2020 FINANCIAL REPORT

CCR RE

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1 RESULTS AND FINANCIAL POSITION

1.1 Financial environment

Market environment in 2020

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 collapse

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 results 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

2019 was considered "a transition year and the prelude to the upheavals to come". When the upheavals materialized in 2020, they were greater than expected, resulting in a process of reassessment that has reshaped the medium-term outlook.

The previous year's global overcapacity in the reinsurance market continued in 2020, a situation made clear by all the different benchmark indices. Despite this, the market became noticeably tougher although not to the extent originally expected.

The Covid-19 pandemic is, by definition, a global phenomenon. Risk carriers also observed that the phenomenon affected nearly all insurance classes, 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 and 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 realized 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 named exclusions, sub-limits, capacity reductions and, in some cases, not only differential pricing but also differentiated contractual clauses.

It was also an opportunity for many reinsurers to take a fresh look at their outward reinsurance protection, due to the difficulty of passing on the increased cost of this protection in the rates charged to their own clients.

It is estimated that premium rates for retroceded reinsurance rose by 13% overall, whereas the rates charged to ceding insurers were increased by around 6%. These figures are provided for information only and should not be viewed as indicative of an underlying trend. Nevertheless, the pricing gap represents a real challenge for reinsurers – on top of their other challenges – obliging them to scale back either their own reinsurance cover or their obligations to ceding insurers, to avoid adding to their costs.

In fact, the situation in 2020 would have been even worse had it not been for the relatively favorable natural disaster losses – although there was no shortage of natural disasters, the related claims were fairly small. 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.

In this gloomy environment, shaped by the above developments and also by a combination of social inflation and lower investment returns, the rate hikes applicable from January 1, particularly – but not only – for Cat Property reinsurance, were undoubtedly just the first of a series of increases that are likely to be necessary.

Concerning market trends, while 2019 was a transition year and 2020 a year of challenges and reassessment, in 2021, the insurance and reinsurance industries will need to go further and faster in the process of change undertaken to address the risks facing society and the need for protection. Coverage will have to be limited to their claims-paying ability and appropriately priced, with public-private partnerships representing a possible solution. In any event, the process should be as clear as possible and deliver the biggest benefits in terms of both image and opportunities.

1.3 Significant events of the year

Ratings

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

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 resounding 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 strategic plan. In addition, its enhanced capital ratios will enable it to partner clients even more closely.

157 Re

The 157 Re sidecar was set up in 2019 with the first fund launched in April of the same year. 157 Re is the first insurance-linked securities (ILS) vehicle (*Fonds Commun de Titrisation (FCT) Supportant des Risques d'Assurance*) governed by French law. Although authorized since 2008, no sidecars had been created previously in France. 157 Re was approved by France's banking and insurance supervisor (*Autorité de Contrôle Prudentiel et de Résolution*).

157 Re gives investors the opportunity to participate in the new business written by CCR Re by acquiring a quota share of its natural disaster risks. The risks are retroceded to the 157 Re compartment pursuant to a reinsurance treaty entered into between CCR Re and 157 Re.

157 Re was rolled over in January 2020, with the launch of a second compartment (157 Re 20) to attract a further inflow of capital. The sidecar represents an agile way of using capital provided by outside investors to fund CCR Re's development.

As required by French regulations, 157 Re 20 has been approved by France's banking and insurance supervisor (*Autorité de Contrôle Prudentiel et de Résolution*).

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, and in a repeat of the experience during the December 2019 strikes in France, all of the CCR Group's teams successfully transitioned to home-working as soon as the lockdown was announced.

Working completely 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 Group's robustness and the quality of its organizational risk management. No major incidents were detected.

During the year, CCR Re set up a Covid-19 management committee chaired by the Chief Executive Officer. The committee is responsible for tracking Covid 19-related losses, and defining a more appropriate reserving methodology based on improved knowledge of these losses and the related insurance environment. In all, Covid 19-related reinsurance losses amounted to €49 million in 2020.

The Investment department's management of the asset portfolios and the overlay fund protecting the equities portfolio helped to shield CCR Re's balance sheet and earnings from the effects of the pandemic. The decline in unrealized losses was limited and the profit-taking program was executed in full, with the proceeds reinvested in fixed income instruments offering higher yields.

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 major event were fortunately limited, thanks to the resilience of the Lebanese people, the rapid resumption of activities and the resistance of 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 Re's financial statements occurred between December 31, 2020 and March 25, 2021 when the financial statements were approved for publication by the Board of Directors.

1.5 Financial review

Written premiums

Gross written premiums for the year amounted to €649 million, up 16% as reported and 21% at constant exchange rates[1].

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, and represented 64% of total premiums. 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 (15% at constant exchange rates), and represented 36% of total premiums. The €33 million growth at constant exchange rates versus 2019 was mainly attributable to new reinsurance business written in the Middle East.

The following classes of business account for over 80% of written premiums:
- Life, Death/Disability & Health;
- Property & Casualty;
- Auto and Civil Liability.

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

Ceded premiums

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).

Non-Life combined ratio and Life reinsurance underwriting margin

Non-Life reinsurance business

The Non-Life combined ratio was 103.2% in 2020 versus 98.1% the previous year, breaking down as:
- a loss ratio[2] of 73.7% (2019: 66.6%);
- an expense ratio[3] of 29.4% (2019: 31.5%).

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.

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).

1 Changes at constant exchange rates correspond to the difference between actual 2020 premiums converted at the December 31, 2019 exchange rate and 2019 premiums converted at the December 31, 2019 exchange rate.
2 The loss ratio corresponds to incurred present and past losses (paid or covered by outstanding claims reserves, net of reinsurance) plus claims management expenses and the change in the equalization reserve divided by earned premiums net of reinsurance.
3 The expense ratio corresponds to commissions and internal management expenses, excluding claims management expenses, divided by earned premiums net of reinsurance.

Life reinsurance business

The Life reinsurance business's technical margin[4] 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.

Management expenses

Management expenses (not including investment management expenses which are reported under investment expenses) amounted to €34 million, representing an expense ratio[5] of 4.9% in 2020, versus 5.5% in 2019 and 6.3% in 2018.

Net investment income

Net investment income amounted to €47 million, consisting for the most part of investment revenue for €21.8 million and net realized gains from investments for €25.3 million.

The yield on the investment portfolio[6] was 2.6% versus 2.7% 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, CCR Re 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 the fall. Equity exposures were also able to be managed both tactically and dynamically. The fall in stock prices bottomed out in March and CCR Re 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.

CCR Re 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.

CCR Re also remained very active in the **real estate** market despite the unprecedented complexity caused by the Covid-19 crisis. Occupancy rates remained high in our residential 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**, the CCR Group gives 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.

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

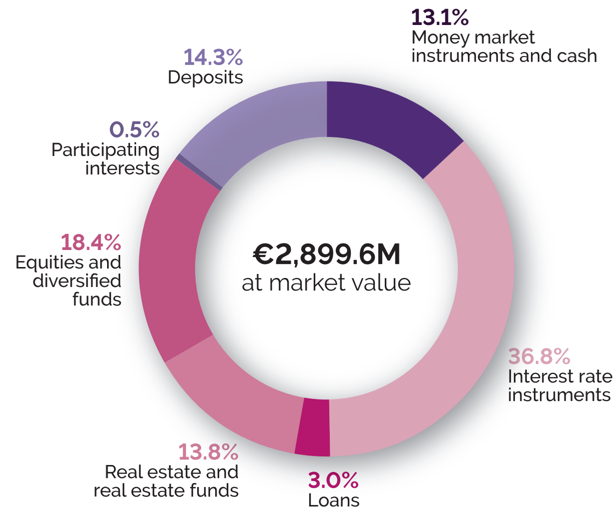
5 Management expenses net of CVAE and C3S taxes as a percentage of written premiums before reinsurance.

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

Investment portfolio breakdown

Reinsurance investments[7] had a net book value of €2,491.2 million at December 31, 2020 (versus €2,111.7 million at the previous year-end), including €254 million in assets deposited with ceding insurers.

Net unrealized gains totaled €408.3 million at December 31, 2020 compared with €374.9 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 €2,899.6 million at December 31, 2020, an increase of 16.6% compared with end-2019.



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

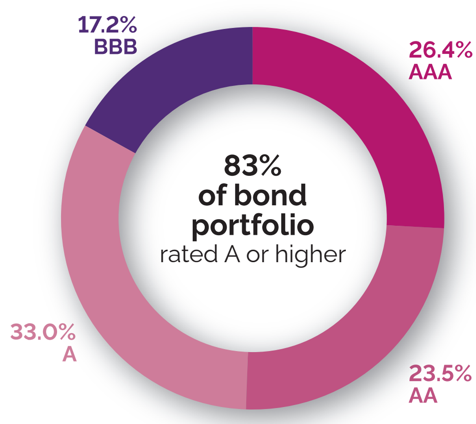
	December 31, 2020			December 31, 2019			Change			
(in millions of euros)	NBV	MV	% (at MV)	NBV	MV	% (at MV)	NBV	%	MV	%
Money market instruments and cash	380.3	380.3	13.1%	331.2	330.9	13.3%	+49.1	+14.8%	+49.4	+14.9%
Interest rate instruments	1,007.9	1,067.8	36.8%	761.2	805.3	32.4%	+246.7	+32.4%	+262.5	+32.6%
Loans	85.7	86.1	3.0%	76.9	78.1	3.1%	+8.8	+11.4%	+8.0	10.2%
Real estate investments (including OPCIs)	142.8	400.3	13.8%	143.0	373.2	15.0%	-0.2	-0.2%	+27.1	+7.3%
Equities and diversified funds	452.2	534.9	18.4%	389.6	480.6	19.3%	+62.6	+16.1%	+54.4	+11.3%
Participating interests	6.2	14.1	0.5%	6.2	15.0	0.6%	0.0	0.0%	-0.9	-6%
Deposits	416.1	416.1	14.3%	403.5	403.5	16.2%	+12.5	+3.1%	+12.5	+3.1%
TOTAL	2,491.2	2,899.6	100%	2,111.7	2,486.6	100%	+379.5	+18.0%	+413.0	+16.6%

7 CCR RE's 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.

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

- Investments in **money market instruments** amounted to €380 million at December 31, 2020, up 14.9% compared with end-2019.
- The market value of investments in **interest rate instruments** (36.8% of total reinsurance investments) increased by 32.6% over the year. The portfolio comprises bonds for 50% and bond funds for 50%.
- At December 31, 2020, 83% of the **bonds** in the portfolio were rated A or higher.

Standard & Poor's rating



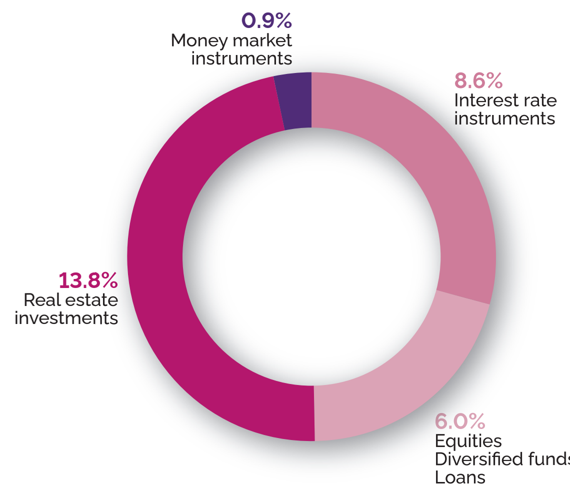
- The market value of investments in **equities and diversified funds** (18.4% of total reinsurance investments) rose by 11.3% over the year to €534.9 million at December 31, 2020. The main investments are equity funds (38.2%), diversified funds (27.2%) and hybrid securities (19.7%).

- **Real estate investments** stood at €400.3 million at market value, an increase of 7.3% from end-2019. They represented 13.8% of total reinsurance investments versus 15.0% at December 31, 2019. The portfolio comprises office and residential properties in Paris. Market values continued to rise at a healthy rate during the year, with the Covid-19 crisis having no immediate impact on this asset class. Residential properties were resilient and the office properties were all fully let as of December 31, 2020.

- At December 31, 2020, financial investments meeting **Environmental, Social and Governance (ESG)** criteria stood at €848.2 million at market value, an increase of 24% from end-2019. The portfolio represented 29.3% of total reinsurance investments versus 27.6% at December 31, 2019.

The portfolio breaks down as follows by asset class:

ESG investments at December 31, 2020 (in %)



EBITER[8]

Taking into account the cost of the Covid-19 pandemic and the Beirut explosion, as well as the other items discussed above, EBITER came in at €39 million versus €60 million in 2019.

Net income for the year

Net income for the year, after tax, amounted to €18 million versus €35 million in 2019, breaking down as follows:

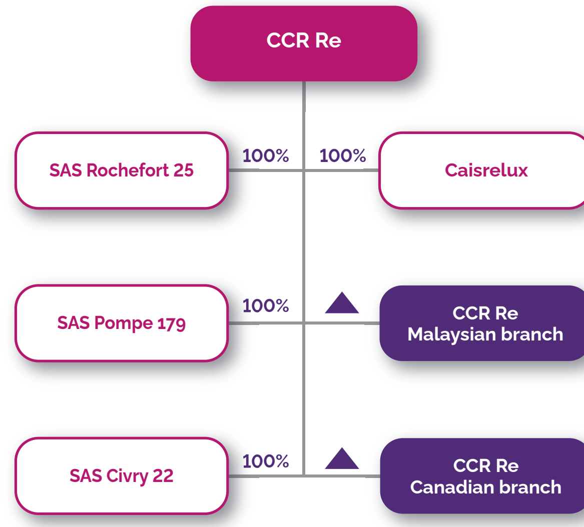
- EBITER for €39 million,
- Cost of subordinated debt for €8 million (2019: €4 million);
- Net non-recurring expense of €1 million, including:
  - the contribution to the insurance industry Covid-19 solidarity fund,
  - the cost of the IFRS project to enable CCR Re to improve its financial communications by producing financial statements in accordance with IFRS, as provided for in the Streamline strategic plan;
- The transfer to the equalization reserve, for €3 million;
- Income tax expense for the year of €9 million.

8 Earnings before interest, taxes and the equalization reserve. EBITER also excludes non-recurring items.

Subsidiaries and affiliates

As shown in the chart below, part of the real estate investment portfolio is managed through three simplified joint stock corporations with combined equity of €41 million at December 31, 2020. The three companies reported net income of €2 million in 2020 and contributed €1.7 million to CCR Re'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.



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.

1

Business environment

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, we intend to hold firm to our growth trajectory despite the pandemic, in line with our 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 use 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 Dividends paid in the last three years

French law requires the disclosure of dividend payments for the last three years. No dividends were paid by CCR Re for 2017, 2018 or 2019.

1.9 Other information

Research and development activity

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 the entire reinsurance portfolio in record time in order to 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 reinsurance portfolio.

Supplier and client payment terms

The following information is disclosed in application of Article L.441-14 of the French Commercial Code (*Code de Commerce*):

	ARTICLE D441 L.1 Invoices received and due but not settled at year-end						ARTICLE D441 L.2 Invoices issued and due but not settled at year-end					
(in thousands of euros)	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total (1 or more days)	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total (1 or more days)
(A) Days late												
Number of invoices	3	1		2	1	4						
Total amount of invoices (excl. VAT)	78.0	239.1		0.4	0.6	240.1						
As a % of total purchases for the period (excl. VAT)	0.8%	2.6%		0.0%	0.0%	2.6%						
As a % of premium income (excl. VAT) for the period												
(B) Invoices excluded from (A) relating to contested or unrecorded receivables and payables												
Number of excluded invoices												
Total amount of excluded invoices												
(C) Reference payment terms (contractual or statutory per Article L.441-6 or L.443-1 of the French Commercial Code)												
Payment terms used to calculate late payments												
Contractual terms		30 days from month-end										
Statutory terms								30 days from receipt of invoice				

In application of the circular issued by the French Insurance Federation (*Fédération Française de l'Assurance*) on May 22, 2017, the information in the above table does not include reinsurance receivables and payables.

Calculation of financial indicators

Accounting presentation and by Life and Non-Life business unit

	PRESENTATION BY BUSINESS UNIT			ACCOUNTING PRESENTATION	
	Non-Life BU (1)	Life: Disability/ Health BU (2)	Life: Death BU (3)	Non-Life (1) + (2)	Life (3)
Net earned premiums	355	123	95	478	95
Paid claims and expenses, change in outstanding claims reserves	(262)	(112)	(74)	(374)	(74)
Commissions, fees, other underwriting income and expenses	(105)	(18)	(18)	(123)	(18)
Change in equalization reserves	(2)	0	0	(2)	0
Investment income allocated to the underwriting result	29	7	3	36	3
UNDERWRITING RESULT	15.3	(1.1)	5.1	14.1	5.1

Non-Life combined ratio

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

1

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	345	412
Net earned premiums (A)	299	355
Claims expenses and charges to other technical reserves (B)	(199)	(262)
Loss ratio - (B) / (A)	66.6%	73.7%
Commissions, fees, other underwriting income and expenses (C)	(94)	(105)
Non-Life expense ratio - (C) / (A)	31.5%	29.4%
NON-LIFE COMBINED RATIO - [(B) + (C)] / (A)	98.1%	103.2%

Life reinsurance margin

The Life reinsurance margin corresponds to the ratio between (a) the sum of the reinsurance underwriting result and interest on deposits with ceding insurers for the Life business and (b) total earned premiums, net of reinsurance, for the Life business.

(in millions of euros)	2019	2020
Written premiums	216	237
Net earned premiums (A)	195	218
Underwriting result	8.2	2.6
Interest on cash deposits	1.9	2.2
Underwriting result used for the calculation of the Life reinsurance margin (B)	10.1	4.8
LIFE REINSURANCE MARGIN (B) / (A)	5.2%	2.2%

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	(36.7)	(37.2)
Of which investment expenses	3.5	3.8
Of which taxes	2.0	1.5
TOTAL MANAGEMENT EXPENSES (for the calculation of the expense ratio) (A)	(31.2)	(31.9)
Written premiums (B)	**562**	**649**
EXPENSE RATIO (A) / (B)	5.5%	4.9%

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	48.8	47.1
Miscellaneous adjustments (ceding insurer deposits and owner-occupied property)	(3.4)	(3.4)
Cost of debt	3.8	8.0
Net investment income (for the calculation of the investment yield)	49.2	51.7
Average reinsurance investments	1,852	2,023
NET INVESTMENT YIELD	2.66%	2.55%

EBITER

EBITER is earnings before interest, taxes and the equalization reserve. It also excludes non-recurring items.

(in millions of euros)	2019	2020
Net income for the year	34.9	18.4
Income tax	22.5	8.6
Employee profit-sharing	0.3	0.0
Non-recurring income and expenses, net	0.1	1.4
Cost of subordinated debt	3.8	8.0
Change in equalization reserves	(1.6)	2.2
EBITER	60.0	38.5

2 CORPORATE GOVERNANCE

This section of the management report corresponds to the Board of Directors' corporate governance report presented to the Annual Shareholders' Meeting in accordance with Article L.225-37 of the French Commercial Code.

2.1 Board of Directors, Chairman, Chief Executive Officer

CCR Re was initially registered as a simplified joint stock corporation (*société par actions simplifiée*) on December 28, 2015. It was transformed into a joint stock corporation (*société anonyme*) in 2016 with the corporate purpose of writing reinsurance under the name CCR Re.

In accordance with French company law governing joint stock corporations, the Board of Directors has at least three members and no more than 15 members, including one director designated by the French State pursuant to Government order 2014-948 dated August 20, 2014 on the governance and corporate actions of partly State-owned companies and one director representing employees elected pursuant to Article L.225-27 of the French Commercial Code.

In accordance with Article L.225-51-1 of the French Commercial Code and Article 16 of the Company's bylaws, at its meeting on June 29, 2016 the Board of Directors decided to combine the positions of Chairman of the Board and Chief Executive Officer.

During the meeting, Bertrand Labilloy was appointed as Chairman and Chief Executive Officer for a period of five years expiring at the Annual Shareholders' Meeting to be called to approve the financial statements for the year ending December 31, 2020, corresponding to his term as director.

On the recommendation of the Chairman and Chief Executive Officer, at the same meeting, Laurent Montador was appointed as Deputy Chief Executive Officer for a period of six years expiring at the Annual Shareholders' Meeting to be called to approve the financial statements for the year ending December 31, 2021.

The members of CCR Re's Board of Directors are as follows:

- Bertrand Labilloy, Chairman and Chief Executive Officer
- Pierre Blayau, permanent representative of Caisse Centrale de Réassurance (CCR)
- Patrick Cerceau
- Charles Levi
- Antoine Mantel
- John Conan, director representing employees elected by employees pursuant to Article L.225-27 of the French Commercial Code

2.2 Audit, Accounts & Risks Committee

The Audit, Accounts & Risks Committee was set up by the Board of Directors on January 23, 2017. The Committee has a maximum of four members appointed by the Board of Directors from among the directors other than the Chairman of the Board, including the director representing employees. It is chaired by Charles Levi.

The Committee is tasked with assisting the Board of Directors in fulfilling its role concerning the annual financial statements, by monitoring (a) the effectiveness of the internal control and risk management systems, and the Internal Audit function if applicable, with regard to the procedures for the preparation and processing of accounting and financial information, and (b) the work of the statutory auditors. It also expresses an opinion on the auditor selection process and issues a recommendation concerning the accounting firm to be proposed for appointment as auditor at the Annual Shareholders' Meeting. It considers the Actuarial function's report and monitors implementation of legal and regulatory compliance procedures, especially Solvency II compliance, notably by examining the Compliance function's report. It meets with the head of the Internal Audit function, reviews the internal audit program and makes a recommendation to the Board as to whether the program should be approved, analyzes the internal auditors' main recommendations and their implementation. It reviews the Regular Supervisory Report (RSR), the Solvency and Financial Condition Report (SFCR) and the written policies falling within the Committee's terms of reference. It is also tasked with tracking risk control indicators and the ORSA, based on the ORSA report and discussions with the head of the Risk Management function.

2.3 Compensation paid to corporate officers

In 2020, CCR Re paid total compensation of €60,000 to members of the Board of Directors, as follows:

- Charles Levi €30,000
- Patrick Cerceau €30,000

In accordance with the law, the Chairman and Chief Executive Officer's compensation is decided by the Board of Directors.

Bertrand Labilloy, Chief Executive Officer, was paid total gross compensation of €127,500 in 2020, including fixed compensation of €85,000 for 2020 and variable compensation of €42,500 in respect of 2019. He does not receive any benefits in kind.

Laurent Montador, Deputy Chief Executive Officer, is not paid any compensation by CCR Re. He does not receive any benefits in kind.

No fees or compensation were paid by CCR Re's subsidiaries to any of the Company's directors or officers in 2020.

2.4 Current shareholder authorizations to issue shares

The Board of Directors has not been given any shareholder authorizations to issue shares in application of Articles L.225-129-1 and L.225-129-2 of the French Commercial Code.

2.5 Agreements between a director, a corporate officer or a shareholder owning more than 10% of the voting rights and a subsidiary

A service agreement between CCR Re and SAS Cerceau Consulting was authorized by CCR Re's Board of Directors on December 11, 2019 before being entered into for a period of one year. Patrick Cerceau is SAS Cerceau Consulting's sole shareholder. Under the terms of the agreement, SAS Cerceau Consulting provides consulting services and client prospection assistance in certain specified markets. The purpose of these services is to enable CCR Re to write new reinsurance business in these markets, in accordance with its underwriting criteria, or to enter into partnerships with local reinsurance companies. The agreement was disclosed to the statutory auditors in accordance with the regulations governing related party agreements.

2.6 ESG Climate Report

Article 173 VI of the French Energy Transition for Green Growth Act of August 17, 2015 (incorporated in the Monetary and Financial Code as Article L.533-22-1) requires companies to prepare a separate ESG-Climate Report. CCR Re is included in the consolidated financial statements prepared by CCR and CCR's ESG-Climate Report therefore includes the required information for both companies.

2.7 List of directorships and other positions held by CCR's corporate officers in 2020

BERTRAND LABILLOY

Chairman and Chief Executive Officer

Directorships and positions held in CCR Re and its subsidiaries

- Chairman and Chief Executive Officer of CCR Re

Other directorships and positions in other companies

- Chief Executive Officer of Caisse Centrale de Réassurance (CCR)
- Vice President of APREF (*Association Professionnelle des Réassureurs de France*)
- Permanent representative of CCR on the Supervisory Board of Gageo Asset Finance Services
- Permanent representative of CCR Re on the Board of Directors of GIE LRA (since November 17, 2020)
- Acting Chairman of the Board of Directors of Seyna

LAURENT MONTADOR

Deputy Chief Executive Officer

Directorships and positions held in CCR Re and its subsidiaries

- Deputy Chief Executive Officer of CCR Re
- Chairman and Director of CAISRELUX

Other directorships and positions in other companies

- Deputy Chief Executive Officer of Caisse Centrale de Réassurance (CCR)
- Director of Garex
- Director of Gareat

PIERRE BLAYAU
Director

Directorships and positions held in CCR Re and its subsidiaries

- Permanent representative of Caisse Centrale de Réassurance (CCR), director of CCR Re

Other directorships and positions in other companies

- Chairman of the Board of Directors of Caisse Centrale de Réassurance (CCR)
- Chairman of Harbour Conseils (SAS)
- Non-voting director of Fimalac
- Member of the Audit Committee of Fimalac
- Director of Cellnex Telecom SA (Spain)
- Member of the Appointments and Compensation Committee of Cellnex Telecom SA (Spain)
- Director of Newrest Group Holding SA (Spain)

PATRICK CERCEAU
Director

Directorships and positions held in CCR Re and its subsidiaries

- Director of CCR Re
- Member of the Audit, Accounts and Risks Committee of CCR Re

Other directorships and positions in other companies

- Chairman of SAS Patrick Cerceau Consulting

JOHN CONAN
Director

Directorships and positions held in CCR Re and its subsidiaries

- Director of CCR Re
- Member of the Audit, Accounts and Risks Committee of CCR Re
- Asia-Africa Non-Life Treaties Director, CCR Re

Other directorships and positions in other companies

- Member of the Rouen Métropole Normandie Advisory Committee
- Caudebec les Elbeuf town councilor
- Member of the Board of Directors of Caudebec les Elbeuf CCAS (social activities fund)
- Lecturer in insurance, ENASS/IFPASS

CHARLES LEVI
Director

Directorships and positions held in CCR Re and its subsidiaries

- Director of CCR Re
- Chairman of the Audit, Accounts and Risks Committee of CCR Re

Other directorships and positions in other companies

- Member of the Board of Directors of Polish Re (until May 26, 2020)
- Member of the Board of Directors of Axa Vie (Poland)
- Member of the Board of Directors of Axa Non-Vie (Poland)
- Member of the Board of Directors of Axa Fonds d'Investissements (Poland)

ANTOINE MANTEL
Director

Directorships and positions held in CCR Re and its subsidiaries

- Director of CCR Re
- Member of the Audit, Accounts and Risks Committee of CCR Re

• Other directorships and positions in other companies

- Director of Caisse Centrale de Réassurance (CCR)
- Member of the Accounts Committee of CCR and Member of the Audit & Risks Committee of CCR (until June 30, 2020)
- Member of the Audit, Accounts and Risks Committee of CCR (since June 30, 2020)
- Member of the Strategy Committee of CCR (since October 14, 2020)
- State Inspector in the General Economic and Financial Inspection Division (CGEFI)
- Director and member of the Audit Committee of Fonds de Garantie des Assurances Obligatoires (FGAO)

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FINANCIAL STATEMENTS

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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	**86**	**86**		**7**
INVESTMENTS				
Real estate investments	177,041	36,858	140,183	142,244
Investments in affiliates and participating interests	6,200		6,200	6,200
Other investments	1,820,880		1,820,880	1,507,184
Cash deposits with ceding insurers	253,914		253,914	233,372
TOTAL	**2,258,035**	**36,858**	**2,221,177**	**1,888,999**
REINSURERS' SHARE OF TECHNICAL RESERVES				
Non-Life unearned premium reserves	997		997	658
Life reinsurance reserves	527		527	
Life outstanding claims reserves	611		611	701
Non-Life outstanding claims reserves	29,192		29,192	17,482
TOTAL	**31,327**		**31,327**	**18,841**
RECEIVABLES				
Reinsurance receivables	82,045	629	81,417	55,948
Prepaid payroll costs	5		5	3
Prepaid and recoverable taxes	8,214		8,214	134
Other receivables	5,340	48	5,291	4,461
TOTAL	**95,604**	**677**	**94,927**	**60,544**
OTHER ASSETS				
Property and equipment	513	447	66	94
Current accounts and cash	271,296		271,296	240,105
TOTAL	**271,809**	**447**	**271,362**	**240,198**
ACCRUED INCOME AND PREPAID EXPENSES				
Accrued interest and rental revenue	3,813		3,813	3,122
Life and Non-Life deferred acquisition costs	48,865		48,865	43,582
Other accrued income and prepaid expenses	272,985		272,985	251,237
TOTAL	**325,663**		**325,663**	**297,942**
TOTAL ASSETS	**2,982,525**	**38,069**	**2,944,456**	**2,506,531**

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	90,082	90,082
Additional paid-in capital		
Revaluation reserves		
Other reserves and retained earnings	363,288	328,391
Net income for the year	18,386	34,897
TOTAL	471,756	453,370
SUBORDINATED DEBT	375,000	75,000
GROSS TECHNICAL RESERVES		
Non-Life unearned premium reserves	192,654	173,302
Life reinsurance reserves	104,154	89,297
Life outstanding claims reserves	92,587	83,730
Non-Life outstanding claims reserves	1,567,188	1,527,736
Life policyholders' surplus reserves	2,013	2,173
Equalization reserves	26,869	24,639
Other Non-Life technical reserves	47,126	44,156
TOTAL	2,032,591	1,945,032
PROVISIONS	4,078	3,928
CASH DEPOSITS RECEIVED FROM REINSURERS	463	79
OTHER LIABILITIES		
Reinsurance payables	22,257	2,478
Other borrowings, deposits and guarantees received	932	923
Accrued payroll costs	5,775	5,523
Accrued taxes	2,191	5,618
Other payables	22,289	6,643
TOTAL	53,444	21,186
DEFERRED REVENUE AND ACCRUED EXPENSES	7,124	7,936
TOTAL EQUITY AND LIABILITIES	2,944,456	2,506,531

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INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2020

OPEN MARKET REINSURANCE

(in thousands of euros)	2020			2019
	Gross	Reinsurance	Net	Net
NON-LIFE TECHNICAL ACCOUNT				
Earned premiums:				
Written premiums	538,070	32,555	505,515	423,667
Change in unearned premium reserves	(27,940)	(416)	(27,523)	(23,411)
	510,130	**32,138**	**477,992**	**400,257**
Investment income allocated from non-technical account	**35,533**		**35,533**	**34,123**
Other underwriting income	**1,320**	0	**1,320**	**2,028**
Claims expenses:				
Paid claims and expenses	(312,367)	(9,367)	(303,000)	(258,493)
Change in outstanding claims reserves	(80,530)	(12,192)	(68,337)	(23,447)
	(392,897)	**(21,560)**	**(371,337)**	**(281,940)**
Change in other technical reserves	**(2,971)**	0	**(2,971)**	**(8,219)**
Profit commission	**(7,695)**	(1,085)	**(6,610)**	**(6,286)**
Acquisition and management expenses:				
Acquisition costs	(102,477)	0	(102,477)	(91,528)
Management expenses	(11,795)	0	(11,795)	(12,083)
Reinsurance commissions received	0	(1,976)	1,976	1,709
	(114,272)	**(1,976)**	**(112,296)**	**(101,901)**
Other underwriting expenses	**(4,845)**	412	**(5,258)**	**(4,598)**
Change in equalization reserves	**(2,230)**		**(2,230)**	**1,559**
NON-LIFE REINSURANCE UNDERWRITING RESULT	22,073	7,930	14,143	35,022

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INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2020

(in thousands of euros)	2020			2019
	Gross	Reinsurance	Net	Net
LIFE TECHNICAL ACCOUNT				
Premiums	**99,059**	4,085	**94,974**	**93,268**
Investment income:				
Investment revenue	2,600		2,600	3,906
Other investment income	19		19	28
Realized gains from investments	4,833		4,833	7,395
	7,452	**0**	**7,452**	**11,329**
Other underwriting income	**0**	0	**0**	**0**
Claims expenses:				
Paid claims and expenses	(56,045)	(6)	(56,039)	(37,702)
Change in outstanding claims reserves	(12,733)	89	(12,822)	(19,421)
	(68,778)	**83**	**(68,862)**	**(57,123)**
Change in Life reinsurance reserves and other technical reserves:				
Life reinsurance reserves	(5,351)	0	(5,351)	(1,803)
Other technical reserves	0	0	0	0
	(5,351)	**0**	**(5,351)**	**(1,803)**
Profit commission	**(2,317)**	(99)	**(2,219)**	**(7,384)**
Acquisition and management expenses:				
Acquisition costs	(12,687)		(12,687)	(15,769)
Management expenses	(2,340)		(2,340)	(2,380)
Reinsurance commissions received		0	0	0
	(15,027)	**0**	**(15,027)**	**(18,149)**
Investment expenses:				
Internal and external investment management expenses and interest	(934)		(934)	(1,110)
Other investment expenses	(228)		(228)	(356)
Realized losses from investments	(3,171)		(3,171)	(4,645)
	(4,334)	**0**	**(4,334)**	**(6,110)**
Other underwriting expenses	**(913)**	4	**(917)**	**(680)**
Investment income transferred to the non-technical account	**(599)**		**(599)**	**(1,130)**
LIFE REINSURANCE UNDERWRITING RESULT	**9,191**	**4,074**	**5,117**	**12,219**

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	**14,143**	**35,022**
Life reinsurance underwriting result	**5,117**	**12,219**
Investment income:		
Investment revenue	36,679	32,595
Other investment income	268	237
Realized gains from investments	68,167	61,713
	105,114	**94,545**
Investment income allocated from the Life technical account	**599**	**1,130**
Investment expenses:		
Internal and external investment management expenses and interest	(13,181)	(9,261)
Other investment expenses	(3,218)	(2,969)
Realized losses from investments	(44,734)	(38,762)
	(61,133)	**(50,992)**
Investment income transferred to the Non-Life technical account	**(35,533)**	**(34,123)**
Other income	**3**	**3**
Other expenses	**0**	**0**
Non-recurring items:		
Non-recurring income	151	3
Non-recurring expenses	(1,529)	(150)
	(1,378)	**(147)**
Employee profit-sharing	**0**	**(276)**
Income tax	**(8,546)**	**(22,484)**
NET INCOME FOR THE YEAR	18,386	34,897

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NOTES TO THE FINANCIAL STATEMENTS OF CCR RE

The following notes and tables are an integral part of the financial statements approved for publication by the Board of Directors on March 25, 2021.

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CCR Re is a French joint stock corporation (*société anonyme*) whose corporate purpose is the writing of all types of reinsurance treaties covering all classes of risks. Its business is governed by the French Insurance Code (*Code des Assurances*).

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.

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 Investments

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

Real estate investments

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

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

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

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

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

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

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

- **Owner-occupied property** that is not held for sale, for which the reference value is the property's period-end net carrying amount. In principle, no impairment provisions are recorded for these buildings.

- **Rental property** that is also not held for sale, for which the reference value is the property's fair value as determined by the discounted cash flows method.

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

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

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

Equities and UCITS

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

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

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

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

For the preparation of the financial statements at December 31, 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, no provisions were recorded for other-than-temporary impairment in the balance sheet at December 31, 2020.

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 Re 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.

Forward financial instruments

Currency risks are hedged using forward foreign exchange contracts or non-deliverable forwards for non-convertible currencies.

These instruments are accounted for in accordance with Regulation CRC 2002-09 (amended). The respective legs of the transaction are initially recorded in commitments given or received for their notional amount. The related transaction costs are recorded as an expense for the period.

Realized and unrealized gains and losses on forward financial instruments used in yield strategies are recorded directly in the income statement, as allowed under paragraph 3012-3 of Regulation CRC 2002-09 for forward contracts.

The hedging strategy and its results are described in Notes 2.8, 2.12 and 3.4.

1.3 Intangible assets, property and equipment

Intangible assets

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

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.

1.4 Accrual accounts

Deferred acquisition costs

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

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.

1.5 Multi-currency accounts

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

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

In 2020, differences arising from the conversion of opening foreign currency assets and liabilities at the closing exchange rate represented a net gain of €4.2 million.

1.6 Subordinated debt

Subordinated debt is recorded in liabilities at the nominal amount.

The related issuance costs are amortized over ten years.

1.7 Provisions

The following provisions are determined based on the terms of the CCR Re employee benefits agreement dated January 5, 2018 which came into effect on April 1, 2018.

Provision for length-of-service awards

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

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

The assumptions used concern:

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

Technical Reserves committees have been set up to examine specific risks such as liability and other long-tail risks. The committees' members include actuaries responsible for determining technical reserves, Underwriting Department actuaries responsible for setting premium rates, underwriters and loss adjusters who discuss the reserving methods to be applied and the adequacy of technical reserves.

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

The range of possible methods for determining ultimate premiums and losses include:
- liquidation of premium and claim triangles using the Development Factor Model;
- the Bornhuetter Ferguson method;
- underwriters' loss ratios;
- quotation loss ratios;
- average historical loss ratios.

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

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.

Escalating risk reserve

This reserve may be required for reinsurance treaties covering disease and disability risks. It is determined in accordance with Article R.343-8 of the French Insurance Code and corresponds to the difference between the present value of the respective obligations of the reinsurer and the insurer. It is reported in the balance sheet under "Other technical reserves".

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. Its amount is determined in accordance with Article R.343-5 of the French Insurance Code.

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	Movements		DEC. 31, 2020
	Audited	Additions	Disposals	
Software licenses and development costs	92		6	86
TOTAL INTANGIBLE ASSETS	**92**		**6**	**86**
Investment property	131,890	719		132,609
Owner-occupied property	6,309			6,309
Assets under construction	329	64	329	64
Shares in unlisted real estate companies	38,059			38,059
REAL ESTATE INVESTMENTS	**176,587**	**783**	**329**	**177,041**
INVESTMENTS IN AFFILIATES AND PARTICIPATING INTERESTS	**6,200**			**6,200**
CASH DEPOSITS WITH CEDING INSURERS	**233,372**	**391,499**	**370,957**	**253,914**

NET (in thousands of euros)	DEC. 31, 2020			DEC. 31, 2019
	Gross	Amortization, depreciation & provisions	Net	Net Audited
Software licenses and development costs	86	86		6
TOTAL INTANGIBLE ASSETS	**86**	**86**		**6**
Investment property	132,609	34,869	97,740	99,308
Owner-occupied property	6,309	1,989	4,320	4,547
Assets under construction	64		64	329
Shares in unlisted real estate companies	38,059		38,059	38,059
TOTAL REAL ESTATE INVESTMENTS	**177,041**	**36,858**	**140,183**	**142,243**
INVESTMENTS IN AFFILIATES AND PARTICIPATING INTERESTS	**6,200**		**6,200**	**6,200**
CASH DEPOSITS WITH CEDING INSURERS	**253,914**		**253,914**	**233,372**

2

2.2 Information about investments

(in thousands of euros)	DEC. 31, 2020 Gross	Amortization & provisions	Net	DEC. 31, 2019 Net Audited
Equities and other variable income securities	1,075,203		1,075,203	1,032,518
Bonds and other fixed-income securities	515,633		515,633	285,929
Loans	186		186	228
Bank deposits	67,700		67,700	18,330
Other investments	162,158		162,158	170,178
TOTAL	1,820,880		1,820,880	1,507,183

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	177,042	140,183	397,632	257,449
2	Equities and other variable income securities (other than investment funds)	73,544	73,544	80,447	6,904
3	Investment funds (other than those in 4)	1,007,860	1,007,860	1,131,270	123,411
4	Investment funds invested solely in fixed-income securities	-	-	-	-
5	Bonds and other fixed-income securities	515,633	514,364	534,949	20,583
6	Mortgage loans	-	-	-	-
7	Other loans	186	186	186	-
8	Deposits with ceding insurers	253,914	253,914	253,914	-
9	Cash deposits (other than those in 8) and guarantees	229,857	229,857	229,857	-
10	Unit-linked portfolios	-	-	-	-
SUB-TOTAL		**2,258,036**	**2,219,908**	**2,628,255**	**408,347**
11	Other forward financial instruments				
	* Investment or divestment strategy	-	-	-	-
	* Yield strategy	70,185	70,185	67,940	2,245
	* Other strategies	-	-	-	-
12	**TOTAL, LINES 1 TO 11**	**2,328,221**	**2,290,093**	**2,696,195**	**406,102**
a	of which:				
	Investments measured in accordance with Article R.343-9	515,633	514,364	534,948	20,584
	Investments measured in accordance with Article R.343-10	1,488,489	1,451,630	1,839,393	387,763
	Investments measured in accordance with Article R.343-13	-	-	-	-
	Investments measured in accordance with Article R.343-11	-	-	-	-
	Forward financial instruments	70,185	70,185	67,940	2,245
b	of which:				
	OECD member country issuers	2,219,114	2,180,972	2,586,083	405,111
	Non-OECD issuers	38,921	38,936	42,172	3,236

1 Including the unamortized portion of redemption premiums on securities measured in accordance with Article R.343-19, for €1.3 million.

2.4 Receivables and payables

OTHER RECEIVABLES (in thousands of euros)	Gross	Provisions	Net	1 year	Due in 1 to 5 years	Due beyond 5 years	Total
Reinsurance receivables	82,045	629	81,416	81,416			81,416
Prepaid payroll costs	5		5	5			5
Prepaid and recoverable taxes	8,214		8,214	8,214			8,214
Other receivables	5,340	48	5,292	5,292			5,292
TOTAL	95,604	677	94,927	94,927			94,927

Other receivables include €1.8 million in receivables from property companies.

OTHER LIABILITIES (in thousands of euros)	Net	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	Total
Reinsurance payables	22,257	22,257			22,257
Other borrowings, deposits and guarantees received	932	932			932
Accrued payroll costs	5,775	5,775			5,775
Accrued taxes	2,191	2,191			2,191
Other payables	22,289	22,289			22,289
TOTAL	53,444	53,444			53,444

Reinsurance payables include €0.3 million payable to CCR which is due within one year.

The net amount due by CCR Re in respect of its share of common expenses rebilled by the Group was €5.7 million at December 31, 2020 compared with €2.6 million at December 31, 2019.

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								
Caisrelux 534, rue de Neudorf L-2220 Luxembourg	6,200	0	99.99%	6,200	6,200	6,121	0	0
2 AFFILIATES								
SAS Rochefort 25 157, boulevard Haussmann, 75008 Paris	14,940	945	100%	14,932	14,932	2,292	1,328	1,150
SAS Pompe 179 157, boulevard Haussmann, 75008 Paris	15,270	272	100%	15,268	15,268	1,599	330	374
SAS Civry 22 157, boulevard Haussmann, 75008 Paris	7,860	192	100%	7,859	7,859	1,159	296	212

2

2.6 Property and equipment

GROSS (in thousands of euros)	DEC. 31, 2019	Movements		DEC. 31, 2020
	Audited	+	-	
Deposits and guarantees	40			40
Computer and other equipment	229		18	211
Vehicles	65		5	60
Office furniture and equipment	158	1	11	148
Fixtures and fittings	58		4	54
Assets under construction				
TOTAL	**550**	**1**	**38**	**513**

DEPRECIATION (in thousands of euros)	DEC. 31, 2019	Increases	Decreases	DEC. 31, 2020
	Audited	+	-	
Computer and other equipment	261	19	85	195
Vehicles	53	12	5	60
Office furniture and equipment	127	29	9	147
Fixtures and fittings	15	32	2	45
TOTAL	**456**	**92**	**101**	**447**

2.7 Accrual accounts

(in thousands of euros)	DEC. 31, 2020		Dec. 31, 2019 - Audited	
	Assets	Liabilities	Assets	Liabilities
Reinsurance adjustments	269,094	5,097	250,638	6,129
Deferred acquisition costs	48,865	39	43,582	71
Accrued interest	3,813		3,123	
Bond issuance costs	3,081			
Amortization of redemption premiums	719	1,988	566	1,736
Prepaid expenses and deferred revenue	91		33	
TOTAL	325,663	7,124	297,942	7,936

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	2,022,247	1,957,737	64,510	117,035
US dollar	212,742	168,611	44,131	29,938
Canadian dollar	183,670	113,128	70,542	65,187
Pound sterling	177,571	176,241	1,330	1,465
Japanese yen	12,873	28,502	(15,629)	(33,255)
Swedish krona	2,548	6,222	(3,674)	(4,504)
Swiss franc	12,100	11,492	608	(23)
Taiwan dollar	8,178	20,394	(12,216)	(9,091)
Australian dollar	2,131	3,538	(1,407)	(2,121)
Hong Kong dollar	2,081	16,268	(14,187)	(14,526)
Norwegian krone	782	1,257	(475)	(1,075)
Danish krone	29,718	5,855	23,863	7,599
Yuan renminbi	37,696	57,412	(19,716)	(18,590)
UAE dirham	20,751	32,850	(12,099)	(10,910)
South Korean won	5,221	18,008	(12,787)	(11,652)
Kuwaiti dinar	14,233	25,125	(10,892)	(8,481)
Malaysian ringgit	533	9,380	(8,847)	(11,591)
Other currencies	204,764	279,433	(74,669)	(60,508)
TOTAL	2,949,839	2,931,453	18,386	34,897

Hedging instruments are used to reduce or neutralize the currency risk arising from differences between the net carrying amounts of assets and liabilities in each currency.

Hedging instruments comprise forward foreign exchange contracts for convertible currencies and non-deliverable forwards for non-convertible currencies.

Hedged positions at December 31, 2020 were as follows (in millions of currency units):

CURRENCY (in millions of currency units)		Asset in original currency at Dec. 31, 2020	Liability in original currency at Dec. 31, 2020	Gain/Loss at Dec. 31, 2020	Hedge in original currency
UAE dirham	AED	93	148	54	47
Australian dollar	AUD	3	6	2	4
Canadian dollar	CAD	287	177	(110)	(100)
Yuan renminbi	CNY	302	461	158	175
Indonesian rupiah	IDR	15,370	27,653	12,283	11,300
Japanese yen	JPY	1,628	3,605	1,977	1,990
Indian rupee	INR	1,302	2,119	817	642
South Korean won	KRW	6,975	24,059	17,084	17,000
Malaysian ringgit	MYR	3	46	44	47
Saudi riyal	SAR	96	198	101	50
Singapore dollar	SGD	23	36	13	17
Thai baht	THB	109	153	44	68
New Turkish lira	TRY	11	36	25	25
Taiwan dollar	TWD	281	701	420	325
US dollar	USD	261	207	(54)	(29)
South African rand	ZAR	132	175	44	44

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]	90,082			90,082
Additional paid-in capital				
Revaluation reserves				
Other reserves and retained earnings	328,391	34,897		363,288
Retained earnings				
2019 net income	34,897	(34,897)		
Net income for the year			18,386	18,386
TOTAL	**453,370**		**18,386**	**471,756**

1 The share capital comprises 900,821 shares with a par value of €100.

2.10 Subordinated debt

2

The Company has obtained a €75 million subordinated loan from CCR. The notes' main features are as follows:

- Date obtained : December 30, 2016
- Amount : €75,000,000
- Interest : 5% per year
- Maturity : December 30, 2046

During the year, CCR Re carried out a €300 million subordinated notes issue. The notes' main features are as follows:

- Issue date : July 15, 2020
- Nominal amount : €300,000,000
- Interest : 2.875% per year
- First call date : April 15, 2030
- Maturity : July 15, 2040

The debt issuance costs (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.

2.11 Breakdown of provisions

(in thousands of euros)	2019 Audited	Movements for the year Increases +	Decreases -	2020
Special revaluation reserve	146		28	118
Other provisions	211		128	83
Provision for length-of-service awards	1,373	65	7	1,431
Provision for long-service awards	272	25		297
Provision for extra paid vacation for retirees	524	2		526
Provisions for non-recurring expenses	180	100		280
Provisions for major repairs	1,222	121		1,343
TOTAL	**3,928**	**313**	**163**	**4,078**

2.12 Commitments received and given

(in thousands of euros)		DEC. 31, 2020	DEC. 31, 2019
1 - COMMITMENTS RECEIVED		**15,847**	**25,633**
2 - COMMITMENTS GIVEN		**11,850**	**13,887**
2a	Loan guarantees, other guarantees and bonds issued	11,850	13,887
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		**378**	**379**
3a	Assets received as collateral from cedents and reinsurers	378	379
3b	Assets received from companies for substitution transactions		
3c	Other reciprocal commitments		
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	(2,321)	879
5b	**Forward financial instruments by market:** - Over-the-counter market - Regulated market	(2,321)	879
5c	**Forward financial instruments by type of market risk and instrument:** - Interest rate risk - Currency risk - Equity risk	(2,321)	879
5d	**Forward financial instruments by type of instrument:** - Swaps - Forward rate agreements - Forward contracts - Options	(2,321)	879
5e	**Forward financial instruments by remaining term of the strategy** - 0 to 1 year - 1 to 5 years - More than 5 years	(2,321)	879

* At December 31, 2019, the positive net position of €879 thousand corresponded to €230,202 thousand in commitments received and €229,323 thousand in commitments given in connection with hedging transactions.

At December 31, 2020, the negative net position of €2,321 thousand corresponded to €252,826 thousand in commitments received and €255,147 thousand in commitments given in connection with hedging transactions.

(in thousands of euros)	2020	2019
Venture capital investment fund commitments	42,227	39,703
Debt fund commitments	22,734	31,476
Real estate investment fund commitments	12,011	13,829

NOTE 3

NOTES TO THE INCOME STATEMENT

3.1 Written premiums by operating segment

(in thousands of euros)	2020	2019 - AUDITED
Inward Life reinsurance	111,252	110,347
Inward Non-Life reinsurance	538,070	451,363
TOTAL	649,321	561,710

In line with Article 410-1 of Regulation ANC 2015-11 dated November 26, 2015, inward Non-Life reinsurance includes reinsurance written by the Non-Life business unit and the accident and disease-related bodily injury reinsurance written by the Life business unit.

3.2 Portfolio movements

2020 (in thousands of euros)	Non-Life		Life	
	Gross	Net	Gross	Net
NEW BUSINESS				
Premiums	13,595	13,517	0	0
Paid claims and expenses	17,221	17,091	205	205
CANCELLATIONS AND TERMINATIONS				
Premiums	(14,440)	(14,412)	(49)	(49)
Paid claims and expenses	(17,044)	(16,937)	(205)	(205)

3.3 Reinsurance commissions and brokerage fees

(in thousands of euros)	2020		2019	
	Gross	Net	Gross	Net
Life	11,146	11,146	16,175	16,175
Non-Life	99,685	97,730	86,754	84,973
TOTAL	110,831	108,876	102,929	101,148

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	1,757	9,302	11,059
Revenue from other investments		25,478	25,478
Interest on cash deposits and technical accounts		2,742	2,742
TOTAL INVESTMENT REVENUE	**1,757**	**37,522**	**39,279**
Other investment income		286	286
Realized gains from investments		73,000	73,000
TOTAL INVESTMENT INCOME	**1,757**	**110,808**	**112,565**
Interest on subordinated debt	(3,750)	(4,112)	(7,862)
Amortization of subordinated debt issuance costs		(110)	(110)
External investment management expenses		(2,253)	(2,253)
Internal investment management expenses		(3,918)	(3,918)
Other investment expenses		(3,418)	(3,418)
Realized losses from investments		(47,906)	(47,906)
TOTAL INVESTMENT EXPENSES AND FINANCE COSTS	**(3,750)**	**(61,716)**	**(65,466)**
TOTAL INVESTMENT INCOME, NET OF EXPENSES	**(1,993)**	**49,092**	**47,099**

Investment income includes a net exchange gain on forward financial instruments of €4,342 thousand in 2020 compared with a €493 thousand gain in 2019.

2

3.5 Underwriting expenses by type and by function

The expenses presented below for 2020 include the Company's share of common expenses incurred by CCR.

A - Expense breakdown

EXPENSES BY TYPE (in thousands of euros)	2020	2019 - Audited
External expenses	6,996	7,134
Other external expenses	2,229	3,447
Taxes other than on income	3,368	3,675
Payroll costs	21,348	19,474
Other management expenses	78	90
SUB-TOTAL	34,019	33,820
Depreciation of property and equipment	1,538	1,276
Theoretical rent on the Company's registered office	1,654	1,610
TOTAL	37,211	36,706

EXPENSES BY FUNCTION (in thousands of euros)	2020	2019 - Audited
Claims management expenses	2,773	4,151
Other business acquisition costs	14,302	13,704
Other administrative expenses	11,482	11,409
Other underwriting expenses	4,825	3,902
Investment management expenses	3,829	3,540
TOTAL	37,211	36,706

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

(in thousands of euros)	2020	2019 - Audited
Wages and salaries	14,892	13,351
Payroll taxes	5,745	4,677
Other expenses	859	1,538
TOTAL	21,496	19,566
Headquarters	113	92
Managers	111	89
Non-managerial staff	2	3
Canadian branch	9	10
Lebanese branch	3	3
TOTAL AVERAGE NUMBER OF EMPLOYEES	125	105

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

(in thousands of euros)	2020	2019
Directors' compensation [1]	60	45
Management compensation	128	128

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 and reversals of impairment losses on third-party accounts.

Other underwriting expenses include expenses arising from these interests and the expenses of internal cost centers not related directly to the insurance business.

3.7 Non-recurring items

2020 (in thousands of euros)	Non-recurring expenses	Non-recurring income
Reversals from the special revaluation reserve		27
Reversals from provisions		121
Other non-recurring income		3
IFRS project costs	989	
Contribution to insurance industry Covid-19 solidarity fund	407	
Charges to provisions for claims and litigation	100	
Rent holidays granted to tenants of investment property	33	
TOTAL	1,529	151

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 Consolidated financial statements

The financial statements of CCR Re are included by the full consolidation method in the consolidated financial statements of CCR, which has its registered office at 157 boulevard Haussmann, 75008 Paris.

4.2 Fees paid to the Statutory Auditors

PwC's fees for the statutory audit of the financial statements, recognized in expenses for the year, amounted to €146,811 in 2020.

Fees recognized in expenses in 2020 for other services provided by PwC amounted to €5,791.

4.3 Post balance sheet events

No events likely to have a material impact on CCR Re's financial statements occurred between December 31, 2020 and March 25, 2021 when the financial statements were approved for publication by the Board of Directors.

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STATUTORY AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

STATUTORY AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

(For the year ended December 31, 2020)

This is a free translation into English of the Statutory Auditor's 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,

CCR Re
157, boulevard Haussmann
75008 Paris, France

Opinion

In compliance with the engagement entrusted to us by the sole shareholder of Haussmann 157 SAS (which subsequently became CCR Re, a joint-stock company (*société anonyme*)), we have audited the accompanying financial statements of CCR Re 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 Auditor 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.

PricewaterhouseCoopers Audit, 63, rue de Villiers, 92208 Neuilly-sur-Seine Cedex
Telephone: +33 (0)1 56 57 58 59, www.pwc.fr

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 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 no. 1 – Measurement of outstanding claims reserves

Description of risk

In accordance with the French Insurance Code (*Code des assurances*) and accounting regulations, companies that conduct inward reinsurance operations must estimate the outstanding claims reserves necessary to settle, in principal and in incidental amounts including management fees, all outstanding incurred claims, whether or not they have been reported at the balance sheet date.

At December 31, 2020, outstanding claims reserves relating to Life reinsurance stood at €92.6 million and outstanding claims reserves relating to Non-Life reinsurance stood at €1,567.2 million, representing one of the most material liabilities in the balance sheet. The assessment of their estimation entails a certain number of assumptions.

The inherent uncertainty in estimating technical 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.

Reserves can be estimated using different methods. The main methods are specified in Note 1.8 to the financial statements: reserves for claims reported by ceding insurers are recorded upon receipt of the accounts from the ceding insurers and these reserves are supplemented in order to estimate the ultimate cost of reported and unreported claims.

The ultimate cost of claims is determined using multi-criteria approaches, including:
- underwriters' projections;
- actuarial pricing data for contracts;
- actuarial projections based on historical data.

The degree of judgment is more significant for long-tail Non-Life lines (Motor Vehicle Civil Liability, General Civil Liability, Construction). The estimation of claims reserves for these reinsurance lines presents an increased risk.

Accordingly, we deemed the measurement of outstanding claims reserves to be a key audit matter.

How our audit addressed this risk

To assess the reasonableness of the estimation of claims reserves and their compliance with regulations, our audit approach comprised the following tasks, with particular attention on long-tail Non-Life lines, conducted in conjunction with our actuarial experts:

- assessing the relevance of the statistical methods and the appropriateness of the actuarial assumptions used by the Company;
- familiarizing ourselves with the design and testing the efficiency of the controls, that we deemed key, used to handle claims and determine reserves, with the aim of assessing the exhaustiveness and reliability of the data and models applied;
- 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 significant 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 main reinsurance lines;
- analyzing the liquidation of the reserves recorded at the previous year-end compared with actual expenses, in order to verify whether it is aligned with the estimates previously made by the Company;
- including, in our audit team, members with specific knowledge of information systems in order to gain an understanding of the internal control environment of the systems used by the Company, and testing the effectiveness of certain automated processes.

Key audit matter no. 2 – Estimation of earned premiums not yet received from ceding insurers

Description of risk

At December 31, 2020, gross earned premiums (€609 million) comprised:

- premiums included in the accounts received from the ceding insurers;
- an estimate of the premiums not yet received;
- change in unearned premium reserves.

The Company 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 Company'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 1.8 to the 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 premiums actually received from the ceding insurers.

In the reinsurance business, a significant portion of earned 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 earned premiums not yet received from ceding insurers 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 Company;
- familiarizing ourselves with the design and testing the efficiency of the controls, that we deemed key, relating to underwriting premiums and the treatment of financial statements received from ceding insurers;
- assessing the reliability of the financial statements prepared by the Company 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 Company;
- including, in our audit team, members with specific knowledge of information systems in order to gain an understanding of the internal control environment of the systems used by the Company, and testing the effectiveness of certain automated processes.

Specific verifications

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

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

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements, 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.441-6 of the French Commercial Code, we have the following matters to report:

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

Information with respect to corporate governance

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

Other verifications and information pursuant to legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed Statutory Auditor of CCR Re by the sole shareholder of Haussmann 157 SAS (which subsequently became CCR Re, a joint-stock company (*société anonyme*)) on June 28, 2016.

At December 31, 2020, PricewaterhouseCoopers Audit was in the fifth consecutive year of its engagement.

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 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 Auditor 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 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 Auditor exercises 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 Risks Committee includes the risks of material misstatement that, in our professional judgement, 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, April 12, 2021

The Statutory Auditor
PricewaterhouseCoopers Audit

Christine Billy

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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, Chairman of the Board of Directors and Chief Executive Officer of CCR Re

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 describes the main risks and contingencies with which they are faced.

I have obtained the Statutory Auditor's report on the 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

Chairman of the Board of Directors and Chief Executive Officer

Bertrand Labilloy

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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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