

CCR Re
Condensed
information and
figures

June 2018



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COMPANY OVERVIEW



CCR RE: A SOLID AND INTERNATIONAL REINSURER



Figures as at 31/12/17

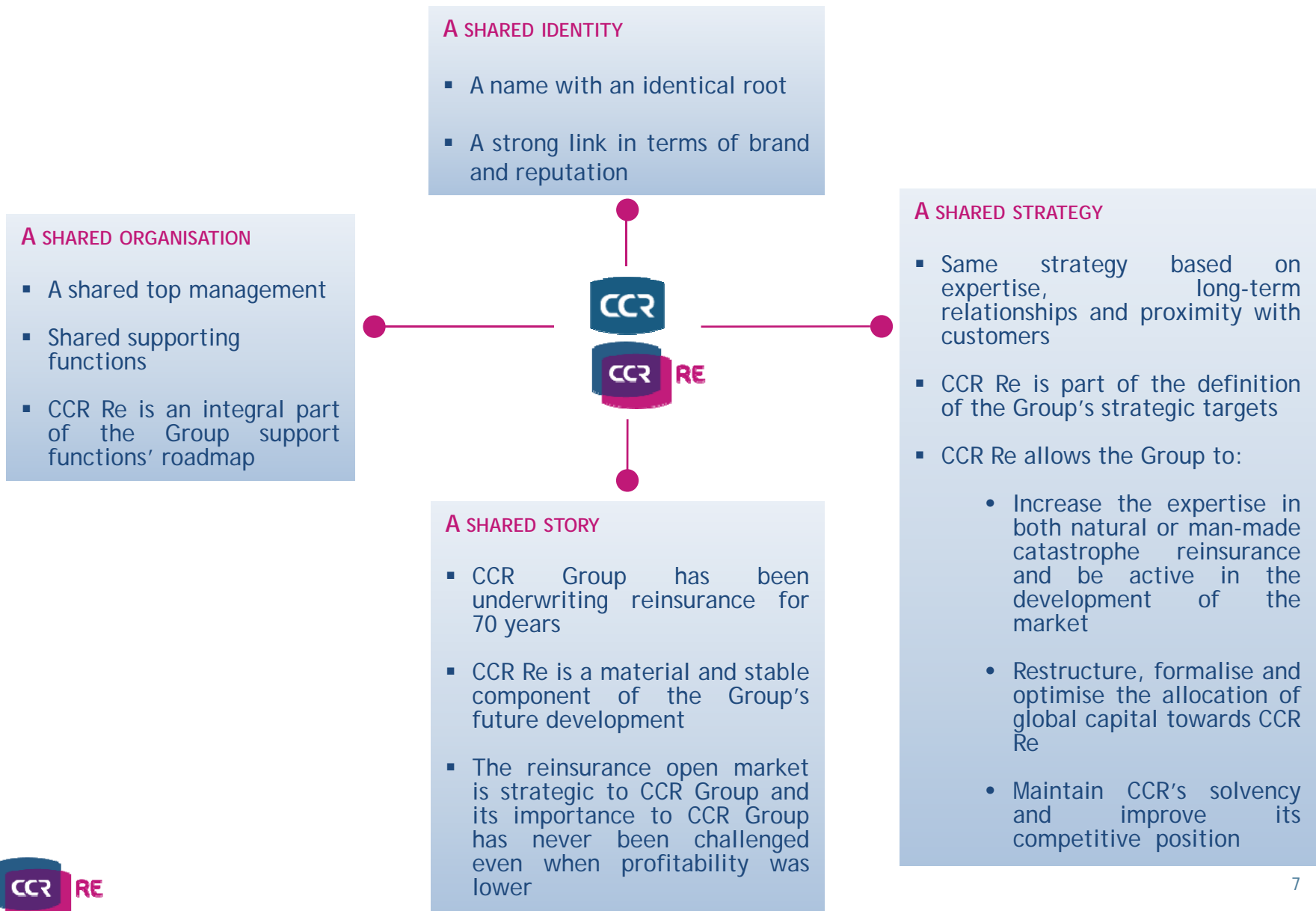


GROUP STRUCTURE OVERVIEW

- The CCR Group, wholly-owned by the French state, is backed by over 70 years experience in public and open market reinsurance
- CCR Group stands among the top 30 players in international reinsurance (all activities combined)
- CCR is a public reinsurer serving the general interest and provides state-guaranteed coverage against natural disasters and other exceptional risks to companies operating in France
- In 2016, CCR established a new subsidiary, CCR Re, dedicated to the reinsurance business which is not guaranteed by the French state
- CCR Re operates in the Life & Non-Life market, including Specialty lines, in France as well as in 70 countries worldwide
- Cross-fertilization of the expertise within CCR group e.g. developing internal models to better assess exposures, benefiting from PhD employees at CCR
- The CCR Group employs 271 professionals motivated by the satisfaction of their clients



CCR Re : AN ESSENTIAL ENTITY OF THE GROUP



AN EXPERIENCED MANAGEMENT TEAM

Management

Bertrand Labilloy, Chairman and CEO

- A graduate of Ecole Polytechnique and ENSAE
- Fellow of the French Institute of Actuaries
- Over 20 years of experience in the insurance sector
- Head of international business at the French Treasury Department's insurance companies division (1996-1998) / National expert on secondment to the European Commission (1999-2001) / Head of Corporate Finance at Calyon (2001-2006) / Head of Economic and Financial Affairs at the Fédération Française des Sociétés d'Assurances (since 2006)
- Appointed Chief Executive Officer of CCR on 16 January 2015

Laurent Montador, Deputy CEO

- A graduate of University of Paris' Institute of Statistics (ISUP) and the University of Paris at Dauphine
- Over 25 years of experience in the reinsurance sector
- Actuary at Cardif (1992-1993), Head of Actuarial Supervision - Chief Actuary at Axa Re (1993-2000) / Territorial Manager & Senior Underwriter at Transatlantic Re (2000-2008) / Senior underwriter at Flagstone Re (2008-2009)
- Fellow of the French Institute of Actuaries
- Appointed Deputy Chief Executive Officer of CCR Re in 2016, he was CCR Deputy Chief Underwriting Officer until August 2014

Other key executives

Chrystelle Busque, Chief Financial Officer

- At CCR since 2008. Appointed to the Executive Committee in 2012 & Group CFO in 2014.
- A graduate of ENSTA-Paris Tech, holds a Master degree in Finance, a post graduate Pre-PhD in oceanography, meteorology and environmental sciences (DEA Pierre et Marie Curie) and a MBA of CHEA-Paris Dauphine
- Auditor at Arthur Andersen (1998-2001), Allianz France (2001-2008)

Jérôme Isenbart, Chief Risk Officer

- At CCR since in 2001 as Manager of Technical Studies and Pricing and later appointed Corporate Actuarial Director
- Fellow of the French Institute of Actuaries
- Chartered Enterprise Risk Analyst in 2016
- A founding member of the EIOPA Cat Sub Group, member of the Association for Corporate Risk and Insurance Management and of the French Audit and Internal Control Institute

Pierre Coumes, Head of Financial Investments

- At CCR since 2013
- With a Master of Arts in Finance from Ohio State University and a graduate's degree from the French Center for Training in Financial Analysis (CFAF)
- He was Bond Manager for Crédit Commercial de France until 1992 then Asset Liability Manager for the life insurance affiliates of the GAN Group before becoming head of the Finance Department at CCR in 2002

Patrick Delalleau, Global Chief Underwriting Officer

- At CCR Group since 2003
- Patrick was head of Non-Life Treaty before being nominated CUO
- Over 40 years of experience in reinsurance underwriting since he worked for Partner Re and SAFR prior to joining CCR group

Hervé Nessi, Market Chief Underwriting Officer

- Joined CCR Group in 2006
- Graduated of an engineering high school, member of the French Institute of Actuaries
- Successively in charge of the actuarial division and then, as CUO Markets, of the underwriting department Life and non Life
- Before joining CCR Group, he worked at AXA Corporate Solutions in Paris and in Mexico and at CatixL, a Benfield's subsidiary, forerunner in the field of index protections

RATING AGENCIES HIGHLIGHTS CCR RE'S SOLVENCY STRENGTH

Standard & Poor's **A-** stable outlook

A.M. Best **A** stable outlook

Rating Approach

- Based on CCR assessment

- Based on CCR Re's own merits (balance sheet, business plan, ERM etc.) and uplift given its group membership

Credit highlights

- "In our own risk-based capital model, CCR Re's capital adequacy is commensurate with the overall CCR group rating of 'AA'."
- "We expect CCR Re to maintain its highly strategic status within the group due to its integral role in the group's strategy."
- "We expect that, given CCR Re's contribution to group strategy, the CCR group will support the subsidiary in times of stress."

- « The standalone assessment reflects CCR Re's good risk adjusted capitalization underpinned by the proposed capitalization structure, conservative investment portfolio and retrocession program. »
- « The committee was of the opinion that CCR would be able to provide prompt support to CCR Re should the company need it. »



https://www.standardandpoors.com/en_US/web/guest/article/-/view/type/HTML/id/1781457

BUSINESS MODEL

A DIVERSIFIED AND PRUDENT BUSINESS PROFILE

Business lines



Non-life / property and casualty reinsurance incl. Specialty lines

68%

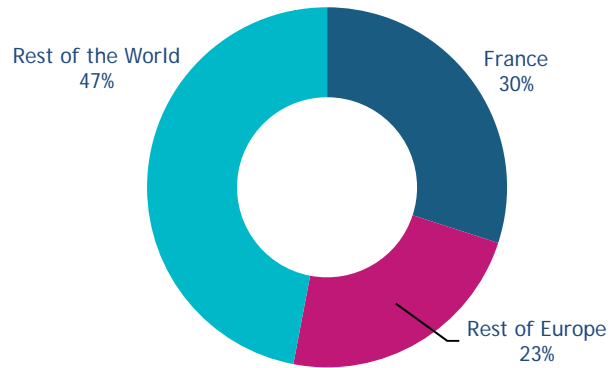


Life, accident & health reinsurance

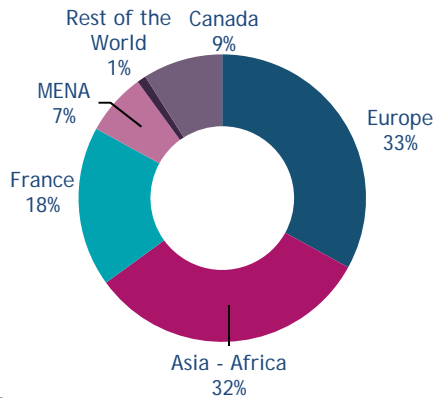
32%

Geographical breakdown

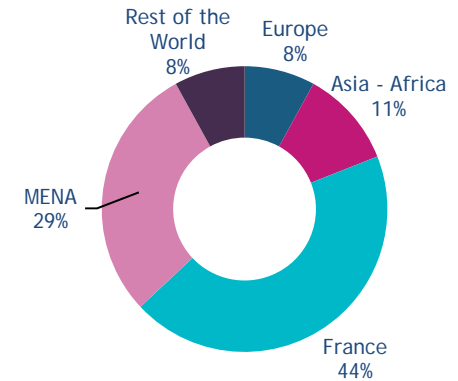
Total Premium Income



Non-Life Premium Income



Life Premium Income

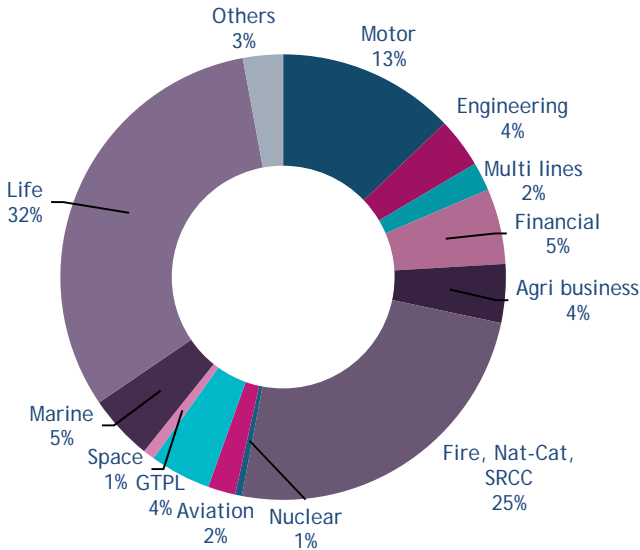


Figures as at 31/12/17



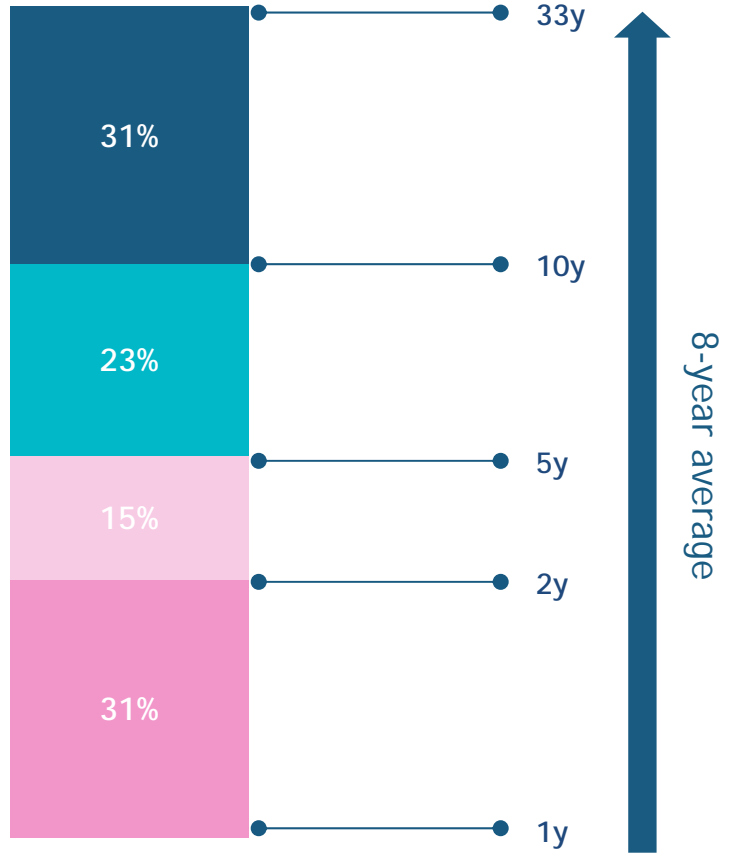
DEVELOPING BUSINESS BASED UPON LONG-TERM RELATIONSHIPS WITH CEDENTS

2018's renewal by Line of Business (premium)



- Further expansion of the underwriting policy to include a selected number of countries and lines

Cedents relationships seniority

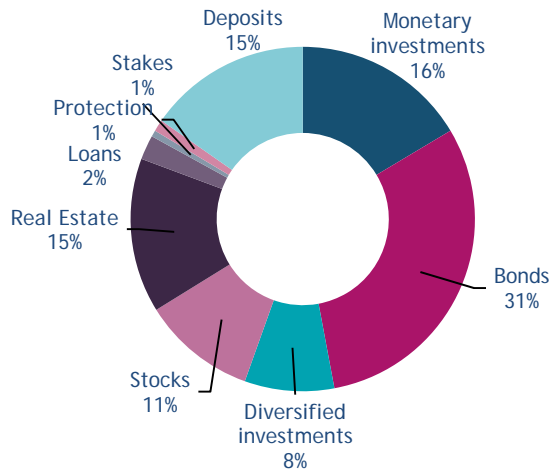


A DIVERSIFIED INVESTMENT PORTFOLIO

Investment strategy main principles

- Provide financial revenues in the range [2%; 2,5%] (French GAAP) with a high confidence level
- Increase, in the medium run, of the unrealised capital gains on equity and real asset portfolio
- Delegate the asset management to first class asset managers (except cash, investment grade bond portfolio & real estate)

Breakdown of global portfolio by asset class (Dec. 2017)



CCR RE investment strategies (Dec. 2017)



2017 FINANCIAL RESULTS & 2020 PROJECTIONS



2017 RESULTS EXCEED INITIAL PROJECTIONS

- 2017 was the first full year of operation since the partial contribution of assets operated on 31 December 2016 with retroactive effect on 1 January 2016
- Very positive reception from the market (over 90% of cedents' retention)
- Limited impact of the major loss events that impacted the global reinsurance industry (Hurricanes Harvey, Irma & Maria, EQ in Mexico and wildfires in the US)
- 2017 financials shows that the business plan is well on track

€ million	2017 Realized
Gross written premium	396
Life technical margin	6.7%
P&C Technical ratio	96%
P&C Combined ratio	104.9%
Net investment return	2.2%
Net result before Tax & equalisation reserves	31
Net result	17

- The level of premiums has already reached the 2019 targets
- Sound life technical margin
- P&C technical ratio linked with a highly prudent reserving policy
- Net investment return reached targets
- Reached the 2018 targets
- A satisfactory net result of € 17m slightly ahead of the business plan

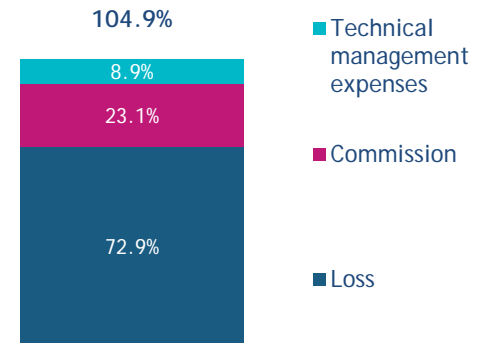
P&C: LIMITED IMPACT OF THE 2017 NATURAL CATASTROPHES

- Low impact of the major market loss events: (€ -6m)
 - Maria & Irma : € -6m (without any exposure in Puerto Rico)
 - Harvey & Mexico : no exposure
 - To be compared with 2016 events : Taiwan earthquake (€ -11m) and fire in Fort McMurray (€ -9m)

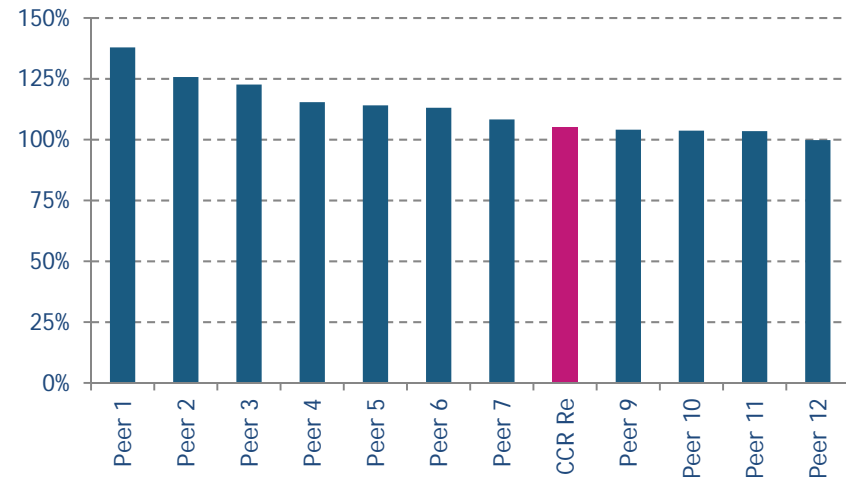
- Slightly higher frequency of smaller events

- Minor impact of Ogden:
 - Motor Liability global reserving impact: € -10m (~2.5pts combined ratio)
 - Dedicated task force to analyze claims by claims (PPO...)
 - Due to a highly prudent reserving policy and the decrease since 3 years of this portfolio

2017 Net combined ratio (P&C) excluding ER variation



Selected peer's 2017 combined ratio



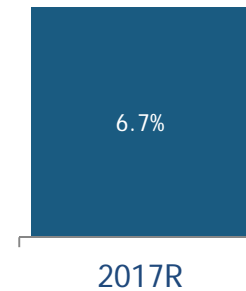
Peers include: Aspen Insurance, Axis Capital, Everest Re, Hannover Re, Munich Re, QBE, RenaissanceRe, Scor, Swiss Re, Validus, XL Group



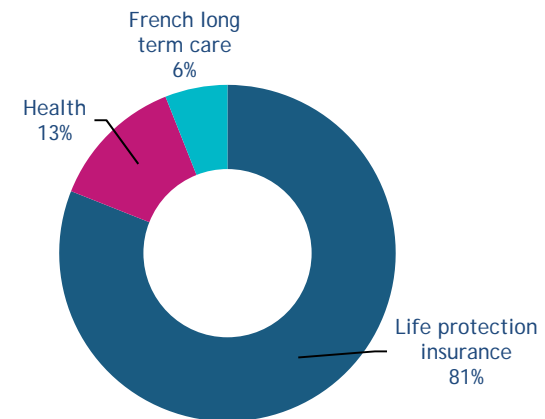
LIFE AND HEALTH: SATISFACTORY TECHNICAL MARGIN

- Satisfactory Life technical margin of 6.7%
- CCR Re's expertise is recognized on traditional risks as well as tailor made solutions like war risk, mortality, incapacity and new products
- CCR Re offers various innovative reinsurance solutions for biometric risks (e.g. health, mortality, disability, LTC...) based on client needs
- Life business is expected to grow up during the upcoming years in order to increase the diversification benefit between activities and enhance the profit stability

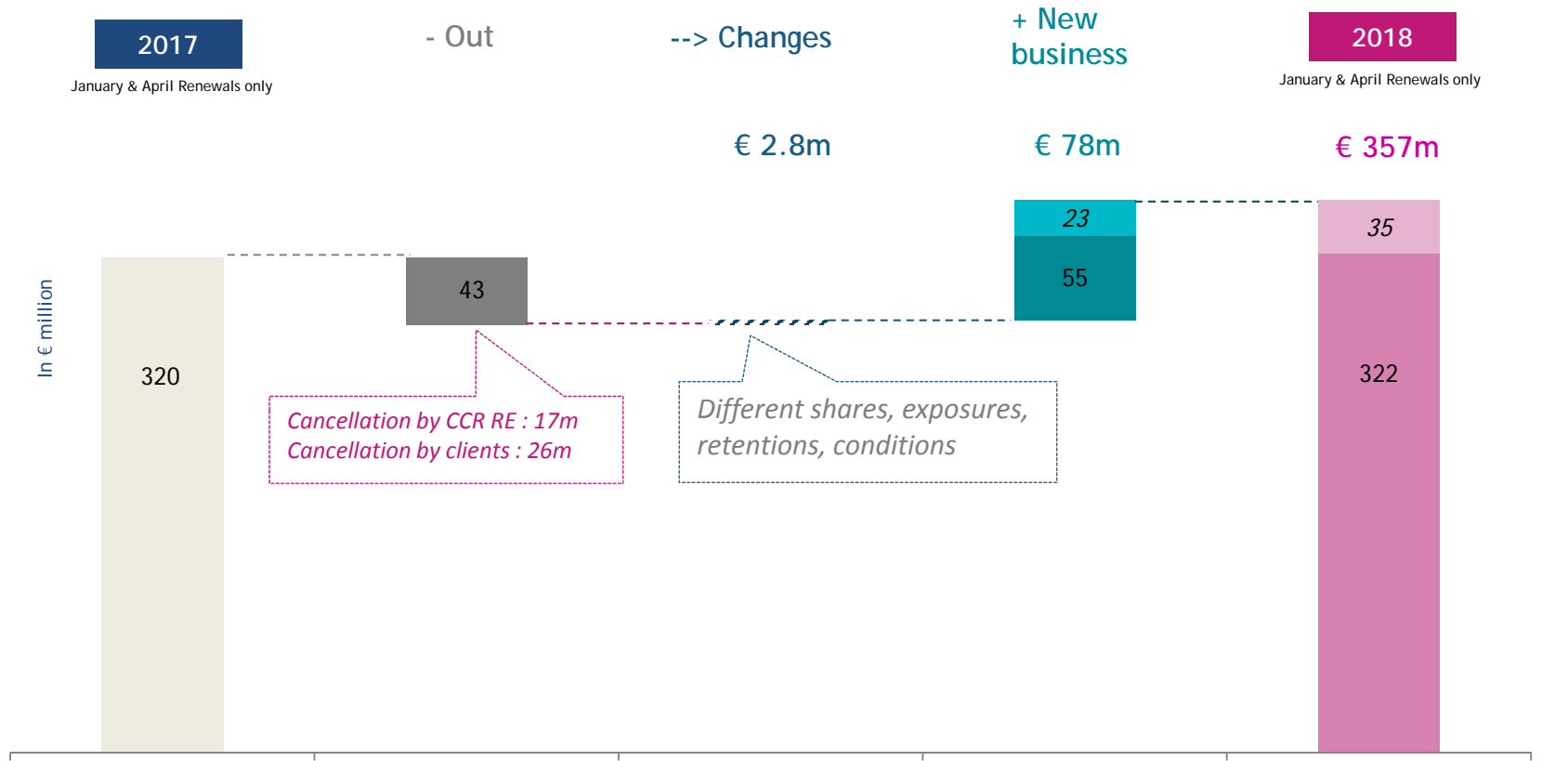
Life technical margin



Breakdown of the life portfolio



PREMIUM INCOME: AN UPWARD TREND WITH DISCIPLINE



A renewal is the period when all the contracts with our clients are bound. The main ones are at 1/1, 1/4 and 1/7 for CCR Re

Renewal figures as at 01/04/2018

+12%
vs. 2017 Renewals



2020 BUSINESS PLAN: DIVERSIFICATION, UNDERWRITING DISCIPLINE, FINANCIAL STRENGTH

Key financial targets 2020 (€ million)

Gross Written Premium	505
Net Income Before Tax	55
Combined Technical Ratio	95%
Solvency 2 margin	Optimal range

Conservative assumptions

- Absence of an upturn in the cycle until 2020
- Favourable claims runoff not taken into account
- Reasonable assumptions for return on investments
- High level of capitalisation

Relative stability of the revenue but change in the business mix

- Reduced exposure to long term lines of business (e.g. motor TPL)
- Development of the Life portfolio
- Geographical diversification of the Cat portfolio

Strict and focused underwriting policy target

- Assuming current soft pricing conditions will continue over the projection period, even though a hardening is expected from 2019
- Stability of management expenses

Strong capital target

- Solvency 2 ratio well positioned within the optimal range
- No dividend payment before 2021 (in respect of 2020 accounting year)

RISK MANAGEMENT

ORGANIZATION OF THE ERM FRAMEWORK

Risk management

- Board of CCR RE involved in defining risk appetite
- Senior Management of CCR RE involved in monitoring risk
- Established and robust ERM framework covering existing and emerging risks and supporting business developments
- Stress testing and ORSA on a regular basis
- Very strong solvency position and conservative reserving policy
- Well balanced risk composition (market, non life, life) to ensure diversification benefit
- Direct link with internal control and compliance works
- Interaction with our DPO and our CISO

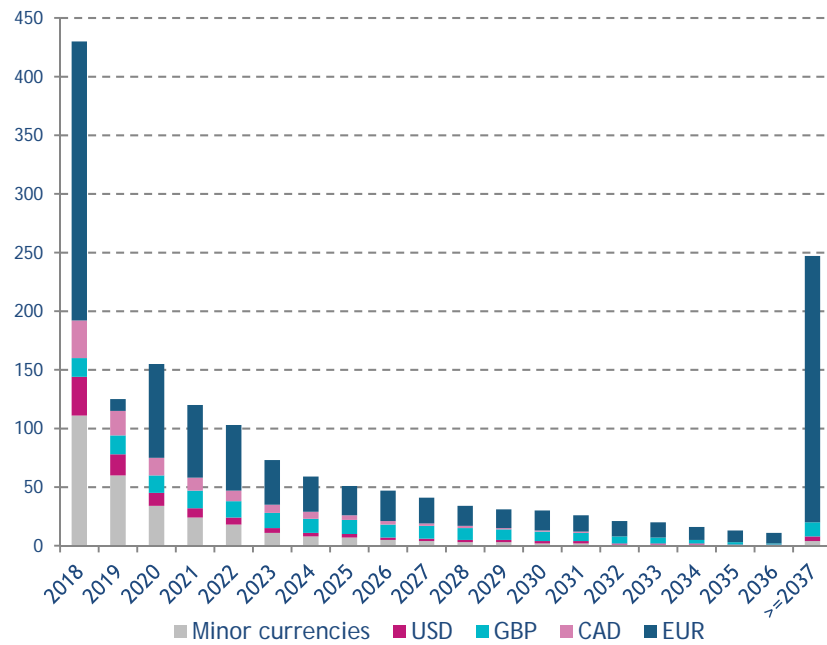
Internal Control, Compliance & audit

- Internal Audit is an independent department of CCR, as per Solvency II regulation, reporting directly to CEO and his deputy
 - Conclusions and recommendations validated by executive team
 - Risk Committee in charge of following up on action items identified by audit
- The Internal control is a specific department looking after process, risks and controls thanks to detailed cartographies and annual control checking. It works daily with a network of 25 correspondents spread throughout the group
- 253 processes are under control in a dedicated managing tool, 399 risks (91 key risks) are covered by 598 controls (127 key controls)
- Compliance activity (Sanctions, anti-money laundering) is managed by a compliance officer during usual reinsurance activities
- The efficiency of all these systems has been recently confirmed by external auditor, board and rating agencies

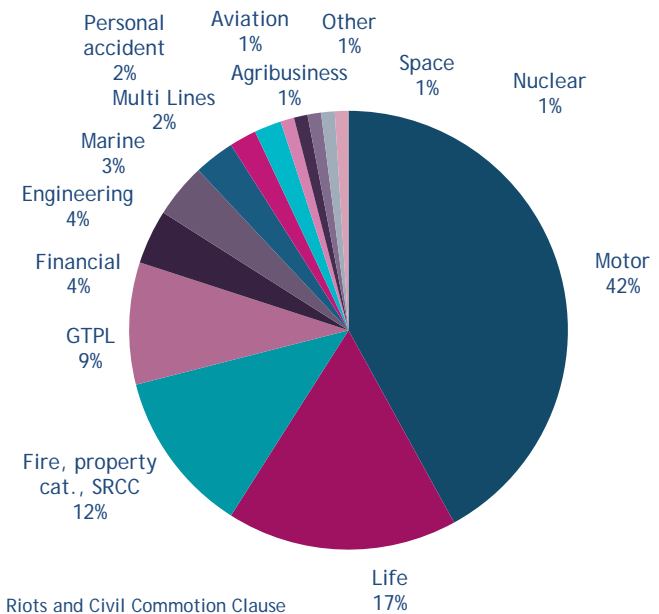
A CONSERVATIVE RESERVING POLICY

- Strict monitoring of the reserving policy (external auditors on a bi-annual basis and audit every 3 years)
- Processes as well as level of reserving under French GAAP and S2 reviewed by the Actuarial function on an annual basis
- Over 40 years of track records
- State of the art on reserving technics
- A policy based on a 70% percentile on each and every reserving segment

Flow of CCR Re reserving winding up (€ m, Dec. 2017)



Reserves by line of business



SRCC: Strikes, Riots and Civil Commotion Clause
 GTPL: General Third Party Liability

A CONSERVATIVE INVESTMENT STRATEGY

Interest rate risk

- Low fixed income modified duration at 2.0%

Credit risk

- Internally-managed bond portfolio average rating : AA-
- Delegated bond portfolio : average rating of the Delegated bond portfolio is A+ (62% Investment Grade - 38% High Yield)
- Exposure in High Yield Bonds is mainly on the short-duration segment

Sovereign exposures

- No exposure to Italy, Greece, Portugal, Spain in the Internally-managed bond portfolio
- Marginal exposure to these countries in the delegated bond portfolio (< 2% total assets)

Currency risk

- Moderate global exposure on currencies : at 31 December 2017, gross exposure = 3.20% and net exposure = 1.15% of total assets
- Calibration of risk according to liquidity and country fundamentals

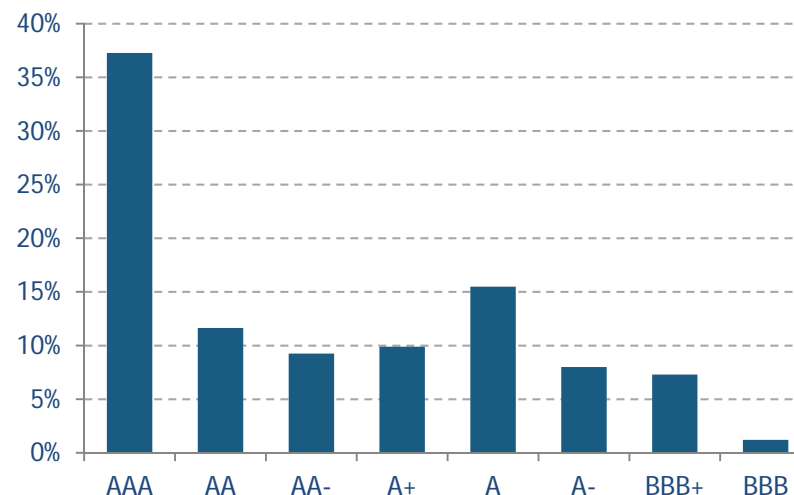
Liquidity risk

- ~15% of total asset in money mutual funds and bank deposit
- Internally managed bond portfolio composed of very liquid assets

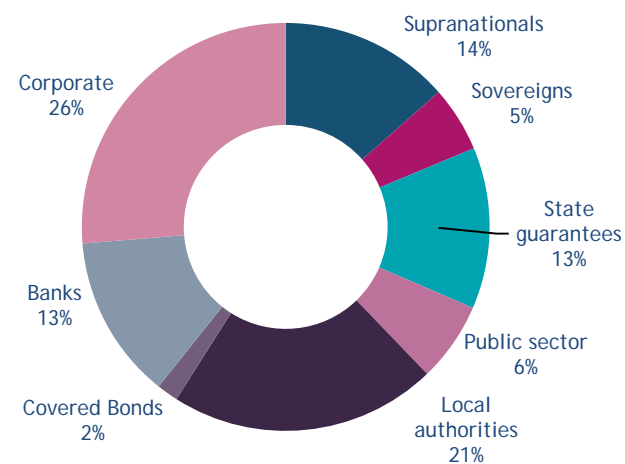
Inflation risk

- Mitigated by long term assets in real estate and equity infrastructure

Breakdown by rating of fixed-income securities (direct portfolio, Dec. 2017)



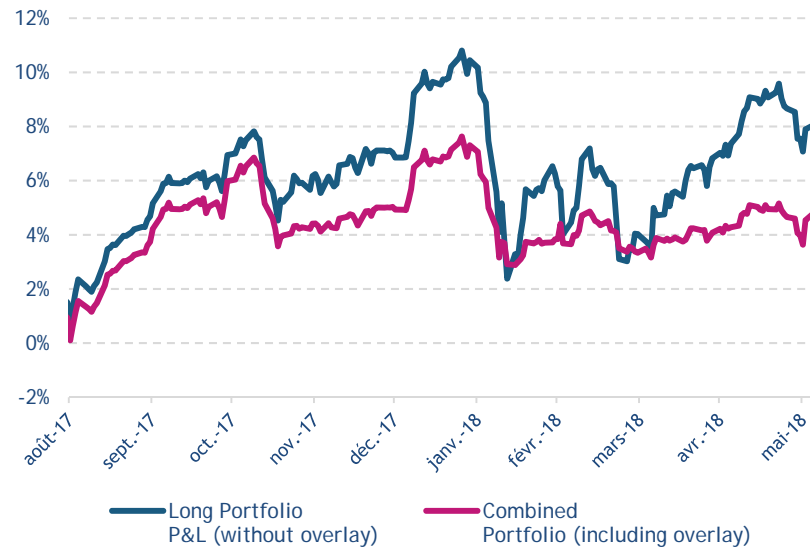
Breakdown of issuer type (Dec. 2017)



FINANCIAL HEDGING & RETROCESSION

Equity portfolio overlay

- Downside protection (-15% max drawdown) tailor-made solution for CCR and CCR RE implemented since March 2017
- Protecting the equity portfolio in case of significant market decline while preserving the ability to capture a significant proportion of positive performance
- Lowering of portfolio volatility



Retrocession

- CCR Re's portfolio is put under continuous review (ERM, Retrocession department) to identify any needs in terms of retrocession
- It benefits from a comprehensive protection program designed to support underwriting growth
- Since 2017, CCR Re has been working on improving the use of alternative capacity through non-traditional solutions

Motor & GTPL

- A program designed for large events (e.g. a Mont Blanc tunnel scenario)

Property Cat

- A program designed based on modeling and our risk appetite
- Fine-tuned to match with CCR Re's peak exposure i.e. European Wind
- Covering CCR Re both against large events (per event program) as well as a multitude of small and medium sized events (XL aggregate cover)
- Attachment point of the retro cover is € 15m per natural catastrophe event

Specialty lines

- Credit, Bond & Political Risks benefit from a pure retro program since 2016 in order to support the growth of this line of business
- A new retro program has been designed in cooperation with a top 3 broking agency for Agri business in order to assist the development of this LOB, identified as profitable but volatile

Life

- First program is a per head cover plus a catastrophe cover
- Second program is dedicated to War risk activities

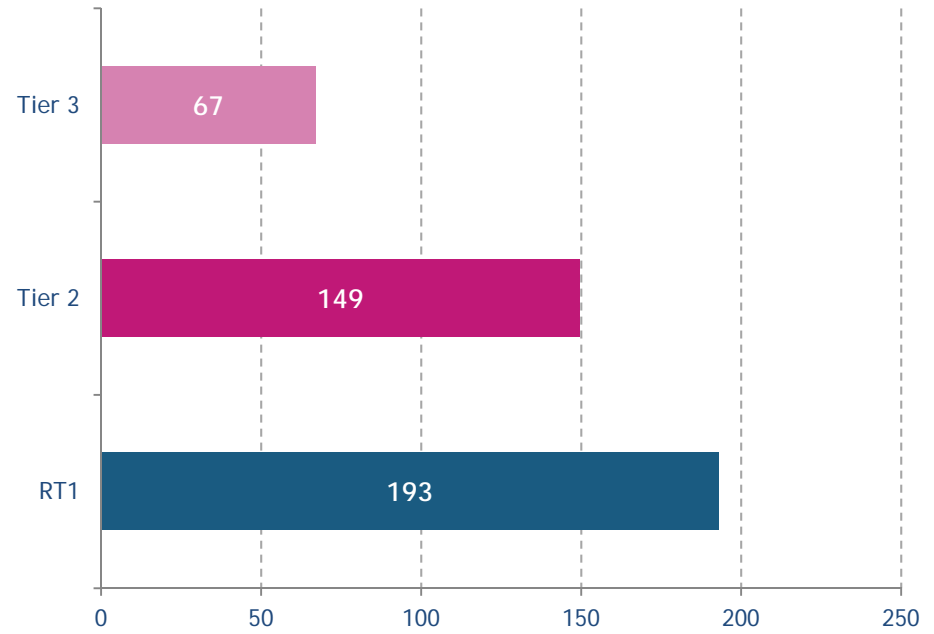
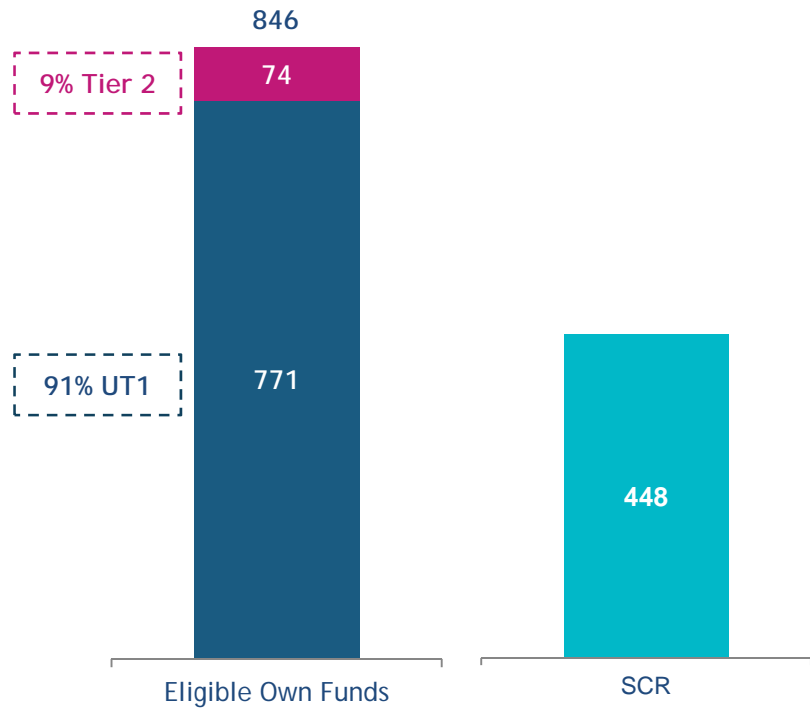


SOLVENCY & CAPITAL MANAGEMENT

HIGH QUALITY OF ELIGIBLE OWN FUNDS AND STRONG FINANCIAL FLEXIBILITY

Eligible own funds and SCR
(€ m, Dec. 2017)

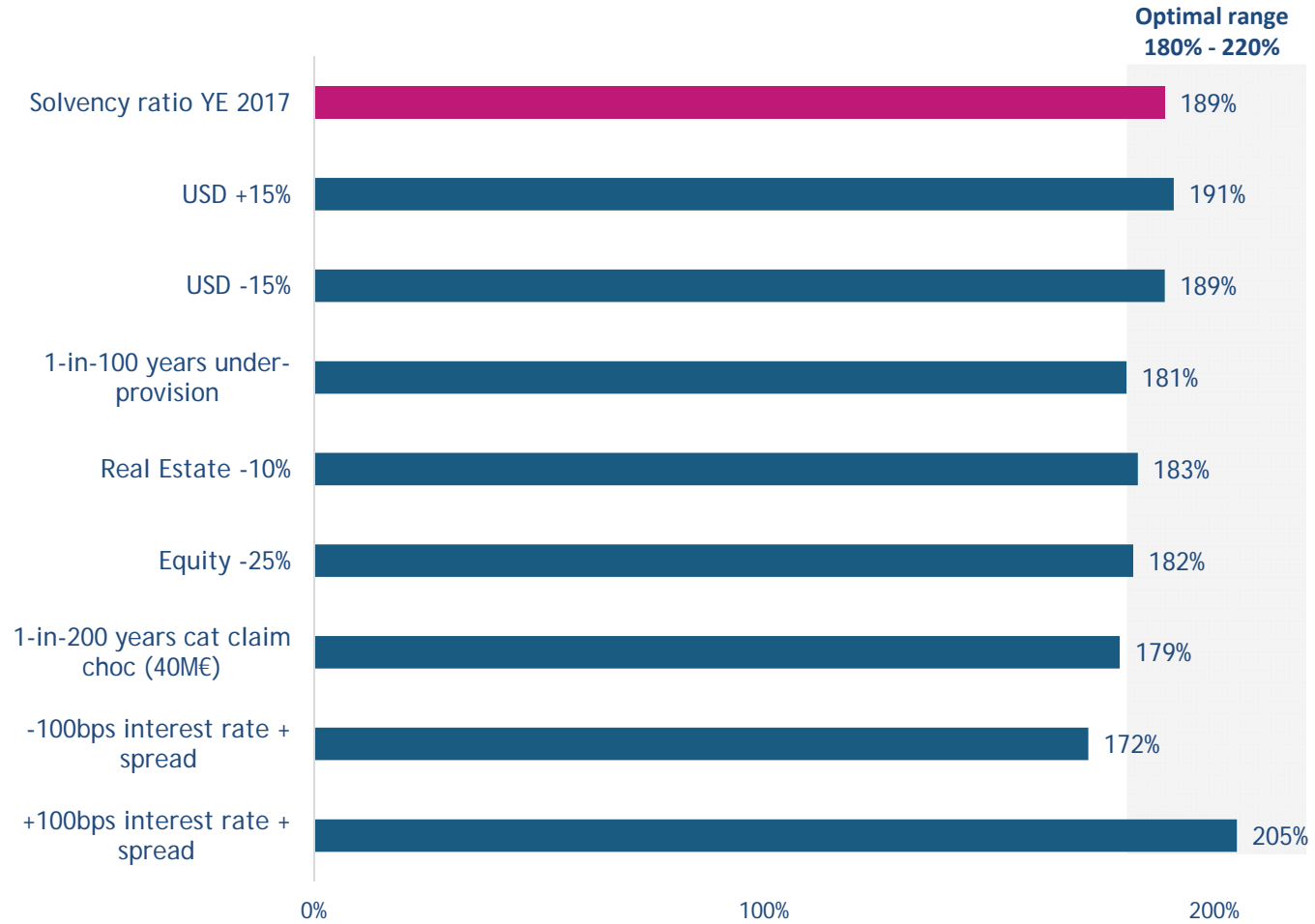
Issuance capacity as per S2 regulation
(€ m, Dec. 2017)



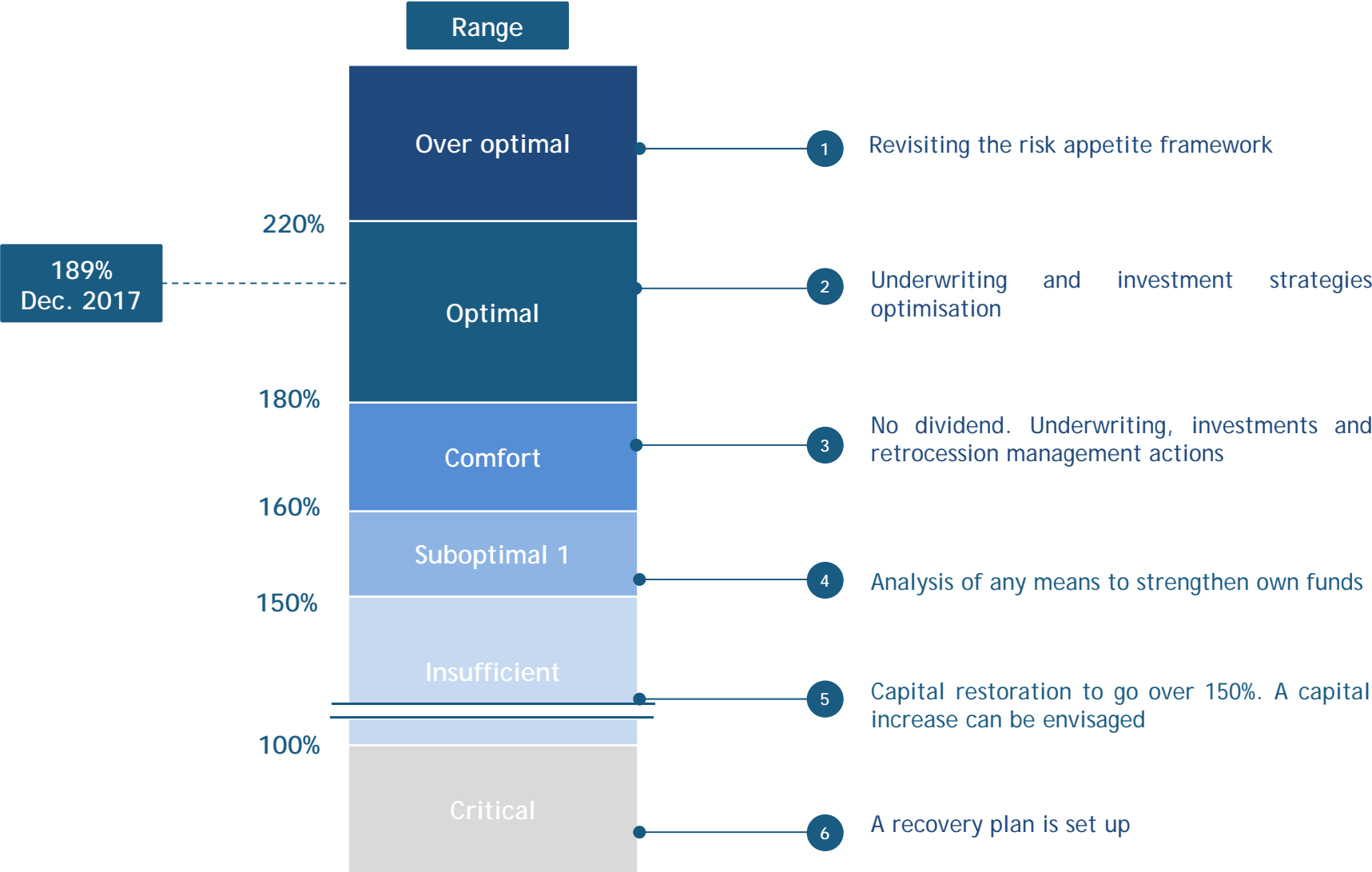
189%
S2 margin

STRONG RESILIENCE OF THE SOLVENCY 2 MARGIN TO SEVERE SHOCKS

Solvency 2 ratio sensitivities (Dec. 2017)



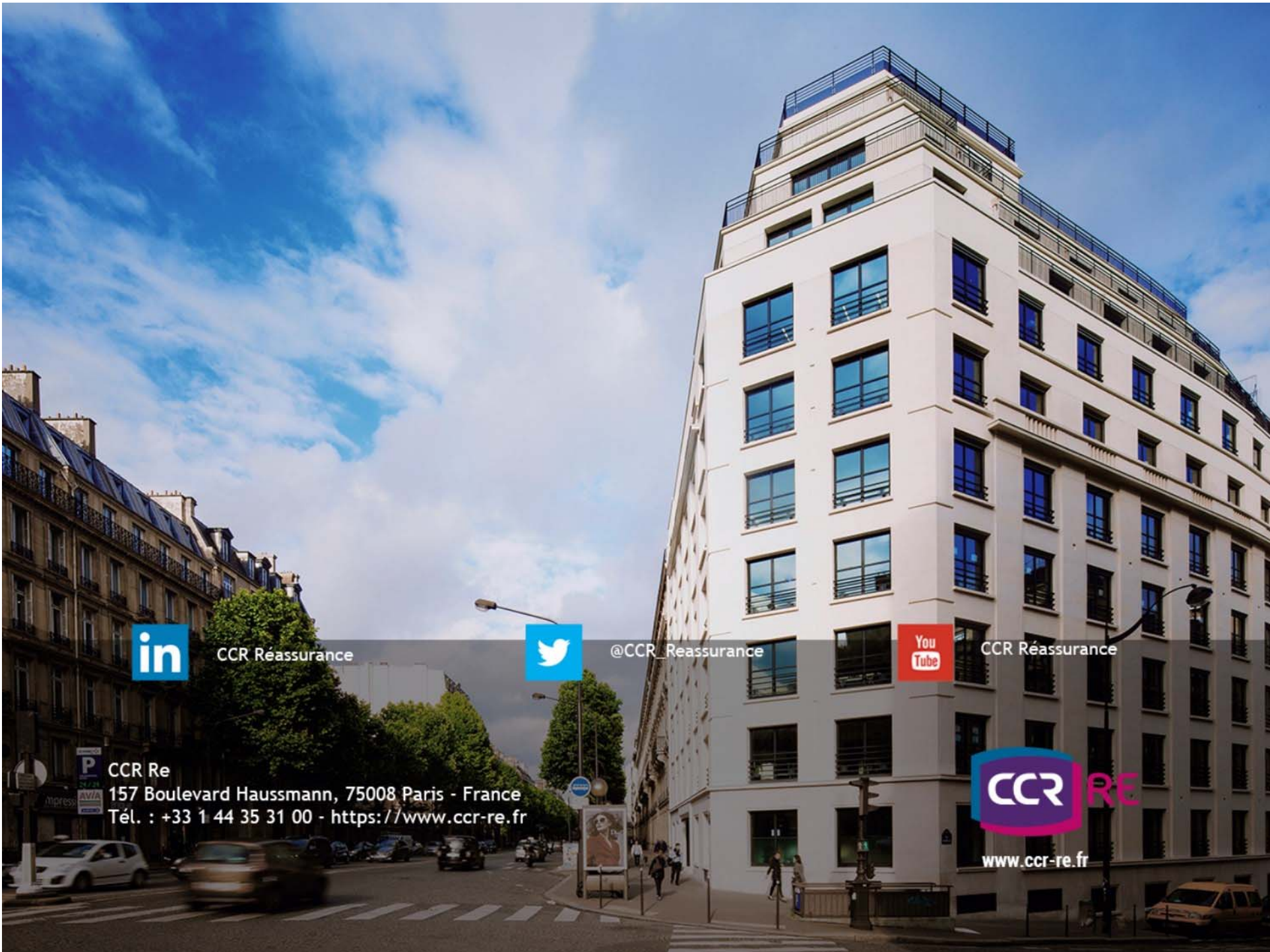
CAPITAL MANAGEMENT STRATEGIES AND LADDER OF INTERVENTION



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