Financial statements of CCR Re
December 31, 2017

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BALANCE SHEET as at December 31, 2017

Assets

In euros	December 31, 2017			December 31, 2016
	Gross amount	**Depreciation & amortization**	**Net amount**	**Net amount**
INTANGIBLE ASSETS	89,764	83,366	6,398	6,782
INVESTMENTS				
Real estate investments	177,988,775	30,257,619	147,731,155	165,476,671
Investments in affiliates and participating interests	6,200,000		6,200,000	6,200,000
Other investments	1,425,545,929	23,847	1,425,522,081	1,305,193,543
Cash deposited with ceding companies	187,734,374		187,734,374	129,087,980
TOTAL	**1,797,469,077**	**30,281,467**	**1,767,187,610**	**1,605,958,194**
RETROCESSIONNAIRES TECHNICAL RESERVES				
Non-Life unearned premiums reserves	166		166	1,552
Loss reserves (Life)	547,051		547,051	520,088
Loss reserves (Non-Life)	9,278,553		9,278,553	15,381,113
Other provision - Life				2,141,000
TOTAL	**9,825,770**		**9,825,770**	**18,043,752**
RECEIVABLES				
Accounts receivable from reinsurance transactions	37,370,282	2,629,176	34,741,106	49,714,557
Accounts receivable from State, social organizations and local authorities	7,894,551		7,894,551	1,841,086
Accounts receivable from employees				
Other receivables	5,325,066	66,118	5,258,948	2,610,566
TOTAL	**50,589,899**	**2,695,294**	**47,894,606**	**54,166,209**
OTHER ASSETS				
Operating assets	498,839	373,380	125,460	184,623
Cash and cash equivalents	176,735,551		176,735,551	316,964,092
TOTAL	**177,234,390**	**373,380**	**176,861,010**	**317,148,715**
ACCRUED INCOME AND OTHER ASSETS				
Accrued interest and rental income	3,215,969		3,215,969	3,103,799
Deferred acquisition costs	30,641,302		30,641,302	32,782,054
Other	173,342,617		173,342,617	180,691,624
TOTAL	**207,199,888**		**207,199,888**	**216,577,478**
TOTAL ASSETS	**2,242,408,789**	**33,433,506**	**2,208,975,283**	**2,211,901,131**

BALANCE SHEET as at December 31, 2017

Liabilities

In euros	December 31, 2017	December 31, 2016
SHAREHOLDER'S EQUITY		
Share capital	90,082,100	90,082,100
Additional paid-in-capital	270,847,129	270,847,129
Revaluation reserves		
Other reserves	6,014,205	
Net income for the year	16,900,429	6,014,205
TOTAL	**383,843,863**	**366,943,434**
SUBORDINATED DEBT	**75,000,000**	**75,000,000**
GROSS TECHNICAL RESERVES		
Non-Life unearned premiums reserves	103,571,625	113,995,749
Life reinsurance reserves	199,214,008	126,341,413
Loss reserves (Life)	126,870,274	135,807,340
Loss reserves (Non-Life)	1,281,396,633	1,318,692,370
Equalization reserves	15,324,797	9,377,892
TOTAL	**1,726,377,337**	**1,704,214,763**
NON-TECHNICAL PROVISION	**6,637,308**	**8,559,753**
OTHER LIABILITIES		
Reinsurance payables	195,296	1,220,057
Other loans, deposits and guarantees held	962,981	927,231
Liabilities due to employees	1,486,841	494,251
Liabilities due to State, social organizations and local authorities	1,204,069	15,535,451
Other payables	9,322,038	34,153,036
TOTAL	**13,171,224**	**52,330,027**
ACCRUED EXPENSES	**3,945,550**	**4,853,153**
TOTAL LIABILITIES	**2,208,975,283**	**2,211,901,131**

INCOME STATEMENT as at December 31, 2017

In euros	ASSUMED	RETROCEDED	NET	CCR RE NET
	December 31, 2017			December 31, 2016
NON-LIFE UNDERWRITING OPERATIONS				
Earned premiums:				
Written Premiums	269,857,862.78	16,568,246.29	253,289,616.49	305,326,480.97
Change in unearned premium reserves	3,425,806.38	1,327.94	3,424,478.44	3,380,822.02
	273,283,669.16	**16,569,574.23**	**256,714,094.93**	**308,707,302.99**
Allocated investment income from non-underwriting operation	**28,398,120.71**		**28,398,120.71**	**24,322,505.47**
Other underwriting income	**2,147,800.36**	**-870,625.00**	**3,018,425.36**	**3,568,862.32**
Claims incurred:				
Claims and adjustment expenses paid	-188,696,211.30	-6,510,690.33	-182,185,520.97	-203,423,999.24
Change in claims reserves	-2,298,350.22	5,608,525.73	-7,906,875.95	-28,561,814.13
	-190,994,561.52	**-902,164.60**	**-190,092,396.92**	**-231,985,813.37**
Profit commission	**-1,937,842.03**	**-261,078.39**	**-1,676,763.64**	**-1,826,118.37**
Acquisition and administrative expenses				
Acquisition expenses	-68,080,123.97		-68,080,123.97	-86,126,365.55
Administrative expenses	-8,124,134.83		-8,124,134.83	-8,918,993.50
Commissions received from reinsurers		-501,149.58	501,149.58	15,499.20
	-76,204,258.80	**-501,149.58**	**-75,703,109.22**	**-95,029,859.85**
Other operating expenses	**-4,107,686.56**	**772,523.80**	**-4,880,210.36**	**-3,987,087.96**
Changes in equalization reserves	**-5,946,905.53**		**-5,946,905.53**	**0.00**
Non-Life underwriting result	**24,638,335.79**	**14,807,080.46**	**9,831,255.33**	**3,769,791.23**
LIFE UNDERWRITING OPERATIONS				
Earned Premiums	**118,948,829.48**	**4,383,682.70**	**114,565,146.78**	**114,176,313.55**
Investment income				
Investment income	5,999,835.75		5,999,835.75	4,187,788.86
Other investment income	588,215.01		588,215.01	991,487.49
Realized gains on investments	7,926,329.44		7,926,329.44	2,889,283.30
	14,514,380.19	**0.00**	**14,514,380.19**	**8,068,559.65**
Other underwriting income	**616,903.00**	**-517.00**	**617,420.00**	**51.88**
Claims incurred				
Claims and adjustment expenses paid	-20,469,220.62	-6,176.00	-20,463,044.62	-64,826,192.57
Change in claims reserves	4,089,266.53	-26,963.42	4,116,229.95	-6,053,337.83
	-16,379,954.09	**-33,139.42**	**-16,346,814.67**	**-70,879,530.40**
Charges to Life reserves and other technical reserves				
Life reinsurance reserves	-69,143,009.08	0.00	-69,143,009.08	-8,842,431.05
	-69,143,009.08	**0.00**	**-69,143,009.08**	**-8,842,431.05**
Profit commission	**-11,386,919.30**	**-108,767.86**	**-11,278,151.44**	**-7,142,835.57**
Acquisition and administrative expenses				
Acquisition expenses	-15,383,435.81		-15,383,435.81	-17,548,348.05
Administrative expenses	-1,887,783.03		-1,887,783.03	-1,303,398.76
Commissions received from reinsurers		-70.92	70.92	720.75
	-17,271,218.84	**-70.92**	**-17,271,147.92**	**-18,851,026.06**
Investment expenses				
Internal and external investment management expenses and interest charges	-2,744,582.34		-2,744,582.34	-993,817.53
Other investment expenses	-938,478.36		-938,478.36	-842,536.16
Realized losses on investments	-2,960,791.23		-2,960,791.23	-1,808,386.05
	-6,643,851.94	**0.00**	**-6,643,851.94**	**-3,644,739.74**
Other operating expenses	**-918,640.43**	**0.00**	**-918,640.43**	**-1,607,594.16**
Investment income transferred to non-underwriting operation	**-1,678,976.97**		**-1,678,976.97**	
Life underwriting result	**10,657,542.03**	**4,241,187.50**	**6,416,354.53**	**11,276,768.10**

INCOME STATEMENT as at December 31, 2017

In euros	December 31, 2017 ASSUMED	December 31, 2017 RETROCEDED	December 31, 2017 NET	CCR RE December 31, 2016 NET
NON-UNDERWRITING OPERATION				
Non-Life underwriting result			**9,831,255.33**	**3,769,791.23**
Life underwriting result			**6,416,354.53**	**11,276,768.10**
Investment income				
Investment income			27,518,799.71	29,036,498.83
Other investment income			2,697,902.34	6,874,588.52
Realized gains on investments			36,354,840.62	20,033,166.41
			66,571,542.68	**55,944,253.76**
Allocated investment income from Life underwriting operation			**1,678,976.97**	
Investment expenses				
Internal and external investment management expenses and interest charges			-12,588,279.92	-6,890,744.11
Other investment expenses			-4,304,417.51	-5,841,818.01
Realized losses on investments			-13,579,941.92	-12,538,645.36
			-30,472,639.34	**-25,271,207.48**
Investment income transferred to Non-Life underwriting operation			**-28,398,120.71**	**-24,322,505.47**
Other non-underwriting income			**148,286.92**	**0.00**
Other non-underwriting expenses			**-111,097.53**	**0.00**
Non recurring income (loss)				
Non-recurring gains			53,384.67	3,384.67
Non-recurring losses			-235,505.93	-66,356.74
			-182,121.26	**-62,972.07**
Employee profit sharing			**0.00**	**0.00**
Income tax			**-8,582,008.61**	**-15,319,922.82**
NET INCOME FOR THE YEAR			**16,900,428.97**	**6,014,205.25**

NOTES TO THE FINANCIAL STATEMENTS

Notes to the balance sheet and income statement for the fiscal year ended December 31, 2017

The following notes and tables are an integral part of the annual financial statements approved by the Board of Directors on April 5, 2018.

- Note 1: Year's highlights and subsequent events
- Note 2: Summary of the accounting principles and the valuation methods used
- Note 3: Information on balance sheet and off balance sheet items
- Note 4: Notes on income statement

CCR RE is a French limited liability company whose main activity is to conduct reinsurance and retrocession operations of all types and in all lines of business.

This activity is governed by the French Insurance Act.

NOTE 1 YEAR’S HIGHLIGHTS AND SUBSEQUENT EVENTS

1.1- KEY EVENTS OF THE YEAR

The 2017 financial year was the first full year of operation of CCR RE following the partial contribution of assets completed on December 31, 2016 with retroactive effect on January 1, 2016. The year was marked by a very positive reception from the Company's cedants, the vast majority of which decided to continue their business relationship (over 90% of all cedants).

The major loss events that impacted the global reinsurance industry at the end of 2017, namely Hurricanes Harvey, Irma and Maria (HIM), the earthquakes in Mexico and the wildfires in the United States, had a very limited impact on the Company's financial statements given the underwriting policy that was scrupulously complied with. CCR RE's reinsurance portfolio was impacted solely by Hurricanes Maria and Irma for an amount of only € 6 m.

Furthermore, the adjustment of the regulatory discount applicable to Motor Liability claims arising in Great Britain, Gibraltar and Malta (-0,75% instead of 2,5%) amounted to a loss of only € 10 m for Motor line of business thanks to the prudent reserving practices of the Company.

1.2- SUBSEQUENT EVENTS

No significant event occurred between December 31, 2017 and April 5, 2018, when the financial statements were approved by the Board of Directors.

NOTE 2 SUMMARY OF THE ACCOUNTING PRINCIPLES AND THE VALUATION METHODS USED

The principles and valuation methods used are those specified by the French Insurance Act, French Accounting Standards Authority (*ANC*) regulation no. 2015-11 modified by ANC regulation no. 2016-12 dated December 12, 2016 and, in the absence of special provision, by the Code of Commerce and the General Chart of Accounts.

The income statement is divided up into the life and non-life underwriting operations and the non-underwriting operations.

The underwriting accounts include, in addition to the specific accounts with respect to both the Life Reinsurance and Non-Life Reinsurance activities, general expenses and the allocation of investment income from the reinsurance activities.

The valuation method for the underwriting result recognizes as premiums written, in the current underwriting year, an estimate of the ultimate expected written premiums on the basis of the assumed business. This information is also used to determine the unearned premium reserves and commissions payable. The difference between the estimated ultimate written premiums, net of commissions, and the premiums already included in the ceding companies' accounts, is shown as an accrual account on the assets side of the balance sheet.

Expected ultimate losses, net of claims communicated by the ceding companies, are shown as a provision for claims payable on the liabilities side of the balance sheet.

By eliminating the timing difference in recording underwriting transactions, this method enables all underwriting-related items to be recognized in the same accounting period as the cedant.

As regards operations relating to open market reinsurance activities, the aim of the retrocession program underwritten by CCR RE is to protect the Company against a higher than usual loss experience and therefore avoid exposure to sharp fluctuations in annual results. This program is also aimed at managing the cost of the protection offered by the retrocession market by taking into account the financial strength of the retrocessionaires.

In accordance with the criteria set out in recommendation 2009-12 of October 1, 2009 released by the French Accounting Standards Board (*Autorité des Normes Comptables*) on accounting forfinite reinsurance treaties and for financial reinsurance treaties, the work performed to look for and anlyse such treaties did not result in any contracts of this type being identified in the portfolio managed by the Company.

2.1- CHANGES IN ACCOUNTING METHOD

The 2017 financial statements were prepared in accordance with the same accounting principles as in the previous year.

2.2- INTANGIBLE ASSETS

The acquisition cost of software is reported as an asset and depreciated over a three-year period.

The cost of a software package for processing underwriting operations is reported as an asset and using the straight-line amortization method, is depreciated over five years from the time it was brought into operation.

2.3- INVESTMENTS

Investment assets are valued at their historical acquisition cost. The valuation at the end of the fiscal year depends, among other considerations, on the nature of the asset and the length of time it has been held.

a) Real estate assets

- Buildings, land and unquoted shares in real estate companies are valued at the acquisition or construction cost (except those which were subject to a legal reappraisal) net of purchase expenses and tax, and including the cost of improvements.
- The original values of construction materials are broken down into the following four component part:
  - a structure's basic shell, depreciated according to the residual value of the building at the date of purchase, taking into account the estimated life expectancy of the building at the time of construction, namely:
    - 120 years for residential buildings
    - 150 years for residential buildings completed prior to 1900
    - 80 years for office buildings
  - the core and shell depreciated over 30 to 35 years
  - technical installations depreciated over 25 years
  - fixtures and fittings depreciated over 15 to 25 years

  For these last three components, the date of purchase constitutes the point from which depreciation commences on the understanding that any repairs or replacements made since the building's original construction were made with materials of similar value at the end of each depreciation period.

  Any works undertaken to improve a component are subject to the depreciation factors for the buildings' component in question.
- Special provisions for substantial and/or major repairs have been set up for extraordinary maintenance works that go beyond the normal context of upkeep, such as cleaning or restoration expenses for exterior walls. These expenses are pro-rated over the projected payout dates within the framework of a multi-years program.
- Provisions for long-term depreciation are determined according to the following classification:
  - Buildings used for operations, intended to be kept by the Company, and for which the reference value used for valuation at the end of the fiscal year is the book value.

    In general, these buildings are not subject to depreciation.
  - Rental buildings, also intended to be kept by the Company, and for which the reference value is a function of the return value determined on the basis of future rental cash flows.

  Provisions for depreciation are established by comparing this reference value with the book value, taking into account the long-term asset retention strategy. Should the reference value represents less than 15% of book value, then a provision for depreciation is required.

  In cases where buildings are to be sold within a short time, the reference value is equal to the realization value.
  - The realization value shown on the investment statement is obtained from five-year appraisals or, between two appraisals, from an annual estimate made by an appraiser approved by the French regulator (*Autorité de Contrôle Prudentiel et de Résolutions*).
  - Shares in real estate companies are estimated by applying these same principles.

b) Variable-income securities

Stock is recorded on the balance sheet based on its acquisition price.

The following two categories are used:

- *investments in affiliates*, for which the fair value is the value in use, which is a function of the usefulness that the investment for the Company. This value is assessed on a multicriterial basis taking into account, for reinsurance companies, the revalued net assets inclusive the forecast of future profits over a 10-year period, as well as approaches using multiples, and, for real estate companies, the quota-share of net assets including unrealized gains. A provision for depreciation is established line by line when these amounts are below the acquisition value.
- *investment securities* at their probable market value. When the probable market value is significantly below the acquisition cost, a provision for long-term depreciation is established line by line, in accordance with the provisions of articles 123-6 to 123-19 of Regulation 2015-11 dated November 26, 2015 of the French Accounting Standards Authority (ANC).

  Permanent declines in value are assessed on a multicriterial basis taking into account, among other criterias, any significant unrealized losses in book value over the six-month period immediately preceding the year-end, as well as the intrinsic problems or those stemming from the current economic situation faced by the companies under review, thus rendering quite unlikely the chances of any mid-term recovery; for mutual funds a comparison is made of their respective performances against pre-established benchmarks.

  In the absence of any intention to hold securities for the long-term, more often than not, this method has resulted in a valuation based on the last quoted market price at the time of the year-end.

  In the financial statements for the year ended December 31, 2017, a provision for long-term depreciation was recognized applying a 20% threshold, in accordance with the aforementioned recommendation.

  The amount of provisions for the long-term impairment recorded at December 31, 2017 was € 0.026 m. Given amounts reversed in connection with asset disposals during the year and adjustments to amounts provisioned at Decembre 31, 2016 to reflect changes in prices in respect of items still in the portfolio, this provision came to € 0.024 million at December 31, 2017.

c) Fixed-income securities

Bonds are recorded at their purchase cost less accrued interest.

The difference between the acquisition cost and the redemption value is shown in the income statement over the residual life of the bonds according to an actuarial computation. With regard to inflation-indexed bonds issued or guaranteed by a Member State of the European Union or by a public entity operating under the authority of one of these States, the profit or loss resulting from changes in inflation indexes is recognized at the end of each reporting year.

A provision for long-term depreciation is made only if the issuer defaults. The fair value is the last price quoted or, in the absence thereof, the market value. No changes or amounts were recorded in the financial statements in this respect.

Article 121-9 of regulation 2015-11 dated November 26, 2015 of the FrenchAccounting Standards Authority relating to the accounting classification of bonds convertible into shares, requires these instruments to be accounted for in accordance with article R 343-9 of the French Insurance Act. However, when these instruments present a negative actuarial yield at the date of purchase, they may be accounted for in accordance with article R 343-10. This regulation does not apply to CCR RE since its portfolio does not include any such instruments.

d) Other assets

Impairment provisions are booked on loans and other receivables only where there is a risk of counter-party default.

e) Foreign exchange transactions

Open foreign exchange positions result from differences between asset and liabilities denominated in each foreign currency. Certain positions are hedged, either through forward exchange transactions, or through transactions in foreign exchange derivatives (non-deliverable forwards) in the case of non-convertible currencies.

At December 31, 2017, the main open positions were as follows (in millions for each local currency):

CURRENCY		Assets in original currency at 12/31/2017	Liabilities in original currency at 12/31/2017	Surplus or deficit at 12/31/2017	Hedging of original currency amounts
Canadian dollar	CAD	270.15	183.43	86.71	83.58
Taiwan dollar	TWD	104.37	433.12	-328.75	460.00
US dollar	USD	150.74	129.57	21.17	5.00
Malaysian ringgit	MYR	6.72	62.26	-55.55	81.35
Chinese renminbi	CNY	138.87	282.04	-143.17	152.50
South Korean won	KRW	2,756.14	10,690.36	-7,934.22	10,200.00
Indian rupee	INR	450.80	1,303.39	-852.60	719.00

Each leg of the foreign exchange transaction is recorded as an off balance sheet commitment under commitments given or commitments received.

2.4- OTHER OPERATING ASSETS

Entries in this category appear on the balance sheet under assets according to their historical cost.

Equipment, furniture and fixtures are depreciated by the straight-line or accelerated method, based on their expected useful life:

- Office furniture and equipment 3, 5 or 10 years
- Fittings and fixtures 10 years
- Transport equipment 5 years

2.5- ACCRUAL ACCOUNTS

a) Acquisition costs relating to reinsurance contracts include commissions due to the ceding companies, as per the contractual terms of the treaties, as well as the portion of general expenses allocated to acquisition costs on the basis of the allocation criteria described in note 2.9. They are expensed over the period of coverage, under the same conditions as the unearned premiums for the related contracts to which these costs pertain.

b) Valuation of reinsurance underwriting items

Estimates of premiums, commissions and brokerage fees are recorded in the appropriate income statement accounts, with the off-setting entry made in the appropriate accrual account.

2.6- MULTICURRENCY ACCOUNTING

All Company operations are recorded in the foreign currencies in which they are transacted and since 1/1/1999, pursuant to the provisions of the Insurance Act, are converted into euros on the basis of the exchange rate in effect as at the end of the fiscal year.

Fluctuations in the exchange rates for transactions in foreign currencies, including unrealized losses or gains at 12/31/2017, are reported in the income statement; the difference resulting from converting foreign currencies assets and liabilities as at 1/1/2017, on the basis of the exchange rates as at 12/31/2017, represents a gain of € 0.283 m.

2.7- NON TECHNICAL PROVISIONS

a) Reserves for pension benefits

These are set up to provide retirement benefits to salaried employees assigned to open market reinsurance operations at the end of their careers.

The method by which the benefits are paid is based on the number of years of employment with the Company (or the projected units of credit to be accumulated). It takes into consideration a gradual acquisition of rights over the years as the employee continues to work for the Company.

Various assumptions must be weighed carefully:

- -an undifferentiated revaluation rate for remuneration between managerial and non-managerial employees is established to take into account the latest total payroll forecasts,
- -a survival coefficient determined on the basis of INSEE mortality table TD-TV 12-14. The coefficient is equal to the following ratio: "number of living persons having reached retirement age" / "number of living persons with the same age as employee".
- -the expectancy of how many employees will still be with the Company at retirement age based on annual turnover rates for the Company, by employee age groups.
- -a discount rate of 1.30% based on the iBoxx Corporate Overall AA 10+ index for 2017 compared to a rate of 1.31% at 12/31/2016. Furthermore, these calculations take the employer’s expenses into account at a rate of 55%.

b) Provision for additional paid vacation for early retirees

The protocol relevant to CCR's "employee benefits" stipulates that the number of annual paid vacation days is increased for employees leaving for retirement.

The assumptions for calculating reserves for the pension benefits of employees assigned to open market reinsurance operations are used to calculate the provision for additional paid vacation for early retirees.

c) **Provision for long-service medals**

These are special bonuses granted to salaried employees assigned to open market reinsurance operations having earned one or more Medals of Merit for services rendered according to pre-established rules as required by law.

The same methodology applies as described for establishing pension benefits, except that a discount rate of 0.88% based on the iBoxx Corporate Overall AA 7-10+ index is used for 2017, compared to a rate of 0.86% at December 31, 2016.

2.8- TECHNICAL RESERVES AND UNDERWRITING RESULT

Accounts from the ceding companies are recorded immediately upon receipt.

On the balance sheet date, estimates relating to accounts yet to be received from cedants are recorded, enabling to take into account the foreseeable settlement amount of each contract until its expiry.

a) **Premium reserves**

The premiums recognized in the financial year correspond to the estimated amount of written premium at the time the contract is underwritten. Premium inflow is reviewed regularly, based on changes in premiums received under the treaty.

Unearned premiums reserves are calculated on the basis of the remaining period of a contract or of a group of contracts subsequent to the close of the financial year in question and until the expiry date of coverage.

Calculations are made in accordance with the nature of the contracts and based on a rate linked to the timing of receipt of written premiums and/or on the basis of a pro-rata rate linked to the due date of the contracts.

b) **Loss reserves**

Control and governance environment governing the calculation of technical reserves

The process for calculating technical reserves is the responsibility of the Finance Department.

The actuarial function (ERM Department) drafts its report on the quality and the adequacy of Solvency II and French Gaap reserves in conformity with the reserving policy. Technical reserves are also audited by an independent firm once every three years.

Committee meetings are held to address the issue of reserving specific risks such as long-tail liability risks. Participants include personnel from the corporate actuarial function, the underwriting actuarial function in charge of quotations, the underwriting functions and other business professionals such as members of the Claims Department, who provide their opinion on reserving methodology and adequacy. Furthermore, the consistency checks performed by the person responsible for reserving, aimed at ensuring the quality and the consistency of the data, are reviewed by the head of internal control.

Corporate reserving policy

The reserving policy that established the guiding principles for reserving used for the 2017 financial yearwas approved by the CCR RE Board of Directors at its meeting of April 12, 2017.

Reserving approach

The aim of the valuation is to determine the amount of ultimate premiums and claims in accordance with accounting regulations applicable to French companies.

The valuation is performed on the basis of the accounting data provided by the cedants and is made available in the form of triangles and statistics. This information is provided in the form of premium and claim development triangles created using the cedants' account data. All data used to produce the actuarial valuation are based on the statistical exchange rate for the underwriting year, i.e. in euros converted at the exchange rate of the December 31 preceding the start of the underwriting year.

The various methods for determining ultimate premiums and claims include:

- liquidation of premium and claim triangles using the Development Factor Model,
- the Bornhuetter Ferguson method,
- the underwriters' loss ratio,
- the quotation loss ratio,
- the average historical data loss ratio.

The method to be used is the most appropriate method in respect of the line of business under analysis.

Loss reserves are therefore calculated by taking into account the expected ultimate results and supplement the information communicated by the cedants. The equalization reserve is assessed in accordance with the conditions of article R 343-8 of the Insurance Act.

c) Reserve for liquidity risk

In order to meet the immediate payment of major claims requiring the sale of assets, a reserve for liquidity risk, classified under underwriting reserves, is booked when the overall net book value of the investments assets, excluding bonds and other fixed income securities (investments assessed in accordance with article R 343-9 of the French Insurance Act), is superior to the fair value. This value is assessed in conformity with the provisions of article R 343-5 of the Insurance Act.

At December 31, 2017, no such reserve for liquidity risk was included in the financial statements.

2.9- OTHER ELEMENTS

a) General expenses and expenses by category

For each function within the Company, a full cost is determined and then assigned, taking into account the primary activity of the function, to the appropriate category, i.e. claims management expenses, acquisition costs, investment management expenses, administrative expenses or other operating expenses.

For cost centers that, due to their nature, require multiple allocations, costs are distributed on the basis of the number of working hours for each department.

The theoretical rent for a building used for operations is broken down in proportion to the allocation of expenses by purpose for each department weighted by the number of square meters of office space used by the department.

b) <u>Tax credit for competitiveness and employment</u>

The tax credit for competitiveness and employment, which was instituted by the third Additional Budget Act for 2012, took effect from January 1, 2013. Its main characteristics are summarized below:

- A tax credit of 4% was made available on all wages not exceeding 2.5 times the minimum wage paid in any given calendar year, with effect from January 1, 2013. The rate of the tax credit was increased to 6% from January 1, 2014 and to 7% from January 1, 2017.
- The tax credit is offset against corporate tax, failing which the tax credit will be refunded after three years.

There was no Additional Budget Act tax credit recorded against corporate tax for the 2016 financial year. For 2017, the tax credit for competitiveness and employment amounted to € 20,233 and was deducted from the Company’s corporate tax liability.

NOTE 3 NOTES ON BALANCE SHEET ITEMS

3.1- CHANGES AFFECTING CERTAIN ASSET ITEMS

GROSS BALANCES (In EUR thousand)	**12/31/2016**	**CHANGES**		**12/31/2017**
		ACQUISITIONS	**DISPOSALS**	
Software	95		5	90
Intangible Assets	**95**		**5**	**90**
Buildings	150,093	2,640	19,383	133,351
Building - own used	6,309			6,309
Building in process	2,017	270	2,017	270
Shares in real estate companies (unquoted)	38,059			38,059
Total Real estate investments	**196,478**	**2,910**	**21,400**	**177,989**
Investments in related and associated companies	**6,200**			**6,200**
Cash deposited with other ceding compagnies	**129,088**	**355,213**	**296,567**	**187,734**

NET BALANCES (In EUR thousand)	**12/31/2017 GROSS**	**AMORTIZATION**	**DEPRECIATION & IMPAIRMENT**	**12/31/2017 NET**	**12/31/2016 NET**
Software	90	83		6	7
Intangible Assets	**90**	**83**		**6**	**7**
Buildings	133,351	29,054		104,297	119,995
Building - own used	6,309	1,204		5,105	5,405
Building in process	270			270	2,017
Shares in real estate companies (unquoted)	38,059			38,059	38,059
Total Real estate investments	**177,989**	**30,258**		**147,731**	**165,476**
Investments in related and associated companies	**6,200**			**6,200**	**6,200**
Cash deposited with other ceding compagnies	**187,734**			**187,734**	**129,088**

3.2- INFORMATION RELATIVE TO INVESTMENTS

(In EUR thousand)	12/31/2017 GROSS BALANCES	12/31/2017 AMORTIZATION DEPRECIATION & IMPAIRMENT	12/31/2017 NET BALANCES	12/31/2016 NET BALANCES
Shares and other variable-income securities	944,660	24	944,636	774,002
Bonds and other fixed-income securities	239,147		239,147	249,909
Mortgage loans	167		167	277
Cash deposits and security deposits	77,926		77,926	110,593
Other Investments	163,646		163,646	170,414
TOTAL	**1,425,546**	**24**	**1,425,522**	**1,305,194**

3.3- SUMMARY OF INVESTMENTS (in EUR thousand)

	Gross value	Net value (1)	Realization value	Unrealized capital gains and losses
1) Real estate investments and real estate investments in progress	177,989	147,731	334,063	186,332
2) Equities, shares, and other variable-income securities other than mutual fund shares	33,289	33,289	42,225	8,936
3) Shares in mutual funds other than those included in 4	844,633	844,609	1,003,073	158,463
4) Shares in mutual funds holding only fixed-income securities	72,937	72,937	73,126	189
5) Bonds and other fixed income securities	239,147	237,590	241,931	4,342
6) Loans guaranteed by mortgages	-	-	-	-
7) Other loans and similar instruments	167	167	167	-
8) Deposits to cedants	187,734	187,734	187,734	-
9) Cash deposits other than those included in 8 and guarantees	241,572	241,572	241,572	-
10) Assets representing unit-linked policies	-	-	-	-
Sub-total	**1,797,469**	**1,765,630**	**2,123,893**	**358,262**
11) Other forward financial instruments	-	-	-	-
* Investment or disinvestment strategy	-	-	-	-
* Anticipation of investment	-	-	-	-
* Other operations	-	-	-	-
* Depreciation of premium / discount	-	-	-	-
12) Total of lines 1 to 11	**1,797,469**	**1,765,630**	**2,123,893**	**358,262**
a) of which:				
- Investments valued in accordance with article R 343-9	*239,147*	*237,590*	*241,931*	*4,342*
- Investments valued in accordance with article R 343-10	*1,370,588*	*1,340,306*	*1,694,227*	*353,921*
- Investments valued in accordance with article R 343-13	-	-	-	-
- Forward financial instruments	-	-	-	-
b) of which:				
- OECD investments and FFIs	*1,757,594*	*1,725,779*	*2,081,334*	*355,555*
- Non-OECD investments and FFIs	*39,875*	*39,851*	*42,559*	*2,707*

(1) Including difference compared with redemption price of securities valued in accordance with article R 343-9 still to be amortized, amounting to € 1.6 m

3.4- SHORT-TERM RECEIVABLES AND LIABILITIES

The line item "Due from reinsurance operations" includes an amount due of € 0.4 m under the less than one year heading from CCR.

2017 (In EUR thousand)	ACCOUNTS RECEIVABLES						
	Gross balances	Depreciation & Impairment	Net balances	Less than 1 year	1 to 5 years	More than 5 years	TOTAL
Accounts receivables from reinsurance transactions	37,370	2,629	34,741	34,741			34,741
State, social organizations and local authorities	7,895		7,895	7,895			7,895
Other Accounts receivables	5,325	66	5,259	5,259			5,259
TOTAL	**50,590**	**2,695**	**47,895**	**47,895**			**47,895**

2017 (In EUR thousand)	OTHER LIABILITIES				
	Net balances	Less than 1 year	1 to 5 years	More than 5 years	TOTAL
Reinsurance payables	195	195			195
Other loans, deposits and guarantee received	963	963			963
Employee and other related liabilities	1,487	1,487			1,487
State, social organizations and local authorities	1,204	1,204			1,204
Other liabilities	9,322	9,322			9,322
TOTAL	**13,171**	**13,171**			**13,171**

The line item "Miscellaneous creditors" includes the balance of the re-invoicing of shared expenses incurred by CCR in the amount of € 4.4 m as well as the interest on the subordinated loan due to CCR in the amount of € 3.8 m.

3.5- AFFILIATES AND PARTICIPATING INTERESTS

(in EUR thousand)

COMPANY (In EUR thousand)	SHARE CAPITAL	OTHER SHAREHOLDER EQUITY	SHARE OF CAPITAL	BOOK VALUE OF SECURITIES HELD		ANNUAL REVENUE 2017	ANNUAL PROFIT	DIVIDENDS RECEIVED
				GROSS	NET			
1) Affiliates								
. CAISRELUX 534, rue de Neudorf L-2220 Luxembourg	6200	0	99,99%	6200	6200	2446	0	0
2) Subsidiaries								
. SAS ROCHEFORT 25 157, Boulevard Haussmann 75008 PARIS	14,940	787	100.00%	14,932	14,932	2,019	859	933
. SAS POMPE 179 157, Boulevard Haussmann 75008 PARIS	15,270	212	100.00%	15,268	15,268	1,500	327	280
. SAS CIVRY 22 157, Boulevard Haussmann 75008 PARIS	7,860	159	100.00%	7,859	7,859	1,000	209	209

3.6- TANGIBLE ASSETS USED IN OPERATIONS

GROSS BALANCES (In EUR thousand)	12/31/2016	CHANGES		12/31/2017
		ACQUISITIONS	DISPOSALS	
Deposits and Guarantees received	50	9	19	40
IT equipment & other	199	10	17	192
Transportation equipment	70		9	61
Office furniture	159		10	150
Fixtures and Fittings	59		3	56
Fix equipment in process				
TOTAL	**537**	**19**	**58**	**499**

AMORTIZATION (In EUR thousand)	12/31/2016	CHARGE	REVERSAL	12/31/2017
		+	-	
IT equipment & other	193	36	18	212
Transportation equipment	15	12	2	25
Office furniture	129		8	121
Fixtures and Fittings	16		1	15
TOTAL	**353**	**49**	**28**	**373**

3.7- ACCRUAL ACCOUNTS

(In EUR thousand)	2017		2016	
	Assets	Liabilities	Assets	Liabilities
Reinsurance estimates - assumed	172,887	375	179,695	249
Deferred acquisition costs	30,641		32,782	
Accrued Interests	3,216		3,104	
Bond redemption premiums	372	1,929	548	2,465
Reinsurance estimates - ceded	3	1,640	116	2,137
Prepayments	26		36	
Other	55	2	297	2
TOTAL	**207,200**	**3,946**	**216,577**	**4,853**

3.8- ASSETS AND LIABILITIES BY CURRENCY

The overall amount of exchange values in euros and the breakdown of the major foreign currencies, on the credit and debit sides of the ledger, are shown hereunder:

CURRENCY (In EUR thousand)	**ASSET**	**LIABILITY**	**EXCESS 2017**	**EXCESS 2016**
Euro	1,494,505	1,458,098	36,407	6,846
US dollar	125,692	108,041	17,651	18,448
Canadian Dollar	179,631	121,973	57,658	48,288
Great Britain Pound	180,535	198,993	(18,458)	7,744
Japanese Yen	24,365	22,562	1,803	1,904
Couronne Suédoise	9,735	9,163	572	(2,131)
Swiss Franc	6,409	6,532	(123)	(446)
Taiwanese Dollar	2,931	12,163	(9,232)	(14,806)
Australian Dollar	1,035	4,531	(3,496)	508
Hong Kong Dollar	13,762	11,342	2,420	10
Norwegian Krone	5,096	2,442	2,654	2,278
Danish Krone	5,267	4,299	968	107
	0	0		
Other currencies	170,535	242,459	(71,924)	(62,736)
TOTAL	**2,219,498**	**2,202,598**	**16,900**	**6,014**

3.9- CURRENCY TRANSACTIONS

Hedging transactions were entered into for the purpose of mitigating or neutralizing currency risks. The instruments used were forward sales or purchases for convertible currencies and non-deliverable forwards (NDF) for non-convertible currencies.

The transactions are renewed at each maturity, and entered into over the counter.

3.10- SHAREHOLDER'S EQUITY

2017 (In EUR thousand)	2016 Shareholders' equity before allocation	CHANGES		2017 Shareholders' equity before allocation
		Income allocation	Other movements	
Share Capital (1)	90,082			90,082
Additional paid-in capital	270,847			270,847
Revaluation reserve				
Ohers reserves		6,014		6,014
Retained earnings				
Net Income from preceeding year	6,014	(6,014)		
Net Income from the year			16,900	16,900
TOTAL	**366,943**		**16,900**	**383,844**

(1) The share capital consists of 900,821 shares with a value of € 100.

3.11- SUBORDINATED LIABILITIES

CCR RE was granted a subordinated loan of € 75 m by CCR. Its characteristics are as follows:

− Issuance date :	December 30, 2016
− Total (in euros) :	75,000,000 €
− Annual interest rate :	5%
− Date of maturity :	December 30, 2046

3.12- BREAKDOWN OF PROVISIONS OTHER THAN TECHNICAL RESERVES

(In EUR thousand)	2016	CHANGES			2017
		CHARGE	REVERSAL		
			for the year	o/w used	
Accelerated amortization					
Special revaluation provision	156		3		153
Provision for taxes					
Provision for additional days off	2,742		310		2,432
Provision for retirement costs	1,371		83		1,288
Provision for long-service medals	795		18		777
Provision for retirement paid leave	767		117		650
Provision for non recurring charges	50	230	50		230
Provision for currency fluctuation	1,563		1,475		88
Provision for major repairs	1,116	1,020	1,116		1,020
TOTAL	**8,560**	**1,250**	**3,173**		**6,637**

3.13- OFF-BALANCE SHEET COMMITMENTS

(In EUR thousand)	2017	2016
COMMITMENT RECEIVED	**203,121**	**150,879**
Forward currency transactions	172,378	123,088
Sureties, endorsements and guarantees received	26,940	27,625
Bank Guarantee received (Lease management)	3,803	166
COMMITMENTS GIVEN	**232,003**	**157,022**
Sureties, endorsements and guarantees given	13,507	12,030
Investment securities and assets acquired with commitment for resale		
Other commitments on investment securities,assets or revenues		
Other commitments given		
- Commitment to invest in venture capital	16,408	17,509
- Commitment to invest in debt funds	30,736	4,064
- Commitment to invest in real estate investment schemes		
- Forward currency transactions	171,352	123,419
- Other contractual commitments		
COLLATERAL RECEIVED FROM REINSURERS	**464**	**417**

NOTE 4 NOTES ON INCOME STATEMENT

4.1- GROSS PREMIUMS

(In EUR thousand)	2017	2016
Assumed premiums Non life	125,974	124,705
Assumed premiums Life	269,858	318,413
TOTAL	**395,831**	**443,118**

4.2- PORTFOLIO TRANSFER

2017	NON LIFE		LIFE	
(In EUR thousand)	GROSS	NET	GROSS	NET
Portfolio Acceptance				
Premium	2,602	2,602	(2,187)	(2,187)
Benefits and costs paid	187,096	186,904	66,128	66,128
Portfolio Return				
Premium	4,615	4,615	(2,134)	(2,134)
Benefits and costs paid	194,175	193,983	8,568	8,568

4.3- COMMISSION

Commission relating to reinsurance operations

(In EUR thousand)	2017	2016
Gross commissions and brokerage fees	70,730	84,936
Life	12,952	12,605
Non life	57,778	72,331

4.4- INVESTMENT INCOME AND EXPENSES

2017 (In EUR thousand)	**FINANCIAL INCOME & EXPENSES - AFFILIATES**	**OTHER FINANCIAL INCOME & EXPENSES**	**TOTAL**
Real estate investments income	1,213	8,655	9,868
Other investments income		18,095	18,095
Other income		5,556	5,556
TOTAL	**1,213**	**32,306**	**33,519**
Financial expenses	3,760	7,808	11,569
Internal administrative expenses		3,764	3,764
TOTAL	**3,760**	**11,572**	**15,333**

4.5- EXPENSES BY CATEGORY

The 2017 expenses restated below include the re-invoiced shared expenses incurred by CCR.

A- BREAKDOWN OF CHARGES

GENERAL EXPENSES BY TYPE (In EUR thousand)	2017
External expenses	4,941
Other external expenses	2,738
Taxes and assimilate	3,362
Personnel expenses	18,743
Other reccurring expenses	56
Sous-total	**29,840**
Amortizations	1,414
Theoretical rent	1,853
TOTAL	**33,107**

GENERAL EXPENSES BY CATEGORY (In EUR thousand)	2017	2016
Claims management expenses	3,640	5,319
Other acquisition expenses	12,419	17,652
Other administrative expenses	9,279	8,796
Other underwriting expenses	4,005	2,935
Invest management expenses	3,764	1,557
TOTAL	**33,107**	**36,260**

B- BREAKDOWN OF SALARIES AND BENEFITS (including real estate management)

(In EUR thousand)	2017	2016
Salaries	12,610	0
Fringe benefits and contingency fund	5,684	0
Other charges	600	0
TOTAL	**18,895**	**0**
Head Office :	59	0
Management	*55*	*0*
Non Management	*4*	*0*
Canada Branch	9	0
Lebanon Branch	3	0
TOTAL Current Workforce	**71**	**0**

The transfer to CCR RE of CCR personnel assigned to the open market reinsurance segment took effect on January 1, 2017 upon completion of the partial contribution of assets performed over the course of 2016 (date of realization: December 31, 2016).

C- COMPENSATION OF BOARD OF DIRECTORS AND EXECUTIVE COMMITTEE

(In EUR thousand)	2017	2016
Directors' fees for board meetings*	45	0
Officers' remuneration	85	0

** excludes expenses reimbursed on the basis of supporting documents*

4.6- OTHER OPERATING INCOME AND EXPENSES

Other operating income is essentially comprised of income from participating interests in professional joint ventures and reversals of provisions for third-party impairment.

Other underwriting expenses include the costs of such participation, and the expenses of internal cost centers not directly related to underwriting activity.

4.7- BREAKDOWN OF NON RECURRING INCOME (LOSS)

2017 (In EUR thousand)	**NON-RECCURING LOSSES**	**NON-RECCURING GAINS**
Reversal - Special revaluation provision		3
Non-recurring income		
Bad debt	5	
Other non-recurring expenses (employee litigation)	230	50
TOTAL	**235**	**53**

4.8- EMPLOYEE PROFIT SHARING

The income statement does not include an expense in respect of employee profit sharing.

4.9- INCOME TAX

In accordance with the tax liability method, no deferred tax was recognized in the Company's financial statements.

As CCR RE is not concerned by the exceptional contribution in respect of corporate tax, or by the additional contribution to the exceptional contribution introduced by the 2017 amending Finance Law, corporate tax was calculated at 34.43% unless stated otherwise.

NOTE 5 OTHER INFORMATIONS

5.1- CONSOLIDATED FINANCIAL STATEMENTS

The annual financial statements of CCR RE are fully integrated into the financial statements of CCR whose headquarters are located at 157, boulevard Haussmann 75008 Paris.

5.2- FEES PAID TO STATUTORY AUDITORS

- The fees invoiced by the firm of PWC, recorded as a charge for the year, in respect of their statutory audit of the financial statements amounted to € 74,639.

CCR RE

Statutory Auditor’s report on the financial statements

Year ended December 31, 2017

PWC

Statutory Auditor's report
on the financial statements

Year ended December 31, 2017

To the Shareholders,
CCR RE
157, boulevard Haussmann
75008 Paris

Opinion

In accordance with the terms of your corporate by-laws, we have examined the financial statements of the Company CCR RE for the year ended December 31, 2017 as attached to this report.

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, 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.

The opinion expressed above is consistent with the content of our report to the Audit, Accounts and Risk Management Committee.

Basis for opinion

Audit standards

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

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

Independence

We conducted our audit in accordance with the independence rules applicable to us, for the period from January 1, 2017 to the issue date of our report. In particular, we have not provided any services prohibited under article 5, paragraph 1, of EU regulation no. 537/2014 or by the Statutory Auditors' professional code of ethics.

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Justification of our assessments – Key audit issues

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) regarding the justification of our assessments, we bring to your attention the key audit issues related to the risk of material misstatements which, in our professional judgment, were the most significant for the audit of the financial statements for the year and our responses to those risks.

These assessments were performed as part of the audit of the financial statements taken as a whole and led to our opinion as expressed above. We express no opinion on the individual elements contained in these financial statements.

Key audit issue no.1 - Measurement of payable claims reserves

Identified risk and principal judgments

Companies conducting inward reinsurance operations must in accordance with the French Insurance Code (*Codes des assurances*) and French accounting principles, measure payable claims reserves required for the settlement, in principle and interest, of the said claims as well as the cost of their handling and of all losses incurred but not paid whether reported or not at the date of closure.

Payable claims reserves included in the Company balance sheet at December 31, 2017 amount to 127 million euros in respect of life reinsurance operations and 1,281 million euros in respect of non-life reinsurance operations. They comprise one of the most significant items in the balance sheet of liabilities and their measurement, which requires a certain number of assumptions, is a key audit issue.

The uncertainties associated with the measurement of underwriting reserves are critical for reinsurers. This is essentially due to the significant time interval between the occurrence of the loss and the request for its payment by the reinsurer, the dependence of the reinsurer on the cedents to receive claim information in a timely manner and the cedents' diverging reserving practices.

Different methods may be used to measure these reserves. The main procedures for these methods are included in note 2.8 of the notes to the financial statements: statements from the ceding companies are recorded immediately upon receipt and claims reserves are supplemented in order to estimate the ultimate claims charge for all claims either reported or not.

The ultimate claims charge is determined using a multicriterial approach, based on:

- underwriters' forecasts;
- actuarial pricing data for each contract;
- mathematical projections developed using historical data.

A significant amount of judgment was applied in assessing long-tail Non-Life covers (Motor vehicle liability, General liability, Construction). The estimation of claims reserves for these lines of business presents numerous risks and required strict attention regarding the application of audit procedures.

In light of these factors, we considered that the measurement of payable claims reserves comprised a key audit issue.

Procedures implemented

To assess the reasonableness of claims reserve estimates and their compliance with accounting principles, our audit included the following tasks conducted jointly with our actuarial experts:

- assess the relevance of the statistical methods and the appropriateness of the actuarial assumptions used by the Company;
- acknowledge the existence and test the efficiency of key controls for claims handling and determine the amount of claims reserves so as to assess the exhaustiveness and reliance of the data and models applied;
- assess the reliability of the statements presented by the Company in terms of the reliance of the data produced and used in claims reserves estimates, and test the source data;
- determine whether significant claims capable of affecting the forecast amount of total claims for the year had been taken into account;
- conduct an independent estimate of claims reserves for the main lines of business;
- analyze the settlement of reserves recorded at the close of the previous year as compared to actual expenditure so as to assess the veracity of estimates made previously by the Company;
- include, in our audit team, members with specific knowledge of information systems so as to conduct the audit in a manner conducive to the internal control environment of the systems used by the Company and test the effective operation of certain automated processes.

Key audit issue no. 2 - Estimation of earned premiums not received from the cedents

Identified risk and principal judgments

Gross earned premiums stated at December 31, 2017 (€ 392 m) are comprised of;

- premiums included in the statements received from the ceding companies;
- an estimate of premiums not received.

The Company records statements from the ceding companies immediately upon receipt. At year end, an estimate is made for those statements not yet received so as to present an accounting situation that reflects the reality of the Company's reinsurance commitments as close as possible.

The estimates are performed essentially on the earned premiums not received from the cedents, determined in accordance with the procedures included in note 2.8 of the notes to the financial statements. This estimate is determined using the foreseeable premium income amount at the date of effect of the treaty which is revised regularly on the basis of the actual premium amounts received from the cedents.

Due to the specific nature of reinsurance operations, a significant portion of the amount of written premiums for the year is calculated by estimation. The Company reviews premium estimates and assumptions periodically, based on past experience and other factors. Nonetheless, actual premium amounts may differ significantly from the estimated amounts calculated by the Company.

In light of these factors, we considered that the measurement of reinsurance premiums comprised a key audit issue.

Procedures implemented

To assess the reasonableness of ultimate claim estimates, our audit included the following tasks conducted jointly with our actuarial experts:

- assess the relevance of the statistical methods and the appropriateness of the actuarial assumptions used by the Company;
- acknowledge the existence and test the efficiency of key controls for premium underwriting and the processing of statements received from the ceding companies;
- assess the reliability of the statements presented by the Company in terms of the reliance of the data produced and used when estimating premiums not received from the cedents, and test the source data;
- conduct substantive tests on the premiums recorded using the statements received from the ceding companies;
- implement an independent estimate of ultimate premiums for the main lines of business;
- analyze the liquidation of premiums not yet received but recorded at the close of the previous year as compared to premiums received so as to assess the veracity of estimates made previously by the Company;
- include, in our audit team, members with specific knowledge of information systems so as to conduct the audit in a manner conducive to the internal control environment of the systems used by the Company and test the effective operation of certain automated processes.

Verification of the management report of the Board of Directors and of other documents addressed to the shareholders

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Information given in the management report of the Board of Directors and in the documents addressed to the shareholders with respect to the financial position and the financial statements

We have no matters to report regarding the fair presentation and the conformity with the financial statements of the information given in the management report of the Board of Directors, and in the other documents addressed to the shareholders with respect to the financial position and the financial statements.

Disclosures pertaining to corporate governance

We confirm that the disclosures required under articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code have been included in the management report of the Board of Directors.

Disclosures resulting from other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of the Company CCR RE in accordance with the terms of its corporate by-laws of December 23, 2015.

At December 31, 2017, PricewaterhouseCoopers was in its 2nd consecutive year as Statutory Auditors, i.e. two years since the entity entered the scope of a public interest entity as defined by European legislation.

Responsibilities of management and individuals charged with corporate governance in respect of the financial statements

It is management's responsibility to prepare the financial statements giving a true and fair view in accordance with French accounting principles and to implement the internal control procedures it deems necessary to ensure that the financial statements it has prepared 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, for including information related to the going concern in these financial statements, where applicable, and applying going concern accounting policy, unless the Company is expected to be wound up or cease operating.

The Audit, Accounts and Risk Management Committee is responsible for monitoring the financial reporting process and the effectiveness of the internal control and risk management systems and, where applicable, the internal audit system, as these apply to the procedures for preparing and processing the accounting and financial information.

The financial statements have been approved by the Board of Directors.

Responsibilities of the Statutory Auditors regarding the audit of the financial statements

Audit objective and approach

It is our responsibility to prepare a report on the financial statements. Our objective is to obtain reasonable assurance that the financial statements taken 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 generally accepted accounting practices will consistently identify any material misstatements. Misstatements may result from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions that users of the financial statements make based thereon.

As specified in article L. 823-10-1 of the French Commercial Code, our role in certifying the financial statements does not consist in guaranteeing the viability or quality of your Company's management.

As part of an audit conducted in accordance with auditing 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 financial statements, whether due to fraud or error, define and implement audit procedures to deal with those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for their opinion. The risk of not identifying 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 circumvention of internal control;
- obtain an understanding of internal control relevant to the audit in order to define audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of internal control;
- assess the appropriateness of accounting methods used and the reasonableness of accounting estimates made by management, as well as related disclosures provided in the financial statements;
- assess the appropriateness of management's use of the going concern accounting policy and, depending on the audit evidence obtained, whether a material uncertainty exists related to events or circumstances that could jeopardize the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of their report. However, future events or conditions may cause the Company to cease to continue as a going concern. If they conclude that a material uncertainty exists, they will draw attention in their report to the related disclosures in the financial statements or, if such disclosures are inadequate, they will either issue a qualified opinion or refuse to certify the statements;
- evaluate the overall presentation of the financial statements and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit, Accounts and Risk Committee

We provide a report to the Audit, Accounts and Risk Committee which includes information about the scope and timing of our audit and our audit findings. If applicable, we also bring to its attention material weaknesses in internal control that we identified as pertaining to the procedures for preparing and processing accounting and financial information.

The information contained in our report to the Audit, Accounts and Risk Committee includes the risks of material misstatement that we consider to have been the most important to the audit of the financial statements and which therefore constitute the audit's key issues. We are required to describe these in this report.

We also provide the Audit, Accounts and Risk Committee with the statement required under article 6 of EU regulation no. 537-2014 confirming our independence, within the meaning of the rules applicable in France as set forth in particular in articles L. 822-10 to L. 822-14 of the French Commercial Code and in the Statutory Auditors' professional code of ethics. Where applicable, we discuss with the Audit, Accounts and Risk Committee any risks to our independence and the safeguards applied.

Neuilly-sur-Seine, April 27, 2017

The Statutory Auditor
PricewaterhouseCoopers Audit

[signature]

Christine Billy