ANNUAL FINANCIAL REPORT 2018

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PART 1 Results and financial position

1. FINANCIAL ENVIRONMENT

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

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

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

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

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

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

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

2. SIGNIFICANT EVENTS OF THE YEAR

- CCR RE reported net profit of €35 million in 2018, representing double the 2017 amount in a year of strong 17% growth in the portfolio.
- Margins continued to improve during the year. The Non-Life reinsurance combined ratio improved to 99.4%, despite a less favorable natural disaster loss experience in 2018 than in the previous year, especially in Japan.
- The company continued to implement a conservative reserving policy. No events occurred that would affect the natural liquidation of technical reserves, unlike in 2017 when the Ogden regulation modifying the calculation of compensation payments to accident victims came into effect in the United Kingdom.
- Taking advantage of the favorable environment, the equalization reserve was increased by €11 million, a move that helped to strengthen the company's financial position and reduce its earnings volatility. At December 31, 2018, the equalization reserve totaled €26 million.

3. POST BALANCE SHEET EVENTS

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

4. FINANCIAL REVIEW

Written premiums

Written premiums for the year amounted to €464 million, up 17.3% as reported[1] and 16.7% at constant exchange rates.

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

Premium income breaks down as follows:

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

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

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

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

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

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

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

Non-Life combined ratio and Life reinsurance underwriting margin

Non-Life reinsurance business

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

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

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

Life reinsurance business

The Life reinsurance business's underwriting margin increased to 6.9% in 2018 from 6.7% the previous year.

Management of financial and real estate investments

Reinsurance investments had a net book value of €2,016 million at December 31, 2018 (versus €1,942 million at the previous year-end), including €213 million in assets deposited with ceding insurers.

Net unrealized gains totaled €299 million at December 31, 2018 compared with €358 million at end-2017, reflecting conditions in the financial and real estate markets and asset sales carried out during the year. The market value of financial and real estate investments was €2,315 million, an increase of 0.6% compared with end-2017.

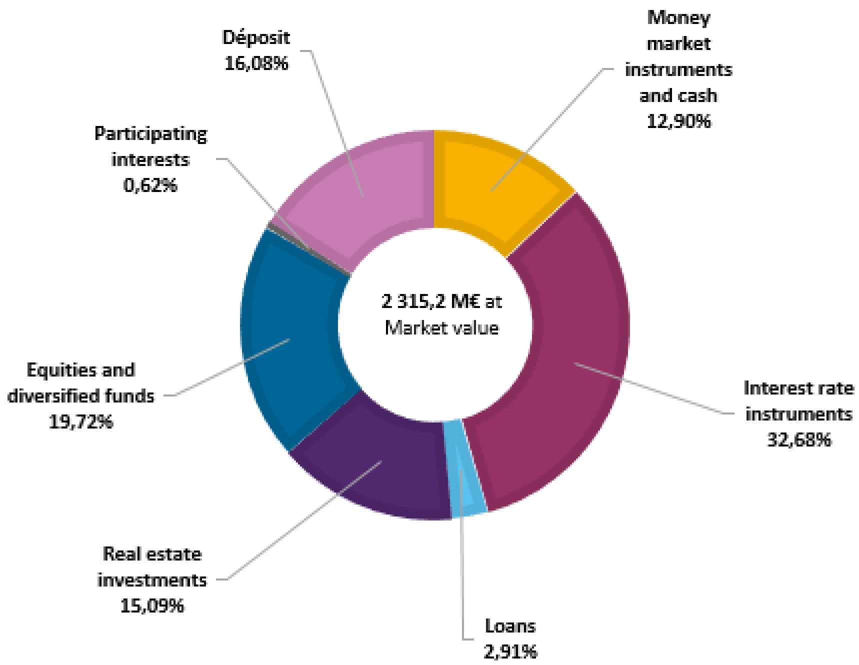
[1] The increase at constant exchange rates corresponds to the difference between actual 2018 premiums converted at the December 31, 2017 exchange rate and 2017 premiums converted at the December 31, 2017 exchange rate.

[2] 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. These items are determined before taking into account expenses analyzed by function and investment income allocated to the Life technical account.

[3] CCR RE's financial and real estate investments, including cash.

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

(in millions of euros)	Dec. 31, 2018			Dec. 31, 2017			Change			
	NBV	MV	% (at MV)	NBV	MV	% (at MV)	NBV	%	MV	%
Money market instruments and cash	298.86	298.63	12.90%	377.89	377.86	16.42%	(79.03)	-20.91%	(79.22)	-20.97%
Interest rate instruments	720.19	756.59	32.68%	647.60	704.91	30.64%	72.59	11.21%	51.68	7.33%
Equities and diversified funds	406.10	456.50	19.72%	359.44	465.06	20.21%	46.66	12.98%	(8.55)	-1.84%
Real estate investments	145.29	349.30	15.09%	147.73	334.06	14.52%	(2.44)	-1.65%	15.24	4.56%
Loans	66.72	67.38	2.91%	52.23	53.05	2.31%	14.48	27.73%	14.33	27.00%
Participating interests	6.20	14.39	0.62%	6.20	14.41	0.63%	0	0.00%	(0.02)	-0.14%
Deposits	372.38	372.38	16.08%	351.38	351.38	15.27%	21.00	5.98%	21.00	5.98%
TOTAL	**2,015.74**	**2,315.18**	**100.00%**	**1,942.47**	**2,300.73**	**100.00%**	**73.26**	**3.77%**	**14.46**	**0.63%**



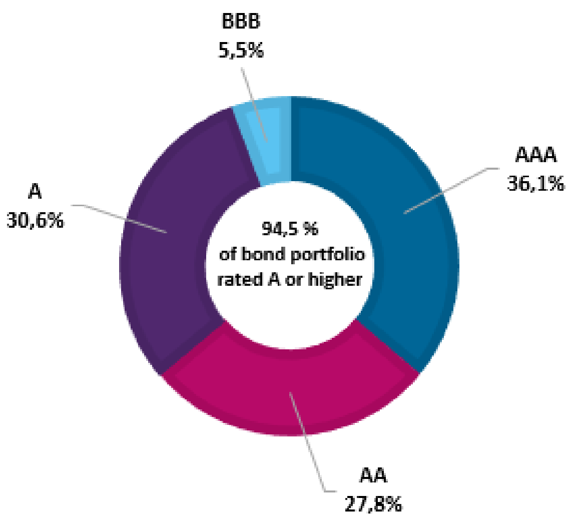
As shown in the above table, changes in the structure of the reinsurance investment portfolio in 2018 were as follows:

- Investments in money **market instruments** were reduced by 21% to €299 million. The decrease was mainly attributable to sales of units in money market funds for €40 million and a €39 million reduction in cash.

- **Interest rate** instruments represented 32.7% of total reinsurance investments at market value, an increase of 7.3% compared with December 31, 2017 with new investments more than offsetting the reduction in unrealized gains. The portfolio comprises bonds for 38.0% and bond funds for 62.0%.

At December 31, 2018, 94.5% of the ***bonds*** in the portfolio were rated A or higher.

Standard & Poor's rating



- Investments in equities **and diversified funds** amounted to €456 million at market value. The portfolio represented 19.7% of total reinsurance investments at December 31, 2018, 1.8% less than at the previous year-end. The main investments are equity funds (40.8%), hybrid securities (17.8%) and diversified funds (22.3%).

- **Real estate** investments stood at €349 million at market value, an increase of 4.6% from end-2017. The portfolio represented 15% of total reinsurance investments versus 14.5% at December 31, 2017.

Profit for the year

Profit for the year, after tax, amounted to €35 million, breaking down as follows:

- The net reinsurance underwriting result after reinsurance came to €33 million, before the transfer to the equalization reserve, reflecting last year's profitable business growth.

- An amount of €11 million was transferred to the equalization reserve at the end of the year. The tax-deductible transfer to the reserve will help to offset exceptional future costs on certain classes of reinsurance business, thereby strengthening CCR RE's financial position by limiting earnings volatility.

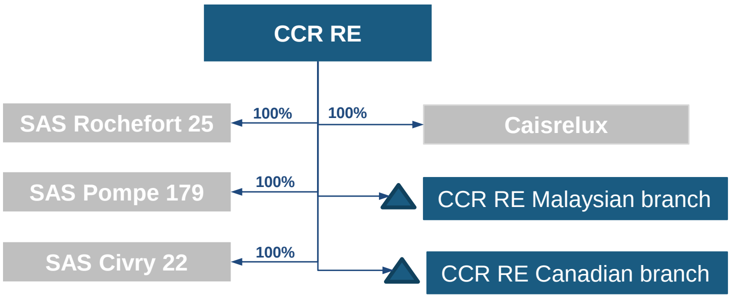
- Net investment income amounted to €43 million, including investment revenue of €23 million and €19 million in net realized profits on disposals of investments. The overall yield on the reinsurance investment portfolio was 2.2%.

- Administrative expenses (excluding investment management fees deducted from net investment income) came to €29 million in 2018. The expense ratio improved significantly, to 5.9%[5].

- Income tax expense for 2018 was €0.3 million. The effective tax rate of 0.8% was mainly due to changes in unrealized gains on investments funds which have a direct impact on taxable profit.

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

Subsidiaries and affiliates



As shown in the above chart, part of the real estate investment portfolio is managed through three simplified joint stock corporations with combined equity of €41 million at December 31, 2018. The three companies reported net profit of €2 million in 2018 and contributed €2 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, 2018, unchanged from the previous year-end. Caisrelux operates exclusively as a captive reinsurance company. Its financial statements approved for publication on April 4, 2019 show a net profit for the year.

5. 2019 OUTLOOK

By actively deploying our strengths and focusing our efforts on better serving our clients, we exceeded our business plan objectives in terms of premium income, earnings and solvency capital.

In 2019, we will continue to grow the business by:

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

Thanks to the action taken in recent years, we now have the agile organization needed to act quickly in the event of a market reversal and take up opportunities without sacrificing our goal of continuously improving our margins.

6. FORWARD FINANCIAL INSTRUMENTS POLICY

Currency risk results from differences between assets and liabilities in each currency.

It is impossible to exactly match assets and liabilities in each currency on a continuous basis. CCR RE endeavors to limit the balance sheet's exposure to currency risks and uses hedging instruments to reduce the impact of exchange rate fluctuations.

Currency risk is managed using a certain number of indicators to assess the risk from different angles, currency by currency.

Hedging instruments include forward foreign exchange contracts and derivative instruments for non-convertible currencies.

7. DIVIDENDS PAID IN THE LAST THREE YEARS

French law requires the disclosure of dividend payments for the last three years.

In the case of CCR RE, only two years' information is available as 2016 was the company's first year of operation.

No dividend was paid for 2016, the company's first year of operation, or for 2017.

8. OTHER INFORMATIONS

Research and development activity

CCR RE does not conduct any research or development activities within the meaning of Article L.232-1 of the French Commercial Code.

Supplier and client payment terms

In accordance with Article L.441-6-1 of the French Commercial Code, suppliers are paid on 90-day terms (as from the end of the billing month) or on a cash basis, except in specific cases such as when the invoice amount has been contested.

	Article D441 I.1 Invoices received and due but not settled at year-end						Article D441 I.1 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	12					**0**	2					**0**
Total amount of invoices (excl. VAT)	94.3					**0**	617.7					**0**
As a % of total purchases for the period (excl. VAT)	1.2%					**0.0%**						
Percentage of premium income (excl. VAT) for the period							62.4%					**0.0%**
(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.

Five-year financial summary

INDICATOR (in thousands of euros)	2014	2015	2016	2017	2018
1. Financial position at December 31					
Share capital			90,082	90,082	90,082
Number of shares outstanding			901	901	901
2. Results of operations					
Premium income			443,118	395,831	464,218
Profit before tax, employee profit sharing, depreciation, amortization and provisions			22,208	25,395	37,281
Income tax			15,320	8,582	269
Employee profit sharing			0	0	0
Net profit			6,014	16,900	34,630
Total dividend			0	0	0
3. Per share data (in euros)					
Earnings per share after tax and employee profit sharing, before depreciation, amortization and provisions			7.65	18.86	41.09
Earnings per share after tax, employee profit sharing, depreciation, amortization and provisions			6.68	18.76	38.44
Dividend per share			0	0	0
4. Employee information					
Number of employees			0	71	76
Total payroll			0	6,659	6,221
Total benefits			0	2,607	1,566

PART 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.

1. BOARD OF DIRECTORS, CHAIRMAN AND 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 ordinance 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 Lévi
- Antoine Mantel
- John Conan, director representing employees elected by employees pursuant to Article L.225-27 of the French Commercial Code.

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 Lévi.

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 and approves the internal audit program, 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.

3. DIRECTORS' FEES AND MANAGEMENT COMPENSATION

In 2018, CCR RE paid total directors' fees of €42,000 to members of the Board of Directors, as follows:

- Charles Lévi €21,000
- Patrick Cerceau €21,000

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

Bertrand Labilloy, Chairman and Chief Executive Officer, was paid total gross compensation of €127,500 in 2018, including fixed compensation of €85,000 for 2018 and variable compensation of €42,500 in respect of 2017.

Laurent Montador, Deputy Chief Executive Officer, is not paid any fees or compensation by CCR RE.

No fees or compensation were paid by CCR RE's subsidiaries to any of the company's directors or officers in 2018.

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.

5. AGREEMENTS BETWEEN A DIRECTOR, A CORPORATE OFFICER OR A SHAREHOLDER OWNING MORE THAN 10% OF THE VOTING RIGHTS AND A SUBSIDIARY

No agreements have been signed, directly or through a representative, between one of the directors or corporate officers or a shareholder owning more than 10% of the voting rights in CCR RE and another company in which CCR RE owns more than half of the capital, directly or indirectly, other than agreements entered into on arm's length terms in the normal course of business.

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 of CCR and CCR's ESG Climate Report therefore includes the required information for both companies.

7. LIST OF DIRECTORSHIPS AND POSITIONS HELD IN OTHER COMPANIES BY DIRECTORS AND OFFICERS OF CCR RE IN 2018

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

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) and Chairman of CCR's Strategy Committee
- Chairman of Harbour Conseils (SAS)
- Director of Société d'Edition de Canal Plus
- Non-voting director of Fimalac
- Director of Fonds PME Emplois Durables
- 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) from June 2018

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

- APREF (Association Professionnelle des Réassureurs de France): Member of the Board, Member of the Steering Committee, Chairman of the International and Communications Committee, Chairman of the Bureau until end-March 2018
- Chairman of SAS Patrick Cerceau Consulting since November 9, 2018

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

None

CHARLES LÉVI

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
- 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)
- Member of the Board of Directors of Axa Assurances (Poland) until September 11, 2018

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 and Risks Committee of CCR
- State Inspector in the General Economic and Financial Inspection Division
- Director and member of the Audit Committee of Fonds de Garantie des Assurances Obligatoires (FGAO)

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BALANCE SHEET AT DECEMBER 31, 2018

ASSETS (in thousands of euros)	Gross amount	Amortization, depreciation & provisions	At December 31 2018 Net amount	2017 Net amount
INTANGIBLE ASSETS	**87**	**80**	**6**	**6**
INVESTMENTS				
Real estate investments	178,241	32,955	145,286	147,731
Investments in affiliates and participating interests	6,200		6,200	6,200
Other investments	1,493,594	51	1,493,543	1,425,522
Cash deposits with ceding insurers	212,833		212,833	187,734
TOTAL Investment	**1,890,868**	**33,005**	**1,857,863**	**1,767,188**
REINSURERS' SHARE OF TECHNICAL RESERVES				
Non-Life unearned premium reserves	1		1	0
Life outstanding claims reserves	862		862	547
Non-Life outstanding claims reserves	5,987		5,987	9,279
Other Life technical reserves	0			
TOTAL Reinsurer's share of technical reserves	**6,850**		**6,850**	**9,826**
RECEIVABLES				
Reinsurance receivables	43,529	2,383	41,146	34,741
Prepaid and recoverable taxes	8,111		8,111	7,895
Prepaid payroll costs				
Other receivables	6,112	78	6,033	5,259
TOTAL receivables	**57,752**	**2,462**	**55,290**	**47,895**
OTHER ASSETS				
Property and equipment	509	403	106	125
Current accounts and cash	159,363		159,363	176,736
TOTAL Other assets	**159,872**	**403**	**159,469**	**176,861**
ACCRUED INCOME AND PREPAID EXPENSES				
Accrued interest and rental revenue	3,704		3,704	3,216
Life and Non-Life deferred acquisition costs	36,355		36,355	30,641
Other accrued income and prepaid expenses	209,866		209,866	173,343
TOTAL Accrued Income and Prepaid Expenses	**249,924**		**249,924**	**207,200**
TOTAL ASSETS	**2,365,354**	**35,951**	**2,329,403**	**2,208,975**

BALANCE SHEET AT DECEMBER 31, 2018

EQUITY AND LIABILITIES (in thousands of euros)	At December 31 2018	2017
SHAREHOLDERS' EQUITY		
Share capital	90,082	90,082
Additional paid-in capital		270,847
Revaluation reserves		
Other reserves	293,762	6,014
Profit for the year	34,630	16,900
TOTAL Shareholder's Equity	**418,474**	**383,844**
SUBORDINATED DEBT	**75,000**	**75,000**
GROSS TECHNICAL RESERVES		
Non-Life unearned premium reserves	146,502	103,572
Life reinsurance reserves	73,323	199,214
Life outstanding claims reserves	63,868	126,870
Non-Life outstanding claims reserves	1,465,955	1,281,397
Life policyholders' surplus reserve	3,134	
Equalization reserves	26,198	15,325
Other Life technical reserves	35,936	
TOTAL Gross technical reserves	**1,814,917**	**1,726,377**
NON TECHNICAL PROVISIONS	**2,811**	**6,637**
CASH DEPOSITS RECEIVED FROM REINSURERS	**157**	
OTHER LIABILITIES		
Reinsurance payables	953	195
Other borrowings, deposits and guarantees received	960	963
Accrued payroll costs	4,585	1,487
Accrued taxes	2,413	1,204
Other payables	7,133	9,322
TOTAL other liabilities	**16,045**	**13,171**
DEFERRED REVENUE AND ACCRUED EXPENSES	**2,000**	**3,946**
TOTAL EQUITY AND LIABILITIES	**2,329,403**	**2,208,975**

INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2018

(in thousands of euros)	Gross	Reinsurance	Year ended 2018 Net	2017 Net
NON-LIFE TECHNICAL ACCOUNT				
Earned premiums:				
Written premiums	395,692	17,540	378,152	253,290
Change in unearned premium reserves	(16,119)	(0)	(16,119)	3,424
	379,573	**17,539**	**362,033**	**256,714**
Investment income allocated from non-technical account	**30,445**		**30,445**	**28,398**
Other underwriting income	**805**	**0**	**805**	**3,018**
Claims expenses:				
Paid claims and expenses	(207,717)	(2,472)	(205,245)	(182,186)
Change in outstanding claims reserves	(45,397)	3,168	(48,565)	(7,907)
	(253,114)	**696**	**(253,810)**	**(190,092)**
Change in other technical reserves	**(12,118)**		**(12,118)**	
Profit commission	**(7,442)**	**(281)**	**(7,161)**	**(1,677)**
Acquisition and administrative expenses:				
Acquisition costs	(80,447)		(80,447)	(68,080)
Administrative expenses	(9,684)		(9,684)	(8,124)
Reinsurance commissions received		(303)	303	501
	(90,131)	**(303)**	**(89,828)**	**(75,703)**
Other underwriting expenses	**(4,444)**	**25**	**(4,468)**	**(4,880)**
Change in equalization reserves	**(10,873)**		**(10,873)**	**(5,947)**
Non-Life reinsurance underwriting result	**32,702**	**17,677**	**15,025**	**9,831**
LIFE TECHNICAL ACCOUNT				
Earned premiums	**60,505**	**3,661**	**56,843**	**114,565**
Investment income:				
Investment revenue	3,796		3,796	6,000
Other investment income	18		18	588
Realized Gains from Investments	4,195		4,195	7,926
	8,009	**0**	**8,009**	**14,514**
Other underwriting income	**159**	**0**	**159**	**617**
Claims expenses:				
Paid claims and expenses	(30,340)	(6)	(30,334)	(20,463)
Change in outstanding claims reserves	(2,392)	(410)	(1,982)	4,116
	(32,732)	**(416)**	**(32,317)**	**(16,347)**
Change in Life premium reserves and other technical				
Life premium reserves	(2,515)	0	(2,515)	(69,143)
Other technical reserves	0		0	
	(2,515)	**0**	**(2,515)**	**(69,143)**
Profit commission	**(5,729)**	**(452)**	**(5,277)**	**(11,278)**
Acquisition and administrative expenses:				
Acquisition costs	(8,250)		(8,250)	(15,383)
Administrative expenses	(1,103)		(1,103)	(1,888)
Reinsurance commissions received		0	0	0
	(9,353)	**0**	**(9,353)**	**(17,271)**
Investment expenses:				
Internal and external investment management costs and	(1,108)		(1,108)	(2,745)
Other investment expenses	(379)		(379)	(938)
Realized Losses from Investments	(2,211)		(2,211)	(2,961)
	(3,698)	**0**	**(3,698)**	**(6,644)**
Other underwriting expenses	**(437)**	**0**	**(437)**	**(919)**
Investment income transferred to the non-technical account	**(929)**		**(929)**	**(1,679)**
Life reinsurance underwriting result	**13,280**	**2,793**	**10,487**	**6,416**

INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2018

(in thousands of euros)	Gross	Reinsurance	Year ended 2018 Net	2017 Net
NON-TECHNICAL ACCOUNT				
Non-Life reinsurance underwriting result			**15,025**	**9,831**
Life reinsurance underwriting result			**10,487**	**6,416**
Investment income:				
Investment revenue			34,166	27,519
Other investment income			161	2,698
Realized Gains from Investments			37,757	36,355
			72,084	**66,572**
Investment income allocated from the Life technical account			**929**	
			1,679	
Investment expenses:				
Internal and external investment management costs and interest			(9,974)	(12,588)
Other investment expenses			(3,412)	(4,304)
Realized Losses from Investments			(19,897)	(13,580)
			(33,282)	**(30,473)**
Investment income transferred to the Non-Life technical account			**(30,445)**	**(28,398)**
Other income			**549**	**148**
Other expenses			**(442)**	**(111)**
Non-recurring items:				
Non-recurring income			83	53
Non-recurring expenses			(89)	(236)
			(6)	**(182)**
Employee profit sharing			**0**	**0**
Income tax			**(269)**	**(8,582)**
PROFIT FOR THE YEAR			**34,630**	**16,900**

NOTES TO THE CCR RE PARENT COMPANY FINANCIAL STATEMENTS

The following notes and tables are an integral part of the financial statements approved for publication by the Board of Directors on April 9, 2019.

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 administrative expenses and the allocation of investment income generated by reinsurance assets.

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

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

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

An outward reinsurance program has been set up to protect the Company from the effects of a sharp deterioration in loss ratios on its open market reinsurance business and avoid significant fluctuations in annual earnings. The program also helps to control the cost of reinsuring the Company’s reinsurance risks on the market by ensuring that the reinsurers have adequate solvency capital.

The studies and analyses performed based on the criteria set out in ANC opinion 2009-12 dated October 1, 2009 concerning the accounting treatment of finite risk reinsurance treaties (also referred to as financial reinsurance treaties) did not lead to any such treaties being identified in the portfolio of managed contracts.

1.1 – CHANGE IN ACCOUNTING METHODS

During the year, the method of allocating treaties written by the Life business unit was reviewed. Following this review, certain adjustments were made to the allocation of accounting flows between the Life and Non-Life accounts, in application of the principles described in Article 410-1 of Regulation ANC 2015-11 dated November 26, 2015.

In line with this article, reinsurance of accident and disease-related bodily injury risks is included in the Non-Life technical account in the Company’s income statement.

1.2 – INTANGIBLE ASSETS

Software is initially recognized at cost and amortized on a straight-line basis over a period of three years.
Development costs for the insurance accounting system have been capitalized and are being amortized on a straight-line basis over a period of five years from the date when the system was put into operation.

1.3 – INVESTMENTS

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

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

The initial cost of buildings is allocated to the following four components:
- the shell, which is depreciated based on the building’s acquisition-date residual value over its estimated useful life as from the construction completion date, as follows:

- 120 years for residential property,
- 150 years for residential property completed before 1900,
- 80 years for office property;

- the core, depreciated over 30 to 35 years;
- technical installations, depreciated over 25 years;
- fixtures and fittings, depreciated over 15 to 25 years.

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

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

Provisions for major repairs/refits are recorded for other-than-routine maintenance costs such as restoration costs.

They are recorded on a prorata basis over the period to the execution date of the work, as scheduled in the multi-year renovation and refurbishment program.

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

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

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

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

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

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

b) Equities and UCITS

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

They are classified in two categories:

- Participating interests, whose reference value corresponds to their value-in-use, i.e., their fair value to the Group. Value-in-use is determined using a multi-criteria approach including, for reinsurance companies, the investee's adjusted net asset value taking into account 10-year earnings projections and earnings multiples and for real estate companies, the Group's share in the investee's net assets plus unrealized capital gains. Impairment provisions are recorded line-by-line for assets whose value-in-use is below cost.

- Marketable securities, which are measured at probable realizable value. When probable realizable value is significantly below cost, a provision for other-than-temporary impairment is recorded line by line in accordance with Articles 123-6 to 123-19 of Regulation ANC 2015-11 dated November 26, 2015.

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

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

For the preparation of the financial statements at December 31, 2018, the Company considered that any equities and UCITS for which the reference value was at least 20% below cost would be subject to other-than-temporary impairment, in line with the above regulation.

Taking into account reversals of impairment losses on equities and UCITS sold during the year and changes in the value of equities and UCITS held in the portfolio, provisions for other-than-temporary impairment amounted to €0.051 million at December 31, 2018.

c) Fixed income securities

Bonds are initially recognized at cost excluding accrued interest.

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

A provision for other-than-temporary impairment is recorded only in the case of issuer default. Realizable value corresponds to the closing market price or, if no price is quoted, fair value. Application of this criterion did not lead to any provisions for other-than-temporary impairment being recorded in 2018.

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

d) Other assets

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

e) Investment income

Profits and losses on disposal of investments are calculated using the FIFO method.

Part of the net investment income generated during the year is allocated as follows at the reporting date:

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

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

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

Non-Life: ratio of net technical reserves to the sum of technical reserves and equity.

f) 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.

1.4 – PROPERTY AND EQUIPMENT

Property and equipment are initially recognized at historical cost.

Equipment, furniture and fixtures and fittings are depreciated by the straight-line or reducing-balance method over their estimated useful lives, as follows:
- Office equipment and furniture....3, 5 or 10 years
- Fixtures and fittings................................10 years
- Vehicles..5 years

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

1.5 – ACCRUAL ACCOUNTS

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

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

1.6 – MULTI-CURRENCY ACCOUNTS

In accordance with Article R.341-7 of the French Insurance Code and Opinion CNC 2007-02, dated May 4, 2007, transactions are recorded in the transaction currency and converted into euros at the closing exchange rate on the reporting date.

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

In 2018, differences arising from the conversion of opening foreign currency assets and liabilities at the closing exchange rate represented a net loss of €0.746 million.

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.

a) Pension and other post-employment benefit liabilities
These liabilities concern length-of-service awards payable to employees on retirement.

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

The assumptions used concern:
- projected future salary increases, with the same rate applied for both executive and non-executive personnel based on the latest estimates of growth in total salary costs;
- mortality rates, which are determined based on the INSEE TD-TV 12-14 table and are calculated by dividing the “number of living persons who have reached retirement age” by the “number of living persons with the same age as the employee”;
- average staff turnover rates, used to estimate the number of current employees in each age group who are expected to remain with the Company until retirement;
- a discount rate based on the iBoxx Corporate Overall AA 10+ (1.57% in 2018 compared with 1.30% in 2017);
- an employer payroll tax contribution rate of 55%.

b) Provision for special pre-retirement vacation costs
The agreement in force within the Company concerning employee benefits provides for an increase in the annual vacation entitlement for employees who are coming up to retirement age.

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

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

The provision is determined by a similar method as that described for length-of-service awards, except that the discount rate is based on the iBoxx Corporate Overall AA 7-10 (1.13% in 2018 compared with 0.88% in 2017).

1.8 – TECHNICAL RESERVES AND UNDERWRITING RESULT

Ceding insurers’ financial statements are recorded in the Company’s financial statements upon receipt.

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

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

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

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

b) Outstanding claims reserves and mathematical reserves

Technical reserving control and governance environment

The process for calculating technical reserves is the responsibility of the Finance Department.
Technical Reserves committees have been set up to examine specific risks such as civil 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 an independent actuarial firm.

Reserving policy
The reserving policy defining the guiding reserving principles applied at December 31, 2018 was approved by the Company's Board of Directors on October 17, 2018.

Approach
Projections are prepared to determine ultimate premiums and losses based on French accounting principles applicable to separate financial statements.

Technical reserves are based on underwriting year/fiscal year triangles and statistical data provided by ceding insurers, which are used to produce premium and claim development triangles. 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.

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

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

d) 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".

e) 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, 2018.

1.9 – OTHER ITEMS

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

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

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

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

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

The Company's CICE tax credit for 2017 for €20,233 was recorded as a deduction from income tax. This amount was used to fund:

- the LinkedIn project (€2 thousand);
- training initiatives (€17 thousand);
- support measures for retiring employees (€1,000).

The Company's CICE tax credit for 2018 for €9,180 was recorded as a deduction from income tax.

NOTE 2. NOTES TO THE BALANCE SHEET

2.1 – NOTES TO ASSETS

GROSS (in thousands of euros)	Dec. 31, 2017 Audited	MOVEMENTS Additions	Disposals	Dec. 31, 2018
Software	90		3	87
Intangible assets	**90**		**3**	**87**
Investment property	133,351	413		133,763
Owner-occupied property	6,309			6,309
Assets under construction	270	110	270	110
Shares in unlisted real estate companies	38,059			38,059
Real estate investments	**177,989**	**523**	**270**	**178,241**
Investments in affiliates and participating interests	**6,200**			**6,200**
Cash deposits with ceding insurers	**187,734**	**282,853**	**257,754**	**212,833**

NET (in thousands of euros)	Dec. 31, 2018 Gross	Amortization and depreciation	Provisions	Dec. 31, 2018 Net	Dec. 31, 2017 Net - Audited
Software	87	80		6	6
Intangible assets	**87**	**80**		**6**	**6**
Investment property	133,763	31,451		102,312	104,297
Owner-occupied property	6,309	1,504		4,805	5,105
Assets under construction	110			110	270
Shares in unlisted real estate companies	38,059			38,059	38,059
Real estate investments	**178,241**	**32,955**		**145,286**	**147,731**
Investments in affiliates and participating interests	**6,200**			**6,200**	**6,200**
Cash deposits with ceding insurers	**212,833**			**212,833**	**187,734**

2.2 – INFORMATION ABOUT INVESTMENTS

(in thousands of euros)	Dec. 31, 2018 Gross	Amortization and provisions	Net	Dec. 31, 2017 Net - Audited
Equities and other variable-income securities	989,098	51	989,047	944,636
Bonds and other fixed-income securities	288,199		288,199	239,147
Loans	240		240	167
Bank deposits	56,508		56,508	77,926
Other investments	159,549		159,549	163,646
TOTAL	**1,493,594**	**51**	**1,493,543**	**1,425,522**

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	178,241	145,286	349,302	204,016
2) Equities and other variable income securities (other than investment funds)	51,909	51,909	60,783	8,874
3) Investment funds (other than those in 4)	943,388	943,337	1,028,942	85,604
4) Investment funds invested solely in fixed-income securities	-	-	-	-
5) Bonds and other fixed-income securities	288,199	286,708	287,662	953
6) Mortgage loans	-	-	-	-
7) Other loans	240	240	240	-
8) Deposits with ceding insurers	212,833	212,833	212,833	-
9) Cash deposits (other than those in 8) and guarantees	216,058	216,058	216,058	-
10) Unit-linked portfolios	-	-	-	-
Sub-total	**1,890,868**	**1,856,372**	**2,155,819**	**299,447**
11) Other forward financial instruments				
a) Investment or divestment strategy	-	-	-	-
b) Cash from hedges	3,541	3,541	6,165	2,624
c) Other strategies	-	-	-	-
12 Total, lines 1 to 11	**1,894,410**	**1,859,914**	**2,161,985**	**302,071**
a) of which:				
- investments measured in accordance with Article R.343-9	288,199	286,708		953
- investments measured in accordance with Article R.343-10	1,389,836	1,356,831		298,494
- investments measured in accordance with Article R.343-13	-	-		-
- investments measured in accordance with Article R.343-11	-	-		-
- Forward financial instruments	3,541	3,541	6,165	2,624
b) of which:				
- OECD member country issuers	1,852,320	1,817,873	2,115,639	-
- Non-OECD issuers	38,548	38,499	40,180	-

[1] Including the unamortized portion of redemption premiums on securities measured in accordance with Article R.343-9, for €1.5 million.

2.4 – CURRENT RECEIVABLES AND PAYABLES

Dec. 31, 2018 (in thousands of euros)	GROSS	PROVISIONS	NET	OTHER RECEIVABLES DUE WITHIN 1 YEAR	DUE IN 1-5 YEARS	DUE BEYOND 5 YEARS	TOTAL
Reinsurance receivables	43,529	2,383	41,146	41,146			41,146
Prepaid and recoverable taxes	8,111		8,111	8,111			8,111
Other receivables	8,112	78	6,033	6,033			6,033
TOTAL	**57,752**	**2,461**	**55,290**	**55,290**			**55,290**

Other receivables include a €1.7 million receivable from property companies.

Dec. 31, 2018 (in thousands of euros)	NET	OTHER LIABILITIES DUE WITHIN 1 YEAR	DUE IN 1-5 YEARS	DUE BEYOND 5 YEARS	TOTAL
Reinsurance payables	953	953			953
Other borrowings, deposits and guarantees received	960	960			960
Accrued payroll costs	4,585	4,585			4,585
Accrued taxes	2,413	2,413			2,413
Other payables	7,133	7,133			7,133
TOTAL	**16,045**	**16,045**			**16,045**

Reinsurance payables include €0.3 million payable to CCR that 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 €3 million at December 31, 2018 compared with €2.9 million at December 31, 2017.

2.5 – SUBSIDIARIES AND AFFILIATES

(in thousands of euros)

COMPANY	SHARE CAPITAL	RESERVES	% INTEREST	CARRYING AMOUNT OF SHARES	2018 PREMIUM INCOME	2018 PROFIT	DIVIDENDS RECEIVED IN 2018
1) Subsidiaries							
- Caisrelux 534, rue de Neudorf L-2220 Luxembourg	6200	0	99.99%	6200	3497	0	0
2) Affiliates							
- SAS Rochefort 25 157, boulevard Haussmann 75008 Paris	14,940	830	100.00%	14,932	2,064	1,073	933
- SAS Pompe 179 157, boulevard Haussmann 75008 Paris	15,270	228	100.00%	15,268	1,602	477	280
- SAS Civry 227 157, boulevard Haussmann 75008 Paris	7,860	169	100.00%	7,859	1,045	237	209

2.6 – PROPERTY AND EQUIPMENT

GROSS (in thousands of euros)	DEC. 31, 2017 Audited	MOVEMENTS +	 -	DEC. 31, 2018
Deposits and guarantees	40	9		49
Computer and other equipment	192	5		193
Vehicles	61	3		64
Office furniture and equipment	150	4		149
Fixtures and fittings	56			54
Assets under construction				
TOTAL	**499**	**21**	**11**	**509**

DEPRECIATION (in thousands of euros)	DEC. 31, 2017 Audited	INCREASES +	DECREASES -	DEC. 31, 2018
Computer and other equipment	212	25	6	231
Vehicles	25	14		39
Office furniture and equipment	121	1	4	118
Fixtures and fittings	15		1	14
TOTAL	**373**	**40**	**11**	**402**

2.7 – ACCRUAL ACCOUNTS

(in thousands of euros)	DEC. 31, 2018 ASSETS	LIABILITIES	DEC. 31, 2017 - Audited ASSETS	LIABILITIES
Reinsurance adjustments	209,367	33	172,887	375
Deferred acquisition costs	36,355		30,641	
Accrued interest	3,704		3,216	
Amortization of redemption premiums	477	1,967	372	1,929
Accrued outward reinsurance accounts			3	1,640
Prepaid expenses and deferred revenue	23		26	
Other			55	2
TOTAL	**249,924**	**2,000**	**207,200**	**3,946**

2.8 – FOREIGN CURRENCY ASSETS AND LIABILITIES

The following table shows the total euro-equivalent amount of assets and liabilities in the main foreign currencies:

CURRENCIES (in thousands of euros)	ASSETS	LIABILITIES	DIFFERENCE DEC. 31, 2018	DIFFERENCE DEC. 31, 2017 - Audited
Euro	1,531,382	1,496,277	35,105	36,407
US dollar	146,113	121,978	24,135	17,651
Canadian dollar	172,752	109,415	63,337	57,658
Pound sterling	189,791	196,833	(7,042)	(18,458)
Japanese yen	36,247	44,539	(8,292)	1,803
Swedish krona	8,620	8,505	115	572
Swiss franc	7,410	7,107	303	(123)
Taiwan dollar	5,559	16,792	(11,233)	(9,232)
Australian dollar	1,647	4,163	(2,516)	(3,496)
Hong Kong dollar	16,458	18,709	(2,251)	2,420
Norwegian krone	5,350	2,362	2,988	2,654
Danish krone	6,759	4,998	1,761	968
Other currencies	212,984	274,764	(61,780)	(71,924)
TOTAL	**2,341,072**	**2,306,442**	**34,630**	**16,900**

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, 2018 were as follows (in millions of currency units):

CURRENCY		Asset in original currency at Dec. 31, 2018	Liability in original currency at Dec. 31, 2018	Difference at Dec. 31, 2018	Hedge in original currency
UAE dirham	AED	71	90	(18)	8
Australian dollar	AUD	3	7	(4)	4
Canadian dollar	CAD	270	171	99	97
Renminbi yuan	CNY	242	276	(34)	70
Czech crown	CZK	59	54	5	29
Pound sterling	GBP	170	176	(6)	7
Indian rupee	INR	526	1,193	(667)	606
South Korean won	KRW	16,681	23,078	(6,397)	6,706
Malaysian ringgit	MYR	8	52	(43)	46
Saudi riyal	SAR	72	101	(29)	23
Singapore dollar	SGD	19	33	(14)	14
Thai baht	THB	261	357	(97)	200
New Turkish lira	TRY	13	30	(17)	15
Taiwan dollar	TWD	195	588	(393)	383
US dollar	USD	167	140	28	11
South African rand	ZAR	96	95	1	22

2.9 – EQUITY

2018 (in thousands of euros)	JAN. 1 Before appropriation of results	MOVEMENTS FOR THE YEAR Appropriation of 2017 profit	Other movements	DEC. 31
Share capital [1]	90,082			90,082
Additional paid-in capital	270,847		(270,847)	
Revaluation reserves				
Other reserves	6,014	16,900	270,847	293,762
Retained earnings				
2017 net profit	16,900	(16,900)		
Profit for the year			34,630	34,630
TOTAL	**383,844**		**34,630**	**418,473**

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

2.10 – SUBORDINATED DEBT

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

- Issue date: December 30, 2016
- Total amount €75,000,000
- Interest rate: 5% per year
- Due: December 30, 2046

2.11 – BREAKDOWN OF PROVISIONS

(in thousands of euros)	2017	MOVEMENTS FOR THE YEAR Increases	Decreases	2018
	Audited	for the year	o/w utilizations	
Accelerated depreciation				
Special revaluation reserve	153		3	149
Provision for taxes				
Provision for time savings account costs	2,432		2,432	
Provision for length-of-service awards	1,288	2	490	800
Provision for long-service awards	777		643	134
Provision for extra paid vacation for retirees	650		305	345
Provisions for non-recurring expenses	230		80	150
Provisions for currency risks	88		88	
Other provisions for contingencies		89		89
Provisions for major repairs	1,020	123		1,143
TOTAL	**6,638**	**214**	**4,041**	**2,811**

2.12 – COMMITMENTS RECEIVED AND GIVEN

(in thousands of euros)	Dec. 31, 2018	Dec. 31, 2017
1. Commitments received	**23,179**	**30,742**
2. Commitments given	**9,555**	**13,507**
2a Loan guarantees, other guarantees and bonds issued	9,555	13,507
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	**440**	**464**
3a Assets received as collateral from cedents and reinsurers	440	464
3b Assets received from companies for substitution transactions		
3c Other reciprocal commitments		
4. Other assets held on behalf of third parties		
On behalf of insurance undertakings		
5. Forward financial instruments *		
5a Forward financial instruments by strategy		
- Investment or divestment strategy		
- Yield strategy	2,875	1,027
- Other strategies		
5b Forward financial instruments by market		
- Over-the-counter market	2,875	1,027
- Regulated market		
5c Forward financial instruments by type of market risk		
- Interest rate risk		
- Currency risk	2,875	1,027
- Equity risk		
5d Forward financial instruments by type of instrument		
- Swaps		
- Forward rate agreements		
- Forward contracts	2,875	1,027
- Options		
5e Forward financial instruments by remaining term		
- 0 to 1 years	2,875	1,027
- 1-5 years		
- More than 5 years		

* At December 31, 2017, the net position of €1,027 thousand corresponded to €172,378 thousand in commitments received and €171,351 thousand in commitments given in connection with hedging transactions.

As from 2018, the unpaid portion of assets held by the Company that was previously included in off-balance sheet commitments is presented in assets, as a deduction from the investment concerned. The amounts concerned are as follows:

- (in thousands of euros)	Dec. 31, 2018	Dec. 31, 2017
- Venture capital investment fund commitments	46,974	16,408
- Debt fund commitments	33,100	30,736
- Real estate investment fund commitments	15,000	

NOTE 3. NOTES TO THE INCOME STATEMENT

3.1 – WRITTEN PREMIUMS BY OPERATING SEGMENT

(in thousands of euros)	2018	2017 - Pro forma	2017 - Audited
Inward Life reinsurance	68,526	50,842	125,974
Inward Non-Life reinsurance	395,692	338,448	269,858
TOTAL	**464,218**	**389,290**	**395,831**

3.2 – PORTFOLIO MOVEMENTS

2018	NON-LIFE		LIFE	
(in thousands of euros)	GROSS	NET	GROSS	NET
New business				
Premiums	11,633	11,274	80	80
Paid claims and expenses	33,933	33,879	242	242
Cancellations and terminations	(12,229)	(11,916)	(80)	(80)
Premiums				
Paid claims and expenses	(15,268)	(15,268)	(454)	(454)

3.3 – REINSURANCE COMMISSIONS AND BROKERAGE FEES

(in thousands of euros)	2018	2017 - Pro forma	2017 - Audited
Life	8,288	7,159	12,952
Non-Life	73,865	63,570	57,778
TOTAL	**82,154**	**70,730**	**70,730**

3.4 – INVESTMENT INCOME AND EXPENSES

2018 (in thousands of euros)	INCOME AND EXPENSES FROM INVESTMENTS IN RELATED COMPANIES	OTHER INVESTMENT INCOME AND EXPENSES	TOTAL
Revenue from real estate investments	1,889	10,371	12,260
Revenue from other investments		23,254	23,254
Other revenue		2,448	2,448
TOTAL	**1,889**	**36,073**	**37,962**
External investment expenses	3,750	3,724	7,474
Internal investment expenses		3,608	3,608
TOTAL	**3,750**	**7,332**	**11,082**

Investment income includes a net exchange gain on forward financial instruments of €3,574 thousand in 2018 compared with €1,015 thousand in 2017.

3.5 – UNDERWRITING EXPENSES BY TYPE AND BY FUNCTION

The expenses presented below for 2018 include the Company's share of common expenses incurred by CCR.

A. Expense breakdown

EXPENSES BY TYPE (in thousands of euros)	2018	2017 Audited
External expenses	5,651	4,941
Other external expenses	2,792	2,738
Taxes other than on income	3,749	3,362
Payroll costs	17,607	18,743
Other administrative expenses	53	56
Sub-total	**29,852**	**29,840**
Depreciation of property and equipment	1,240	1,414
Theoretical rent on the Company's registered office	1,759	1,853
TOTAL	**32,850**	**33,107**

EXPENSES BY FUNCTION (in thousands of euros)	2018	2017 Audited
Loss adjustment expenses	3,315	3,640
Other business acquisition costs	12,272	12,419
Other administrative expenses	9,752	9,279
Other underwriting expenses	3,904	4,005
Investment management expenses	3,608	3,764
TOTAL	**32,850**	**33,107**

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

(in thousands of euros)	2018	2017 Audited
Wages and salaries	12,604	12,610
Payroll taxes	5,639	5,684
Other expenses	(519)	600
TOTAL	**17,724**	**18,895**
Registered office	**64**	**59**
Managers	61	55
Non-managerial staff	3	4
Canadian branch	**9**	**9**
Lebanese branch	**3**	**3**
TOTAL AVERAGE NUMBER OF EMPLOYEES	**76**	**71**

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

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

(in thousands of euros)	2018	2017
Directors' fees *	42	45
Management compensation	128	85

* 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

2018 (in thousands of euros)	NON-RECURRING EXPENSES	NON-RECURRING INCOME
Reversals from the special revaluation reserve		3
Non-recurring income	89	
Other non-recurring expenses (employee litigation)		80
TOTAL	**89**	**83**

3.8 – EMPLOYEE PROFIT-SHARING

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

3.9 – INCOME TAX

No deferred taxes are recognized in the Company's financial statements.
In accordance with Article 11 I 1 of the 2017 French Finance Act, the first €500,000 of taxable profit for 2018 was taxed at the rate of 28% and the balance at the rate of 33 1/3% unless otherwise specified (excluding additional income tax contributions).

NOTE 4. OTHER INFORMATION

4.1 – 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 2018, amounted to €65,771.
Fees recognized in expenses in 2018 for other services provided by PwC included:

- €11,298 for services related to the planned issuance of debt;
- €8,789 for the review of accounting entries in connection with preparations for the tax audit of the computerized accounting records.

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Statutory Auditor's report on the financial statements

(For the year ended December 31, 2018)

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.

CCR Re
157, boulevard Haussmann
75008 Paris

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by the sole shareholder of Haussmann 157 SAS, we have audited the accompanying financial statements of CCR Re for the year ended December 31, 2018.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at December 31, 2018 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the 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 applicable to us, for the period from January 1, 2018 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No 537/2014 or the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

PricewaterhouseCoopers Audit, 63, rue de Villiers 92208 Neuilly-sur-Seine Cedex
Téléphone: +33 (0)1 56 57 58 59, Fax: +33 (0)1 56 57 58 60, www.pwc.fr

Justification of assessments – Key audit matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were the most significant in our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the financial statements.

Key audit matter no. 1 – Measurement of outstanding claims reserves

Description of risk and main judgements

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, 2018, outstanding claims reserves relating to Life reinsurance stood at €64 million and outstanding claims reserves relating to Non-Life reinsurance stood at €1,466 million, Representing one of the most material liabilities in the balance sheet. The assessment of their estimation entails a certain number of assumptions and therefore constitutes a key audit matter.

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

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

Procedures implemented

To assess the reasonableness of the estimation of claims reserves and their compliance with regulations, our audit comprised of 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 key controls 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 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 written premiums not yet received from ceding insurers

Description of risk and main judgements

At December 31, 2018, gross written premiums (€464 million) comprise:

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

The Company records 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 written premiums not yet received from ceding insurers, determined using the methods presented in Note 2.8 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 written premiums for the year is based on estimates. The Company reviews its assumptions and estimates periodically, based on past experience and various other factors. Actual premiums may be substantially different to the estimates produced by the Company.

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

Procedures implemented

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 key controls relating to underwriting premiums and the treatment of financial statements received from ceding insurers;
- Assessing the reliability of the financial statements prepared by the 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.

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

Information on corporate governance

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

Report on other legal and regulatory requirements

Appointment of the Statutory Auditor

We were appointed Statutory Auditor of CCR Re by the sole shareholder of Haussmann 157 SAS on June 28, 2016.

At December 31, 2018, PricewaterhouseCoopers Audit was in the third 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, Accounts and Risks Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Responsibilities of the Statutory 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 financial statements.

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

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit. They also:

- identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;

- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;

- evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the 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 the most significant for 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 10, 2019

The Statutory Auditor
PricewaterhouseCoopers Audit

Christine Billy

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Statement by the person responsible for the annual report

Name and Title of person responsible

Bertrand Labilloy, Chairman of the Board of Directors and Chief Executive Officer of CCR RE

Declaration by the person responsible

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

I confirm that, to the best of my knowledge, the financial statements have been drawn up in accordance with applicable accounting standards and accurately show the position of the assets and liabilities, the financial position and the net income or loss of the Company and 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 which they are faced with. I have obtained the Auditors' report from the Statutory Auditors, in which they indicate that they have verified the information concerning the financial situation and the accounts provided in the present financial report.

April, 9th 2019,

Chairman of the Board of Directors and Chief Executive Officer

Bertrand Labilloy

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