losses accounted for 7.9% of the combined ratio in 2018. The main losses incurred during the year resulted from events in Japan and Hong Kong. CCR RE does not write reinsurance business in the United States and its loss ratio was therefore not affected by other market events such as the fires that caused massive damage in California.

The Life reinsurance business underwriting margin[2] increased to 6.9% in 2018 from 6.7% the previous year.

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

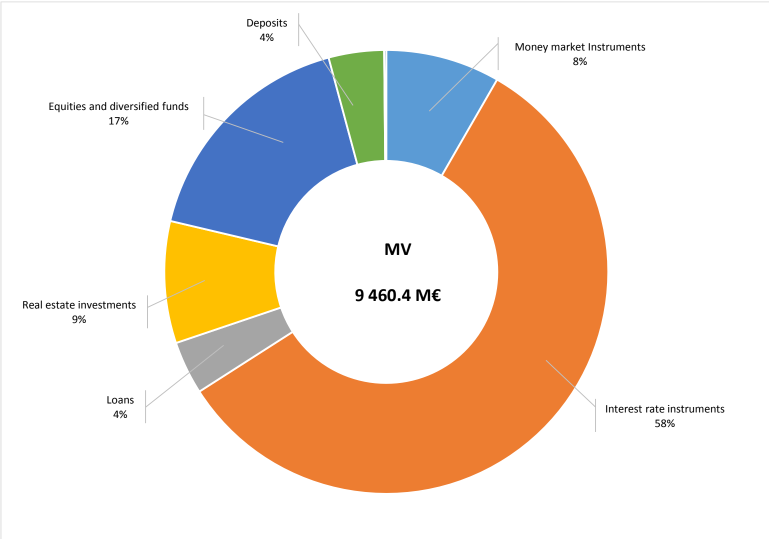
Management of financial and real estate investments

Consolidated reinsurance investments[3] had a net book value of €8,559 million at December 31, 2018 versus €9,068 million at the previous year-end.

Net unrealized gains totaled €901 million at December 31, 2018 compared with €1,145 million at end-2017, 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 €9,461 million, a decrease of 7.4% compared with end-2017.

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

(in millions of euros)	Dec. 31, 2018			Dec. 31, 2017			Change			
	NBV	MV	% (at MV)	NBV	MV	% (at MV)	NBV	%	MV	%
Money market instruments and cash	787.69	787.39	8%	803.79	803.68	8%	(16.10)	-2.0%	(16.29)	-2.0%
Interest rate instruments	5,251.24	5,450.37	58%	5,853.54	6,174.63	60%	(602.30)	-10.3%	(724.26)	-11.7%
Equities and diversified funds	1,364.87	1,620.05	17%	1,339.39	1,757.33	17%	25.48	1.9%	(137.28)	-7.8%
Real estate investments	404.04	839.98	9%	362.64	755.62	7%	41.40	11.4%	84.36	11.2%
Loans	363.57	366.64	4%	342.45	346.92	3%	21.12	6.2%	19.72	5.7%
Participating interests	6.20	14.39	0%	6.20	14.39	0%	0.00	0.0%	0.00	0.0%
Deposits	381.58	381.58	4%	359.28	359.28	4%	22.30	6.2%	22.30	6.2%
TOTAL	8,559.19	9,460.40	100.00%	9,067.29	10,211,825	100.00%	(508.10)	-5.6%	(751.45)	-7.4%



- Investments in **money market instruments** were stable compared with December 31, 2017.

- Investments in **interest rate instruments** represented 58% of total reinsurance investments, with direct investments in bonds accounting for 81% and investments in bond funds for 19%. The 12% decrease in the portfolio's market value during 2018 reflected the asset sales carried out by CCR in order to release cash for the settlement of Hurricane Irma claims and last year's decline in asset prices.

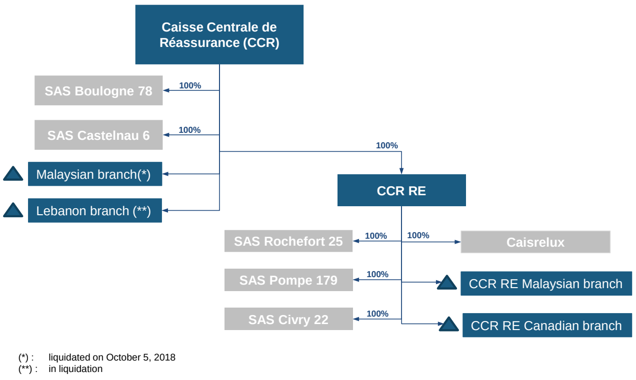
- Investments in **equities and diversified funds** represented 17% of the total portfolio at December 31, 2018, a proportion that was unchanged from end-2017 despite an 8% fall in unrealized gains. The main investments are equity funds (39%), diversified funds (24%) and hybrid securities and alternative investment funds (22%).

- **Real estate investments** represented 9% of the total portfolio at end-2018. Unrealized gains on directly owned investment properties increased by 10% over the year.

[3] Financial and real estate investments, including cash.

Investments in affiliates and participating interests

The CCR Group's legal structure is presented below:



In addition to owning CCR RE, which is fully consolidated, the Group manages part of the real estate investment portfolio through **five simplified joint stock corporations (SAS)** with combined equity of €55 million at December 31, 2018. The five companies reported net profit of €2 million in 2018 and contributed €2 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, 2018, unchanged from the previous year-end. Caisrelux operates exclusively as a captive reinsurance company. Its financial statements approved for publication on April 4, 2019 show a net profit for the year.

Profit for the year

Profit for the year, after tax, amounted to €132 million, breaking down as follows:

- The net reinsurance underwriting result after outward reinsurance declined to €87 million from €128 million in 2017, as a direct result of the €65 million underwriting loss generated by the **natural disaster reinsurance** business for the reasons discussed earlier in this report, with:
  - significant underwriting losses for the year,
  - partly offset by transfers from the equalization reserve.

For CCR RE's **open market reinsurance** business, 2018 was a year of profitable growth that was reflected in its underwriting result.

- Net investment income for the year came to €165 million, including investment revenue of €111 million and €53 million in net realized profits on disposals of investments. The overall yield on the reinsurance investment portfolio was 1.9% versus 1.8% in 2017.
- Administrative expenses (excluding investment management fees deducted from net investment income) came to €55 million in 2018. The expense ratio[4] improved to 3.7%.
- Income tax expense for 2018 was €64 million. The effective tax rate of 32.7% was due to timing differences related in particular to changes in unrealized gains on investment funds and the non-deductible portion of transfers to the equalization reserve.

5. 2019 OUTLOOK

In 2019, the Group will contribute to discussions on the necessary alignment of the natural disaster insurance system with the needs of insureds, the State and the market, and on improved risk prevention, with a view to deploying the proposed changes as from January 1, 2020.

In addition, negotiations with the insurance market should lead to an adjustment of commission arrangements for 2020 and subsequent years.

CCR RE will continue to grow its business by:

- extending its diversified and closely managed underwriting policy in selected countries and reinsurance lines;
- building long-term relationships with ceding insurers and proposing solutions based on a cross-cutting vision;
- continuing to improve its medium-term profitability;
- accelerating the digital transformation of internal processes to meet its service quality and responsiveness objectives;
- proposing a more robust service offer to key clients in order to enhance the value of its relationships with them.

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

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. RESEARCH AND DEVELOPMENT ACTIVITY

The CCR Group's main R&D activities in 2018 were as
follows :

Data Science and Actuarial projects

- Ongoing research project with a member of Lyon University's ISFA financial and insurance research institute on the use of model blending techniques to improve natural disaster loss estimates, combining a historical approach (statistical models) and an exposure-based approach (physical models). The research was presented at the French Institute of Actuaries' technical days in 2018 and will also be the subject of a presentation at the International Actuarial Association's international conference (Actuarial Studies in Non-Life Insurance – ASTIN – section) to be held in South Africa in April 2019.

- Creation of a prototype using text-mining technology to automatically mine knowledge from agricultural and natural disaster declarations. The aim is to make the process more efficient and increase the quantity of information available for analysis without sacrificing data quality.

- Launch of a research project in partnership with Paris V University's Applied Mathematics Laboratory (MAP5) on machine learning modelling techniques. These techniques will be used to estimate the geotechnical effects of drought.

- Launch of a research project in partnership with Mines ParisTech's Geosciences Center on big data-based approaches to estimating insured values.

- In light of the Group's increasingly complex models and its growing use of data science techniques, a research project was launched in 2018 with a view to deploying the models in the cloud. The aim is to achieve greater flexibility during peak periods without having to increase the installed computing power (HPC cluster) by more than is necessary.

Modelling and R&D activities

- Modelling techniques were a core focus of the Group's R&D activities in 2018. In addition to the research project on the use of machine learning modelling techniques to estimate the effects of drought, three other projects were launched during the year by the Group's Reinsurance and Public Funds department.

  - Research on the use of meta-modelling 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 the 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 modelling issues were also carried out during 2018. The main projects were as follows:

  - Climate change study carried out in 2018 with input from France's meteorological office (Météo-France) to estimate projected natural disaster losses for the period to 2050, based on greenhouse gas emissions assumptions corresponding to the IPCC's RCP 8.5 scenario. The study was presented during the Group's ‘Natural Disaster Day’ and will be made available to a wide range of interested parties, including insurers, Government departments

(Ecological Transition Ministry and Labor Department) and climate change researchers. It will be extended to include France's overseas territories in 2019.

- Delivery of a new 25m resolution flood model (to replace the previous 50m resolution model), marking the successful completion of an R&D project launched in 2013. The project involved overcoming the problems concerning the data needed to move from 50m to 25m resolution, and developing enhanced algorithms to deal with calculation time issues. The new version of the model incorporates many new features, such as rainfall data from Météo France's Antilope radar system and enhanced hydrographic network intelligence. By permitting more accurate modelling of past events, the transition to 25m resolution will help the Group to more accurately project future events.

- Participation in the European Nature Insurance Value: Assessment & Demonstration (NAIAD) project that aims to operationalize the insurance value of ecosystems to reduce the human and economic cost of 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 modelling 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 and 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 an estimate of insurance losses resulting from 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.

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). The research program is being led by Science Po Paris, ENSAE and Institut Louis Bachelier.

CONTENTS

BALANCE SHEET – ASSETS

(in thousands of euros)	Notes	Dec. 31, 2018	Dec. 31, 2017
Intangible assets	**4.1**	**3,376**	**3,576**
Reinsurance investments	**4.2**	**8,022,184**	**8,574,966**
Real estate investments		283,148	287,167
Investments in affiliates and participating interests	4.3	6,200	6,250
Other investments		7,510,786	8,085,903
Cash deposits with ceding insurers		222,050	195,646
Reinsurers' share of technical reserves	**4.5**	**6,943**	**9,918**
Other receivables	**4.6**	**392,259**	**166,828**
Other assets		**560,834**	**515,368**
Property and equipment		2,537	2,814
Other		558,297	512,554
Accrued income and prepaid expenses	**4.7**	**572,787**	**537,894**
Deferred acquisition costs		36,970	31,166
Deferred tax assets		129,959	178,072
Other accrued income and prepaid expenses		405,858	328,656
TOTAL ASSETS		**9,558,383**	**9,808,550**

BALANCE SHEET – EQUITY AND LIABILITIES

(in thousands of euros)	Notes	Dec. 31, 2018	Dec. 31, 2017
Equity	**4.8**	**2,460,890**	**2,344,932**
Share capital		60,000	60,000
Additional paid-in capital		-	-
Reserves and retained earnings		2,268,432	2,239,979
Investment grants		-	
Profit for the year		132,458	44,953
Gross technical reserves	**4.9.1**	**6,917,080**	**7,253,055**
Life technical reserves		176,261	326,114
Non-Life technical reserves		6,740,819	6,926,941
Provisions	**4.10**	**14,576**	**26,096**
Other liabilities	**4.11**	**122,745**	**140,223**
Deferred revenue and accrued expenses	**4.12**	**43,092**	**44,244**
TOTAL EQUITY AND LIABILITIES		**9,558,383**	**9,808,550**

CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	Notes	2018 Non-life reinsurance	2018 Life reinsurance	2018 Total	2017 Total
Written premiums	6.2	1,302,667	68,526	1,371,193	1,287,691
Change in unearned premium reserves		(20,510)	(8,020)	(28,530)	(11,237)
Earned premiums		**1,282,157**	**60,506**	**1,342,663**	**1,276,454**
Other operating revenue		1,153	159	1,312	4,176
Investment income, net of expenses	5.1	114,885	3,382	118,267	117,401
Revenue from ordinary activities		**116,038**	**3,541**	**119,579**	**121,577**
Reinsurance claims expenses		(1,025,539)	(40,998)	(1,066,537)	(974,293)
Income and expenses net of ceded income and expenses		(112,756)	(2,775)	(115,531)	(94,376)
Administrative expenses		(120,838)	(9,792)	(130,630)	(139,315)
Expenses from ordinary activities		(1,259,133)	(53,565)	(1,312,698)	(1,207,984)
Income from ordinary activities		**139,062**	**10,482**	**149,544**	**190,047**
Other income and expenses, net				47,159	
Non-recurring items	5.3			50	
Employee profit-sharing				0	
Income tax	5.2			(64,295)	
Consolidated net profit				**132,458**	**44,953**
Basic earnings per share (in euros)				44.15	14.98
Diluted earnings per share (in euros)				44.15	14.98

OFF-BALANCE SHEET COMMITMENTS

(in thousands of euros)	Dec. 31, 2018	Dec. 31, 2017 Pro forma
Commitments received	**24,763**	**31,401**
Commitments given	**36,500**	**43,935**
- Loan guarantees, other guarantees and bonds issued	36,500	43,935
- Securities and other assets purchased under resale agreements	-	-
- Other commitments concerning securities, other assets or revenues	-	-
- Other commitments given	-	-
Assets received as collateral from reinsurers	440	464
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 FINANCIAL STATEMENTS OF GROUP 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 9, 2019.

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 principle;

- 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 9, 2019.

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, 2018, in accordance with Article R.341-3 of the French Insurance Code.

The consolidated income statement presents income and expenses for the period from January 1 to December 31, 2018.

1.4 BASIS AND METHODS OF CONSOLIDATION

The basis and methods of consolidation are described in Note 5.

1.4.1 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.

1.4.2 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.

1.4.3 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.

The exclusion of a real estate company or an investment fund held in the reinsurance investments portfolio is considered as affecting the true and fair view provided by the consolidated financial statement when:

- 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.

The exclusion 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 is presumed to affect the true and fair view provided by the consolidated financial statements if the entity has material assets or liabilities.

- 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.

The exclusion 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 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, 2018 include comparative information at December 31, 2017.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 INTANGIBLE ASSETS

Software is 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.

2.2.1 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 an expert licensed by the French insurance supervisor (*Autorité de Contrôle Prudentiel et de Résolution*).

2.2.2 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 10-year earnings projections and earnings multiples 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 the existence of a material unrealized loss compared to the asset's carrying amount over an uninterrupted period of six months ending on the reporting date, as well as 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, 2017 and December 31, 2018, 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.

2.2.3 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 consumer price index (OATi)), 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.

2.2.4 Other assets

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

2.2.5 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

2.4.1 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.

2.4.2 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

2.6.1 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 executive and non-executive personnel based on the latest estimates of growth in total salary costs;

- mortality 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 Group until retirement;

- a discount rate based on the iBoxx Corporate Overall AA 10+ (1.57% in 2018);

- an employer payroll tax contribution rate of 55%.

2.6.2 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.

2.6.3 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 (1.13% in 2018).

2.6.4 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;

- other provisions for contingencies and charges.

2.7 TECHNICAL RESERVES

2.7.1 Unearned premium reserves

Premiums recognized during the year correspond to projected ultimate premiums 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.

2.7.2 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 Finance Department.

It involves performing actuarial analyses and obtaining the opinion of experts during meetings of the Technical Reserve Committee whose members include Finance Department actuaries responsible for determining technical reserves, Underwriting Department actuaries responsible for setting premium rates, underwriters and 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.

<u>Reserving policy</u>

The reserving policy defining the guiding reserving principles applied at December 31, 2018 was approved by the Group's Board of Directors on October 18, 2018.

<u>Approach</u>

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.

2.7.3 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 profit for the year divided by the average number of ordinary shares outstanding during the year.

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

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

NOTE 3. SCOPE OF CONSOLIDATION

The following entities are excluded from the scope of consolidation:

- entities that are not material at the level of the Group (mainly real estate companies organized as simplified joint stock corporations);

- 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);

- intercompany partnerships.

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:

Entity	Registration no.	Address	2018 % voting rights	2018 % interest	2018 Consolidation method	2017 % voting rights	2017 % interest	2017 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, 2018	Addition/ increase	Other movements	Disposal/ decrease	Dec. 31, 2017
Gross	66,612	2,308	-	(1,027)	65,331
Amortization	(63,236)	(1,482)	-	-	(61,754)
Net	**3,376**	**826**	**-**	**(1,027)**	**3,577**

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	344,112	283,147	709,959	426,812
2)	Equities and other variable-income securities (other than investment funds)	251,198	251,198	438,722	187,524
3)	Investment funds (other than those in 4)	2,680,405	2,680,354	2,983,960	303,606
4)	Investment funds invested solely in fixed-income securities	-	-	-	-
5)	Bonds and other fixed-income securities	4,313,802	4,289,771	4,412,113	122,342
6)	Mortgage loans	-	-	-	-
7)	Other loans	5,575	5,575	5,575	-
8)	Deposits with ceding insurers	222,050	222,050	222,050	-
9)	Cash deposits (other than those in 8) and guarantees	266,058	266,058	266,058	-
10)	Unit-linked portfolios	-	-	-	-
Subtotal		**8,083,199**	**7,998,154**	**9,038,436**	**1,040,283**
11)	Other forward financial instruments	-	-	-	-
	a) Investment or divestment strategy	-	-	-	-
	b) Yield strategy	3,541	3,541	6,165	2,624
	c) Other strategies	-	-	-	-
12 Total, lines 1 to 11		**8,086,740**	**7,998,154**	**9,038,436**	**1,040,283**
a)	*of which:*				
- investments measured in accordance with Article R.343-9		4,313,802	4,289,771	4,412,113	122,342
- investments measured in accordance with Article R.343-10		3,547,348	3,486,333	4,404,274	917,941
- investments measured in accordance with Article R.343-13		-	-	-	-
- forward financial instruments		3,541	3,541	6,165	2,624
b)	*of which:*				
- OECD member country issuers		7,988,470	7,903,478	8,939,187	737,944
- Non-OECD issuers		94,723	94,676	99,249	2,892

4.3 INVESTMENTS IN AFFILIATES AND PARTICIPATING INTERESTS

(in thousands of euros)	Percent interest	Investment	Equity	Profit for the period	Net carrying amount of investment	Realizable value
SA Caisrelux	100%	6,200	6,200	0	6,200	NC

4.4 OTHER INVESTMENTS

(in thousands of euros)	Percent interest	Investment	Equity	Profit for the period	Net carrying amount of investment	Realizable value
SAS Boulogne 78	100%	5,710	6,013	207	5,709	17,319
SAS Rochefort 25	100%	14,940	15,770	1,073	14,932	55,789
SAS Pompe 179	100%	15,270	15,498	477	15,268	52,605
SAS Civry 22	100%	7,860	8,029	237	7,859	30,918
SAS Castelnau 6	100%	7,280	7,427	236	7,279	31,219

	Dec. 31, 2018			Dec. 31, 2017		
(in thousands of euros)	**Non-Life**	**Life**	**TOTAL**	**Non-Life**	**Life**	**TOTAL**
Unearned premium and unexpired risks reserves	**1**		**-**	**-**		**-**
Reinsurance reserves		**0**	**0**		**-**	**-**
Outstanding claims reserves	**6,080**	**862**	**6,942**	**9,371**	**547**	**9,918**
TOTAL	**6,081**	**862**	**6,943**	**9,371**	**547**	**9,918**

4.5 REINSURERS' SHARE OF TECHNICAL RESERVES

	Dec. 31, 2018			Dec. 31, 2017		
(in thousands of euros)	**Non-Life**	**Life**	**TOTAL**	**Non-Life**	**Life**	**TOTAL**
Unearned premium and unexpired risks reserves	**1**		**-**	**-**		**-**
Reinsurance reserves		**0**	**0**		**-**	**-**
Outstanding claims reserves	**6,080**	**862**	**6,942**	**9,371**	**547**	**9,918**
TOTAL	**6,081**	**862**	**6,943**	**9,371**	**547**	**9,918**

4.6 OTHER RECEIVABLES

Gross receivables and impairment losses:

	Dec. 31, 2018			Dec. 31, 2017		
(in thousands of euros)	Gross	Impairment	Net	Gross	Impairment	Net
Reinsurance receivables	305,805	(2,442)	303,363	153,876	(2,671)	151,205
Prepaid and recoverable taxes	81,154	-	81,154	7,908	-	7,908
Prepaid payroll costs	-	-	-	-	-	-
Other receivables	78,512	(70,770)	7,742	78,694	(70,979)	7,715
TOTAL	**465,471**	**(73,212)**	**392,259**	**240,478**	**(73,650)**	**166,828**

Analysis of gross receivables by maturity:

	Dec. 31, 2018				Dec. 31, 2017
(in thousands of euros)	Due within 1 year	Due in 1-5 years	Due beyond 5 years	Total	Total
Reinsurance receivables	303,363	-	-	303,363	151,205
Prepaid and recoverable taxes	81,154	-	-	81,154	7,908
Prepaid payroll costs	-	-	-	-	-
Other receivables	6,895	800	47	7,742	7,715
TOTAL	**391,412**	**800**	**47**	**392,259**	**166,828**

4.7 ACCRUED INCOME AND PREPAID EXPENSES

(in thousands of euros)	Dec. 31, 2018	Dec. 21, 2018
Reinsurance adjustments	347,841	263,066
Deferred acquisition costs	36,970	31,166
Accrued interest and rental income	38,634	45,963
Deferred tax assets	129,959	178,072
Other accrued income and prepaid expenses	19,383	19,627
Total	**572,787**	**537,894**

4.8 EQUITY

(in thousands of euros)	Share capital	Additional paid-in capital	Reserves and retained earnings	Profit for the year	Total equity
At December 31, 2017	60,000	-	2,239,979	44,953	2,344,932
Changes in capital			-		-
Share premiums			(270,847)		(270,847)
Guarantee fund reserve			(257)		(257)
Special reserve for exceptional and nuclear risks			3,205		3,205
Special reserve for natural disaster risks			59		59
Reserve for major natural risks			-		-
Special reserve for terrorism risks			13,488		13,488
Special reserve for specific credit insurance risks			7		7
Reserve for the purchase of original works by living artists			19		19
Other reserves			287,747		287,747
Reserves and retained earnings			(4,968)		(4,968)
Dividend payments				(16,500)	(16,500)
Appropriation of prior year profit				(28,453)	(28,453)
Profit for the year				132,458	132,458
At December 31, 2018	**60,000**	**-**	**2,268,432**	**132,458**	**2,460,890**

4.9 TECHNICAL RESERVES

4.9.1 Technical reserves by type

	Dec. 31, 2018			Dec. 31, 2017		
(in thousands of euros)	Non-Life	Life	TOTAL	Non-Life	Life	TOTAL
Life reinsurance reserves		73,323	73,323		202,472	202,472
Life outstanding claims reserves		63,868	63,868		123,642	123,642
Life policyholders' surplus reserve		3,134	3,134		-	-
Other Life technical reserves		35,936	35,936		-	-
Non-Life unearned premium reserves	459,716		459,716	412,394		412,394
Non-Life outstanding claims reserves	4,373,664		4,373,664	4,568,234		4,568,234
Non-Life equalization reserves	1,907,439		1,907,439	1,946,313		1,946,313
TOTAL	**6,740,819**	**176,261**	**6,917,080**	**6,926,941**	**326,114**	**7,253,055**

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

	Dec. 31, 2018			Dec. 31, 2017		
(in thousands of euros)	Non-Life	Life	Total	Non-Life	Life	Total
Outstanding claims reserves at January 1	4,596,306	298,902	4,895,208	4,593,476	232,534	4,826,010
Prior year claims paid during the year	1,279,469	57,091	1,336,560	620,634	5,449	626,083
Outstanding claims reserves for claims incurred in prior periods at December 31	3,195,732	246,793	3,442,525	2,197,333	243,519	2,440,852
Net surplus (+) or deficit (-)	**121,105**	**(4,982)**	**116,123**	**1,775,509**	**(16,434)**	**1,759,075**

4.10 PROVISIONS

(in thousands of euros)	Dec. 31, 2018	Movement	Dec. 31, 2017
Provision for time savings account costs	0	(8,851)	8,851
Provision for length-of-service awards	5,415	(911)	6,326
Provision for long-service awards	3,384	(1,064)	4,448
Provision for extra paid vacation for retirees	2,173	(452)	2,625
Provisions for non-recurring expenses	186	(131)	317
Provisions for currency risks	89	1	88
Provisions for major repairs	3,329	(112)	3,441
TOTAL	**14,576**	**(11,520)**	**26,096**

4.11 OTHER LIABILITIES

Analysis by type:

(in thousands of euros)	Dec. 31, 2018	Dec. 31, 2017
Deposits received (other than from insurers)	2,178	2,115
Cash deposits received from reinsurers	157	
Reinsurance payables	953	353
Accrued payroll costs	14,221	8,295
Accrued taxes	5,894	37,515
Other payables	99,342	91,945
TOTAL	**122,745**	**140,223**

Analysis by maturity:

(in thousands of euros)	Dec. 31, 2018 Due within 1 year	Dec. 31, 2018 Due in 1-5 years	Dec. 31, 2018 Due beyond 5 years	TOTAL	Dec. 31, 2017
Deposits received (other than from insurers)	2,178			2,178	2,115
Reinsurance payables	953			953	353
Accrued payroll costs	14,221			14,221	8,295
Accrued taxes	5,894			5,894	37,515
Other payables	99,342			99,342	91,945
TOTAL	**12,588**	**-**	**-**	**122,588**	**140,223**

4.12 DEFERRED REVENUE AND ACCRUED EXPENSES

(in thousands of euros)	Dec. 31, 2018	Dec. 31, 2017
Deferred revenue	42,786	41,737
Reinsurance adjustments	33	375
Other deferred revenue and accrued expenses	273	2,132
TOTAL	**43,092**	**44,244**

NOTE 5. NOTES TO THE INCOME STATEMENT

5.1 INVESTMENT INCOME, NET OF EXPENSES

(in thousands of euros)	2018	2017
Investment revenue	23,788	31,553
Transferred investment income	114,885	111,209
Revenue from real estate investments	-	-
Other investment income	24,508	12,259
Realized gains from Investment	69,735	80,223
Investment income	**232,916**	**235,844**
Investment management expenses	(15,884)	(20,755)
Other investment expenses	(34,842)	(22,881)
Realized losses from Investment	(16,774)	(32,968)
Investment expenses	**(67,500)**	**(76,604)**
Investment income, net of expenses	**165,416**	**159,240**

5.2 INCOME TAX

5.2.1 Analysis of income tax expense

(in thousands of euros)	2018	2017
Current tax expense	(16,182)	(179,503)
Deferred tax benefits	(48,113)	(3,390)
TOTAL	**(64,295)**	**(182,893)**

5.2.2 Deferred taxes by category

(in thousands of euros)	2018	2017
Deferred taxes on temporary differences	130,180	178,500
Consolidation adjustments	(221)	(427)
Net recognized deferred tax assets	**129,959**	**178,073**

5.2.3 Tax proof

(in thousands of euros)	2018	2017
Consolidated net profit	132,458	44,953
Income tax	(64,295)	(182,893)
Profit before tax	**196,753**	**227,846**
Standard tax rate	34.43%	34.43%
Tax at the standard rate	(67,749)	(78,455)
Effects on profit taxable at the standard rate		
- Tax credits	1,149	773
- Tax loss carryforwards	(333)	0
- Tax on distributed earnings	0	4,293
- Difference in tax rate paid by Canadian branch	770	919
- Valuation allowances on deferred tax assets	(11,145)	(49,094)
- Other permanent differences	690	2,508
- Differences in tax rates	12,321	(63,838)
TOTAL	**3,453**	**(104,438)**
Income tax	**(64,295)**	**(182,893)**
Effective tax rate	**32.68%**	**80.27%**

5.3 NON-RECURRING ITEMS

(in thousands of euros)	2018	2017
Non-recurring income	**139**	**325**
- Reversal of exceptional impairment losses	139	305
- Other non-recurring income	-	20
Non-recurring expenses	**(89)**	**(273)**
- Charges to provisions for non-recurring expenses	(89)	(230)
- Other non-recurring expenses	-	(43)
Net non-recurring income	**50**	**52**

5.4 PAYROLL COSTS AND NUMBER OF EMPLOYEES

(in thousands of euros)	2018	2017
Payroll costs	**30,940**	**32,466**
Average number of employees	**278**	**280**
- Non-executive staff	19	20
- Executives	247	248
Canadian branch	9	9
Lebanese branch	3	3

5.5 DEPRECIATION, AMORTIZATION & PROVISIONS

(in thousands of euros)	2018	2017
Depreciation and amortization expense	**2,396**	**2,759**
Impairment losses	-	-
Total	**2,396**	**2,759**

5.6 FEES PAID TO THE STATUTORY AUDITORS

(in thousands of euros)	2018	2017
For the statutory audit of the financial statements	**298**	**189**
For audit-related advice and services	46	49
TOTAL	**344**	**238**

NOTE 6. SEGMENT INFORMATION

6.1 OPERATING SEGMENT INCOME STATEMENTS

6.1.1 Non-Life reinsurance technical account

(in thousands of euros)	2018			2017
	Gross	Reinsurance	Net	Net
Earned premiums	**1,282,157**	**(112,626)**	**1,169,531**	**1,052,010**
Written premiums	1,302,667	(112,626)	1,190,041	1,056,222
Change in unearned premium reserves	(20,510)	0	(20,510)	(4,212)
Investment income allocated from the non-technical account	**114,885**	**0**	**114,885**	**111,209**
Other underwriting income	**1,153**	**0**	**1,153**	**3,559**
Claims expenses	**(1,057,026)**	**(657)**	**(1,057,683)**	**(1,956,566)**
Paid claims and expenses	(1,378,644)	2,472	(1,376,172)	(628,839)
Change in outstanding claims reserves	333,736	(3,129)	330,607	(1,327,727)
Change in other technical reserves	**(12,118)**		**(12,118)**	**-**
Profit commission	**(7,387)**	**224**	**(7,163)**	**(1,682)**
Acquisition and administrative expenses	**(112,911)**	**4,443**	**(108,468)**	**(107,281)**
Acquisition costs	(98,442)	4,443	(93,999)	(44,732)
Administrative expenses	(14,772)	0	(14,772)	(63,050)
Reinsurance commissions received	303	0	303	501
Other underwriting expenses	**(12,067)**	**0**	**(12,067)**	**(13,334)**
Change in equalization reserves	**38,874**	**0**	**38,874**	**1,095,737**
Non-Life reinsurance underwriting result	**247,678**	**(108,616)**	**139,062**	**183,652**
Net investment income excluding allocation from the non-technical account			-	-
Income from ordinary activities	**247,678**	**(108,616)**	**139,062**	**183,652**

6.1.2 Life reinsurance technical account

(in thousands of euros)	2018			2017
	Gross	Reinsurance	Net	Net
Written premiums	**60,506**	**(3,661)**	**56,845**	**114,565**
Investment income allocated from the non-technical account	**3,382**	**0**	**3,382**	**6,192**
Other underwriting income	**159**	**0**	**159**	**617**
Claims expenses	**(32,697)**	**377**	**(32,320)**	**(16,359)**
Paid claims and expenses	(30,344)	6	(30,338)	(20,447)
Change in outstanding claims reserves	(2,353)	371	(1,982)	4,088
Change in Life reinsurance reserves and other technical reserves	**(2,515)**	**0**	**(2,515)**	**(69,143)**
Profit commission	**(5,786)**	**509**	**(5,277)**	**(11,278)**
Acquisition and administrative expenses	**(10,400)**	**1,045**	**(9,355)**	**(17,279)**
Acquisition costs	(10,400)	1,045	(9,355)	(15,524)
Administrative expenses	0	0	0	(1,755)
Reinsurance commissions received	0	0	0	-
Other underwriting expenses	**(437)**	**0**	**(437)**	**(920)**
Non-Life reinsurance underwriting result	**12,212**	**(1,730)**	**10,482**	**6,395**
Net investment income excluding allocation from the non-technical account	0	0	0	-
Income from ordinary activities	**12,212**	**(1,730)**	**10,482**	**6,395**

6.2 SEGMENT ANALYSIS OF PREMIUMS AND TECHNICAL RESERVES

6.2.1 Gross written premiums by operating segment

(in thousands of euros)	2018	2017
Reinsurance without State guarantee	**464,218**	**395,832**
Inward Life reinsurance	68,526	125,974
Inward Non-Life reinsurance	395,692	269,858
State-guaranteed reinsurance	**906,975**	**891,859**
Exceptional and nuclear risks	6,602	7,089
Natural disaster risks	835,464	816,648
Terrorism risks	64,874	68,065
Of which small and medium-sized risks	*43,874*	*45,219*
Major risks (reinsurance of terrorism risks insured by GAREAT)	*21,000*	*22,847*
Credit insurance risks	35.23	57.773
TOTAL	**1,371,193**	**1,287,691**

6.2.2 Gross written premiums by geographical area

(in thousands of euros)	2018			2017		
	Non-Life	**Life**	**TOTAL**	**Non-Life**	**Life**	**TOTAL**
France	998,868	36,005	1,034,873	955,126	88,494	1,043,621
EU excluding France	68,454	4,269	72,723	65,032	4,041	69,073
Europe	20,717	0	20,717	15,106	1,701	16,807
Africa & Middle East	86,218	19,886	106,104	45,114	30,447	75,561
Far East & Oceania	96,302	5,232	101,534	50,578	4,962	55,539
North America	26,520	3,033	29,553	28,241	1,929	30,170
South America	5,589	101	5,690	2,520	(5,600)	(3,080)
TOTAL	**1,302,667**	**68,526**	**1,371,193**	**1,161,717**	**125,974**	**1,287,691**

6.2.3 Technical reserves by operating segment

(in thousands of euros)	2018	2017
Inward Non-Life reinsurance	6,740,819	6,926,941
Inward Life reinsurance	176,261	326,114
Total	**6,917,080**	**7,253,055**

CONTENTS

BALANCE SHEET AT DECEMBER 31, 2018

ASSETS (in thousands of euros)	Gross amount	Amortization, depreciation & provisions	At December 31 2018 Net amount	2017 Net amount
INTANGIBLE ASSETS	**72,488**	**69,119**	**3,369**	**3,570**
INVESTMENTS				
Real estate investments	168,621	28,009	140,612	142,186
Investments in affiliates and participating interests	435,929		435,929	435,979
Other investments	6,017,244	0	6,017,244	6,660,381
Cash deposits with ceding insurers	9,216		9,216	7,910
TOTAL	**6,631,011**	**28,009**	**6,603,002**	**7,246,457**
REINSURERS' SHARE OF TECHNICAL RESERVES				
Non-Life unearned premium reserves	1,053		1,053	633
Life reinsurance reserves	3,205		3,205	
Life outstanding claims reserves	597		597	6,381
Non-Life outstanding claims reserves	137,807		137,807	144,612
Other Life technical reserves	0		0	8,206
TOTAL	**142,662**		**142,662**	**159,833**
RECEIVABLES				
Reinsurance receivables	262,276	59	262,217	116,383
Prepaid payroll costs				0
Prepaid and recoverable taxes	73,043		73,043	13
Other receivables	80,047	70,691	9,356	12,138
TOTAL	**415,366**	**70,750**	**344,617**	**128,541**
OTHER ASSETS				
Property and equipment	12,838	10,408	2,430	2,689
Current accounts and cash	398,934		398,934	335,818
TOTAL	**411,772**	**10,408**	**401,364**	**338,507**
ACCRUED INCOME AND PREPAID EXPENSES				
Accrued interest and rental revenue	34,930		34,930	42,757
Life and Non-Life deferred acquisition costs	616		616	765
Other accrued income and prepaid expenses	163,967		163,967	126,261
TOTAL	**199,513**		**199,513**	**169,783**
TOTAL ASSETS	**7,872,812**	**178,286**	**7,694,526**	**8,046,691**

BALANCE SHEET AT DECEMBER 31, 2018

EQUITY AND LIABILITIES (in thousands of euros)	At December 31 2018	2017
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	1,627	1,884
Special reserve for exceptional and nuclear risks	240,277	237,072
Special reserve for natural disaster risks	1,652,573	1,652,514
Special reserve for terrorism risks	141,756	128,268
Other reserves	8,654	8,654
Special reserve for specific credit insurance risks	19,970	19,963
Reserve for the purchase of original works by living artists	73	54
Retained earnings		
Profit for the year	146,762	33,021
TOTAL	**2,274,442**	**2,144,180**
GROSS TECHNICAL RESERVES		
Non-Life unearned premium reserves	314,267	309,457
Life reinsurance reserves	3,205	11,464
Life outstanding claims reserves	597	3,124
Non-Life outstanding claims reserves	3,045,423	3,431,383
Equalization reserves	1,881,241	1,930,988
Other Life technical reserves		
TOTAL	**5,244,733**	**5,686,415**
PROVISIONS	**13,483**	**22,071**
OTHER LIABILITIES		
Insurance payables	(0)	0
Reinsurance payables	0	83
Other borrowings, deposits and guarantees received	1,218	1,152
Accrued payroll costs	9,636	6,808
Accrued taxes	3,481	36,310
Other payables	99,855	92,318
TOTAL	**114,190**	**136,671**
DEFERRED REVENUE AND ACCRUED EXPENSES	**47,677**	**57,354**
TOTAL EQUITY AND LIABILITIES	**7,694,526**	**8,046,691**

INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2018

(in thousands of euros)	Gross	Reinsurance	Year ended 2018 Net	2017 Net
NON-LIFE TECHNICAL ACCOUNT				
Earned premiums:				
Written premiums	907,836	95,947	811,889	802,933
Change in unearned premium reserves	3,403	7,794	(4,391)	(7,638)
	911,239	**103,741**	**807,498**	**795,295**
Investment income allocated from non-technical account	**84,440**		**84,440**	**82,811**
Other underwriting income	**348**	**0.00**	**348**	**540**
Claims expenses:				
Paid claims and expenses	(1,193,762)	(22,835)	(1,170,927)	(446,626)
Change in outstanding claims reserves	388,777	9,605	379,172	(1,319,846)
	(804,985)	**(13,230)**	**(791,755)**	**(1,766,472)**
Profit commission	**(526)**	**(524)**	**(2)**	**(4)**
Acquisition and administrative expenses:				
Acquisition costs	(14,351)		(14,351)	(30,185)
Administrative expenses	(5,089)		(5,089)	(6,125)
Reinsurance commissions received	0	(799)	799	4,733
	(19,439)	**(799)**	**(18,640)**	**(31,578)**
Other underwriting expenses	**(7,599)**		**(7,599)**	**(8,454)**
Change in equalization reserves	**49,747**		**49,747**	**1,101,684**
Non-Life reinsurance underwriting result	**213,224**	**89,188**	**124,036**	**173,820**
LIFE TECHNICAL ACCOUNT				
Earned premiums	**494**	**494**	**0**	**0.**
Investment income:				
Investment revenue	0		0	0
Other investment income	0		0	0
Realized Gains from Investments	0		0	0
	0	**0**	**0**	**0**
Other underwriting income	**0**	**0**	**0**	**(0)**
Claims expenses:				
Paid claims and expenses	(430)	(426)	(4)	(12)
Change in outstanding claims reserves	39	39	(0)	0
	(391)	**(387)**	**(4)**	**(12)**
Change in Life premium reserves and other technical reserves				
Life premium reserves	(32)	(32)	0	0
	(32)	**(32)**	**0**	**0**
Reinsurer's share of underwriting result	**(57)**	**(57)**	**0**	**0**
Acquisition and administrative expenses:				
Acquisition costs	(7)		(7)	(498)
Administrative expenses	(3)		(3)	(28)
Reinsurance commissions received		(7)	7	517
	(9)	**(7)**	**(3)**	**(9)**
Investment expenses:				
Internal and external investment management costs and interest	0		0	0
Other investment expenses	0		0	0
Realized Losses from Investments	0		0	0
	0	**0**	**0**	**0**
Other underwriting expenses	**0**	**0**	**0**	**0**
Life reinsurance underwriting result	**5**	**11**	**(6)**	**(21)**

(in thousands of euros)	Gross	Reinsurance	Year ended 2018 Net	2017 Net
NON-TECHNICAL ACCOUNT				
Non-Life reinsurance underwriting result			**124,036**	**173,820**
Life reinsurance underwriting result			**(6)**	**(21)**
Non-Life investment income:				
Investment revenue			104,461	112,994
Other investment income			5,141	8,973
Realized Gains from Investments			46,972	36,542
			156,573	**158,508**
Non-Life investment expenses:				
Internal and external investment management costs and interest			(8,607)	(9,173)
Other investment expenses			(12,646)	(17,638)
Realized Losses from Investments			(13,015)	(16,427)
			(34,268)	**(43,238)**
Investment income transferred to the Non-Life technical account			**(84,440)**	**(82,811)**
Other income			**215**	**121**
Other expenses			**(311)**	**(145)**
Non-recurring items:				
Non-recurring income			876	1,979
Non-recurring expenses			(0)	(167)
			876	**1,813**
Employee profit sharing			**0**	**(4,106)**
Income tax			**(15,913)**	**(170,921)**
PROFIT FOR THE YEAR			**146,762**	**33,021**

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 9, 2019.

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, by Regulation ANC 2015-11 as amended by regulation ANC 2016-12 dated December 12, 2016 and the general accounting provisions of the French Commercial Code (*Code de Commerce*) and French General Chart of Accounts (*Plan Comptable Général*).

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

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

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

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

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

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 ANC opinion 2009-12 dated October 1, 2009 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 2018 financial statements have been prepared using the same methods as those for 2017.

1.2 - Intangible assets

Software is 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 an expert 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 10-year earnings projections and earnings multiples 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 the existence of a material unrealized loss compared to the asset's carrying amount over an uninterrupted period of six months ending on the reporting date, as well as 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, 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.

Application of this criterion did not lead to any provisions for other-than-temporary impairment being recorded in 2018 or in prior years.

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 consumer price index (OATi)), 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 2018.

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 income generated during the year is allocated as follows at the reporting date:
– Life: to the non-technical account;
– Non-Life: to the technical account.

The allocation is calculated at each reporting date based on the following ratios:
- Life: ratio of equity (capital, reserves and retained earnings) to the sum of technical reserves net of reinsurance and equity;
- Non-Life: ratio of net technical reserves to the sum of technical reserves and equity.

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

a) Deferred acquisition costs

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

b) Reinsurance adjustments

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

1.6 - Multi-currency accounts

In accordance with Article R.341-7 of the French Insurance Code and 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 2018, differences arising from the conversion of opening foreign currency assets and liabilities at the closing exchange rate represented a net gain of €0.208 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 executive and non-executive personnel based on the latest estimates of growth in total salary costs;

– mortality 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+ (1.57% in 2018 compared with 1.30% in 2017);

– an employer payroll tax contribution 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 (1.13% in 2018 compared with 0.88% in 2017).

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 Finance Department. It involves performing actuarial analyses and obtaining the opinion of experts during meetings of the Technical Reserve Committee whose members include Finance Department actuaries responsible for determining technical reserves, Underwriting Department actuaries responsible for setting premium rates, underwriters and 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, 2018 was approved by the Company's Board of Directors on October 18, 2018.

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, 2018.

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, administrative expenses or other underwriting expenses).

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

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

b) CICE employment incentive tax credit

The CICE employment incentive tax credit was introduced in the third amended French Finance Act for 2012. The main features of the incentive, which has been applicable since January 1, 2013, are as follows:

The annual tax credit is based on salaries representing up to 2.5 times the minimum wage. The original rate of 4% applicable from January 1, 2013 was raised to 6% from January 1, 2014 and 7% from January 1, 2017, then reduced to 6% from January 1, 2018. Tax credits not set off against tax payable are refunded after three years.

The Company's CICE tax credit for 2017 in the amount of €147,412 was recorded as a deduction from income tax. This amount was used to fund:

- the LinkedIn project (€4 thousand);
- training initiatives (€120 thousand);
- support measures for retiring employees (€3 thousand).

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

NOTE 2. NOTES TO THE BALANCE SHEET

2.1 - Notes to Assets

GROSS (in thousands of euros)	Dec. 31, 2017	MOVEMENTS		Dec. 31, 2018
	Audited	Additions	Disposals	
Organization expense	5,963			5,963
Software licenses and development costs	64,217	2,055		66,272
Developments in progress	1,024	253	1,024	253
Intangible assets	**71,204**	**2,308**	**1,024**	**72,488**
Investment property	99,332	1,115		100,447
Owner-occupied property	54,886			54,886
Assets under construction	139	266	105	300
Shares in unlisted real estate companies	12,989			12,989
Real estate investments	**167,346**	**1,381**	**105**	**168,621**
Equities and other variable-income securities	360,979		50	360,929
Loans	75,000			75,000
Investments in affiliates and participating interests	**435,979**		**50**	**435,929**
Cash deposits with ceding insurers	**7,910**	**12,641**	**11,335**	**9,216**

NET (in thousands of euros)	Dec. 31, 2018			Dec. 31, 2018	Dec. 31, 2017
	Gross	Amortization and depreciation	Provisions	Net	Net - Audited
Organization expense	5,963	5,963			
Software licenses and development costs	66,272	63,156		3,116	2,546
Developments in progress	253			253	1,024
Intangible assets	**72,488**	**69,119**		**3,369**	**3,570**
Investment property	100,447	22,676		77,771	78,547
Owner-occupied property	54,886	5,334		49,552	50,511
Assets under construction	300			300	139
Shares in unlisted real estate companies	12,989			12,989	12,989
Real estate investments	**168,622**	**28,010**		**140,612**	**142,186**
Equities and other variable-income securities	360,929			360,929	360,979
Loans	75,000			75,000	75,000
Investments in affiliates and participating interests	**435,929**			**435,929**	**435,979**
Cash deposits with ceding insurers	**9,216**			**9,216**	**7,910**

2.2 - Information about investments

(in thousands of euros)	Dec. 31, 2018 Gross	Amortization and provisions	Net	Dec. 31, 2017 Net - Audited
Equities and other variable-income securities	1,936,306		1,936,306	1,892,151
Bonds and other fixed-income securities	4,025,603		4,025,603	4,713,734
Loans	5,335		5,335	4,294
Bank deposits	50,000		50,000	50,203
Other investments				
TOTAL	**6,017,244**		**6,017,244**	**6,660,382**

2.3 - Investment summary

(in thousands of euros)	Gross	Net [1]	Realizable value	Unrealized gains and losses
12) Real estate investments and real estate investments in progress	168,621	140,612	363,408	222,796
13) Equities and other variable income securities (other than investment funds)	560,218	560,218	738,868	178,650
14) Investment funds (other than those in 4)	1,737,017	1,737,017	1,955,018	218,001
15) Investment funds invested solely in fixed-income securities				
16) Bonds and other fixed income securities	4,025,603	4,003,062	4,124,451	121,389
17) Mortgage loans				
18) Other loans	80,335	80,335	80,335	
19) Deposits with ceding insurers	9,216	9,216	9,216	
20) Cash deposits (other than those in 8) and guarantees	50,000	50,000	50,000	
21) Unit-linked portfolios	-	-	-	-
Sub-total	**6,631,011**	**6,580,461**	**7,321,297**	**740,836**
22) Other forward financial instruments	-	-	-	-
* Investment or divestment strategy	-	-	-	-
* Cash flow hedges	-	-	-	-
* Other strategies	-	-	-	-
* Amortization of premiums/discounts	-	-	-	-
12 Total, lines 1 to 11	**6,631,011**	**6,580,461**	**7,321,297**	**740,836**
c) of which:				
- investments measured in accordance with Article R.343-9	*4,025,603*	*4,003,062*	*4,124,451*	*121,389*
- investments measured in accordance with Article R.343-10	*2,596,192*	*2,568,182*	*3,187,630*	*619,447*
- investments measured in accordance with Article R.343-13	-	-	-	-
- Forward financial instruments	-	-	-	-
d) of which:	-	-	-	-
- OECD member country issuers	*6,574,836*	*6,524,285*	*7,262,228*	*737,944*
- Non-OECD issuers	*56,175*	*56,177*	*59,069*	*2,892*

(1) Including the unamortized portion of redemption premiums on securities measured in accordance with Article R.343-19, for €22.5 million.

2.4 - Current receivables and payables

(in thousands of euros)	OTHER RECEIVABLES						
	GROSS	PROVISIONS	NET	DUE WITHIN 1 YEAR	DUE IN 1-5 YEARS	DUE BEYOND 5 YEARS	TOTAL
Reinsurance receivables	262,276	59	262,217	262,217			262,217
Prepaid and recoverable taxes	73,043		73,043	73,043			73,043
Other receivables	80,047	70,691	9,356	8,509	800	47	9,356
TOTAL	**415,366**	**70,750**	**344,616**	**343,769**	**800**	**47**	**344,616**

Reinsurance receivables include a €0.3 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 €5 million receivable from CCR RE;
- €1 million in receivables from property companies.

(in thousands of euros)	OTHER LIABILITIES				
	NET	DUE WITHIN 1 YEAR	DUE IN 1-5 YEARS	DUE BEYOND 5 YEARS	TOTAL
Reinsurance payables					
Other borrowings, deposits and guarantees received	1,218	1,218			1,218
Accrued payroll costs	9,636	9,636			9,636
Accrued taxes	3,481	3,481			3,481
Other payables	99,855	99,855			99,855
TOTAL	**114,190**	**114,190**			**114,190**

Other payables include €2 million payable to CCR RE.

2.5 - Subsidiaries and affiliates

(in thousands of euros)

COMPANY	SHARE CAPITAL	RESERVES	% INTEREST	CARRYING AMOUNT OF SHARES GROSS	CARRYING AMOUNT OF SHARES NET	2018 PREMIUM INCOME	2018 PROFIT	DIVIDENDS RECEIVED IN 2018
1) Subsidiaries								
▪ SA CCR RE 157, boulevard Haussmann, 75008 Paris	90,082	293,762	100.00%	360,929	360,929	464,218	34,630	0
2) Affiliates								
▪ SAS Castelnau 6 157, boulevard Haussmann, 75008 Paris	7,280	147	100.00%	7,279	7,279	1,071	236	231
▪ SAS Boulogne 78 157, boulevard Haussmann, 75008 Paris	5,710	303	100.00%	5,709	5,709	628	207	389

2.6 - Property and equipment

GROSS (in thousands of euros)	Dec. 31, 2017 Audited	Movements +	Movements -	Dec. 31, 2018
Deposits and guarantees	48		11	37
Equipment and installations	9,081	693		9,774
Vehicles				
Office furniture and equipment	1,566	6		1,572
Fixtures and fittings	1,455			1,455
Assets under construction				
TOTAL	**12,150**	**699**	**11**	**12,838**

DEPRECIATION (in thousands of euros)	Dec. 31, 2017 Audited	Increases +	Decreases -	Dec. 31, 2018
Equipment and installations	8,445	659		9,104
Vehicles				
Office furniture and equipment	558	157		715
Fixtures and fittings	458	131		589
TOTAL	**9,461**	**947**		**10,408**

2.7 - Accrual accounts

	Dec. 31, 2018		Dec. 31, 2017 - Audited	
(in thousands of euros)	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Reinsurance adjustments	145,082	6,608	107,089	16,910
Deferred acquisition costs	616		765	241
Accrued interest	34,930		42,757	
Amortization of redemption premiums	18,278	40,819	18,416	39,808
Accrued outward reinsurance accounts				
Prepaid expenses and deferred revenue	606	250	753	375
Other	0		2	20
TOTAL	**199,513**	**47,677**	**169,783**	**57,354**

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 Dec. 31, 2018	DIFFERENCE Dec. 31, 2017 - Audited
Euro	7,577,083	7,437,899	139,184	21,354
US dollar	22,020	21,594	426	4,009
Canadian dollar	99	7	92	96
Pound sterling	75,454	74,383	1,071	1,133
Japanese yen	14,343	12,493	1,850	1,724
Swedish krona	0	0	0	0
Swiss franc	150	150	0	0
Taiwan dollar	3,588	3,592	(4)	444
Australian dollar	639	543	96	99
Hong Kong dollar	639	484	155	97
Norwegian krone	0	0	0	0
Danish krone	0	0	0	0
Other currencies	13,643	9,750	3,893	4,065
TOTAL	**7,707,658**	**7,560,895**	**146,763**	**33,021**

2.9 - Equity

Changes in equity

2018	JANUARY 1	MOVEMENTS FOR THE YEAR		DECEMBER 31
(in thousands of euros)	Before appropriation of results	Appropriation of 2017 profit	Other movements	
Share capital [(1)]	60,000			60,000
Special revaluation reserve	2,751			2,751
Special guarantee fund reserve	1,884	(257)		1,627
Special reserve for exceptional and nuclear risks	237,072	3,205		240,277
Reserve for natural disaster risks	1,652,514	59		1,652,573
Reserve for major natural risks				
Special reserve for terrorism risks	128,268	13,488		141,756
Special reserve for specific credit insurance risks	19,963	7		19,970
Reserve for the purchase of original works by living artists	54	19		73
Capitalization reserve				
Other reserves	8,654			8,654
Retained earnings				
2017 net profit	33,021	(33,021)		
Dividend		16,500	(16,500)	
Profit for the year			146,762	146,762
TOTAL	**2,144,180**		**130,262**	**2,274,442**

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

2.10 - Provisions

(in thousands of euros)	Dec. 31, 2017 Audited	Increases	Decreases for the year	Decreases o/w utilizations	Dec. 31, 2018
Other investment grants	96		73		23
Accelerated depreciation	1,653		800		853
Special revaluation reserve	709		16		693
Provision for time savings account costs	6,420		6,420		
Provision for length-of-service awards	5,038	1	425		4,614
Provision for long-service awards	3,672		421		3,251
Provision for extra paid vacation for retirees	1,974		148		1,826
Provisions for non-recurring expenses	87		51		36
Provisions for major repairs	2,421		235		2,186
TOTAL	**22,071**	**1**	**8,589**		**13,483**

2.11 - Commitments received and given

(in thousands of euros)	Dec. 31, 2018	Dec. 31, 2017
1. Commitments received	**1,585**	**659**
2. Commitments given	**26,945**	**30,428**
2a Loan guarantees, other guarantees and bonds issued	26,945	30,428
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		
On behalf of 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		
- 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, 2018**	**Dec. 31, 2017**
Venture capital investment fund commitments	93,364	89,420
Debt fund commitments	80,460	125,398
Real estate investment fund commitments	17,102	44,094

NOTE 3. NOTES TO THE INCOME STATEMENT

3.1 - Written premiums by operating segment

(in thousands of euros)	2018	2017 - Audited
Exceptional and nuclear risks	6,602	7,089
Natural disaster risks	835,464	816,648
Terrorism risks	64,874	68,065
Of which small and medium-sized risks	*43,874*	*45,219*
Major risks (reinsurance of terrorism risks insured by GAREAT)	*21,000*	*22,847*
Credit insurance risks	35	58
Public reinsurance premiums	**906,975**	**891,859**
Market reinsurance premiums (run-off)	**1,355**	**12,806**
TOTAL	**908,330**	**904,665**

3.2 - Portfolio movements

2018	PUBLIC REINSURANCE		MARKET REINSURANCE (run-off)	
(in thousands of euros)	GROSS	NET	GROSS	NET
New business				
Premiums	72,093	72,093		
Paid claims and expenses	1,193	1,193		
Cancellations and terminations				
Premiums	(72,222)	(72,222)	(6)	
Paid claims and expenses	(4,176)	(4,176)	(6)	

3.3 - Commissions: Reinsurance commissions

(in thousands of euros)	2018	2017 - Audited
Gross commissions and brokerage fees	2,407	16,562
Life	7	546
Non-Life	2,400	16,017

3.4 - Investment income and expenses

2018 (in thousands of euros)	INCOME AND EXPENSES FROM INVESTMENTS IN RELATED COMPANIES	OTHER INVESTMENT INCOME AND EXPENSES	TOTAL
Revenue from real estate investments	492	11,057	11,549
Revenue from other investments	3,750	88,821	92,571
Other revenue		341	341
TOTAL	**4,242**	**100,219**	**104,461**
External investment expenses		4,047	4,047
Internal investment expenses		4,560	4,560
TOTAL		**8,607**	**8,607**

3.5 - Underwriting expenses by type and by function

In the following table, expenses for 2017 are presented net of amounts rebilled to CCR Group subsidiaries and to the public funds managed on behalf of the French State.

A- EXPENSE BREAKDOWN

EXPENSES BY TYPE (in thousands of euros)	2018	2017 Audited
External expenses	5,857	5,990
Other external expenses	1,984	1,773
Taxes other than on income	6,585	8,962
Payroll costs	13,129	13,483
Other administrative expenses	65	75
Sub-total	**27,619**	**30,283**
Depreciation of property and equipment	1,157	1,344
Theoretical rent on the Company's registered office	1,386	1,492
TOTAL	**30,163**	**33,120**

EXPENSES BY FUNCTION (in thousands of euros)	2018	2017 Audited
Loss adjustment expenses	2,363	2,537
Other business acquisition costs	11,740	11,500
Other administrative expenses	5,115	5,925
Other underwriting expenses	6,385	8,171
Investment management expenses	4,560	4,986
TOTAL	**30,163**	**33,120**

In addition to the above amounts, costs of €1.58 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* (farming-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.

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

(in thousands of euros)	2018	2017 Audited
Wages and salaries	8,997	8,743
Payroll taxes	4,385	4,655
Other expenses	(166)	173
TOTAL	**13,216**	**13,571**
Registered office	202	209
Managers	*186*	*193*
Non-managerial staff	*16*	*16*
Canadian branch	0	0
Lebanese branch	0	0
TOTAL AVERAGE NUMBER OF EMPLOYEES	**202**	**209**

CCR employees who were previously employed in the Risks Department were transferred to CCR RE with effect on July 1, 2018.

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

(in thousands of euros)	2018	2017
Directors' fees *	51	60
Management compensation	276	317

** 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

2018 (in thousands of euros)	NON-RECURRING EXPENSES	NON-RECURRING INCOME
Reversals from the special revaluation reserve		16
Tax rebates		
Non-recurring investment management income		0
Accelerated depreciation		800
Tax reassessments		
Provisions for taxes		
Provisions for non-recurring expenses		51
Non-recurring receivables		9
Other non-recurring income and expenses	0	
TOTAL	**0**	**876**

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.

In accordance with Article 11, I, 1 of the 2017 French Finance Act, the first €500,000 of taxable profit for 2018 was taxed at the rate of 28% and the balance at the rate of 33.1/3% unless otherwise specified (excluding additional income tax contributions).

NOTE 4. OTHER INFORMATION

4.1 - Fees paid to the Statutory Auditors

The fees recognized in expenses for 2018 for the statutory audit of the financial statements included €110,298 paid to Deloitte and €121,834 paid to PwC.

Fees recognized in expenses in 2018 for other services provided by PwC included:

€13,333 for the review of accounting entries in connection with preparations for the tax audit of the computerized accounting records;

€8,400 for training provided on the subject of key functions.

Fees recognized in expenses in 2018 for other services provided by Deloitte amounted to €4,066 and concerned the certification of the Company's capitalization.

CONTENTS

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, France

Caisse Centrale de Réassurance

French joint stock company (*société anonyme*)

157, boulevard Haussmann

STATUTORY AUDITORS' REPORT

ON THE FINANCIAL STATEMENTS

Year ended December 31, 2018

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,

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying financial statements of Caisse Centrale de Réassurance for the year ended December 31, 2018.

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, 2018 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.

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 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, 2018 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.

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 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 €3,046 million at December 31, 2018, are specified in Note 2.8 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.	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

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 between the event itself and the date on which the settlement claim is filed with the reinsurer, the dependence on ceding insurers to obtain information on claims and changes in ceding insurers' practices relating to reserves. The degree of judgement involved in estimating the ultimate cost is therefore significant, particularly for major and recent events (particularly Hurricane Irma) and long-tail lines (particularly droughts). 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 2018, and required particular attention regarding the audit procedures to apply.	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 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 IT general controls.

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 and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements.

Concerning the fair presentation and the consistency with the financial statements of the information given with respect to the payment terms referred to in Article D.441-4 of the French Commercial Code, we have the following matter to report: as stated in the management report, this information does not include insurance and reinsurance transactions, as your Company deems them to be outside of the scope of required disclosures, in accordance with the circular issued by the French Insurance Federation (*Federation Fédération Française de l'Assurance*) on May 22, 2017.

Information on corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L.225-37-3 and L.225-37-4 of the French Commercial Code.

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, 2018, Deloitte & Associés and PricewaterhouseCoopers Audit were in the 3rd and 38th consecutive year of their engagement, respectively.

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.

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 taken together, they could reasonably be expected to influence the economic decisions taken by users based on 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 judgement 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 that 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 judgement, were the most significant in 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 10, 2019

The Statutory Auditors

Deloitte & Associés	PricewaterhouseCoopers Audit
Pascale Colin	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, France

Caisse Centrale de Réassurance

French joint stock company (*société anonyme*)

157, boulevard Haussmann

Statutory Auditors' report on the consolidated financial statements

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, France

Caisse Centrale de Réassurance

French joint stock company (*société anonyme*)

157, boulevard Haussmann

Statutory Auditors' report on the consolidated financial statements

Year ended December 31, 2018

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,

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, 2018.

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, 2018 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.

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, 2018 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.

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 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, 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, 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 Group's balance sheet in an amount of €4,438 million at December 31, 2018, are specified in Note 3.7 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 changes in ceding insurers' practices relating to reserves. 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 2018, and required particular attention regarding the audit procedures to apply.	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; • 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, 2018, gross written premiums in the open market reinsurance scope (€464 million) comprise: • premiums included in the accounts received from the ceding insurers; • an estimate of the premiums not yet received. The Company records the ceding insurers' accounts upon receipt. At the reporting date, an estimate is carried out for the accounts not yet received in order to present the Company's reinsurance commitments as accurately as possible. The estimates concern the written premiums not yet received from ceding insurers, determined using the methods presented in Note 3.7 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 written premiums in the open market reinsurance scope to be a key audit matter.	To assess the reasonableness of the estimation of ultimate premiums in the open market reinsurance scope, 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 Company, and testing the effectiveness of certain automated processes.

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.

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

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, 2018, Deloitte & Associés and PricewaterhouseCoopers Audit were in the 3rd and 38th consecutive year of their engagement, respectively.

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.

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 judgement 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 Group'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 judgement, 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 10, 2019

The Statutory Auditors

Deloitte & Associés	PricewaterhouseCoopers Audit
Pascal Colin	Christine Billy

CONTENTS

Statement by the person responsible for the annual 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, 9th 2019,

Chairman of the Board of Directors and Chief Executive Officer

Bertrand Labilloy

GROUPE
CAISSE CENTRALE DE RÉASSURANCE

CCR | CCR RE