2020 FINANCIAL REPORT

GROUPE
CAISSE CENTRALE DE RÉASSURANCE

CONTENTS

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CONSOLIDATED MANAGEMENT REPORT

1.1 Financial environment

2020 was a year of extreme financial market volatility. The worldwide Covid-19 crisis caused the greatest hit to the global economy since the Wall Street Crash of 1929.

The situation evolved in three phases:

The global pandemic caused the financial markets to crash
To begin with, the markets were not particularly concerned by the health crisis in China, despite the country being paralyzed by lockdowns, travel restrictions and the closure of factories and shops. In early February, there was a general consensus among market players that the virus would remain confined to Asia and would not spread throughout the world. However, with the "world's factory" in lockdown, serious supply shortages quickly started to emerge. In early March, Italy became the first country outside Asia to be hit by the virus, and it was at this point that the world realized that a global health crisis was imminent. The European countries followed China's example by adopting similar emergency health measures in March. These measures triggered a collapse in demand that severely depressed global trade, precipitating a major economic recession and a stock market crash.

Central banks and governments came to the rescue
In a bid to restore investor confidence, the central banks announced exceptional measures. The Federal Reserve slashed its key interest rates by 100 bps and launched a new USD 700 billion program of bond purchases. The ECB went just as far, announcing a €750 billion emergency bond buying program. In the United States, a USD 1.3 trillion fiscal stimulus package was adopted by Congress. On this side of the Atlantic, to start with, each EU country was left to adopt its own Covid-19 relief strategy and it was not until July that the European Union announced the launch of a €750 billion recovery fund. The lockdowns imposed in most member countries during most of the second quarter, combined with unprecedented public measures, drove down the number of Covid cases and the resulting improvement in investor confidence contributed to a market rebound during the summer, with prices making up for half of the ground lost during the first quarter.

The year ended on an optimistic note
In late October, many countries introduced a less strict lockdown, allowing factories to continue operating and shops to stay open subject to compliance with each government's strict health rules. Brexit and uncertainty about the outcome of the US presidential election weighed on investor confidence in the latter part of the year. However, with the election delivering a victory for Joe Biden, along with a Democratic majority in both houses of Congress, and a no-deal Brexit averted in the very last days of December, many investors returned to the stock market.

In short, over the past year, after experiencing turbulence in March, when the CAC 40 was down 37% at its lowest point, France's benchmark stock index lost just 5%, representing a very respectable performance considering the massive shock to the economy.

Interest rates were also erratic. After falling by 40 bps at the beginning of the first quarter, French 10-year rates recovered by more than 70 bps in March before declining steadily over the last three quarters in an environment shaped by an extremely loose monetary policy, to end the year at -0.33% (vs +0.08% at end-December 2019).

The bond market came under extreme pressure in March, with spreads widening by around 80 bps. However, risk premiums narrowed gradually over the rest of the year, with the Itraxx Europe index of average premiums on investment grade corporate bonds at 48 bps as of end-2020, compared with 43 bps a year earlier.

1.2 Business environment

The business environment in 2020 was shaped by the economic effects of the Covid-19 pandemic.

In the French public reinsurance business segment:
The effect of the crisis on reinsurance premiums from French Non-Life insurers (property & casualty and liability insurance) was not material, with growth of 2.5% expected in 2021 versus 3.1% in 2020. The trend is stronger for commercial lines (forecast growth of 3.4%) than for personal lines (forecast growth of 2.5%). The economic slowdown caused by successive lockdowns forced the government to reintroduce public policy measures in favor of credit insurance, in order to protect B2B trading volumes, especially for SMEs and mid-caps.

Concerning loss ratios, the situation in the French market was uneven, with an increase in business interruption claims and a decline in auto insurance claims, at least during the first lockdown (the trend reversed post-lockdown).

The property-damage market continued to be dominated by the mutual insurers, although the bancassurers steadily gained ground. To sustain their business growth, some insurers turned (or returned) to the reinsurance market, such as Axa through XL and AIG through Validus.

In the reinsurance market, a recurrence of years with high natural disaster losses drove up premium rates (after ten years of decline), particularly for natural disaster programs and aggregate treaties, while also fueling increased demand for reinsurance capacity on the part of ceding insurers.

In open market reinsurance:
The Covid-19 pandemic is, by definition, a global phenomenon. Moreover, nearly all insurance classes were affected by the pandemic, directly or indirectly, and not just Life insurance. The reinsurers were unable to offset the related risks by diversifying their commitments in terms of geographies or business lines, and were faced with an unprecedented and catastrophic accumulation of claims, for example with cancellations of entertainment events coming on top of bankruptcy risks, business interruptions and the related financial losses during successive lockdowns.

This unexpected accumulation of claims also served to highlight a general weakness in the market, as insurers and reinsurers woke up to the fact that their policy terms and conditions were not always sufficiently explicit, leaving them exposed to contradictory interpretations and disputes with policyholders that damage the industry's image. They discovered that while they certainly did not intend to cover pandemic risk under a given policy, their intention was often largely overlooked in court rulings or when settlements were claimed, due to the amounts involved and for a multitude of political, legal or other reasons. This issue dominated discussions between insurers and reinsurers concerning treaty renewals as of January 1, 2021, given the inescapable fact that the global pandemic risk exceeded the industry's claims paying ability and should therefore be excluded from policies, except when clearly defined and limited pandemic cover is specifically provided.

In line with the same commitment to reviewing the exact wording of the policies to exclude anything that was not intended to be covered, the parties also discussed whether cyber risks were covered, whether business interruption cover applied even when no direct loss was incurred prior to the business being interrupted and whether damage caused by mob violence or rioting that got out of control was covered. The increased incidence of this type of event in the United States, Germany, the United Kingdom and the Netherlands, not to mention the painful experiences of France, are a reminder that no country is safe.

The treaty renewal exercise began very early and ended late, because price negotiations very much played second fiddle to the extended negotiations designed to restore order to policy terms and conditions and introduce clearly defined exclusions, sub-limits, capacity reductions and, in some cases, not only differential pricing but also differentiated contractual clauses.

Depending on the source, the total cost is put at between USD 78 billion and USD 97 billion, which was more than the average for the last ten years but did not include any major loss event. As a result, insurers and reinsurers that provided aggregate coverage were hit harder than reinsurers of traditional natural disaster programs and issuers of ILS/ILW alternatives.

Man-made natural disaster losses continued to increase, such as the explosion in Beirut that caused many deaths and injuries as well as extensive property damage, or the mob violence that broke out in the wake of demonstrations across the United States in protest of the killing of George Floyd, both of which represented USD 1 billion-plus loss events.

1.3 Significant events of the year

Covid-19 management

In March 2020, a new Business Continuity Plan (BCP) was introduced in response to the Covid-19 crisis. In line with this plan, similar to during the December 2019 strikes in France, all of our teams successfully transitioned to home-working with no business disruption.

Working full-time from home required a major commitment from employees. The additional workload caused by Covid 19-related claims was absorbed by organizing activities around employees' availability and ensuring a high level of cohesion between departments.

The IT Department lost no time in adapting the home-working system deployed and strengthened in 2019, so that operations could continue without disruptions. The crisis confirmed the organization's ability to move seamlessly to home-working when the need arose. It also brought to the fore the CCR Group's robustness and the quality of its organizational risk management. No major incidents were identified.

Supplier credit support mechanism

Measures were introduced by the government to support supplier credit, in order to help French businesses survive in the severely depressed economic environment triggered by the Covid-19 pandemic.

Credit insurance plays a key role in the economy by protecting businesses against the risk of bad debts; it is an essential means of shielding corporate cash flow and supplier credit. To implement the new measures, the French State turned to CCR in its role as public reinsurance company.

In April, several mechanisms were deployed by the French government, based in large part on the those set up in 2009 following the 2008 financial crisis:

- CAP and CAP+ contracts for domestic supplier credit, managed by CCR
- CAP Export contracts managed by BPI France.

These mechanisms enabled participating credit insurers to issue additional cover to offset the reduction in policyholders' (French suppliers) receivables from some customers whose credit quality had deteriorated significantly due to the crisis, or to arrange substitute cover in cases where the credit insurer categorically refused to insure the risk.

Public reinsurance of credit insurance portfolios from June 2020

To take into account the gradual ramp-up of these line-by-line mechanisms, a public reinsurance solution for credit insurance portfolios named CAP Relais was launched by CCR in June. In exchange for this cover, credit insurers were required to maintain their credit insurance portfolio at the same overall level throughout 2020, thereby preserving one of the main sources of financing for the economy.

Initially restricted to credit insurance for SMEs and mid-caps, CAP Relais was subsequently made available for all businesses, leaving time for the CAP and CAP+ mechanisms to be improved in preparation for their renewal in 2021.

This work provided further confirmation of how the public reinsurance system can be used effectively by the State to support the French economy and make it more resilient. CCR's operating platform was put to good use to deploy the related reinsurance treaties at pace and set up reporting systems to monitor the mechanisms.

Natural disaster reinsurance commission agreement

Under the reinsurance arrangements negotiated in 2019, a new commission structure came into effect in 2020, comprising fixed, semi-fixed and variable components.

The fixed commission is determined based on "the ceding insurer's preventive efforts during the prior year, in line with natural disaster prevention best practices as set out in formal guidelines". To prime the pump, the commission rate was set at 2% for 2020, for an amount of €16 million. The 2021 rates have been set based on an assessment of the reports submitted by the ceding insurers no later than October 15, 2020.

The semi-fixed commission is based on CCR's quota-share of income (12.25%) and the variable commission is based on the ceding insurer's quota-share (12.25%).

The trigger points for the commissions were also revised in 2019. The fixed and semi-fixed commissions are paid only if CCR's natural disaster ratio[1] exceeds 250%, while the variable commission is paid only if the ratio exceeds 300%.

CCR Re insurer financial strength rating

On May 4, 2020, S&P upgraded CCR Re's insurer financial strength rating by a notch, from A-/Positive outlook to A/Stable outlook.

On July 23, 2020, AM Best reaffirmed CCR Re's insurer financial strength rating of A/Excellent.

€300 million subordinated notes issue by CCR Re

In July 2020, CCR Re carried out its inaugural Tier 2 subordinated notes issue, raising €300 million.

With the orderbook totaling over €1.5 billion, the notes were quickly placed with over 150 investors, based mainly in France, Europe and Asia. The notes pay interest at 2.875%. The issue's outstanding success is testament to CCR Re's financial strength and promising outlook. The proceeds will be used to finance the company's ongoing development in line with the 2020-2022 Streamline business plan. In addition, its enhanced capital ratios will enable it to partner clients even more closely.

1 Corresponding to the equalization reserve and special reserve for natural disaster risk divided by earned quota-share premiums before reinsurance.

Explosion in Beirut

One of the major incidents that occurred in 2020 was the explosion in the Beirut port district on August 4.

The financial consequences of this incident were fortunately limited, thanks to the resilience of the Lebanese people, the rapid resumption of activities and the resistance of the city's infrastructure.

The cover provided by CCR Re did not include port liability or facultative reinsurance and the final cost for the company was limited to €24 million before reinsurance (€15 million after reinsurance).

1.4 Post balance sheet events

No events likely to have a material impact on CCR's consolidated financial statements occurred between December 31, 2020 and April 7, 2021 when the financial statements were approved for publication by the Board of Directors.

1.5 Financial review

Written premiums

Consolidated gross written premiums for the year (all lines combined, before reinsurance), amounted to €1,866 million, up 24% from €1,507 million in 2019. Of the total, 65.2% was generated by the State-guaranteed reinsurance business and 34.8% by open market reinsurance.

The public reinsurance business (all lines combined and before reinsurance) represented written premiums of €1,216 million, an increase of 28.7% compared with €945 million in 2019:

- Of this amount, 73.2% (€891 million) concerned reinsurance of natural disaster risks in France. The 1.1% increase compared with 2019 reflected last year's changes in portfolio and pricing mix and reinsurance adjustments concerning treaties written in prior years.
- Written reinsurance premiums for credit insurance totaled €260 million, representing 21.4% of the State-guaranteed reinsurance business.
- Terrorism risk reinsurance premiums were stable compared with 2019 at €67 million, representing 5.5% of the State-guaranteed reinsurance business.
- The business of reinsuring so-called exceptional risks was discontinued with effect from January 1, 2019 and gross written premiums from this business therefore correspond exclusively to prior-year adjustments.

Open market reinsurance premiums written in 2020 totaled €649 million, up 16% as reported and 21% at constant exchange rates. This strong growth, which was in line with 2020-2022 Streamline strategic plan projections, was mainly driven by new business.

Premium income breaks down as follows:

- Non-Life written premiums totaled €412 million, up 19% as reported and 25% at constant exchange rates. The Non-Life reinsurance business accounted for 64% of total open market premiums in 2020. The €87 million year-on-year increase in premiums at constant exchange rates primarily corresponded to new business written in Europe and Asia.
- Life written premiums amounted to €237 million, up 10% as reported and 15% at constant exchange rates, and represented 36% of total open market premiums. The €33 million growth at constant exchange rates was mainly attributable to new reinsurance business written in the Middle East.

Ceded premiums

The fee paid by CCR to the French State in exchange for the latter's guarantee for reinsurance cover provided on its behalf by CCR amounted to €114 million in 2020 (2019: €100 million). Premiums ceded by CCR Re stood at €36.2 million (versus €31.1 million in 2019), including €6.9 million in fronted premiums (€4.8 million in 2019) and €17.6 million in disaster premiums (€15.0 million in 2019).

Loss ratios

Public reinsurance

The underwriting result[2] from the public reinsurance business amounted to €28 million (2019: €30 million).

In **natural disaster** reinsurance, around a quarter of mainland France was affected by an extended period of drought, leading to the recognition of outstanding claims reserves of €565 million, and Storm Alex caused extensive flooding (losses of €105 million for CCR), while attritional losses were near average (€105 million for CCR). Together, these events represented losses of €775 million.

The liquidation deficits related to prior years corresponding primarily to the recent years' droughts, were recognized in 2020 for €167 million.

On the above basis, the natural disaster underwriting result was a loss, before the transfer from the equalization reserve. An amount of €207 million was released from the equalization reserve in 2020 in accordance with the applicable regulations (2019: €0.2 million transferred to the reserve). After this transfer, at December 31, 2020, the equalization reserve stood at €1,158 million.

In all, claims expenses net of changes in the equalization reserve amounted to €738 million in 2020.

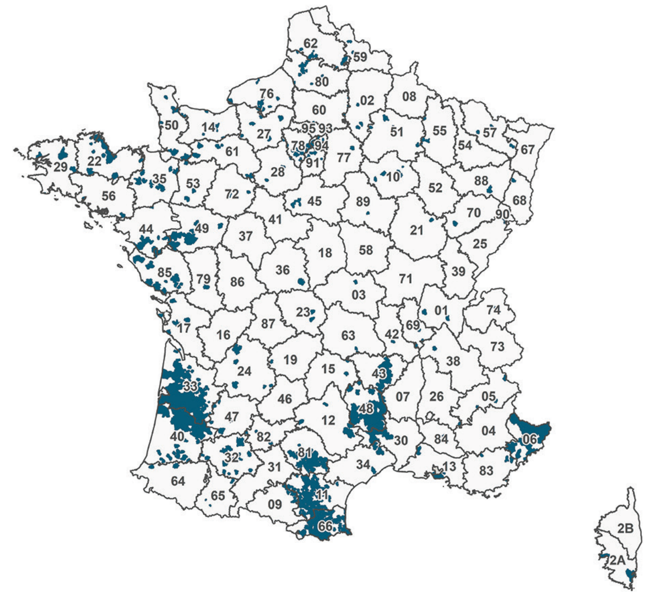
Concerning the **credit insurance support mechanism**, after taking into account the amount received under the State guarantee, the net loss for CCR was €155 million. The underwriting result was at break-even.

The underwriting result from **Other State-guaranteed reinsurance business** was a profit of €28 million in 2020 (2019: €30 million profit). The year-on-year decline was due to adjustments to the equalization reserve in respect of terrorism reinsurance in 2019 and 2020.

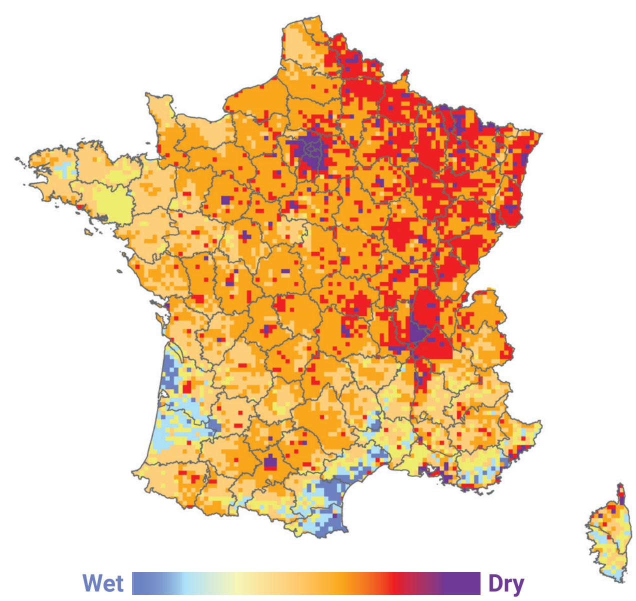
Open market reinsurance

The estimated cost of the Covid-19 pandemic was €44 million for the Non-Life business, comprising business interruption claims (€21 million), credit/guarantee claims (€14 million) event cancellation claims (€6 million) and liability claims (€3 million).

The Beirut explosion in August 2020 represented losses of USD 29 million before reinsurance and €15 million net of reinsurance at December 31, 2020.



Communes recognized as eligible for natural disaster payments in 2020 (floods and landslips/landslides)



Intensity of the summer 2020 drought in France

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

Natural disaster losses accounted for 1.0% of the combined ratio (7.8% in 2019). The main natural disaster losses reinsured by CCR Re were in Canada (Calgary hail storm and flooding in Fort McMurray).

The Life reinsurance business's technical margin[3] declined to 2.2% in 2020 from 5.2% the previous year.

The estimated cost of the Covid-19 pandemic for the Life business was €5 million.

Combined ratio

At December 31, 2020, the CCR Group's combined ratio stood at 99.0%, breaking down as:
- a loss ratio[4] of 82.3%;
- an expense ratio[5] of 16.7%.

Management expenses

Management expenses (not including investment management fees which are reported under investment expenses) amounted to €57 million in 2020, representing an expense ratio[6] of 3.2% (3.3% in 2019).

Net investment income

Net investment income amounted to €137 million, consisting for the most part of investment revenue for €87.1 million and net realized gains from investments for €50.0 million. The yield on the investment portfolio[7] was 1.5% in 2020 (1.7% in 2019).

Management of financial and real estate investments

Investment strategy in volatile markets

At the beginning of 2020, stock prices were fairly high but there were already fears of a Covid-19 pandemic and a loss of economic momentum in the United States. In light of this environment, we decided to carry out the entire profit-taking program immediately. Around €100 million worth of investments in **equity funds** were sold in early February and the equity funds retained in the portfolio were protected by overlay funds.

When stock prices plummeted in late February and early March, the **protection fund** fulfilled its purpose by shielding the portfolio from the effects of this fall. Equity exposures were also able to be managed both tactically and dynamically. The fall in stock prices bottomed out in March and the Group returned to the stock market by investing in exchange-traded equity funds. The protection fund was calibrated in mid-March to reduce the hedging rate and allow the equity portfolios' exposure to increase more rapidly in order to benefit from the expected market rebound.

The Group held a fairly significant portfolio of money market securities and cash up until the start of the financial crisis. Significant amounts were invested in corporate **bonds** during March and April, to take advantage of the higher risk premiums.

We also remained very active in the **real estate** market despite the unprecedented complexity caused by the Covid-19 crisis. Occupancy rates remained high in the Group's properties and office leases were rolled over at higher rents. The CCR Group actively supported tenants of retail units that were obliged to close temporarily as a result of Covid-19 measures, by deferring their rent. The refurbishment program was carried out to improve the real estate portfolio's energy performance.

In line with our **ESG and Climate policy**, we give priority to investing in issuers that support the social transition, adaptation to physical risks and the prevention of transition risks. One-third of investments for the year concerned one of the three pillars of the ESG and Climate policy.

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

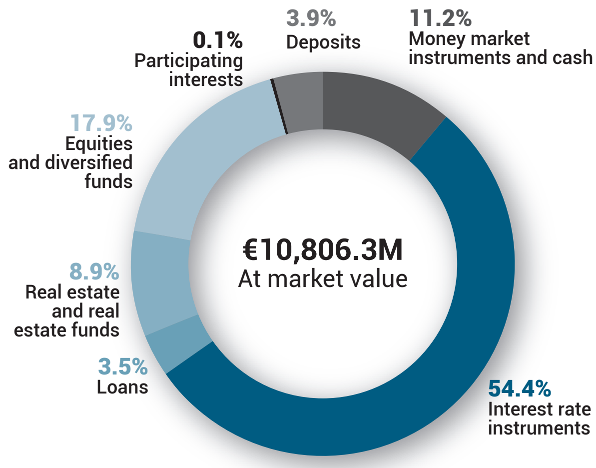
4 The loss ratio (CCR Group) corresponds to incurred present and past losses (paid or covered by outstanding claims reserves, net of reinsurance) plus claims management expenses plus the equalization reserve divided by earned premiums net of reinsurance.

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

6 Management expenses net of CVAE and C3S taxes as a percentage of written premiums, excluding premiums written under the CAP mechanisms.

7 Ratio of net investment income to reinsurance investments, excluding interest on subordinated debt, ceding insurer deposits and owner-occupied property.

Investment portfolio breakdown



Consolidated reinsurance investments[8] had a net book value of €9,631.8 million at December 31, 2020 (€8,992.9 million at December 31, 2019.

Net unrealized gains totaled €1,174.5 million at December 31, 2020 (€1,094.6 million at end-2019), reflecting conditions in the financial and real estate markets and asset sales carried out during the year. The market value of financial and real estate investments was €10,806.3 million, up 7.1% compared with end-2019.

As shown in the above table, changes in the structure of the Group's reinsurance investment portfolio in 2020 were as follows:

- Investments in money market instruments represented 11.2% of the total portfolio at market value. They included money market funds for €299.2 million and cash and cash equivalents for €916.5 million.
- Investments in interest rate instruments increased by 3.4% over the year to €5,874.5 million, representing 54.4% of the total portfolio at market value. The portfolio of directly held bonds rose 2.4% to €4,622.3 million (78.7% of the total) and investments in bond funds were up 7.4% at €1,252.2 million (21.3% of the total).
- Investments in equities and diversified funds grew 9.8% over the year and represented 17.9% of the total portfolio. The main investments are equity funds (38.9%), diversified funds (26.3%) and hybrid securities and alternative investment funds (25.5%). Net unrealized gains on this asset class were up 5.2% at €409.4 million (€389.0 million at December 31, 2019).
- Investments in real estate amounted to €965.8 million at December 31, 2020 and represented 8.9% of the total portfolio. Unrealized gains on directly-owned investment properties increased by 8.8% over the year.

At December 31, 2020, financial investments meeting **Environmental, Social and Governance (ESG)** criteria stood at €2,475.5 million at market value, an increase of 35.8% from end-2019. The portfolio represented 22.9% of total reinsurance investments versus 18.1% at December 31, 2019. At December 31, 2020, ESG investments included money market instruments (2.1%), interest rate instruments (7.1%), equities, diversified investments and debt funds (5.9%) and real estate investments (7.8%).

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

	December 31, 2020			December 31, 2019			Change			
(in millions of euros)	NBV	MV	% (at MV)	NBV	MV	% (at MV)	NBV	%	MV	%
Money market instruments and cash	1,215.8	1,215.7	11.2%	945.9	945.6	9.4%	+269.9	+28.5%	+270.1	+28.6%
Interest rate instruments	5,647.2	5,874.5	54.4%	5,477.2	5,680.4	56.3%	+170.1	+3.1%	+194.1	+3.4%
Loans	381.9	382.9	3.5%	369.8	375.2	3.7%	+12.0	+3.3%	+7.7	+2.1%
Real estate and real estate funds	436.7	965.8	8.9%	413.9	902.3	8.9%	+22.9	+5.5%	+63.4	+7.0%
Equities and diversified funds	1,519.9	1,929.3	17.9%	1,367.7	1,756.7	17.4%	+152.2	+11.1%	+172.6	+9.8%
Participating interests	6.2	14.1	0.1%	6.2	15.0	0.1%	0.0	0.0%	-0.9	-6%
Deposits	424.0	424.0	3.9%	412.2	412.2	4.1%	+11.8	+2.9%	+11.8	+2.9%
TOTAL	9,631.8	10,806.3	100%	8,992.9	10,087.4	100%	+638.9	+7.1%	+718.8	+7.1%

8 CCR Group financial and real estate investments, including cash. In this section, the investment portfolio at December 31, 2019 has been remeasured at December 31, 2020 prices.

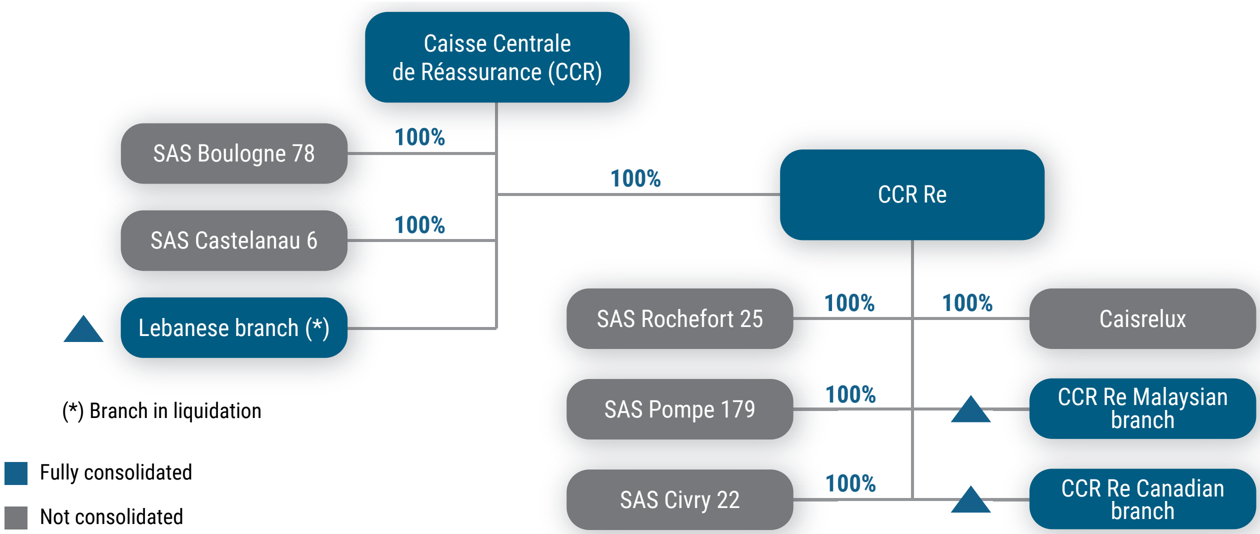
Net income for the year

Consolidated net income for the year amounted to €90 million (2019: €104 million), breaking down as follows:

- The reinsurance underwriting result was a profit of €9 million (2019: profit of €39 million). As explained earlier, it reflects the Group's natural disaster loss experience in 2020, the transfer from the equalization reserve in respect of terrorism risk reinsurance, as well as losses related to Covid-19 and the Beirut explosion.
- Net investment income amounted to €137 million.
- Income tax expense for the year was €54 million. The effective tax rate of 37.5% (excluding tax on non-recurring items) was the direct consequence of the tax rules applicable to movements on equalization reserves and changes in unrealized gains on UCITS.

Subsidiaries and affiliates

The CCR Group's legal structure is presented below:



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

In addition to owning CCR Re, which is fully consolidated, the Group manages part of the real estate investment portfolio through **five simplified joint stock corporations (SAS)** with combined equity of €55 million at December 31, 2020. The five companies reported net income of €2.5 million in 2020 and contributed €2.2 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, 2020, unchanged from the previous year-end. Caisrelux operates exclusively as a captive reinsurance company. The company ended the year in profit, as shown in its financial statements approved for publication on March 30, 2021.

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1.6 2021 outlook

Financial environment

We will remain present in the investment market, carefully selecting assets based on their liquidity and the balance between risk and return. It will be important to take on board the impact of the Covid-19 crisis, which will accelerate and amplify financial market trends affecting all investors. Home-working will affect demand for office space and lead to a qualitative shift towards properties that offer more services, greater flexibility and more technology. Demand for residential properties will also evolve in favor of houses and apartments that have space for home working. Value creation will be the watchword for our new investments and also for the management of existing assets, with particular emphasis on ESG performance.

Political uncertainties will ease compared to 2019, after the US elections delivered a victory for Joe Biden along with a Democratic majority in both houses of Congress, and a no-deal Brexit was averted at the last minute. With the vaccination campaigns progressing at pace and developed countries launching massive recovery plans, most investors believe that 2021 will see a forceful return to economic growth. Asset prices are back at fairly high levels, now that investor confidence has been boosted by encouraging corporate earnings forecasts – in the United States, for example, earnings are expected to be more than 6% higher than in 2019.

With monetary policies set to remain extremely loose in all developed countries, meaning that interest rates will stay low for the foreseeable future, investors will be encouraged to turn to more risky or less liquid assets to improve their returns.

The inflated prices of technology stocks represent one of the greatest risk factors in 2021, a year in which the sector is likely to be subject to new regulations in the United States, Europe and China. If the technology bubble bursts, this could drive investors towards more traditional stocks that still have room to increase in value.

These factors, combined with the high levels of public and private debt worldwide, encourage a cautious approach.

Business outlook

2021 will probably see the adoption of the bill reforming the natural disaster insurance system that was presented to the French parliament by Stéphane Baudu in late 2020. The bill's objective is to simplify the procedure to have an event declared a natural disaster, improve compensation levels for property damage and make buildings more resilient, particularly in relation to subsidence and flooding risks, while also making the procedures more transparent. Concerning the compensation payable to victims of natural disasters, the bill proposes to eliminate the modulated deductible payable by the policyholder (except where the policyholder is a local authority) and to modify the deductible calculation based on the policyholder's profile (with a different calculation method applicable to private individuals, small businesses and large corporates respectively). In addition, the cost of emergency accommodation would be covered.

CCR was consulted by the French Treasury concerning all of these points, in order to measure the financial impact of the proposed measures.

The bill was adopted unanimously by the lower house of the French parliament on January 28, 2021. It must now be examined by the Senate (in principle during the first quarter of 2021, if sufficient time is available), before being voted into law.

At the same time, we are conducting studies on the impact of climate change over the period to 2050. These studies show that the finances of the natural disaster insurance system will come under increasing pressure, even without the impact of the proposed reform of the system. In response to these projections, for several years now we have been working to upgrade the risk prevention efforts of all stakeholders. This has included pursuing four operational objectives:

- improve stakeholder knowledge of natural risks,
- promote stakeholder awareness of the benefits of risk prevention,
- improve the relevance and effectiveness of public programs,
- support ceding insurers in deploying prevention initiatives.

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

CCR Re will continue to grow its business. The Streamline strategic plan approved by CCR Re's Board of Directors in December 2019 will steer the Company's development over the 2020-2022 period. In 2021, CCR Re intends to hold firm to its growth trajectory despite the pandemic, in line with its development plans. To support this objective, the 157 Re sidecar has been rolled over with the launch of a third compartment, 157 Re 21.

Continued implementation of Streamline in 2021 will further strengthen CCR Re's role in a difficult and uncertain environment.

1.7 Forward financial instruments policy

Currency risk results from differences between assets and liabilities in each currency. It is impossible to exactly match assets and liabilities in each currency on a continuous basis. CCR Re endeavors to limit the balance sheet's exposure to currency risks and uses hedging instruments to reduce the impact of exchange rate fluctuations. Currency risk is managed using a certain number of indicators to assess the risk from different angles, currency by currency. Hedging instruments include forward foreign exchange contracts and derivative instruments (non-deliverable forwards) for non-convertible currencies.

1.8 Research and development activity

Our **main R&D activities** in 2020 were as follows:

Data Science and Actuarial projects

- Operational deployment of text-mining technology with a view to automating the processing of ministerial orders declaring natural disasters and agricultural disasters. The aim is to improve efficiency and data quality, in order to free up more time for analyses.
- Continued execution of a research project in partnership with Paris V University's Applied Mathematics Laboratory (MAP5) on machine learning modeling techniques. These techniques will be used to estimate the geotechnical effects of drought.
- Ongoing research project in partnership with Mines ParisTech's Geosciences Center on dual geostatistical and Bayesian approaches to estimating insured values.
- In the area of anthropic risk, exploratory research into cyber risks.

Modeling and R&D activities

We have pursued and expanded our R&D activities in different areas: natural disasters, with research into the consequences of climate change in France's overseas departments and, in 2020, into drought and earthquake risks, the impact of climate risks on agricultural crops and pandemic risks.

Working in partnership with Météo-France and Risk Weather Tech, our modeling teams produced an initial research report on the development of cyclone risk in France's overseas departments over the period to 2050. This work was based on simulations, performed using Météo-France models, of 400 years' worth of category 2 to 5 cyclone data based on current climate conditions and 400 years based on future climate conditions (using the IPCC's RCP8.5 worst-case scenario). The research highlighted the increased incidence of extreme weather events in the French West Indies and the considerable damage that may be caused by an event of similar magnitude to Hurricane Irma (a category 5+ hurricane that struck in 2017) in a region with a high concentration of insured assets, comprising Guadeloupe, Reunion Island and, to a lesser extent, Martinique, with costs potentially exceeding €10 billion.

In 2020, a research project on the development of a probabilistic earthquake simulation model was carried out in partnership with *École Nationale Supérieure de Géologie* in Nancy. We now have our own earthquake model, which is being used to expand our modeling capabilities.

Concerning drought risks, the cycle of severe climate events that began in 2015 continued in 2020, with exceptional drought conditions every year even in the north eastern corner of France, a region that has not traditionally been affected by this type of event. Our estimates of the losses resulting from the extreme drought conditions, developed jointly with Météo-France and BRGM, enabled us to identify avenues of research that will be the subject of a project currently being set up.

Concerning the effects of climate change on agricultural crops, in 2020 we continued working with Météo-France and Agrocampus Ouest on the modeling of yield losses and economic losses for soft wheat production and grassland over the period to 2050, based on the IPCC's RCP8.5 scenario. These R&D activities are part of the work conducted with France's Ministry of Agriculture and Food since 2015.

Lastly, in response to unforeseen developments, the modeling team worked at pace to develop a model to assess economic losses resulting from the lockdowns and temporary administrative closures imposed in response to the Covid-19 pandemic. This model provided input for the discussions conducted in 2020 on the possible introduction of a pandemic insurance system.

Prevention-related R&D

During 2020, we performed extensive analyses concerning deployment of the FPRNM fund for natural risks, working closely with the Ministry for Ecological Transition. The aim of this work was to report on what the fund has made possible since it was set up, in order to put into perspective one of the main facets of the natural disaster risk prevention policy with regard to the country's exposure and past and future disasters.

Automation

In 2020, CCR Re continued to deploy a prototype to automate broker account input.

The added value represented by this innovative solution impelled wider use of new technologies, including robotics, text mining and artificial intelligence.

In 2020, these technologies were used by the internal control teams to automate the controls and expand their scope, in order achieve efficiency gains and make more time available for analyses. Three innovative solutions have been launched to guarantee that the reinsurance portfolio is aligned with the company's strategic decisions. This work will be pursued in 2021, with the development of solutions to consistently perform certain key controls in real time.

The following tools have already been deployed:

- ARS, which guarantees compliance with underwriting rules. This tool is being used to scan check some 90% of underwriting rules. Checking the entire portfolio rather than just a sample provides a better guarantee that the portfolio is fully compliant with the company's strategy.
- A proof of concept application has been developed using text mining technology to obtain assurance concerning the quality of contractual data, contract by contract. An upgrade is now in development to compare each contract with CCR Re's clause book, in order to ensure that the correct wording is used in all new contracts.
- Another proof of concept application has been developed to sweep all types of documents in order to retrieve information on a specific topic. The application was used for the first time to assess the impact of Covid-19 claims on the CCR Re reinsurance portfolio.

PARI university chair

Since 2018, CCR has supported the PARI university chair and its 2018-2021 research program on the challenges of big data for the insurance sector. One of the aims is to examine the link between solidarity (which is necessary for natural disaster insurance) and segmentation (which is becoming possible as the models become more detailed and should ultimately pave the way for risk selection). The research program is being led by Science Po Paris, ENSAE and Institut Louis Bachelier.

1.9 Other information

Calculation of financial indicators

Non-Life combined ratio

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

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

(in millions of euros)	2019	2020
Written premiums	1,291	1,629
Net earned premiums (A)	1,137	1,446
Claims expenses and charges to other technical reserves (B)	(981)	(1,190)
Loss ratio - (B) / (A)	86.3%	82.3%
Commissions, fees, other underwriting income and expenses (C)	(118)	(241)
Non-Life expense ratio - (C) / (A)	10.3%	16.7%
NON-LIFE COMBINED RATIO - [(B) + (C)] / (A)	96.7%	99.0%

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Expense ratio

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

(in millions of euros)	2019	2020
Total expenses recorded in the income statement	(63.4)	(65.9)
Investment expenses	8.1	8.5
Taxes	5.5	5.3
TOTAL EXPENSES (FOR THE CALCULATION OF THE EXPENSE RATIO) (A)	(49.8)	(52.1)
Written premiums before reinsurance, excluding supplier credit support mechanisms (B)	**1,507**	**1,606**
EXPENSE RATIO: - (B) / (A)	3.3%	3.2%

Net investment yield

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

(in millions of euros)	2019	2020
Net investment income	145.5	137.1
Miscellaneous adjustments (ceding insurer deposits and owner-occupied property)	(3.2)	(3.3)
Cost of debt	0.0	4.2
Net investment income (for the calculation of the investment yield)	142.3	138.0
Average reinsurance investments	8,456	8,920
NET INVESTMENT YIELD	1.7%	1.5%

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CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET
ASSETS

(in thousands of euros)	NOTES	2020	2019
INTANGIBLE ASSETS	4.1	2,813	2,965
REINSURANCE INVESTMENTS	4.2	8,926,306	8,257,827
Real estate investments		301,477	278,592
Investments in affiliates and participating interests	4.3	6,200	6,200
Other investments		8,356,787	7,731,012
Cash deposits with ceding insurers		261,842	242,023
REINSURERS' SHARE OF TECHNICAL RESERVES	4.5	95,505	18,934
OTHER RECEIVABLES	4.6	203,913	134,528
OTHER ASSETS		722,466	767,922
Property and equipment		3,684	2,865
Other		718,782	765,057
ACCRUED INCOME AND PREPAID EXPENSES	4.7	780,586	589,441
Deferred acquisition costs		48,952	43,582
Deferred tax assets		144,252	132,812
Other		587,382	413,047
TOTAL ASSETS		10,731,589	9,771,617

BALANCE SHEET
EQUITY AND LIABILITIES

(in thousands of euros)	NOTES	2020	2019
SHAREHOLDERS' EQUITY	**4.8**	**2,640,312**	**2,550,184**
Share capital		60,000	60,000
Additional paid-in capital		-	-
Reserves and retained earnings		2,490,184	2,386,090
Net income for the year		90,128	104,094
SUBORDINATED DEBT	**4.9**	**300,000**	**-**
GROSS TECHNICAL RESERVES	**4.10**	**7,546,523**	**7,034,399**
Life technical reserves		198,755	175,200
Non-Life technical reserves		7,347,768	6,859,199
PROVISIONS	**4.11**	**15,084**	**14,247**
OTHER LIABILITIES	**4.12**	**191,071**	**132,566**
DEFERRED REVENUE AND ACCRUED EXPENSES	**4.13**	**38,599**	**40,221**
TOTAL EQUITY AND LIABILITIES		**10,731,589**	**9,771,617**

CONSOLIDATED INCOME STATEMENT

(in thousands of euros)		DECEMBER 31, 2020			DECEMBER 31, 2019
	Notes	Non-Life reinsurance	Life reinsurance	Total	Total
Written premiums	6.2	1,754,263	111,251	1,865,514	1,506,902
Change in unearned premium reserves		(39,800)	(12,193)	(51,993)	(44,661)
EARNED PREMIUMS		**1,714,463**	**99,058**	**1,813,521**	**1,462,241**
Other operating revenue		1,924	-	1,924	2,595
Investment income, net of expenses	5.1	98,018	2,519	100,537	104,382
INCOME FROM ORDINARY ACTIVITIES		**99,942**	**2,519**	**102,461**	**106,977**
Reinsurance claims expenses		(1,395,712)	(76,447)	(1,472,159)	(1,162,658)
Income and expenses net of ceded income and expenses		(57,195)	(4,069)	(61,264)	(111,747)
Management expenses		(256,618)	(15,958)	(272,576)	(150,800)
EXPENSES FROM ORDINARY ACTIVITIES		**(1,709,525)**	**(96,474)**	**(1,805,999)**	**(1,425,205)**
INCOME FROM ORDINARY ACTIVITIES		**104,880**	**5,103**	**109,983**	**144,013**
Investment income net of investment expenses	5.1			36,553	40,958
Other income and expense, net				20	153
Non-recurring income and expenses, net	5.3			(2,267)	(131)
Employee profit-sharing				-	(276)
Income tax	5.2			(54,161)	(80,623)
CONSOLIDATED NET INCOME				**90,128**	**104,094**
Basic earnings per share (in euros)				30.04	34.70
Diluted earnings per share (in euros)				30.04	34.70

CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS

(in thousands of euros)	DECEMBER 31, 2020	DECEMBER 31, 2019
COMMITMENTS RECEIVED	17,374	27,131
COMMITMENTS GIVEN	18,832	38,886
Loan guarantees, other guarantees and bonds issued	18,832	38,886
Securities and other assets purchased under resale agreements	-	-
Other commitments concerning securities, other assets or revenues	-	-
Other commitments given	-	-
ASSETS RECEIVED AS COLLATERAL FROM CEDENTS AND REINSURERS	378	379
OTHER RECIPROCAL COMMITMENTS	17,911	-
ASSETS RECEIVED AS COLLATERAL FROM REINSURED INSTITUTIONS WITH A JOINT AND SEVERAL GUARANTEE OR WITH SUBSTITUTION	-	-
ASSETS OWNED BY EMPLOYEE BENEFITS INSTITUTIONS	-	-
OTHER ASSETS HELD ON BEHALF OF THIRD PARTIES	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following notes and tables are an integral part of the financial statements approved for publication by the Board of Directors on April 7, 2021.

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, 2000 adopting Regulation CRC 2000-05 dated December 7, 2000 concerning the consolidation rules applicable by companies governed by the French Insurance Code (*Code des Assurances*), as amended by the other regulations issued by the CRC and the ANC.

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

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

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

They were approved for publication by the Board of Directors on April 7, 2021.

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, 2020, in accordance with Article R.341-4 of the French Insurance Code.

The consolidated income statement presents income and expenses for the period from January 1 to December 31, 2020.

1.4 Basis and methods of consolidation

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

Consolidation methods

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

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

General exclusions

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

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

Specific exclusions

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

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

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

1.5 Foreign currency translation

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

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

1.6 Elimination of intercompany transactions

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

1.7 Segment information

The CCR Group has two operating segments:

- Non-Life reinsurance;
- Life reinsurance.

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

1.8 Deferred taxes

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

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

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

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

1.9 Consolidation adjustments

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

1.10 Comparative information

The consolidated financial statements at December 31, 2020 include comparative information at December 31, 2019.

NOTE 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Intangible assets

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

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

2.2 Investments

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

Real estate investments

Initial measurement and depreciation

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

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

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

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

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

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

Provisions for impairment

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

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

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

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

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

Equities and UCITS

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

They are classified in two categories:

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

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

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

For the preparation of the financial statements at December 31, 2020, a provision for other-than-temporary impairment was recorded for equities and UCITS for which the reference value was at least 20% below cost during a period of six months, in line with the above regulation.

Fixed income securities

Bonds are initially recognized at cost excluding accrued interest.

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

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

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

Other assets

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

Foreign currency assets and liabilities

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

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

2.3 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

Deferred acquisition costs

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

Reinsurance adjustments

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

2.5 Multi-currency accounts

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

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

2.6 Subordinated debt

Subordinated debt is recorded in liabilities at the nominal amount.

The related issuance costs are amortized over ten years.

2.7 Provisions

Pension and other post-employment benefit liabilities

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

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

The assumptions used concern:

- projected future salary increases, with the same rate applied for both management and non-management personnel based on the latest estimates of growth in total salary costs;
- survival rates, which are determined based on the INSEE TD-TV 15-17 table and are calculated by dividing the “number of living persons who have reached retirement age” by the “number of living persons with the same age as the employee”;
- average staff turnover rates, used to estimate the number of current employees in each age group who are expected to remain with the Company until retirement;
- a discount rate based on the iBoxx Corporate Overall AA 10+ (0.33% in 2020 compared with 0.70% in 2019);
- the calculation also includes employer payroll taxes, at the rate of 55%.

Provision for special pre-retirement vacation costs

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

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

Provision for long-service awards

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

The provision is determined by a similar method as that described for length-of-service awards, except that the discount rate is based on the iBoxx Corporate Overall AA 7-10 (0% in 2020 compared with 0.30% in 2019).

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 expense;
- provisions for currency risks; and
- other provisions for contingencies and charges.

2.8 Technical reserves

Unearned premium reserves

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

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

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

Outstanding claims reserves and mathematical reserves

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

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

Technical reserving control and governance environment

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

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

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

Reserving policy

The reserving policy defining the guiding reserving principles applied at December 31, 2020 was approved by CCR's Board of Directors on October 14, 2020 and CCR Re's Board of Directors on October 13, 2020.

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.

Equalization reserves and exceptional risk reserves

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

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

2.9 Investment income, net of expenses

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

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

2.10 Non-recurring items

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

2.11 Earnings per share

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

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

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

NOTE 3
SCOPE OF CONSOLIDATION

The following entities are excluded from the scope of consolidation:

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

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

The list of consolidated companies is presented below:

			DECEMBER 31, 2020			DECEMBER 31, 2019		
Entity	Registration no.	Address	% voting rights	% interest	Consolidation method	% voting rights	% interest	Consolidation method
CCR SA	388 202 533	157, boulevard Haussmann, 75008 Paris	100%	100%	Consolidating parent	100%	100%	Consolidating parent
CCR Re SA	817 446 511	157, boulevard Haussmann, 75008 Paris	100%	100%	Full	100%	100%	Full

NOTE 4

NOTES TO THE BALANCE SHEET

4.1 Intangible assets

(in thousands of euros)	DECEMBER 31, 2020	Addition/increase	Other movements	Disposal/ decrease	DECEMBER 31, 2019
Gross	69,164	1,639	-	(219)	67,744
Amortization	(66,351)	(1,578)	-	6	(64,779)
NET	**2,813**	**61**	**-**	**(213)**	**2,965**

2

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	372,030	301,475	817,961	516,486
2	Equities and other variable income securities (other than investment funds)	269,388	268,635	588,364	319,729
3	Investment funds (other than those in 4)	3,226,406	3,225,132	3,686,205	461,073
4	Investment funds invested solely in fixed-income securities	-	-	-	-
5	Bonds and other fixed-income securities	4,502,113	4,486,086	4,622,335	136,249
6	Mortgage loans	-	-	-	-
7	Other loans	7,251	7,251	7,251	-
8	Deposits with ceding insurers	261,843	261,843	261,843	-
9	Cash deposits (other than those in 8) and guarantees	359,857	359,857	359,857	-
10	Unit-linked portfolios	-	-	-	-
SUB-TOTAL		**8,998,888**	**8,910,279**	**10,343,816**	**1,433,537**
11	Other forward financial instruments				
	a) Investment or divestment strategy	-	-	-	-
	b) Yield strategy	70,185	70,185	67,940	(2,245)
	c) Other strategies	-	-	-	-
12	**TOTAL, LINES 1 TO 11**	**9,069,073**	**8,980,464**	**10,411,756**	**1,431,292**
a	of which:				
	- investments measured in accordance with Article R.343-9	4,502,112	4,486,086	4,622,334	136,248
	- investments measured in accordance with Article R.343-10	4,234,933	4,162,350	5,459,639	1,297,289
	- investments measured in accordance with Article R.343-13	-	-	-	-
	- forward financial instruments	70,185	70,185	67,940	(2,245)
b	of which:				
	- OECD member country issuers	8,918,347	8,829,718	10,253,413	1,423,695
	- Non-OECD issuers	80,541	80,561	90,403	9,842

4.3 Investments in affiliates and participating interests

(in thousands of euros)	Percent interest	Investment	Shareholders' equity	Net income for the year	Net carrying amount	Realizable value of investment
SA Caisrelux	100%	6,200	6,200	-	6,200	n.a.

4.4 Other investments

(in thousands of euros)	Percent interest	Investment	Shareholders' equity	Net income for the year	Net carrying amount	Realizable value of investment
SAS Boulogne 78	100%	5,710	6,034	215	5,709	17,905
SAS Rochefort 25	100%	14,940	15,885	1,328	14,932	60,977
SAS Pompe 179	100%	15,270	15,542	330	15,268	66,351
SAS Civry 22	100%	7,860	8,052	296	7,859	34,164
SAS Castelnau 6	100%	7,280	7,452	333	7,279	35,780

4.5 Reinsurers' share of technical reserves

(in thousands of euros)	DECEMBER 31, 2020			DECEMBER 31, 2019		
	Non-Life	Life	TOTAL	Non-Life	Life	TOTAL
Unearned premium and unexpired risks reserves	997	527	1,524	658	-	658
Outstanding claims reserves	93,369	612	93,981	17,575	701	18,276
TOTAL	**94,366**	**1,139**	**95,505**	**18,233**	**701**	**18,934**

4.6 Other receivables

GROSS RECEIVABLES AND IMPAIRMENT LOSSES (in thousands of euros)	DECEMBER 31, 2020			DECEMBER 31, 2019		
	Gross	Impairment	Net	Gross	Impairment	Net
Reinsurance receivables	188,924	(629)	188,295	129,542	(967)	128,575
Prepaid and recoverable taxes	8,233	-	8,233	161	-	161
Prepaid payroll costs	12	-	12	5	-	5
Other receivables	78,107	(70,734)	7,373	76,476	(70,689)	5,787
TOTAL	275,276	(71,363)	203,913	206,184	(71,656)	134,528

ANALYSIS OF NET RECEIVABLES BY MATURITY (in thousands of euros)	DECEMBER 31, 2020				DECEMBER 31, 2019
	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	Total	Total
Reinsurance receivables	188,295	-	-	188,295	128,575
Prepaid and recoverable taxes	8,233	-	-	8,233	161
Prepaid payroll costs	12	-	-	12	5
Other receivables	6,576		797	7,373	5,787
TOTAL	203,116	-	797	203,913	134,528

4.7 Accrued income and prepaid expenses

(in thousands of euros)	DECEMBER 31, 2020	DECEMBER 31, 2019
Reinsurance adjustments	536,211	361,234
Deferred acquisition costs	48,952	43,582
Accrued interest and rental income	29,777	33,508
Bond issuance costs	3,081	-
Deferred tax assets	144,252	132,812
Other	18,313	18,305
TOTAL	780,586	589,441

4.8 Shareholders' equity

(in thousands of euros)	Share capital	Additional paid-in capital	Reserves and retained earnings	Net income	Total shareholders' equity
AT DECEMBER 31, 2019	60,000	-	2,386,090	104,094	2,550,184
Changes in capital			-		-
Share premiums			-		-
Guarantee fund reserve			-		-
Special reserve for exceptional and nuclear risks			-		-
Special reserve for natural disaster risks			-		-
Reserve for major natural risks			-		-
Special reserve for terrorism risks			-		-
Special reserve for specific credit insurance risks			66,817		66,817
Reserve for the purchase of original works by living artists			2		2
Other reserves			34,896		34,896
Reserves and retained earnings			2,379		2,379
Dividend payments				-	-
Appropriation of prior year income				(104,094)	(104,094)
Net income for the year				90,128	90,128
AT DECEMBER 31, 2020	60,000	-	2,490,184	90,128	2,640,312

4.9 Subordinated debt

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

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

The debt issuance costs (issue premium and issue expenses) amounted to €3.1 million. These costs have been recorded in prepaid expenses on the assets side of the balance sheet and are being amortized over ten years.

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4.10 Technical reserves

Technical reserves by type

(in thousands of euros)	DECEMBER 31, 2020			DECEMBER 31, 2019		
	Non-Life	Life	Total	Non-Life	Life	Total
Life reinsurance reserves		104,154	104,154		89,297	89,297
Life outstanding claims reserves		92,587	92,587		83,730	83,730
Life policyholders' surplus reserve		2,014	2,014		2,173	2,173
Other Life technical reserves		-	-		-	-
Non-Life unearned premium reserves	525,272		525,272	494,059		494,059
Non-Life outstanding claims reserves	5,011,775		5,011,775	4,385,105		4,385,105
Non-Life equalization reserves	1,763,523		1,763,523	1,935,879		1,935,879
Other Non-Life technical reserves	47,198		47,198	44,156		44,156
TOTAL	7,347,768	198,755	7,546,523	6,859,199	175,200	7,034,399

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

2

(in thousands of euros)	DECEMBER 31, 2020			DECEMBER 31, 2019		
	Non-Life	Life	Total	Non-Life	Life	Total
Outstanding claims reserves at January 1	4,409,547	158,256	4,567,804	4,270,599	337,816	4,608,415
Prior year claims paid during the year	850,763	47,027	897,790	1,042,649	30,052	1,072,701
Outstanding claims reserves for claims incurred in prior periods at December 31	3,708,021	116,106	3,824,127	3,222,867	229,033	3,451,900
NET SURPLUS (+) OR DEFICIT (-)	(149,237)	(4,877)	(154,114)	5,083	78,731	83,814

4.11 Provisions

(in thousands of euros)	DECEMBER 31, 2020	Movements	DECEMBER 31, 2019
Provision for length-of-service awards	5,581	324	5,257
Provision for long-service awards	3,160	123	3,037
Provision for extra paid vacation for retirees	2,335	176	2,159
Provisions for non-recurring expenses	316	100	216
Provisions for currency risks	105	(106)	211
Provisions for major repairs	3,587	220	3,367
TOTAL	15,084	837	14,247

4.12 Other receivables

ANALYSIS BY TYPE **in thousands of euros**	**DECEMBER 31, 2020**	**DECEMBER 31, 2019**
Deposits received (other than from insurers)	2,363	2,426
Cash deposits received from reinsurers	463	79
Reinsurance payables	22,257	2,703
Accrued payroll costs	15,735	14,231
Accrued taxes	19,869	8,749
Other payables	130,384	104,378
TOTAL	**191,071**	**132,566**

ANALYSIS BY MATURITY **(in thousands of euros)**	**DECEMBER 31, 2020**				**DECEMBER 31, 2019**
	Due within 1 year	**Due in 1 to 5 years**	**Due beyond 5 years**	**Total**	**Total**
Deposits received (other than from insurers)	2,363	-	-	2,363	2,426
Cash deposits received from reinsurers	463	-	-	463	79
Reinsurance payables	22,257	-	-	22,257	2,703
Accrued payroll costs	15,735	-	-	15,735	14,231
Accrued taxes	19,869	-	-	19,869	8,749
Other payables	130,384	-	-	130,384	104,378
TOTAL	**191,071**	**-**	**-**	**191,071**	**132,566**

2

4.13 Deferred revenue and accrued expenses

(in thousands of euros)	**DECEMBER 31, 2020**	**DECEMBER 31, 2019**
Ceded Non-Life deferred acquisition costs	39	72
Deferred revenue	33,181	33,895
Reinsurance adjustments	5,097	6,129
Other deferred revenue and accrued expenses	282	125
TOTAL	**38,599**	**40,221**

NOTE 5
NOTES TO THE INCOME STATEMENT

5.1 Investment income, net of expenses

(in thousands of euros)	DECEMBER 31, 2020	DECEMBER 31, 2019
Revenue from real estate investments	23,075	23,897
Revenue from other investments	94,196	99,742
Interest on cash deposits and technical accounts	2,857	2,770
Other investment income	2,456	3,314
Realized gains from investments	107,866	130,276
INVESTMENT INCOME	**230,450**	**259,999**
Interest on subordinated debt	(4,112)	-
Amortization of subordinated debt issuance costs	(110)	-
External investment management expenses	(5,774)	(7,157)
Internal investment management expenses	(8,710)	(8,102)
Other investment expenses	(16,415)	(16,366)
Realized losses from investments	(58,239)	(83,034)
INVESTMENT EXPENSES	**(93,360)**	**(114,659)**
INVESTMENT INCOME, NET OF EXPENSES	**137,090**	**145,340**

5.2 Income tax

Analysis of income tax expense

(in thousands of euros)	DECEMBER 31, 2020	DECEMBER 31, 2019
Current tax expense	(65,601)	(83,476)
Deferred tax benefit	11,440	2,853
TOTAL	**(54,161)**	**(80,623)**

Deferred taxes by category

(in thousands of euros)	DECEMBER 31, 2020	DECEMBER 31, 2019
Deferred taxes on temporary differences	144,278	132,915
Consolidation adjustments	(26)	(103)
TOTAL DEFERRED TAX ASSETS	**144,252**	**132,812**

5.3 Tax proof

(in thousands of euros)	DECEMBER 31, 2020	DECEMBER 31, 2019
Consolidated net income	90,128	104,094
Income tax	(54,161)	(80,623)
INCOME BEFORE TAX	**144,289**	**184,717**
Standard tax rate	32.02%	34.43%
Tax at the standard rate	(46,205)	(63,604)
Effects on income taxable at the standard rate		
Tax credits	1,116	871
Tax loss carryforwards	0	0
Difference in tax rate paid by Canadian branch	2,341	(1,354)
Adjustments of 2019 temporary differences	306	(94)
Valuation allowances on deferred tax assets	(6,711)	(12,329)
Elimination of movements on special revaluation reserve	(14)	(5)
Other permanent differences	(145)	949
Taxes due by the Lebanese and Malaysian branches	(615)	
Differences in tax rates	(4,234)	(5,058)
TOTAL	**(7,956)**	**(17,019)**
INCOME TAX	**(54,161)**	**(80,623)**
EFFECTIVE TAX RATE	**37.54%**	**43.65%**

5.4 Non-recurring income and expenses, net

(in thousands of euros)	DECEMBER 31, 2020	DECEMBER 31, 2019
NON-RECURRING INCOME	**162**	**19**
Reversal of exceptional impairment losses	142	19
Other non-recurring income	20	-
NON-RECURRING EXPENSES	**(2,429)**	**(150)**
Charges to provisions for non-recurring expenses	(122)	(150)
Contribution to insurance industry Covid-19 solidarity fund	(1,220)	-
IFRS project costs	(988)	-
Rent holidays granted to tenants of investment property	(98)	-
Other non-recurring expenses	(1)	-
NON-RECURRING INCOME AND EXPENSES, NET	**(2,267)**	**(131)**

5.5 Payroll costs and number of employees

(in thousands of euros)	DECEMBER 31, 2020	DECEMBER 31, 2019
PAYROLL COSTS	**34,647**	**30,571**
AVERAGE NUMBER OF EMPLOYEES	**281**	**275**
Non-managerial staff	11	17
Managers	258	245
Canadian branch	9	10
Lebanese branch	3	3

5.6 Depreciation, amortization & provisions

(in thousands of euros)	DECEMBER 31, 2020	DECEMBER 31, 2019
Depreciation and amortization expense	2,983	2,544
Impairment losses	-	-
TOTAL	**2,983**	**2,544**

5.7 Fees paid to the Statutory Auditors

(in thousands of euros)	DECEMBER 31, 2020	DECEMBER 31, 2019
For the statutory audit of the financial statements	372	343
For other services	(22)	103
TOTAL	**350**	**446**

NOTE 6
SEGMENT INFORMATION

6.1 Operating segment income statements

Non-Life reinsurance technical account

(in thousands of euros)	DECEMBER 31, 2020			DECEMBER 31, 2019
	Gross	Reinsurance	Net	Net
EARNED PREMIUMS	**1,714,463**	**(145,900)**	**1,568,563**	**1,238,151**
Written premiums	1,754,263	(146,316)	1,607,947	1,269,103
Change in unearned premium reserves	(39,800)	416	(39,384)	(30,952)
INVESTMENT INCOME ALLOCATED FROM THE NON-TECHNICAL ACCOUNT	**98,018**	-	**98,018**	**100,293**
OTHER UNDERWRITING INCOME	**1,924**	-	**1,924**	**2,595**
CLAIMS EXPENSES	**(1,557,328)**	**85,644**	**(1,471,684)**	**(1,036,035)**
Paid claims and expenses	(889,549)	9,367	(880,182)	(1,062,935)
Change in outstanding claims reserves	(667,779)	76,277	(591,502)	26,900
CHANGE IN OTHER TECHNICAL RESERVES	**(3,043)**	-	**(3,043)**	**(8,219)**
PROFIT COMMISSION	**(7,697)**	**1,085**	**(6,612)**	**(6,286)**
ACQUISITION AND MANAGEMENT EXPENSES	**(249,574)**	**7,186**	**(242,388)**	**(119,705)**
Acquisition costs	(234,560)	7,186	(227,374)	(105,295)
Management expenses	(16,990)	-	(16,990)	(16,119)
Reinsurance commissions received	1,976	-	1,976	1,709
OTHER UNDERWRITING EXPENSES	**(12,254)**	-	**(12,254)**	**(10,547)**
CHANGE IN EQUALIZATION RESERVES	**172,356**	-	**172,356**	**(28,440)**
NON-LIFE INCOME FROM ORDINARY ACTIVITIES	**156,865**	**(51,985)**	**104,880**	**131,807**

Life reinsurance technical account

(in thousands of euros)	DECEMBER 31, 2020			DECEMBER 31, 2019
	Gross	Reinsurance	Net	Net
PREMIUMS	99,058	(4,084)	94,974	93,268
INVESTMENT INCOME, NET OF ALLOCATION TO THE NON-TECHNICAL ACCOUNT	2,519	-	2,519	4,089
OTHER UNDERWRITING INCOME	-	-	-	-
CLAIMS EXPENSES	(68,779)	(83)	(68,862)	(57,125)
Paid claims and expenses	(56,046)	6	(56,040)	(37,705)
Change in outstanding claims reserves	(12,733)	(89)	(12,822)	(19,420)
CHANGE IN LIFE REINSURANCE RESERVES AND OTHER TECHNICAL RESERVES	(5,351)	-	(5,351)	(1,803)
PROFIT COMMISSION	(2,317)	98	(2,219)	(7,384)
ACQUISITION AND MANAGEMENT EXPENSES	(15,360)	319	(15,041)	(18,159)
Acquisition costs	(13,006)	319	(12,687)	(18,159)
Management expenses	(2,354)	-	(2,354)	-
Reinsurance commissions received	-	-	-	-
OTHER UNDERWRITING EXPENSES	(917)	-	(917)	(680)
LIFE INCOME FROM ORDINARY ACTIVITIES	8,853	(3,750)	5,103	12,206

6.2 Premiums and technical reserves by operating segment

Gross written premiums by operating segment

(in thousands of euros)	DECEMBER 31, 2020	DECEMBER 31, 2019
REINSURANCE WITHOUT STATE GUARANTEE	649,321	561,710
Inward Life reinsurance	111,252	110,347
Inward Non-Life reinsurance	538,069	451,363
STATE-GUARANTEED REINSURANCE	1,216,194	945,192
Exceptional and nuclear risks	(1,066)	(462)
Natural disaster risks	890,541	880,891
Terrorism risks	66,884	64,738
Of which small and medium-sized risks	45,884	43,738
Major risks (reinsurance of terrorism risks insured by GAREAT)	21,000	21,000
Credit insurance risks	259,835	24
TOTAL	1,865,515	1,506,902

Gross written premiums by geographical area

(in thousands of euros)	DECEMBER 31, 2020			DECEMBER 31, 2019		
	Non-Life	Life	Total	Non-Life	Life	Total
France	1,325,417	36,173	1,361,590	1,047,777	36,092	1,083,869
EU excluding France	98,880	4,088	102,968	79,001	2,459	81,460
Europe	20,336	729	21,065	19,764	1,064	20,828
Africa & Middle East	143,852	50,176	194,028	128,111	43,212	171,323
Far East & Oceania	117,032	12,646	129,678	77,171	24,787	101,958
North America	36,461	2,049	38,510	36,414	2,367	38,781
South America	12,285	5,391	17,676	8,317	366	8,683
TOTAL	1,754,263	111,252	1,865,515	1,396,555	110,347	1,506,902

Technical reserves by operating segment

(in thousands of euros)	DECEMBER 31, 2020	DECEMBER 31, 2019
Inward Non-Life reinsurance	7,347,768	6,859,199
Inward Life reinsurance	198,755	175,200
TOTAL	7,546,523	7,034,399

NOTE 7

POST BALANCE SHEET EVENTS

No events likely to have a material impact on CCR's consolidated financial statements occurred between December 31, 2020 and April 7, 2021 when the financial statements were approved for publication by the Board of Directors.

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COMPANY FINANCIAL STATEMENTS

BALANCE SHEET AT DECEMBER 31, 2020
ASSETS

(in thousands of euros)	DECEMBER 31, 2020			DECEMBER 31, 2019
	Gross amount	Amortization, depreciation & provisions	Net amount	Net amount
INTANGIBLE ASSETS	**75,040**	**72,228**	**2,813**	**2,959**
INVESTMENTS				
Real estate investments	197,739	33,696	164,043	139,099
Investments in affiliates and participating interests	435,929		435,929	435,929
Other investments	6,537,936	2,028	6,535,907	6,223,829
Cash deposits with ceding insurers	7,929		7,929	8,651
TOTAL	**7,179,533**	**35,724**	**7,143,808**	**6,807,509**
REINSURERS' SHARE OF TECHNICAL RESERVES				
Non-Life unearned premium reserves	881		881	938
Life reinsurance reserves	3,567		3,567	3,515
Life outstanding claims reserves	604		604	826
Non-Life outstanding claims reserves	166,193		166,193	120,056
TOTAL	**171,245**		**171,245**	**125,335**
CLAIMS				
Reinsurance receivables	106,879		106,879	72,627
Prepaid payroll costs	7		7	3
Prepaid and recoverable taxes	19		19	28
Other receivables	83,059	70,686	12,373	8,210
TOTAL	**189,964**	**70,686**	**119,278**	**80,868**
OTHER ASSETS				
Property and equipment	16,526	12,909	3,617	2,771
Current accounts and cash	447,486		447,486	524,952
TOTAL	**464,012**	**12,909**	**451,103**	**527,723**
ACCRUED INCOME AND PREPAID EXPENSES				
Accrued interest and rental revenue	25,974		25,974	30,385
Life and Non-Life deferred acquisition costs	87		87	
Other accrued income and prepaid expenses	285,869		285,869	131,988
TOTAL	**311,930**		**311,930**	**162,373**
TOTAL ASSETS	**8,391,725**	**191,547**	**8,200,178**	**7,706,766**

BALANCE SHEET AT DECEMBER 31, 2020
EQUITY AND LIABILITIES

(in thousands of euros)	DECEMBER 31, 2020	DECEMBER 31, 2019
	Before appropriation of results	Before appropriation of results
SHAREHOLDERS' EQUITY		
Share capital	60,000	60,000
Additional paid-in capital		
Revaluation reserves	2,751	2,751
Other reserves		
Special net long-term capital gains reserve		
Guarantee fund reserve	1,496	1,496
Special reserve for exceptional and nuclear risks	245,215	245,215
Special reserve for natural disaster risks	1,769,987	1,769,987
Special reserve for terrorism risks	151,474	151,474
Other reserves	8,654	8,654
Special reserve for specific credit insurance risks	86,790	19,974
Reserve for the purchase of original works by living artists	93	91
Retained earnings		
Net income for the year	60,644	66,818
TOTAL	**2,387,104**	**2,326,460**
GROSS TECHNICAL RESERVES		
Non-Life unearned premium reserves	333,499	321,695
Life reinsurance reserves	3,478	3,512
Life outstanding claims reserves	694	868
Non-Life outstanding claims reserves	3,546,602	2,977,293
Equalization reserves	1,736,654	1,911,240
Other Non-Life technical reserves	72	
TOTAL	**5,620,999**	**5,214,608**
PROVISIONS	**11,885**	**11,542**
OTHER LIABILITIES		
Reinsurance payables		225
Other borrowings, deposits and guarantees received	1,431	1,503
Accrued payroll costs	9,960	8,708
Accrued taxes	17,678	3,131
Other payables	118,396	104,618
TOTAL	**147,465**	**118,185**
DEFERRED REVENUE AND ACCRUED EXPENSES	**32,724**	**35,970**
TOTAL EQUITY AND LIABILITIES	**8,200,178**	**7,706,766**

INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2020

(in thousands of euros)	2020			2019
	Gross	Reinsurance	Net	Net
NON-LIFE TECHNICAL ACCOUNT				
Earned premiums:				
Written premiums	1,214,681	112,249	1,102,432	845,435
Change in unearned premium reserves	(11,819)	42	(11,861)	(7,543)
	1,202,862	**112,291**	**1,090,571**	**837,892**
Investment income allocated from non-technical account	**62,485**	**0**	**62,485**	**66,170**
Other underwriting income	**604**	**0**	**604**	**567**
Claims expenses:				
Paid claims and expenses	(590,861)	(13,679)	(577,183)	(804,442)
Change in outstanding claims reserves	(573,907)	(50,742)	(523,165)	50,347
	(1,164,768)	**(64,421)**	**(1,100,347)**	**(754,095)**
Change in other technical reserves	**(72)**	**0**	**(72)**	**0**
Profit commission	**535**	**537**	**(1)**	**0**
Acquisition and management expenses:				
Acquisition costs	(123,858)		(123,858)	(13,839)
Management expenses	(5,171)		(5,171)	(4,118)
Reinsurance commissions received		1,064	(1,064)	154
	(129,028)	**1,064**	**(130,092)**	**(17,803)**
Other underwriting expenses	**(6,996)**	**0**	**(6,996)**	**(5,949)**
Change in equalization reserves	**174,586**	**0**	**174,586**	**(29,999)**
NON-LIFE REINSURANCE UNDERWRITING RESULT	**140,207**	**49,470**	**90,737**	**96,783**

INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2020

(in thousands of euros)	2020			2019
	Gross	Reinsurance	Net	Net
LIFE TECHNICAL ACCOUNT				
Premiums	**509**	**509**	**0**	**0**
Investment income:				
Investment revenue				
Other investment income				
Realized gains from investments				
	0	**0**	**0**	**0**
Other underwriting income	**0**	**0**	**0**	**0**
Claims expenses:				
Paid claims and expenses	(577)	(576)	(2)	(2)
Change in outstanding claims reserves	106	106	0	0
	(471)	**(470)**	**(2)**	**(2)**
Change in Life reinsurance reserves and other technical reserves				
Life reinsurance reserves	**(33)**	**(33)**	**0**	**0**
	(33)	**(33)**	**0**	**0**
Profit commission	**(42)**	**(42)**	**0**	**0**
Acquisition and management expenses:				
Acquisition costs	(11)		(11)	(23)
Management expenses	(14)		(14)	(10)
Reinsurance commissions received		(11)	11	23
	(25)	**(11)**	**(14)**	**(9)**
Investment expenses:				
Internal and external investment management expenses and interest				
Other investment expenses				
Realized losses from investments				
	0	**0**	**0**	**0**
Other underwriting expenses	**0**	**0**	**0**	**0**
LIFE REINSURANCE UNDERWRITING RESULT	**(63)**	**(47)**	**(16)**	**(12)**

INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2020

(in thousands of euros)	2020	2019
	Net	Net
NON-TECHNICAL ACCOUNT		
Non-Life reinsurance underwriting result	**90,737**	**96,783**
Life reinsurance underwriting result	**(16)**	**(12)**
Investment income:		
Investment revenue	84,599	93,658
Other investment income	2,169	3,049
Realized gains from investments	34,867	61,168
	121,635	**157,875**
Investment expenses:		
Internal and external investment management costs and interest	(8,313)	(8,639)
Other investment expenses	(12,997)	(13,041)
Realized losses from investments	(10,335)	(39,627)
	(31,645)	**(61,307)**
Investment income transferred to the Non-Life technical account	**(62,485)**	**(66,170)**
Other income	**18**	**150**
Other expenses	**(1)**	**0**
Non-recurring items:		
Non-recurring income	354	490
Non-recurring expenses	(900)	0
	(546)	**490**
Employee profit-sharing	**0**	**0**
Income tax	**(57,055)**	**(60,992)**
NET INCOME FOR THE YEAR	**60,644**	**66,818**

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 7, 2021.

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Caisse Centrale de Réassurance (CCR) is a State-owned joint stock corporation (*société anonyme*). Its business is governed by the French Insurance Code (*Code des Assurances*). CCR operates as a reinsurer of exceptional and nuclear risks (Articles L.431-4 and L.431-5 of the French Insurance Code), natural disaster risks (Article L.431-9), terrorism risks (Article L.431-10) and certain credit insurance risks (temporary CAP, CAP+ and CAP Relais mechanisms set up in April 2020).

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 open market insurance business to this subsidiary.

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

The method used to determine 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.

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

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

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

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

1.1 Change in accounting methods

The 2020 financial statements have been prepared using the same methods as those for 2019.

1.2 Intangible assets

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

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

1.3 Investments

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

Real estate investments

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

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

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

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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.

Payments in respect of off-plan purchases of properties are recognized under "Assets under construction".

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

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

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

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

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

Equities and UCITS

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

They are classified in two categories:

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

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

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

For the preparation of the financial statements at December 31, 2020, the Company considered that any equities and UCITS for which the reference value was at least 20% below cost would be subject to other-than-temporary impairment, in line with the above regulation.

Based on changes in the market price of securities held in the portfolio at December 31, 2020, provisions for other-than-temporary impairment at that date amounted to €2,029 million.

Fixed income securities

Bonds are initially recognized at cost excluding accrued interest.

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

A provision for other-than-temporary impairment is recorded only in the case of issuer default. Realizable value corresponds to the closing market price or, if no price is quoted, fair value. Application of this criterion did not lead to any provisions for other-than-temporary impairment being recorded in 2020.

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.

Other assets

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

Investment income

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

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

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

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

1.4 Property and equipment

Property and equipment are initially recognized at historical cost.

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

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

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

1.5 Accrual accounts

Reinsurance adjustments

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

1.6 Multi-currency accounts

In accordance with Article R.341-7 of the French Insurance Code and 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 2020, differences arising from the conversion of opening foreign currency assets and liabilities at the closing exchange rate represented a net loss of €0.038 million.

1.7 Provisions

Provision for length-of-service awards

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

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

The assumptions used concern:

- projected future salary increases, with the same rate applied for both management and non-management personnel based on the latest estimates of growth in total salary costs;
- mortality rates, which are determined based on the INSEE TD-TV 15-17 table and are calculated by dividing the "number of living persons who have reached retirement age" by the "number of living persons with the same age as the employee";
- average staff turnover rates, used to estimate the number of current employees in each age group who are expected to remain with the Company until retirement;
- a discount rate based on the iBoxx Corporate Overall AA 10+ (0.33% in 2020 compared with 0.70% in 2019).

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

Provision for special pre-retirement vacation costs

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

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

Provision for long-service awards

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

The provision is determined by a similar method as that described for length-of-service awards, except that the discount rate is based on the iBoxx Corporate Overall AA 7-10 (0% in 2020 compared with 0.30% in 2019).

1.8 Technical reserves and underwriting result

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

Unearned premium reserves

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

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

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

Outstanding claims reserves and mathematical reserves

Technical reserving control and governance environment

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

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

Reserving policy

The reserving policy defining the guiding reserving principles applied at December 31, 2020 was approved by the Company's Board of Directors on October 14, 2020.

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;
- CAP, CAP+ and CAP Relais reported premiums and claims.

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

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

Equalization reserve

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

Liquidity risk reserve

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

No liquidity risk reserve was carried in the financial statements at December 31, 2020.

1.9 Other items

Expenses analyzed by function

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

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

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

NOTE 2

NOTES TO THE BALANCE SHEET

2.1 Notes to assets

GROSS (in thousands of euros)	DEC. 31, 2019 Audited	Movements Additions	Disposals	DEC. 31, 2020 Net
Start-up costs	5,963			5,963
Software licenses and development costs	67,438	1,260		68,698
Developments in progress	213	379	213	379
TOTAL INTANGIBLE ASSETS	**73,614**	**1,639**	**213**	**75,040**
Investment property	101,563	537		102,100
Owner-occupied property	54,977	68		55,045
Assets under construction	418	27,486	299	27,605
Shares in unlisted real estate companies	12,989			12,989
TOTAL REAL ESTATE INVESTMENTS	**169,947**	**28,091**	**299**	**197,739**
Equities and other variable income securities	360,929			360,929
Loans	75,000			75,000
INVESTMENTS IN AFFILIATES AND PARTICIPATING INTERESTS	**435,929**			**435,929**
CASH DEPOSITS WITH CEDING INSURERS	**8,651**	**15,256**	**15,978**	**7,929**

"Assets under construction" include €26.7 million corresponding to payments made for the off-plan acquisition, on June 25, 2020, of a real estate complex at 65bis rue Lafayette/37 rue de Montholon in the 9th *arrondissement* of Paris.

NET (in thousands of euros)	DECEMBER 31, 2020 Gross	Amortization, depreciation & provisions	Net	DECEMBER 31, 2019 Net Audited
Start-up costs	5,963	5,963		
Software licenses and development costs	68,698	66,264	2,434	2,746
Developments in progress	379		379	213
TOTAL INTANGIBLE ASSETS	**75,040**	**72,227**	**2,813**	**2,959**
Investment property	102,100	26,437	75,663	77,009
Owner-occupied property	55,045	7,259	47,786	48,683
Assets under construction	27,605		27,605	418
Shares in unlisted real estate companies	12,989		12,989	12,989
TOTAL REAL ESTATE INVESTMENTS	**197,739**	**33,696**	**164,043**	**139,099**
Equities and other variable income securities	360,929		360,929	360,929
Loans	75,000		75,000	75,000
INVESTMENTS IN AFFILIATES AND PARTICIPATING INTERESTS	**435,929**		**435,929**	**435,929**
CASH DEPOSITS WITH CEDING INSURERS	**7,929**		**7,929**	**8,651**

2.2 Information about investments

(in thousands of euros)	DECEMBER 31, 2020 Gross	DECEMBER 31, 2020 Amortization & provisions	DECEMBER 31, 2020 Net	DECEMBER 31, 2019 Net Audited
Equities and other variable income securities	2,414,391	2,029	2,412,362	2,029,992
Bonds and other fixed-income securities	3,986,480		3,986,480	4,139,243
Loans	7,065		7,065	4,594
Bank deposits	130,000		130,000	50,000
Other investments				
TOTAL	**6,537,936**	**2,029**	**6,535,907**	**6,223,829**

2.3 Investment summary

	(in thousands of euros)	Gross	Net[1]	Realizable value	Unrealized gains and losses
1	Real estate investments and real estate investments in progress	197,739	164,043	423,080	259,037
2	Equities and other variable income securities (other than investment funds)	556,774	556,020	868,846	312,826
3	Investment funds (other than those in 4)	2,218,546	2,217,272	2,554,935	337,663
4	Investment funds invested solely in fixed-income securities	-	-	-	-
5	Bonds and other fixed-income securities	3,986,480	3,971,722	4,087,386	115,664
6	Mortgage loans	-	-	-	-
7	Other loans	82,065	82,065	82,065	-
8	Deposits with ceding insurers	7,929	7,929	7,929	-
9	Cash deposits (other than those in 8) and guarantees	130,000	130,000	130,000	-
10	Unit-linked portfolios	-	-	-	-
SUB-TOTAL		**7,179,533**	**7,129,051**	**8,154,241**	**1,025,190**
11	Other forward financial instruments	-	-	-	-
	* Investment or divestment strategy	-	-	-	-
	* Other strategies	-	-	-	-
	* Amortization of premiums/discounts	-	-	-	-
12	**TOTAL, LINES 1 TO 11**	**7,179,533**	**7,129,051**	**8,154,241**	**1,025,190**
a	of which:				
	Investments measured in accordance with Article R.343-9	3,986,480	3,971,722	4,087,386	115,664
	Investments measured in accordance with Article R.343-10	3,185,124	3,149,399	4,058,926	909,526
	Investments measured in accordance with Article R.343-13	-	-	-	-
	Investments measured in accordance with Article R.343-11	-	-	-	-
	Forward financial instruments	-	-	-	-
b	of which:				
	OECD member country issuers	7,137,913	7,087,426	8,106,009	1,018,584
	Non-OECD issuers	41,620	41,625	48,231	6,606

1 Including the unamortized portion of redemption premiums on securities measured in accordance with Article R.343-19, for €14.7 million.

2.4 Receivables and payables

OTHER RECEIVABLES (in thousands of euros)	Gross	Provisions	Net	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	Total
Reinsurance receivables	106,879		106,879	106,879			106,879
Prepaid payroll costs	7		7	7			7
Prepaid and recoverable taxes	19		19	19			19
Other receivables	83,059	70,686	12,373	11,576		797	12,373
TOTAL	**189,964**	**70,686**	**119,278**	**118,481**		**797**	**119,278**

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;
- an €8 million receivable from CCR Re;
- €0.5 million in receivables from property companies.

OTHER PAYABLES (in thousands of euros)	Net	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	Total
Reinsurance payables					
Other borrowings, deposits and guarantees received	1,431	1,431			1,431
Accrued payroll costs	9,960	9,960			9,960
Accrued taxes	17,678	17,678			17,678
Other payables	118,396	118,396			118,396
TOTAL	**147,465**	**147,465**			**147,465**

Other payables include €2.3 million payable to CCR Re.

2.5 Subsidiaries and affiliates

COMPANY (in thousands of euros)	Share capital	Reserves	% interest	Carrying amount of shares GROSS	Carrying amount of shares NET	2020 gross written premiums	2020 net income	Dividends received in 2020
1 SUBSIDIARIES								
SA CCR Re 157, boulevard Haussmann, 75008 Paris	90,082	363,288	100%	360,929	360,929	649,321	18,386	0
2 AFFILIATES								
SAS Castelnau 6 157, boulevard Haussmann, 75008 Paris	7,280	172	100%	7,279	7,279	1,188	333	251
SAS Boulogne 78 157, boulevard Haussmann, 75008 Paris	5,710	324	100%	5,709	5,709	619	215	212

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2.6 Property and equipment

GROSS (in thousands of euros)	DEC. 31, 2019	Movements		DEC. 31, 2020
	Audited	+	-	
Deposits and guarantees	37			37
Computer and other equipment	11,145	2,254	3	13,396
Vehicles				
Office furniture and equipment	1,579	3		1,582
Fixtures and fittings	1,464			1,464
Assets under construction		47		47
TOTAL	**14,225**	**2,304**	**3**	**16,526**

DEPRECIATION (in thousands of euros)	DEC. 31, 2019	Increases	Decreases	DEC. 31, 2020
	Audited	+	-	
Computer and other equipment	9,861	1,166	2	11,025
Vehicles				
Office furniture and equipment	874	159		1,033
Fixtures and fittings	719	132		851
TOTAL	**11,454**	**1,457**	**2**	**12,909**

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2.7 Accrual accounts

(in thousands of euros)	DEC. 31, 2020		DEC. 31, 2019 - Audited	
	Assets	Liabilities	Assets	Liabilities
Reinsurance adjustments	268,366	1,249	114,282	3,686
Deferred acquisition costs	87			
Accrued interest	25,974		30,385	
Amortization of redemption premiums	16,436	31,193	17,236	32,159
Prepaid expenses and deferred revenue	1,067	282	470	125
TOTAL	**311,930**	**32,724**	**162,373**	**35,970**

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 2020	Difference 2019 Audited
Euro	8,117,761	8,063,164	54,597	61,530
US dollar	15,893	17,428	(1,535)	(2,090)
Canadian dollar	105	3	102	100
Pound sterling	59,961	58,991	970	1,051
Japanese yen	5,689	3,848	1,841	1,909
Swiss franc	69	69	0	0
Taiwan dollar	4,380	4,380	0	(435)
Australian dollar	101	3	98	98
Hong Kong dollar	147	0	147	160
Other currencies	10,197	5,773	4,424	4,495
TOTAL	**8,214,303**	**8,153,659**	**60,644**	**66,818**

2.9 Shareholders' equity

2020 (in thousands of euros)	January 1 Before appropriation of results	Movements for the year Appropriation of 2019 net income	Other movements	December 31
Share capital[1]	60,000			60,000
Special revaluation reserve	2,751			2,751
Special guarantee fund reserve	1,496	613	(613)	1,496
Special reserve for exceptional and nuclear risks	245,215	4,344	(4,344)	245,215
Reserve for natural disaster risks	1,769,987	54,261	(54,261)	1,769,987
Reserve for major natural risks				
Special reserve for terrorism risks	151,474	7,592	(7,592)	151,474
Special reserve for specific credit insurance risks	19,974	6	66,810	86,790
Reserve for the purchase of original works by living artists	91	2		93
Other reserves	8,654			8,654
Retained earnings				
2019 net income	66,818	(66,818)		
Dividend				
Net income for the year			60,644	60,644
TOTAL	**2,326,460**		**60,644**	**2,387,104**

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

2.10 Breakdown of provisions

(in thousands of euros)	Dec. 31, 2019 Audited	Movements for the year Increases +	Decreases -	2020
Other investment grants				
Accelerated depreciation	398		298	100
Special revaluation reserve	677		16	661
Other provisions		22		22
Provision for length-of-service awards	3,884	265		4,149
Provision for long-service awards	2,766	98		2,864
Provision for extra paid vacation for retirees	1,635	173		1,808
Provisions for non-recurring expenses	36			36
Provisions for major repairs	2,146	99		2,245
TOTAL	**11,542**	**657**	**314**	**11,885**

2.11 Commitments received and given

(in thousands of euros)		DEC. 31, 2020	DEC. 31, 2019
1 - COMMITMENTS RECEIVED		**1,527**	**1,498**
2 - COMMITMENTS GIVEN		**6,981**	**25,000**
2a	Loan guarantees, other guarantees and bonds issued	6,981	25,000
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		**17,911**	
3a	Assets received as collateral from cedents and reinsurers		
3b	Assets received from companies for substitution transactions		
3c	Other reciprocal commitments	17,911	
4 - OTHER ASSETS HELD ON BEHALF OF THIRD PARTIES			
5 - FORWARD FINANCIAL INSTRUMENTS			
5a	**Forward financial instruments by strategy:** - Investment or divestment strategy - Yield strategy - Other strategies		
5b	**Forward financial instruments by market:** - Over-the-counter market - Regulated market		
5c	**Forward financial instruments by type of market risk and instrument:** - Interest rate risk - Currency risk - Equity risk		
5d	**Forward financial instruments by type of instrument:** - Swaps - Forward rate agreements - Forward contracts - Options		
5c	**Forward financial instruments by remaining term of the strategy:** - 0 to 1 year - 1 to 5 years - More than 5 years		

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

(in thousands of euros)	DEC. 31, 2020	DEC. 31, 2019
Venture capital investment fund commitments	124,965	82,892
Debt fund commitments	128,207	111,349
Real estate investment fund commitments	9,372	13,643

NOTE 3

NOTES TO THE INCOME STATEMENT

3.1 Written premiums by operating segment

(in thousands of euros)	DEC. 31, 2020	2019 AUDITED
Exceptional and nuclear risks	(1,066)	(461)
Natural disaster risks	890,541	880,891
Terrorism risks	66,884	64,738
Of which small and medium-sized risks	*45,884*	*43,738*
Major risks (reinsurance of terrorism risks insured by GAREAT)	*21,000*	*21,000*
Credit insurance risks	259,835	24
Of which CAP	*3,062*	
CAP+	*3,123*	
CAP Relais	*253,650*	
PUBLIC REINSURANCE GROSS WRITTEN PREMIUMS	**1,216,194**	**945,192**
OPEN MARKET REINSURANCE GROSS WRITTEN PREMIUMS (RUN-OFF)	**(1,009)**	**(541)**
TOTAL	**1,215,185**	**944,651**

3

3.2 Portfolio movements

2020 (in thousands of euros)	**Public reinsurance**		**Open market reinsurance (run-off)**	
	Gross	Net	Gross	Net
NEW BUSINESS				
Premiums	70,204	70,204		
Paid claims and expenses	2,270	2,270		
CANCELLATIONS AND TERMINATIONS				
Premiums	(65,140)	(65,140)		
Paid claims and expenses	(2,270)	(2,270)	(15)	-

3.3 Reinsurance commissions

(in thousands of euros)	Dec. 31, 2020		Dec. 31, 2019	
	Gross	Net	Gross	Net
Life	11		23	
Non-Life	114,012	115,076	2,606	2,451
TOTAL	114,023	115,076	2,629	2,451

3.4 Investment income and expenses

2020 (in thousands of euros)	Income and expenses from investments in related companies	Other investment income and expenses	Total
Revenue from real estate investments	519	11,497	12,016
Revenue from other investments		68,718	68,718
Interest income on intercompany loans	3,750		3,750
Interest on cash deposits and technical accounts		115	115
TOTAL INVESTMENT REVENUE	4,269	80,330	84,599
Other investment income		2,169	2,169
Realized gains from investments		34,867	34,867
TOTAL INVESTMENT INCOME	4,269	117,366	121,635
External investment management expenses		(3,521)	(3,521)
Internal investment management expenses		(4,792)	(4,792)
Other investment expenses		(12,997)	(12,997)
Realized losses from investments		(10,335)	(10,335)
TOTAL INVESTMENT EXPENSES	0	(31,645)	(31,644)
TOTAL INVESTMENT INCOME, NET OF EXPENSES	4,269	85,721	89,991

3.5 Underwriting expenses by type and by function

In the following table, expenses for 2020 are presented net of amounts rebilled to CCR Group subsidiaries and to the public funds managed on behalf of the French State.

Expense breakdown

EXPENSES BY TYPE (in thousands of euros)	2020	2019
External expenses	5,609	6,092
Other external expenses	1,925	2,043
Taxes other than on income	6,290	5,977
Payroll costs	13,047	10,913
Other management expenses	72	41
SUB-TOTAL	26,943	25,066
Depreciation of property and equipment	1,445	1,268
Theoretical rent on the Company's registered office	297	315
TOTAL	28,685	26,649

EXPENSES BY FUNCTION (in thousands of euros)	2020	2019
Claims management expenses	2,102	1,593
Other business acquisition costs	9,908	10,701
Other administrative expenses	5,198	4,025
Other underwriting expenses	6,788	5,768
Investment management expenses	4,689	4,562
TOTAL	28,685	26,649

3

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

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

In accordance with Article 336-2 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.

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

(in thousands of euros)	2020	2019
Wages and salaries	8,189	7,981
Payroll taxes	3,432	3,183
Other expenses	1,530	(159)
TOTAL	**13,151**	**11,005**
Average number of employees	156	170
Managers	*147*	*156*
Non-managerial staff	*9*	*14*
AVERAGE NUMBER OF EMPLOYEES	**156**	**170**

Compensation paid to the Company's administrative and management bodies

(in thousands of euros)	2020	2019
Directors' compensation[1]	59	40
Management compensation	268	278

3

1 Excluding expenses reimbursed upon presentation of supporting documents.

3.6 Other underwriting income and expenses

Other underwriting income mainly comprises income from the Company's interests in professional economic interest groups. Other underwriting expenses include expenses arising from these interests, 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

2020 **(in thousands of euros)**	**Non-recurring expenses**	**Non-recurring income**
Reversals from the special revaluation reserve		16
Accelerated depreciation		298
Provisions for impairment of receivables		23
Rent holidays granted to tenants of investment property	65	
Contribution to insurance industry Covid-19 solidarity fund	812	
Charges to other provisions	22	
Other non-recurring income and expenses	1	17
TOTAL	**900**	**354**

3.8 Employee profit-sharing

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

3.9 Income tax

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

The first €500,000 of taxable income for 2020 was taxed at the rate of 28% and the balance at the rate of 31% unless otherwise specified.

NOTE 4
OTHER INFORMATION

4.1 Fees paid to the Statutory Auditors

The fees recognized in expenses for 2020 for the statutory audit of the financial statements included €112,749 paid to Deloitte and €112,369 paid to PwC.

Fees recognized in expenses in 2020 for other services provided by PwC amounted to €15,723.

4.2 Post balance sheet events

No events likely to have a material impact on CCR's consolidated financial statements occurred between December 31, 2020 and April 7, 2021 when the financial statements were approved for publication by the Board of Directors.

4 STATUTORY AUDITORS’ REPORTS

PricewaterhouseCoopers Audit
Société de Commissariat aux Comptes inscrite
à la Compagnie Régionale de Versailles

63, rue de Villiers
92200 Neuilly-sur-Seine, France

Deloitte & Associés
Société de Commissariat aux Comptes inscrite
à la Compagnie Régionale de Versailles et du Centre

6 place de la Pyramide
92908 Paris-La Défense Cedex, France

STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

(For the year ended December 31, 2020)

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 financial statements of Caisse Centrale de Réassurance for the year ended December 31, 2020.

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, 2020 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit, Accounts and Risks 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 provided for in the French Commercial Code *(Code de commerce)* and the French Code of Ethics *(Code de déontologie)* for Statutory Auditors for the period from January 1, 2020 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.

Justification of assessments – Key audit matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the 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 and main judgments

In accordance with the French Insurance Code (*Code des assurances*) and accounting regulations, groups that conduct inward reinsurance operations must record sufficient reserves to settle all outstanding incurred claims, whether or not they have been reported at the balance sheet date.

The methods used to measure outstanding claims reserves, which appear in the Company's balance sheet in an amount of €3,547 million at December 31, 2020, are specified in Note 1.8 to the financial statements. This amount comprises claims reserves reported by the ceding insurers, adjusted to reflect the ultimate cost estimated by CCR of all reported and unreported claims.

This ultimate cost is determined based on information, primarily statistical, provided by the ceding insurers. It is also based on the use of reserving methods, which are adapted based on the type of risk involved, the severity of the event covered, the financial year in which the claim occurs and the quality of the available data.

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.

How our audit addressed this risk

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 of the key controls used to handle claims and determine reserves;
- assessing the reliability of the financial statements prepared by the Company in terms of the integrity of data presented and used to estimate claims reserves, and testing the source data;
- determining whether material claims likely to affect the projected expense for the year had been taken into account;
- carrying out an independent estimate of the claims reserves for the year that were estimated using triangles.

Description of risk and main judgments

The degree of judgment involved in estimating the ultimate cost is therefore significant, particularly for major and recent events and long-tail lines (particularly droughts).

For that reason, and in light of the material nature of this item in the Company's financial statements, the measurement of outstanding claims reserves was considered a key audit matter in 2020, and required particular attention regarding the audit procedures to apply.

How our audit addressed this risk

- Analyzing the liquidation of the reserves recorded at the previous year-end compared with actual expenses, in order to verify whether it is aligned with the estimates previously made by the Company.
- Including, in our audit team, members with specific knowledge of information systems in order to gain an understanding of the internal control environment of the systems used by the Company, and testing 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 approved on April 7, 2021, and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements, with the exception of the following item.

Concerning the fair presentation and the consistency with the financial statements of the information given with respect to the payment terms referred to in Article D.441-14 of the French Commercial Code, we have the following matter to report: as stated in the management report, this information does not include reinsurance transactions, as your Company deems them to be outside the scope of required disclosures, in accordance with the circular issued by the French Insurance Federation *(Féderation Française de l'Assurance)* on May 22, 2017.

Report on corporate governance

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

Other verifications and information pursuant to 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, 2020, Deloitte & Associés and PricewaterhouseCoopers Audit were in the fifth and the thirtieth 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 Audit, Accounts and Risks Committee is 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 in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these financial statements.

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

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit. In particular:
- 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 Auditor concludes that a material uncertainty exists, we 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 Audit, Accounts and Risks Committee

We submit a report to the Audit, Accounts and Risks 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 Audit, Accounts and Risk Committee includes the risks of material misstatement that, in our professional judgment, were of most significance 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 Audit, Accounts and Risks 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 Audit, Accounts and Risks Committee.

Neuilly-sur-Seine and Paris-La Défense, April 12, 2021

The Statutory Auditors

PricewaterhouseCoopers Audit

Christine Billy
Partner

Deloitte & Associés

Pascal Colin
Partner

PricewaterhouseCoopers Audit
Société de Commissariat aux Comptes inscrite
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6 place de la Pyramide
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STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

(For the year ended December 31, 2020)

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 consolidated financial statements of Caisse Centrale de Réassurance for the year ended December 31, 2020.

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

The audit opinion expressed above is consistent with our report to the Audit, Accounts and Risks 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 provided for in the French Commercial Code *(Code de commerce)* and the French Code of Ethics *(Code de déontologie)* for Statutory Auditors for the period from January 1, 2020 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.

Justification of assessments – Key audit matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, 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

In accordance with the French Insurance Code (*Code des assurances*) and accounting regulations, groups that conduct inward reinsurance operations must record sufficient reserves to settle all outstanding incurred claims, whether or not they have been reported at the balance sheet date.

The methods used to measure outstanding claims reserves, which appear in the Group's balance sheet in an amount of €5,104 million at December 31, 2020, are described in Note 2.8 and Note 4.10 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.

How our audit addressed this risk

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 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 significant claims likely to affect the projected expense for the year had been taken into account;
- carrying out an independent estimate of the outstanding claims reserves for the year that were estimated using triangles on the main reinsurance lines.

Description of risk and main judgments

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 2020, and required particular attention regarding the audit procedures to apply.

How our audit addressed this risk

- Analyzing the liquidation of the reserves recorded at the previous year-end compared with actual expenses, in order to verify whether it is aligned with the estimates previously made by the 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 IT general controls.

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

Description of risk

At December 31, 2020, gross earned premiums in the open market (€609m) reinsurance scope comprise:

- Premiums included in the accounts received from the ceding insurers;
- An estimate of the premiums not yet received;
- Change in unearned premium reserves.

The Group records the ceding insurers' accounts upon receipt. At the reporting date, an estimate is carried out for the accounts not yet received to present the Group's reinsurance commitments as accurately as possible.

The estimates chiefly concern the earned premiums not yet received from ceding insurers, determined using the methods presented in Note 2.8 to the consolidated financial statements.

This estimate is determined using the premium income amount provided for at the date of effect of the treaty, which is revised regularly based on the premiums actually received from the ceding insurers.

Due to the specific nature of the reinsurance business, a significant portion of written premiums for the year is based on estimates. The Company reviews its assumptions and estimates periodically based on past experience and various other factors. Actual premiums may be substantially different to the estimates produced by the Company.

Accordingly, we deemed the valuation of reinsurance premiums to be a key audit matter.

How our audit addressed this risk

To assess the reasonableness of the estimation of ultimate premiums, our audit comprised the following tasks conducted in conjunction with our actuarial experts:

- assessing the relevance of the statistical methods and the appropriateness of the actuarial assumptions used by the Group;

- familiarizing ourselves with the design and testing the efficiency of the key controls relating to underwriting premiums and the treatment of financial statements 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 financial statements 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 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 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 presented in the Board of Directors' Group management report.

We have no matters to report as to the fair presentation and the consistency with the consolidated financial statements of the information given in Board of Directors' management report of April 7, 2021, and in the other documents provided to the shareholders with respect to the Company's financial position and the consolidated financial statements.

Other verifications and information pursuant to 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, 2020, Deloitte & Associés and PricewaterhouseCoopers Audit were in the fifth and the thirtieth 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 Audit, Accounts and Risks Committee is 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 judgment throughout the audit. They also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit, Accounts and Risks Committee

We submit a report to the Audit, Accounts and Risks 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 Audit, Accounts and Risks Committee includes the risks of material misstatement that, in our professional judgement, were of most significance in 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 Audit, Accounts and Risks 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 Audit, Accounts and Risks Committee.

Neuilly-sur-Seine and Paris-La Défense, April 12, 2021

The Statutory Auditors

PricewaterhouseCoopers Audit

Christine Billy
Partner

Deloitte & Associés

Pascal Colin
Partner

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STATEMENT BY THE PERSON RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT

PERSON RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT

Name and title of person responsible

Bertrand Labilloy, Chief Executive Officer of CCR

Statement by the person responsible for the annual financial report

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

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

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

April 12, 2021

Chief Executive Officer

Bertrand Labilloy

GROUPE
CAISSE CENTRALE DE RÉASSURANCE

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Société anonyme with a share capital of €90,082,100. Registered in Paris, registration no. 817 446 511.
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