2021 FINANCIAL REPORT

GROUPE
CAISSE CENTRALE DE RÉASSURANCE

CCR | CCR RE

CONTENTS

1 CONSOLIDATED MANAGEMENT REPORT

1.1 Business environment

The global reinsurance market represented some USD 350 billion in premiums in 2021, corresponding to a cession rate of approximately 5%. The total market broke down as Life reinsurance for one third and Non-Life reinsurance for two thirds. The top five reinsurers were Munich Re, Swiss Re, Hannover Re, Berkshire Hathaway and SCOR, unchanged from 2020.

The sector continued to evolve between higher insurance rates, particularly for major risks, and higher open market reinsurance rates in a once again tightening market. After a year shaped by the Covid-19 pandemic in 2020, which had consequences for all business lines, the outlook was for a return to a more normal situation in 2021. While the Covid-19 epidemic continued, other segments of the reinsurance market were affected by the occurrence of several atypical natural and man-made disasters.

- Natural disasters:
  - Texas was brought to a standstill by severe icy conditions and snowstorms in the first quarter.
  - In July, torrential rain across a small area of Belgium and Germany caused deadly floods and record damage.
  - Hurricane Ida hit New York State in September.
  - Devastating wildfires swept through California in October and Colorado in December.
- Man-made disasters:
  - In South Africa, fires and looting of businesses and warehouses in the wake of the riots reached a record level that the special protection pool had not foreseen.
  - On the Suez Canal, the grounding of the Ever Given tanker, which brought traffic on this vital trade route to a standstill, illustrated the global economy's vulnerability to a one-off incident.
  - Ransomware demands following cyber attacks increased dramatically in 2021, raising questions as to the insurability of this risk.

This succession of events highlighted the difficulties experienced by the reinsurance sector in keeping up with changes in the frequency and severity of claims. Climate change and the energy and digital transitions open the door to disaster scenarios that may or may not be correlated. New market capacity and public-private partnerships will be needed to address this expanding risk universe.

Faced with this environment, reinsurance companies were forced to review their risk models in 2021, and in some cases reassess their risk appetite for certain lines. Last year's environment confirmed the relevance and justified prudence of CCR Re's long-standing underwriting policy, including the policy of not reinsuring any risks in the United States. It also led to appropriate rate adjustments, as well as adjustments to contractual clauses and guarantees for certain risks (such as cyber, supplier failure, cancellation or pandemic risks) and certain types of cover (aggregate, per risk or multi-year).

In the Non-Life market, the focus was primarily on Disaster protection, with some reinsurers shifting their focus onto long-tail lines to increase their risk diversification. Ceding companies attempted to control their budgets by restructuring their programs through the application of higher deductibles or scope changes.

In the Life market, rates remained fairly stable overall, after demonstrating their resilience during the pandemic in many countries.

Lastly, instead of tightening across the board, conditions in the reinsurance market bifurcated between treaties affected by high loss ratios in 2021, which saw a steep rise in reinsurance rates (with a 10% average increase and hikes of up to 80% in property-damage reinsurance premiums in Germany, a 30% average increase in Belgium, and significant rate hikes for Life treaties hit by the pandemic in Latin America and the Middle East) and unaffected treaties for which rates remained stable.

Individual treaties continued to be judged on their own merits and were not affected by the overall market.

The property-damage market in France continued to be dominated by the mutual insurers, although the bancassurers steadily gained ground by launching new distribution channels and products. The year was also shaped by several mergers in the French insurance market. Lastly, the entry of insurtech players in the market represented a new development, and it will be interesting to observe their growth trajectory in the coming years.

2021 was also an important year on the legislative front, with the reform of France's natural disaster insurance system published in the Official Journal on December 28, 2021, and the project to overhaul the system for managing agricultural risk. The aim of this project is to improve coordination between the *Fonds National de Gestion des Risques en Agriculture* (FNGRA) and the Climate Multi-risk Insurance system, in order to provide better protection for farmers. This work led to a bill tabled by the French government on December 1, 2021. The bill was adopted at first reading by the lower house of the French parliament in January 2022 and by the joint commission of both houses in February 2022.

1.2 Financial environment

In 2021, the developed countries' stock markets performed very well in both Europe and the United States. The Eurostoxx 50 and CAC 40 indices gained 21% and 29% respectively, while the SP500 and Nasdaq indices jumped by 27% and 21% respectively. Accelerating inflation, the woes of Chinese property developers and Xi Jinping's tighter domestic policies weighed heavily on the stock markets of emerging countries.

In 2021, the economies of developed countries staged a recovery from the crisis caused by the Covid-19 restrictions imposed by governments in 2020. Economic growth on both sides of the Atlantic was driven by expansionary fiscal policies and very accommodative monetary policies.

- In the United States, domestic demand remained strong in 2021, but consumer spending ended the year down 0.6% in December. Persistent inflation (with the annual rate hitting 7.0% in December, the highest rate since 1982) and the declining savings rate in 2021 are expected to erode the purchasing power of American consumers. The American job market is very dynamic, with 444,000 private sector jobs created in January 2022 alone. The average hourly wage, which rose by 5.7% over the twelve months to January 2022, is a factor of uncertainty. The emergence of the Omicron variant of Covid-19 is likely to encourage precautionary behaviors, especially since the American vaccination rate, at 62%, is among the lowest in the developed world. The US producer price index remained high, at 12.2% in December. This was well above the consumer price index (7.0%), which could mean that company margins will be squeezed if cost increases are not passed on in selling prices. A rise in the price of manufactured goods is therefore probably on the cards. Balance was restored in the labor market in 2021, with the 4.2% unemployment rate close to the low of 3.6% reached at end-2019. Despite the uncertain economic and public health situation, the Federal Reserve decided to tighten its stance in the face of rising inflation, announcing plans to accelerate the reduction of its net asset purchases. As a result, the bond market now expects interest rates to be raised four times in 2022.

- In the euro zone, industrial production was buoyant at the end of 2021, led by the rebound in automobile production, particularly in Germany. However, surveys pointed to a slight erosion of business and consumer confidence. Retail sales grew 2% in December after rising by a very strong 8.2% in November. The slight decline reflected in the latest data is also due to rising prices, which are eroding the purchasing power of European consumers. Against this backdrop, the ECB announced that the pandemic emergency purchase program (PEPP) implemented during the crisis would be wound up in March 2022. The bank also decided, however, to increase its net purchases under the asset purchase program (APP) to €40 billion per month in the second quarter, €30 billion in the third quarter and €20 billion from October 2022 for a currently unspecified period. This means that the actual reduction in net purchases will take place very gradually over the whole of 2022. With inflation remaining high for longer than expected, ECB President Christine Lagarde now believes that a rate hike is possible at the end of 2022. However, inflation is a transitory phenomenon, as confirmed and illustrated by the ECB's latest projections, which put the inflation rate at less than 2% in 2023 and 2024.

As in 2020, the stock markets ended the year at high levels. The new Omicron variant was not a serious cause for concern among market participants, because although it is more contagious, it is also less dangerous since the vast majority of people in developed countries are fully vaccinated. Investment flows continued to be directed towards the stock markets due to the low interest rate environment in which the only way to earn a return was through the dividends paid on shares. The rise in bond yields at the end of 2021, driven by market expectations that the Federal Reserve would tighten its monetary policies in 2022 and that the ECB would probably follow suit in 2023, failed to dent market confidence in the stock markets.

Interest rates were erratic. After falling by 66 bps, French 10-year rates recovered to 0.30% in mid-May. They then fell by 46 bps to -0.16% at the beginning of August, before rising again as the leading central banks factored inflationary pressures into their monetary policies. The French 10-year OATi bond rate ended 2021 at 0.20%, up 56 bps on the start of the year.

In the bond market, average credit risk premiums on European investment grade bonds remained relatively stable, with the iTraxx Europe index standing at 48 bps.

In an environment that was generally favorable for higher risk assets, from the start of the year the CCR Group opted for maximum exposure to the stock markets. Based on a stable allocation compared to end-2019, the protection fund was deployed at 90% exposure over much of the year. Thanks to this strategy, the asset portfolios benefited from the stock market rebound in 2021, after being protected from the previous year's turbulence.

Concerning the fixed income portfolio, after investing heavily in money market instruments and cash in the early part of 2021, these investments were scaled back over the rest of the year, a strategy that helped to improve the return on the bond portfolio, all other things being equal.

Lastly, the CCR Group decided to significantly increase its exposure to energy transition infrastructure (categorized as physical assets, along with real estate). The investment strategy in this asset class focused on infrastructure that uses innovative techniques to produce low-carbon energy, with hydrogen emerging as a promising future energy source. Green hydrogen, produced from renewable energy sources, is a hydrocarbon substitute that offers the major advantage of allowing the energy to be stored. The CCR Group has committed to investing in an energy transition infrastructure fund that qualifies as an impact investment and will represent approximately 1% of the Group's assets.

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

1.3 Significant events of the year

Covid-19 management

The CCR teams had no difficulty in managing the fallout from the Covid-19 pandemic in 2021. The Business Continuity Plan (BCP) deployed in 2020 to deal with the operational consequences of the pandemic, was reintroduced in 2021 when required depending on the health situation, without adversely affecting the Group's activities.

Public reinsurance of credit insurance portfolios: the end of CAP schemes following the economic recovery

The government measures to support supplier credit insurance were extended during 2021:

- until June 30, 2021 for the CAP Relais public reinsurance mechanism for credit insurance portfolios, and
- until December 31, 2021 for the line-by-line CAP and CAP+ contracts for individual supplier credit exposures.

The CAP Relais quota-share reinsurance mechanism enabled credit insurers to maintain their credit insurance portfolios at the same overall level throughout the year.

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

In view of the economic recovery and after consulting the economic players concerned, the French government discontinued these public support measures, which were no longer essential.

French Law of December 28, 2021 on compensation payable to victims of natural disasters

After many years of reflection and work to modernize the system to compensate victims of natural disasters, 2021 saw the adoption of a reform that will consolidate the scheme and place France at the forefront of Europe in this area.

On January 28, 2021, the lower house of the French parliament adopted the reform bill introduced by parliament member Stéphane Baudu. The text was then amended and voted on in the Senate on October 21, after which a joint commission of both houses agreed on a common text. The final text was published in the Official Journal and entered the statute books on December 28, 2021.

The law retains the system's fundamentals, in particular the requirement for an incident to be declared a natural disaster by the authorities, application of the same premium surcharge to all policyholders regardless of their exposure in accordance with the principle of solidarity, the availability of public reinsurance through CCR and finally the unlimited guarantee provided by the French State.

Its aim is to make the system more transparent, particularly the process to have an incident declared a natural disaster. The law also aims to speed up the compensation process by setting time limits for completing each phase in the process.

It also improves compensation for victims:
- the deductible mechanisms have been reformed by eliminating the application of higher deductibles for incidents occurring in localities that did not have a plan for the prevention of foreseeable natural disaster risks, which many victims viewed as hitting them twice;
- coverage has been extended to include certain unavoidable additional costs, such as emergency rehousing or architect and project management fees.

The reform also addresses the specific issue of drought and the French government has until the end of first-half 2022 to submit a report to Parliament on the prevention and compensation of this natural risk.

Lastly, the reform strengthens the missions of CCR, which may be called on to conduct studies on natural disaster prevention policies, the payment of compensation to the victims and the financial equilibrium of the system.

2022 will be devoted to drafting the reform's implementing decrees, with a view to the changes in compensation coming into effect on January 1, 2023.

Ratings

S&P affirmed the CCR Group and CCR Re's respective financial strength ratings of AA/Stable outlook and A/Stable outlook on May 6, 2021.

AM Best affirmed the CCR Group's A+/Superior rating with a Stable outlook, along with CCR Re's A/Excellent rating with a Stable outlook on July 28, 2021.

1.4 Post balance sheet events

The outbreak of war in Ukraine after the financial year-end is not expected to have a major impact on the CCR Group. The CCR Group has no direct exposure to Ukraine or Russia in its reinsurance portfolio and its indirect exposure in specialty lines is likely to remain limited. The CCR Group has no direct exposure on its asset portfolio and does not hold any assets in rubles or hryvnia. In addition, the CCR Group's asset portfolio is currently demonstrating a good level of resilience to the market turbulence caused by this event.

1.5 Financial review

Written premiums

Consolidated gross written premiums for the year (all lines combined, before reinsurance), amounted to €1,893 million, up 1.5% from €1,866 million in 2020. Of the total, 55.5% was generated by the State-guaranteed reinsurance business (65.2% in 2020) and 44.5% by open market reinsurance (34.8% in 2020).

The public reinsurance business (all lines combined and before reinsurance) represented written premiums of €1,051 million, down 13.6% from €1,216 million in 2020. These amounts do not include the open market reinsurance business managed on a run-off basis, the impact of which is minimal (€3 million in 2021).

- Of this amount, 87.8% (€922 million) concerned reinsurance of natural disaster risks in France. The 3.5% increase compared with 2020 reflected last year's changes in the portfolios and reinsurance adjustments concerning treaties written in prior years.
- Terrorism risk reinsurance premiums were stable compared with 2020 at €67 million, representing 6.4% of the State-guaranteed reinsurance business.
- Reinsurance premiums for the credit insurance line fell by 76.5% to €61 million, representing 5.8% of the total State-guaranteed reinsurance business. The decrease was mainly due to the renewal of the CAP Relais mechanism to only June 30, 2021, with a lower cession rate (20% in 2021 versus 75% in 2020).
- The business of reinsuring so-called exceptional risks was discontinued with effect from January 1, 2019 and gross written premiums from this business therefore correspond exclusively to prior-year adjustments.

Open market reinsurance premiums written in 2021 totaled €843 million, up 30% as reported and 25% at constant exchange rates[1]. The increase includes significant prior year adjustments; excluding these adjustments, the year-on-year increase was 21%.

1 Changes at constant exchange rates correspond to the difference between actual 2021 premiums converted at the December 31, 2020 exchange rate and 2020 premiums converted at the December 31, 2020 exchange rate.

- Premium income breaks down as follows:
  - Non-Life written premiums totaled €545 million, up 32% as reported (27% at constant exchange rates), and accounted for 65% of total open market premiums. The €112 million year-on-year increase in premiums at constant exchange rates primarily corresponded to new business written in Europe and Asia.
  - Life written premiums amounted to €298 million, up 26% as reported (20% at constant exchange rates), and represented 35% of total open market premiums. The €47 million growth at constant exchange rates was mainly attributable to new reinsurance business written in the Middle East.

Ceded premiums

The fee paid by CCR to the French State in exchange for the latter's guarantee for reinsurance cover provided on its behalf by CCR amounted to €107 million in 2021 (2020: €114 million).

Earned premiums ceded by CCR Re stood at €52.2 million (versus €36.2 million in 2020), including €5.4 million in fronted premiums (€6.9 million in 2020) and €34.0 million in disaster premiums (€17.6 million in 2020).

Loss ratios

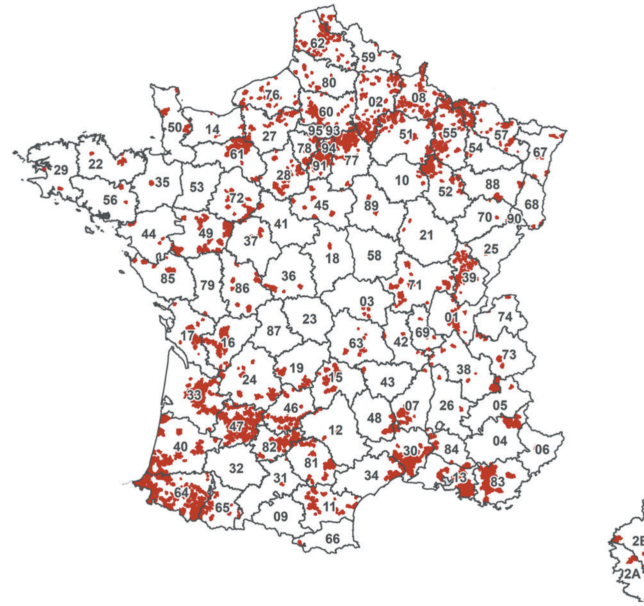
Public reinsurance

The technical balance[2] from the public reinsurance business amounted to €145 million (2020: €28 million).

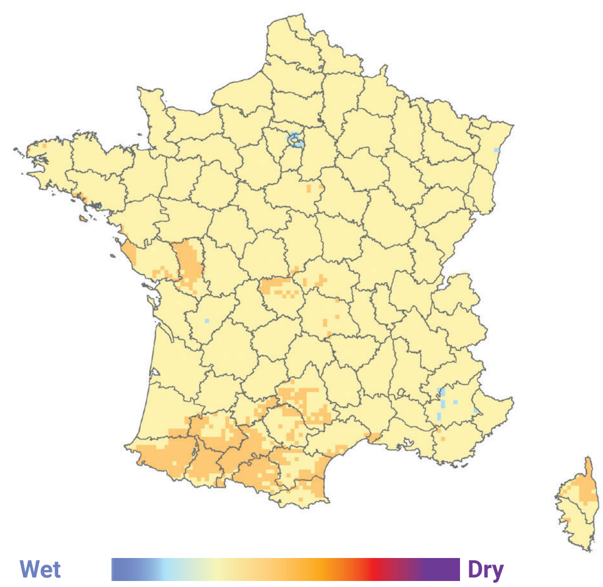
In **natural disaster** reinsurance, for the first time since 2016, drought losses were low in 2021, with outstanding claims reserves of just €74 million set aside by CCR (versus €565 million in 2020). The losses in relation to natural disaster risks other than drought was also moderate, as no major incidents occurred. Nonetheless, attritional losses were significant (with 2,840 incidents expected to be recognized as natural disasters, the highest number in 20 years, representing €249 million in losses for CCR).

All told, natural disaster losses totaled €323 million in 2021 (versus €775 million in 2020).

The liquidation deficits related to prior years – corresponding primarily to the 2018 and 2020 droughts – were recognized in 2021 for €106 million.



Municipalities recognized as eligible for natural disaster payments in 2021 (floods and landslips/landslides)



Intensity of the spring 2021 drought in France

2 Technical balance: sum of underwriting result, net of reinsurance, and internal management expenses (excluding claims management expenses included in the net underwriting result).

Other technical items (notably claims management expenses) represented an expense of €5 million.

An amount of €297 million was transferred to the equalization reserve in 2021 in accordance with the applicable regulations (2020: €207 million released from the reserve). After this transfer, at December 31, 2021, the equalization reserve stood at €1,456 million.

In all, claims expenses net of changes in the equalization reserve amounted to €731 million in 2021.

Concerning the **credit insurance support mechanism**, the net loss for CCR was €46 million for the 2021 claims year. The liquidation surplus on claims recorded in 2020 led to a €71 million decrease in the net cost of the State guarantee for that year.

An amount of €52 million was transferred to the equalization reserve in 2021 in accordance with the applicable regulations (no movement was recorded on the reserve in 2020).

The reinsurance technical balance on the credit insurance support mechanism amounted to €17 million (versus €0 in 2020).

The technical balance from **Other State-guaranteed reinsurance business** was a profit of €29 million in 2021 (2020: €28 million profit). The slight year-on-year increase was due to adjustments to the equalization reserve in respect of terrorism reinsurance in 2020 and 2021.

Open market reinsurance

Natural disaster losses after reinsurance represented €43 million (versus €3.5 million in 2020). The sharp increase was due to last July's Bernd, Volker and Wolfgang storms which represented losses of €55 million before reinsurance (€22 million after reinsurance).

Major man-made disaster claims represented losses of €15 million before and after reinsurance (versus €20 million after reinsurance in 2020). The two major losses reinsured by CCR Re were the riots in South Africa (July) and a warehouse fire in South Korea (June).

Covid-19-related losses were €5 million before and after reinsurance (versus €44 million in 2020).

Combined ratio

At December 31, 2021, the CCR Group's combined ratio stood at 89.1%, breaking down as:

- a loss ratio[3] of 70.8%;
- an expense ratio[4] of 18.3%

Net investment income

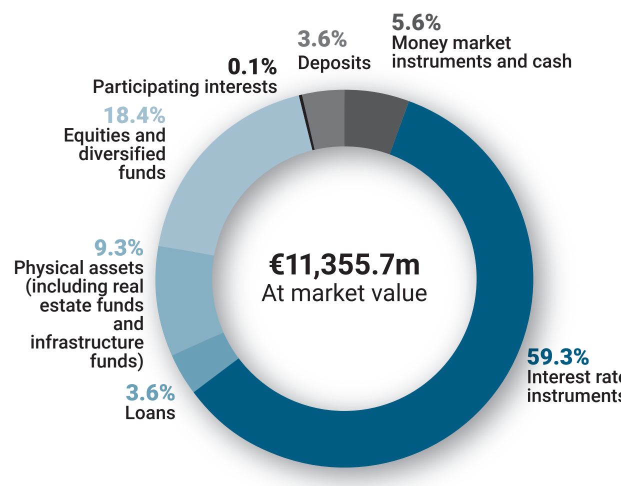
Net investment income amounted to €123 million, consisting for the most part of investment revenue for €71 million and net realized gains from investments for €52 million. The return on invested assets[5] was 3% in 2021, compared with 1.5% in 2020.

Management of financial and real estate investments

Investment portfolio breakdown

Reinsurance investments[6] had a net book value of €10,087.4 million at December 31, 2021 (December 31, 2020: €9,656.1 million).

Net unrealized gains totaled €1,268.3 million at December 31, 2021 (€1,175.6 million at end-2020), 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 €11,355.7 million, up 4.8% compared with end-2020.



3 The loss ratio corresponds to incurred present and past losses (paid or covered by outstanding claims reserves, net of reinsurance) plus claims management expenses and the change in the equalization reserve divided by earned premiums net of reinsurance.
4 The expense ratio corresponds to commissions and internal management expenses, excluding claims management expenses, divided by earned premiums net of reinsurance.
5 Ratio of net investment income to reinsurance investments, excluding ceding insurer deposits, owner-occupied property, and assets related to subsidiaries.
6 CCR's financial and real estate investments, including cash.

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

Breakdown of Group reinsurance investment portfolio

	December 31, 2021			December 31, 2020			Change			
(in millions of euros)	NBV	MV	% (at MV)	NBV	MV	% (at MV)	NBV	%	MV	%
Money market instruments and cash	640.1	639.6	5.6%	1,216.8	1,216.6	11.2%	-576.6	-47.4%	-577.0	-47.4%
Interest rate instruments	6,603.9	6,730.3	59.3%	5,668.7	5,897.1	54.4%	+935.2	+16.5%	+833.2	+14.1%
Loans	395.7	412.5	3.6%	383.8	384.9	3.6%	+12.0	+3.1%	+27.6	+7.2%
Physical assets (including real estate funds and infrastructure funds)	463.3	1,059.3	9.3%	459.3	987.2	9.1%	+3.9	+0.9%	+72.1	+7.3%
Equities and diversified funds	1,569.3	2,093.6	18.4%	1,497.3	1,907.8	17.6%	+71.9	+4.8%	+185.8	+9.7%
Participating interests	6.2	11.6	0.1%	6.2	14.1	0.1%	0.0	0.0%	-2.5	-17.7%
Deposits	408.9	408.9	3.6%	424.0	424.0	3.9%	-15.1	-3.6%	-15.1	-3.6%
TOTAL	10,087.4	11,355.7	100%	9,656.1	10,831.7	100%	+431.2	+4.5%	+524.0	+4.8%

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The presentation of assets by class has changed from that in the 2020 management report, with the creation of a "physical assets" class comprising real estate assets as well as infrastructure funds previously classified as "equities and diversified funds".

As shown in the above table, changes in the structure of the Group's reinsurance investment portfolio in 2021 were as follows:

- Investments in **money market instruments** represented 5.6% of the total portfolio at market value. They included money market funds for €160.1 million and cash and cash equivalents for €479.5 million.
- **Interest rate instruments** increased by 14.1% to €6,730.30 million, representing 59.3% of the portfolio at market value. The portfolio of directly held bonds rose 15% to €5,339.80 million (79.3% of the total) and investments in bond funds were up 11% at €1,390.50 million (20.7% of the total).
- Investments in **equities and diversified funds** grew 9.7% over the year and represented 18.4% of the total portfolio. The main investments are equity funds (39.7%), diversified funds (25.8%) and hybrid securities and alternative investment funds (25%). Net unrealized gains on this asset class were up 27.8% at €524.3 million (€410.5 million at December 31, 2020).
- Investments in **physical assets** amounted to €1,059.30 million at December 31, 2021 and represented 9.3% of the total portfolio. Unrealized gains on directly-owned investment properties increased by 12.9% over the year.

At December 31, 2021, financial investments meeting **environmental, social and governance (ESG)** criteria stood at €4,367.20 million at market value, an increase of 76.4% from end-2020. The portfolio represented 38.5% of total reinsurance investments versus 22.9% at December 31, 2020. At December 31, 2021, ESG investments included money market instruments (3.1%), interest rate instruments (37.5%), equities, diversified investments and debt funds (38.1%) and real estate investments (21.3%).

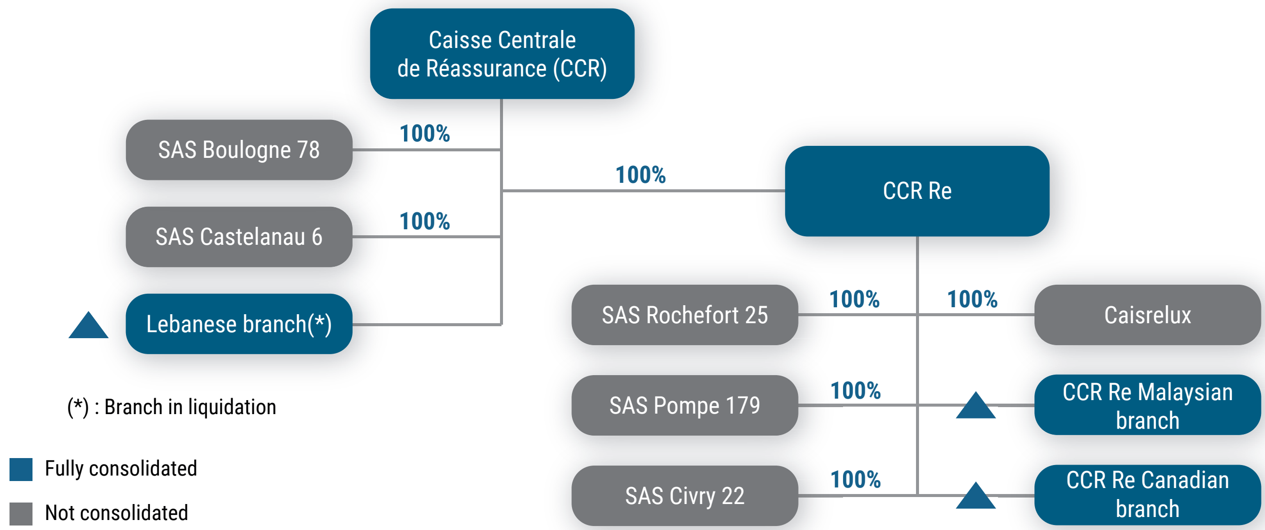
Net income for the year

Consolidated net income for the year amounted to €196 million (2020: €90 million), breaking down as follows:

- The reinsurance technical balance was a profit of €165 million,
- Net investment income amounted to €123 million,
- Non-recurring items represented a net expense of €3 million,
- Income tax expense for the year was €89 million, representing an effective tax rate of 31.1% (excluding tax on non-recurring items).

Subsidiaries and affiliates

The CCR Group's legal structure is presented below:



In addition to owning CCR Re, which is fully consolidated, the Group manages part of the real estate investment portfolio through five simplified joint stock corporations (SAS) with combined equity of €55 million at December 31, 2021. The five companies contributed €1.9 million to the Group's investment revenue for the year.

CCR Re also has a reinsurance subsidiary in Luxembourg, Caisrelux. This company had share capital of €6.2 million at December 31, 2021, unchanged from the previous year-end. Caisrelux operates exclusively as a captive reinsurance company.

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1.6 2022 outlook

Business outlook

Significant developments in 2022 will include finalization of the natural disaster insurance system reform, with the publication of the law's implementing decrees, overhaul the system for managing agricultural risk, which may lead to an expansion of CCR's missions, and official application of the Paris Convention on Third-Party Liability in the Field of Nuclear Energy (PC) as revised in 2004.

In view of the specific nature and potential magnitude of losses resulting from a nuclear accident, a certain number of Western European countries have developed international conventions on the third-party liability of nuclear installation operators. These conventions describe the rules to be adhered to by the signatory countries regarding the compensation to be paid to victims of nuclear accidents. France has chosen to adhere to the Paris Convention.

This Convention was extensively revised in 2004 to increase the protection afforded to victims. In particular, the financial security required of nuclear installation operators has been increased from €91 million to €700 million and the limitation period for personal injury claims has been extended from 10 to 30 years. The last of the signatory countries ratified the revised 2004 Convention at the end of 2021, leading to its official application by France.

Discussions have started with insurers and reinsurers that cover nuclear third-party liability risks, including the French co-reinsurance pool Assuratome, to explore ways of making up for the lack of open market coverage for bodily injury claims reported between 10 and 30 years after the occurrence of the nuclear incident. The incidents that would be covered by CCR in 2022 are proven accidents as well as potential personal injury claims resulting from authorized radioactive discharges. Nuclear installation operators have six months to implement these new provisions and CCR's nuclear third-party liability treaty will therefore not come into effect until July 1, 2022.

CCR Re met its Streamline strategic plan goals one year early, in 2021. The Company enjoyed rapid business growth in 2021 and its top line was also boosted by higher premium rates although the increase was somewhat lower than expected. The situation created by Covid-19 improved, although client visits may not fully resume in 2022.

The rate increases applied to treaties renewed on January 1, 2022 were both moderate and differentiated. The general hardening of reinsurance rates across all geographies and all lines became a thing of the past, despite the high frequency of natural disaster losses in 2021.

Terms improved but in a targeted manner in the geographies and insurance lines that have been particularly affected in recent years.

Financial environment

The increases in long-term interest rates fueled by more restrictive monetary policies are expected to cause volatility in the stock markets, which appear to be overheated.

The inflated prices of technology stocks represent one of the greatest risk factors in 2022; however, they are likely to come under downward pressure from improved interest rates. The CCR Group continues to believe that if the technology bubble bursts, this could drive investors towards more traditional stocks that still have room to increase in value.

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

1.7 Forward financial instruments policy

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

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

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

Hedging instruments include forward foreign exchange contracts and derivative instruments (non-deliverable forwards) for non-convertible currencies. 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.

1.8 Research and development activity

In 2021, we pursued our research and development efforts to better quantify natural and anthropic risks. Our main R&D activities in 2021 were as follows:

Data science and actuarial projects

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

Modeling and R&D activities

- A long-term research project (ANR PICS) was completed in 2021, with the creation and validation of an operating system for integrated now-casting of flash flood impacts in south-eastern France.
- In response to requests from risk prevention and management agencies, a new flood exposure map has been designed and shared.
- Concerning drought risks, new methods have been deployed to assess expected damage throughout the year using an agro-climate index developed as part of a research project.
- CCR's models have been used for exposure studies in Morocco, as part of a project financed by the World Bank, and in France, for RTE (*Réseau de Transport d'Électricité*). They are also used to carry out prevention studies, notably within the framework of the agreement with the DGPR (Ministry of Ecology).

Two research projects supported in 2021

The first research project, on meta-modeling and sensitivity analysis applied to coastal flooding models, was the work of Élodie Perrin (in partnership with Bureau de Recherches Géologiques et Minières and the École des Mines de

Saint-Étienne engineering school); the second, on the creation of a stochastic earthquake generator for metropolitan France and led by Corentin Gouache (in partnership with the École Nationale Supérieure de Géologie de Nancy geological engineering school). The objective of Corentin Gouache's project was to qualify earthquake hazard in France. To this end, plausible seismicity scenarios were generated over long periods of time (several hundred thousand years) based on time and space analyses of historical seismicity and the geological fault network. Each earthquake was associated with an annual probability of exceedance at each point of the territory. The project earned an honorable mention at the Optimind Foundation's 2021 Risk Sciences Awards.

ACPR pilot exercise

CCR participated in the climate exercise conducted by France's banking and insurance supervisor (Autorité de contrôle prudentiel et de résolution – ACPR) from July 2020 to April 2021. The purpose of the exercise was to bring together representatives of the banking and insurance sectors to assess the climate outlook over the period to 2050, giving due consideration to the policies set out in France's Act on energy transition for green growth and the 2015 Paris Agreement. CCR's role was to measure the consequences of the risks concerned (floods, coastal flooding and drought) on the portfolios of the insurers participating in the exercise. The ACPR published the findings of this study in May 2021.

The challenge of climate change for the agriculture sector

Climate experts regularly warn of the increased risk of extreme climate events, especially drought. This risk leads to substantial financial losses for the agriculture sector; for example, the 2003 drought in France caused losses of €4 billion. There is a need for a better understanding of the severity and frequency of these extreme events in the period to 2050 and their impact on agriculture, to inform discussions on ways to improve agricultural risk management systems. CCR has developed a model to estimate cereal and grassland crop losses due to drought and surface flooding, based on a weather index.

Prevention-related R&D

In 2021, CCR earned legal recognition of its role in advising government departments on risk prevention. Article 8 of the law of December 28, 2021 on the compensation payable to victims of natural disasters states that: "Caisse Centrale de Réassurance shall conduct research on prevention policy, at the request of the ministers of the economy, ecology and public accounts". CCR's officially recognized role as a contributor to natural disaster prevention and as an expert government advisor was affirmed through the signature of a partnership agreement with the Risk Prevention department of the Ministry of Ecological Transition and the Treasury department of the Ministry of the Economy, Finance and Economic Recovery. The five-year agreement covers the creation of a working partnership between CCR and the central and decentralized government departments responsible for natural disaster prevention. Its objective is to make CCR's expertise available to government departments for decision-making purposes. More specifically, CCR's role is to provide guidance on the prioritization of public prevention measures, assessments of their effectiveness and the structuring of new measures (notably through cost/benefit analyses).

Automation

CCR Re continued to roll out the prototype that automates the entry of accounts sent by brokers, covering nearly 20% of the accounts received during the year.

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

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

Business model

CCR Re has strengthened its view of risk by developing a business model that covers all the risks in its business portfolio. The model also allows for comparisons of different business development or corporate protection strategies.

PARI university chair

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

1.9 Other information

Calculation of financial indicators

Non-Life combined ratio

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

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

(in millions of euros)	2020	2021
Gross written premiums	1,629	1,596
Net earned premiums (A)	**1,446**	**1,545**
Claims expenses and charges to other technical reserves (B)	(1,190)	(1,094)
Loss ratio - (B) / (A)	**82.3%**	**70.8%**
Commissions, fees, other underwriting income and expenses (C)	(241)	(283)
Non-Life expense ratio - (C) / (A)	16.7%	18.3%
NON-LIFE COMBINED RATIO - [(B) + (C)] / (A)	**99.0%**	**89.1%**

1

Cost ratio

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

(in millions of euros)	2020	2021
Total management expenses recorded in the income statement	(65.9)	(69.9)
Of which investment expenses	8.5	8.2
Of which taxes	5.3	5.6
TOTAL EXPENSES (FOR THE CALCULATION OF THE COST RATIO) (A)	**(52.1)**	**(56.1)**
Written premiums before reinsurance, excluding supplier credit support mechanisms (B)	**1,606**	**1,832**
COST RATIO: - (B) / (A)	**3.2%**	**3.1%**

Return on invested assets

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

(in millions of euros)	2020	2021
Net investment income	137.1	123.2
Miscellaneous adjustments (ceding insurer deposits and owner-occupied property)	(3.3)	(4.1)
Cost of debt	4.2	8.9
Net investment income (for the calculation of the return on invested assets)	138.0	128.1
Average reinsurance investments	8,936	9,608
RETURN ON INVESTED ASSETS	**1.5%**	**1.3%**

2

CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET
ASSETS

(in thousands of euros)	NOTES	DEC. 31, 2021	DEC. 31, 2020
INTANGIBLE ASSETS	4.1	5,474	2,813
REINSURANCE INVESTMENTS	4.2	9,748,630	8,926,306
Real estate investments		302,728	301,477
Investments in affiliates and participating interests	4.3	6,200	6,200
Other investments		9,210,923	8,356,787
Cash deposits with ceding insurers		228,779	261,842
REINSURERS' SHARE OF TECHNICAL RESERVES	4.5	84,873	95,505
REINSURANCE RECEIVABLES	4.6	166,775	188,295
OTHER RECEIVABLES	4.6	188,159	159,870
OTHER ASSETS		341,058	722,466
Property and equipment		3,025	3,684
Other		338,033	718,782
ACCRUED INCOME AND PREPAID EXPENSES	4.7	549,833	636,334
Deferred acquisition costs		61,876	48,952
Other		487,957	587,382
TOTAL ASSETS		11,084,802	10,731,589

BALANCE SHEET
EQUITY AND LIABILITIES

(in thousands of euros)	NOTES	DEC. 31, 2021	DEC. 31, 2020
SHAREHOLDERS' EQUITY	4.8	2,817,080	2,640,312
Share capital		60,000	60,000
Additional paid-in capital		-	-
Reserves and retained earnings		2,561,252	2,490,184
Net income for the year		195,828	90,128
SUBORDINATED DEBT	4.9	300,000	300,000
GROSS TECHNICAL RESERVES	4.10	7,700,996	7,546,523
Life technical reserves		252,972	198,755
Non-Life technical reserves		7,448,024	7,347,768
PROVISIONS	4.11	15,923	15,084
REINSURANCE PAYABLES	4.12	40,118	22,257
OTHER LIABILITIES	4.12	170,775	168,814
DEFERRED REVENUE AND ACCRUED EXPENSES	4.13	39,910	38,599
TOTAL EQUITY AND LIABILITIES		11,084,802	10,731,589

INCOME STATEMENT

(in thousands of euros)		2021			2020
	Notes	Non-Life reinsurance	Life reinsurance	Total	Total
Written premiums	6.2	1,737,390	155,764	1,893,154	1,865,514
Change in unearned premium reserves		115,554	(21,838)	93,716	(51,993)
EARNED PREMIUMS		**1,852,944**	**133,926**	**1,986,870**	**1,813,521**
Other operating revenue		2,067	13	2,080	1,924
Investment income, net of expenses	5.1	90,763	1,879	92,642	100,537
INCOME FROM ORDINARY ACTIVITIES		**92,830**	**1,892**	**94,722**	**102,461**
Reinsurance claims expenses		(1,229,657)	(126,413)	(1,356,070)	(1,472,159)
Income and expenses net of ceded income and expenses		(146,831)	(1,761)	(148,592)	(61,264)
Management expenses		(303,117)	(16,297)	(319,414)	(272,576)
EXPENSES FROM ORDINARY ACTIVITIES		**(1,679,605)**	**(144,471)**	**(1,824,076)**	**(1,805,999)**
INCOME (EXPENSE) FROM ORDINARY ACTIVITIES		**266,169**	**(8,653)**	**257,516**	**109,983**
Investment income net of investment expenses	5.1			30,586	36,553
Other income, net				4	20
Non-recurring income and expenses, net	5.3			(3,135)	(2,267)
Employee profit-sharing				(620)	0
Income tax	5.2			(88,523)	(54,161)
CONSOLIDATED NET INCOME				**195,828**	**90,128**
Basic earnings per share (in euros)				65.28	30.04
Diluted earnings per share (in euros)				65.28	30.04

CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS

(in thousands of euros)	DEC. 31, 2021	DEC. 31, 2020
COMMITMENTS RECEIVED	10,792	17,374
COMMITMENTS GIVEN	16,414	18,832
- Loan guarantees, other guarantees and bonds issued	16,414	18,832
- Securities and other assets purchased under resale agreements	-	-
- Other commitments concerning securities, other assets or revenues	-	-
- Other commitments given	-	-
ASSETS RECEIVED AS COLLATERAL FROM CEDENTS AND REINSURERS	373	378
OTHER RECIPROCAL COMMITMENTS	12,438	17,911
ASSETS RECEIVED AS COLLATERAL FROM REINSURED INSTITUTIONS WITH A JOINT AND SEVERAL GUARANTEE OR WITH SUBSTITUTION	-	-
ASSETS OWNED BY EMPLOYEE BENEFITS INSTITUTIONS	-	-
OTHER ASSETS HELD ON BEHALF OF THIRD PARTIES	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following notes and tables are an integral part of the consolidated financial statements approved for publication by the Board of Directors on March 16, 2022.

NOTE 1

CONSOLIDATION POLICIES AND METHODS

1.1 Information about the Group

The CCR Group has two main lines of business:

- State-guaranteed reinsurance of natural disaster risks and other exceptional risks, conducted by CCR,
- Open market reinsurance in the French and international markets, conducted by CCR Re.

Both companies have their corporate headquarters at 157, boulevard Haussmann, 75008 Paris, France.

1.2 Accounting principles

The consolidated financial statements of CCR have been prepared in accordance with Regulation ANC 2020-01 on consolidated financial statements dated October 9, 2020, approved by French government order of December 29, 2020 and published in the Official Journal on December 31, 2020.

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

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

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

They were approved for publication by the Board of Directors on March 16, 2022.

1.3 Reporting period

The consolidated financial statements have been prepared on the basis of each company's financial statements for the fiscal year ended December 31, 2021, in accordance with Article R.341-4 of the French Insurance Code.

The consolidated income statement presents income and expenses for the period from January 1 to December 31, 2021.

1.4 Basis and methods of consolidation

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

Consolidation methods

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

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

General exclusions

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

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

2

Specific exclusions

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

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

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

1.5 Foreign currency translation

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

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

1.6 Elimination of intercompany transactions

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

1.7 Segment information

The CCR Group has two operating segments:
- Non-Life reinsurance;
- Life reinsurance.

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

1.8 Deferred taxes

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

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

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

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

1.9 Consolidation adjustments

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

1.10 Comparative information

The consolidated financial statements at December 31, 2021 include comparative information at December 31, 2020.

NOTE 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Intangible assets

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

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

2.2 Investments

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

Real estate investments

Initial measurement and depreciation

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

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

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

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

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

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

Provisions for impairment

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

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

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

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

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

Equities and UCITS

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

They are classified in two categories:

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

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

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

For the preparation of the financial statements at December 31, 2021, a provision for other-than-temporary impairment was recorded for equities and UCITS for which the reference value was at least 20% below cost during a period of six months, in line with the above regulation.

Fixed income securities

Bonds are initially recognized at cost excluding accrued interest.

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

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

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

Other assets

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

Foreign currency assets and liabilities

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

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

2.3 Other assets

Property and equipment are initially recognized at historical cost.

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

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

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

2.4 Accrual accounts

Deferred acquisition costs

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

Reinsurance adjustments

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

2.5 Multi-currency accounts

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

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

2.6 Subordinated debt

Subordinated debt is recorded in liabilities at the nominal amount.

The related issuance costs are amortized over ten years.

2.7 Provisions

Pension and other post-employment benefit liabilities

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

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

The assumptions used concern:

- projected future salary increases, with the same rate applied for both management and non-management personnel based on the latest estimates of growth in total salary costs;
- survival rates, which are determined based on the INSEE TD-TV 15-17 table and are calculated by dividing the “number of living persons who have reached retirement age” by the “number of living persons with the same age as the employee”;
- average staff turnover rates, used to estimate the number of current employees in each age group who are expected to remain with the Company until retirement;
- a discount rate based on the iBoxx Corporate Overall AA 10+ (0.78% in 2021 compared with 0.33% in 2020);
- the calculation also includes employer payroll taxes, at the rate of 55%.

Provision for special pre-retirement vacation costs

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

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

Provision for long-service awards

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

The provision is determined by a similar method as that described for length-of-service awards, except that the discount rate is based on the iBoxx Corporate Overall AA 7-10 (0.28% in 2021 compared with 0% in 2020).

Other provisions

Provisions are recorded for clearly identified contingencies and charges that are probable as a result of past or current events but whose occurrence, timing or amount are uncertain.

They include:

- provisions for deferred taxes;
- provisions for major repairs;
- provisions for non-recurring expense;
- provisions for currency risks; and
- other provisions for contingencies and charges.

2

2.8 Technical reserves

Unearned premium reserves

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

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

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

A review of statements received from the ceding companies and the estimation methods applied led to a change in the method of estimating unearned premium reserves for all ceding companies that send in statements with details of portfolio entries and exits.

This change in method had a positive €25 million on CCR's net income, after transfers to the equalization reserve.

In 2022, the review will be pursued, to cover ceding companies that currently submit incomplete statements.

Outstanding claims reserves and mathematical reserves

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

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

Technical reserving control and governance environment

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

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

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

Reserving policy

The reserving policy defining the guiding reserving principles applied at December 31, 2021 was approved by CCR's Board of Directors on October 14, 2021 and CCR Re's Board of Directors on October 6, 2021.

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. 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.

Projected natural disaster claims under specific proportional treaties are analyzed between short-tail risks (excluding drought) and long-tail risks (drought).

The range of possible methods for determining ultimate premiums and losses 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;
- ceding insurer data sampling;
- use of internally developed expert models (ARTEMIS-CCR);
- number of municipalities and historical losses;
- loss ratio regression vs number of recognized municipalities (ultimate premiums and losses);
- estimated potential compensation claims by municipalities with the interministerial commission;
- ceding insurer IBNRs.

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

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

Equalization reserves and exceptional risk reserves

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

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

2.9 Investment income, net of expenses

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

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

2.10 Non-recurring items

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

2.11 Earnings per share

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

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

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

NOTE 3

SCOPE OF CONSOLIDATION

The following entities are excluded from the scope of consolidation:

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

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

The list of consolidated companies is presented below:

			DECEMBER 31, 2021			DECEMBER 31, 2020		
Entity	Registration no.	Address	% voting rights	% interest	Consolidation method	% voting rights	% interest	Consolidation method
CCR SA	388 202 533	157, boulevard Haussmann, 75008 Paris	100%	100%	Consolidating parent	100%	100%	Consolidating parent
CCR Re SA	817 446 511	157, boulevard Haussmann, 75008 Paris	100%	100%	Full	100%	100%	Full

NOTE 4

NOTES TO THE BALANCE SHEET

4.1 Intangible assets

(in thousands of euros)	DEC. 31, 2021	Addition/increase	Other movements	Disposal/ decrease	DEC. 31, 2020
Gross	41,169	4,315	-	(32,310)	69,164
Amortization	(35,695)	(1,276)	-	31,932	(66,351)
NET	5,474	3,039	-	(378)	2,813

4.2 Reinsurance investments

	(in thousands of euros)	Gross	Net	Realizable value	Unrealized gains and losses
1	Real estate investments and real estate investments in progress	378,644	302,727	871,131	568,404
2	Equities and other variable income securities (other than investment funds)	275,157	273,965	681,111	407,146
3	Investment funds (other than those in 4)	3,316,214	3,311,112	3,853,615	542,503
4	Investment funds invested solely in fixed-income securities	-	-	-	-
5	Bonds and other fixed-income securities	5,302,462	5,300,427	5,339,776	39,349
6	Mortgage loans	-	-	-	-
7	Other loans	7,569	7,569	7,569	-
8	Deposits with ceding insurers	228,779	228,779	228,779	-
9	Cash deposits (other than those in 8) and guarantees	322,016	322,016	322,016	-
10	Unit-linked portfolios	-	-	-	-
SUB-TOTAL		**9,830,841**	**9,746,595**	**11,303,998**	**1,557,402**
11	Other forward financial instruments				
	a) Investment or divestment strategy	-	-	-	-
	b) Yield strategy	91,310	91,310	95,532	4,222
	c) Other strategies	-	-	-	-
12	**TOTAL, LINES 1 TO 11**	**9,922,151**	**9,837,905**	**11,399,530**	**1,561,624**
a	of which:				
	- investments measured in accordance with Article R.343-9	5,302,462	5,300,427	5,339,776	39,349
	- investments measured in accordance with Article R.343-10	4,299,600	4,217,390	5,735,443	1,518,053
	- investments measured in accordance with Article R.343-13	-	-	-	-
	- forward financial instruments	91,310	91,310	95,532	4,222
b	of which:				
	- OECD member country issuers	9,720,918	9,636,640	11,182,826	1,546,186
	- Non-OECD issuers	109,923	109,955	121,172	11,216

4.3 Investments in affiliates and participating interests

(in thousands of euros)	% interest	Investment	Shareholders' equity	Net income for the year	Net carrying amount	Realizable value of investment
SA Caisrelux	100%	6,200	6,200	-	6,200	11,635

4.4 Other investments

(in thousands of euros)	% interest	Investment	Shareholders' equity	Net income for the year	Net carrying amount	Realizable value of investment
SAS Boulogne 78	100%	5,710	6,045	168	5,709	17,958
SAS Rochefort 25	100%	14,940	15,951	1,078	14,932	69,738
SAS Pompe 179	100%	15,270	15,558	221	15,268	67,362
SAS Civry 22	100%	7,860	8,067	79	7,859	35,290
SAS Castelnau 6	100%	7,280	7,468	375	7,279	38,008

2

4.5 Reinsurers' share of technical reserves

(in thousands of euros)	DEC. 31, 2021			DEC. 31, 2020		
	Non-Life	Life	TOTAL	Non-Life	Life	TOTAL
Unearned premium and unexpired risks reserves	443	-	443	997	527	1,524
Outstanding claims reserves	81,894	2,536	84,430	93,369	612	93,981
TOTAL	**82,337**	**2,536**	**84,873**	**94,366**	**1,139**	**95,505**

4.6 Reinsurance receivables – other receivables

GROSS RECEIVABLES AND IMPAIRMENT LOSSES (in thousands of euros)	DEC. 31, 2021			DEC. 31, 2020		
	Gross	Impairment	Net	Gross	Impairment	Net
Reinsurance receivables	167,233	(458)	166,775	188,924	(629)	188,295
REINSURANCE RECEIVABLES	**167,233**	**(458)**	**166,775**	**188,924**	**(629)**	**188,295**
Prepaid payroll costs	4	-	4	12	-	12
Prepaid and recoverable taxes	11,039	-	11,039	8,233	-	8,233
Other receivables	76,808	(70,831)	5,977	78,107	(70,734)	7,373
Deferred tax assets	171,139	-	171,139	144,252	-	144,252
OTHER RECEIVABLES	**258,990**	**(70,831)**	**188,159**	**230,604**	**(70,734)**	**159,870**

ANALYSIS OF NET RECEIVABLES BY MATURITY (in thousands of euros)	DEC. 31, 2021				DEC. 31, 2020
	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	Total	Total
Reinsurance receivables	166,775	-	-	166,775	188,295
REINSURANCE RECEIVABLES	**166,775**	**-**	**-**	**166,775**	**188,295**
Prepaid payroll costs	4	-	-	4	12
Prepaid and recoverable taxes	11,039	-	-	11,039	8,233
Other receivables	5,180	-	797	5,977	7,373
Deferred tax assets	171,139	-		171,139	144,252
OTHER RECEIVABLES	**187,362**	**-**	**797**	**188,159**	**159,870**

4.7 Accrued income and prepaid expenses

(in thousands of euros)	DEC. 31, 2021	DEC. 31, 2020
Reinsurance adjustments	439,541	536,211
Deferred acquisition costs	61,876	48,952
Accrued interest and rental income	24,562	29,777
Bond issuance costs	2,778	3,081
Other	21,076	18,313
TOTAL	**549,833**	**636,334**

4.8 Shareholders' equity

(in thousands of euros)	Share capital	Additional paid-in capital	Reserves and retained earnings	Net income	Total shareholders' equity
AT DECEMBER 31, 2020	**60,000**	**-**	**2,490,184**	**90,128**	**2,640,312**
Changes in capital			-		-
Share premiums			-		-
Guarantee fund reserve			-		-
Special reserve for exceptional and nuclear risks			-		-
Special reserve for natural disaster risks			41,584		41,584
Reserve for major natural risks			-		-
Special reserve for terrorism risks			-		-
Special reserve for specific credit insurance risks			-		-
Reserve for the purchase of original works by living artists			-		-
Other reserves			18,386		18,386
Reserves and retained earnings			11,098		11,098
Dividend payments				(19,061)	(19,061)
Appropriation of prior year net income				(71,067)	(71,067)
Net income for the year				195,828	195,828
AT DECEMBER 31, 2021	**60,000**	**-**	**2,561,252**	**195,828**	**2,817,080**

2

4.9 Subordinated debt

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

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

The debt issuance costs (including the issue premium), in the amount of €3.1 million, have been recorded in prepaid expenses on the assets side of the balance sheet and are being amortized over ten years. As of December 31, 2021, the unamortized balance amounted to €2.8 million.

4.10 Technical reserves

Technical reserves by type

(in thousands of euros)	DEC. 31, 2021			DEC. 31, 2020		
	Non-Life	Life	Total	Non-Life	Life	Total
Life reinsurance reserves		132,840	132,840		104,154	104,154
Life outstanding claims reserves		118,275	118,275		92,587	92,587
Life policyholders' surplus reserve		1,857	1,857		2,014	2,014
Other Life technical reserves		-	-		-	-
Non-Life unearned premium reserves	419,363		419,363	525,272		525,272
Non-Life outstanding claims reserves	4,834,879		4,834,879	5,011,775		5,011,775
Non-Life equalization reserves	2,139,179		2,139,179	1,763,523		1,763,523
Other Non-Life technical reserves	54,603		54,603	47,198		47,198
TOTAL	7,448,024	252,972	7,700,996	7,347,768	198,755	7,546,523

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

2

(in thousands of euros)	DEC. 31, 2021			DEC. 31, 2020		
	Non-Life	Life	Total	Non-Life	Life	Total
Outstanding claims reserves at January 1	5,160,624	194,448	5,355,072	4,409,547	158,256	4,567,804
Prior year claims paid during the year	982,511	78,301	1,060,812	850,763	47,027	897,790
Outstanding claims reserves for claims incurred in prior periods at December 31	4,107,575	128,553	4,236,128	3,708,021	116,106	3, 824,127
NET SURPLUS (+) OR DEFICIT (-)	70,538	(12,406)	58,132	(149,237)	(4,877)	(154,114)

4.11 Provisions

(in thousands of euros)	DEC. 31, 2021	Movements	DEC. 31, 2020
Other provisions	1,583	1,583	0
Provision for length-of-service awards	4,993	(588)	5,581
Provision for long-service awards	3,110	(50)	3,160
Provision for extra paid vacation for retirees	2,017	(318)	2,335
Provisions for non-recurring expenses	323	7	316
Provisions for currency risks	0	(105)	105
Provisions for major repairs	3,897	310	3,587
TOTAL	15,923	839	15,084

4.12 Reinsurance receivables – other receivables

ANALYSIS BY TYPE in thousands of euros	DEC. 31, 2021	DEC. 31, 2020
Reinsurance payables	40,118	22,257
REINSURANCE PAYABLES	40,118	22,257
Deposits received (other than from insurers)	2,424	2,363
Cash deposits received from reinsurers	2,741	463
Accrued payroll costs	15,599	15,735
Accrued taxes	9,662	19,869
Other payables	140,349	130,384
OTHER LIABILITIES	170,775	168,814

ANALYSIS BY MATURITY (in thousands of euros)	DEC. 31, 2021				DEC. 31, 2020
	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	Total	Total
Reinsurance payables	40,118	-	-	40,118	22,257
REINSURANCE PAYABLES	40,118	-	-	40,118	22,257
Deposits received (other than from insurers)	2,424	-	-	2,424	2,363
Cash deposits received from reinsurers	2,741	-	-	2,741	463
Accrued payroll costs	15,599	-	-	15,599	15,735
Accrued taxes	9,662	-	-	9,662	19,869
Other payables	140,349	-	-	140,349	130,384
OTHER LIABILITIES	170,775	-	-	170,775	168,814

2

4.13 Deferred revenue and accrued expenses

(in thousands of euros)	DEC. 31, 2021	DEC. 31, 2020
Ceded Non-Life deferred acquisition costs	42	39
Deferred revenue	21,995	33,181
Reinsurance adjustments	17,873	5,097
Other deferred revenue and accrued expenses	-	282
TOTAL	39,910	38,599

2

NOTE 5
NOTES TO THE INCOME STATEMENT

5.1 Investment income, net of expenses

(in thousands of euros)	2021	2020
Revenue from real estate investments	23,708	23,075
Revenue from other investments	80,392	94,196
Interest on cash deposits and technical accounts	3,619	2,857
Other investment income	7,680	2,456
Realized gains from investments	139,125	107,866
INVESTMENT INCOME	**254,524**	**230,450**
Interest on subordinated debt	(8,601)	(4,112)
Amortization of subordinated debt issuance costs	(303)	(110)
External investment management expenses	(6,783)	(5,774)
Internal investment management expenses	(8,329)	(8,710)
Other investment expenses	(19,102)	(16,415)
Realized losses from investments	(88,178)	(58,239)
INVESTMENT EXPENSES	**(131,296)**	**(93,360)**
INVESTMENT INCOME, NET OF EXPENSES	**123,228**	**137,090**

5.2 Income tax

Analysis of income tax expense

(in thousands of euros)	2021	2020
Current tax expense	(115,410)	(65,601)
Deferred tax benefit	26,887	11,440
TOTAL	(88,523)	(54,161)

Deferred taxes by category

(in thousands of euros)	2021	2020
Deferred taxes on temporary differences	171,139	144,278
Consolidation adjustments	-	(26)
TOTAL DEFERRED TAX ASSETS	171,139	144,252

5.3 Tax proof

(in thousands of euros)	2021	2020
Consolidated net income	195,828	90,128
Income tax	(88,523)	(54,161)
INCOME BEFORE TAX	284,351	144,289
Standard tax rate	28.41%	32.02%
Tax at the standard rate	(80,777)	(46,205)
Effects on income taxable at the standard rate		
Tax credits	1,442	1,116
Difference in tax rate paid by Canadian branch	3,318	2,341
Prior year adjustments	0	306
Valuation allowances on deferred tax assets	(10,902)	(6,711)
Elimination of movements on special revaluation reserve	(5)	(14)
Other permanent differences	1,833	(145)
Taxes due by the Lebanese and Malaysian branches	0	(615)
Differences in tax rates	(3,431)	(4,234)
TOTAL	(7,746)	(7,956)
INCOME TAX	(88,523)	(54,161)
EFFECTIVE TAX RATE	31.13%	37.54%

5.4 Non-recurring income and expenses, net

(in thousands of euros)	2021	2020
NON-RECURRING INCOME	**145**	**162**
Reversal of exceptional impairment losses	130	142
Other non-recurring income	15	20
NON-RECURRING EXPENSES	**(3,280)**	**(2,429)**
Charges to provisions for non-recurring expenses	(1,593)	(122)
Contribution to insurance industry Covid-19 solidarity fund	-	(1,220)
IFRS project costs	(1,578)	(988)
Rent holidays granted to tenants of investment property	(6)	(98)
Other non-recurring expenses	(103)	(1)
NON-RECURRING INCOME AND EXPENSES, NET	**(3,135)**	**(2,267)**

5.5 Payroll costs and number of employees

(in thousands of euros)	2021	2020
PAYROLL COSTS	**35,190**	**34,647**
AVERAGE NUMBER OF EMPLOYEES	**289**	**281**
Non-managerial staff	8	11
Managers	269	258
Canadian branch	9	9
Lebanese branch	3	3

5.6 Depreciation, amortization & provisions

(in thousands of euros)	2021	2020
Depreciation and amortization expense	5,118	2,983
Impairment losses	-	-
TOTAL	**5,118**	**2,983**

5.7 Fees paid to the Statutory Auditors

(in thousands of euros)	2021	2020
For the statutory audit of the financial statements	356	372
For other services	8	(22)
TOTAL	**364**	**350**

NOTE 6

SEGMENT INFORMATION

6.1 Operating segment income statements

Non-Life reinsurance technical account

(in thousands of euros)	2021			2020
	Gross	Reinsurance	Net	Net
EARNED PREMIUMS	1,852,944	(155,449)	1,697,495	1,568,563
Written premiums	1,737,390	(154,890)	1,582,500	1,607,947
Change in unearned premium reserves	115,554	(559)	114,995	(39,384)
INVESTMENT INCOME ALLOCATED FROM THE NON-TECHNICAL ACCOUNT	90,763	-	90,763	98,018
OTHER UNDERWRITING INCOME	2,067	-	2,067	1,924
CLAIMS EXPENSES	(834,188)	4,486	(829,702)	(1,471,684)
Paid claims and expenses	(1,061,160)	16,118	(1,045,042)	(880,182)
Change in outstanding claims reserves	226,972	(11,632)	215,340	(591,502)
CHANGE IN OTHER TECHNICAL RESERVES	(7,405)		(7,405)	(3,043)
PROFIT COMMISSION	(12,407)	546	(11,861)	(6,612)
ACQUISITION AND MANAGEMENT EXPENSES	(294,683)	8,734	(285,949)	(242,388)
Acquisition costs	(279,805)	8,734	(271,071)	(227,374)
Management expenses	(18,464)	-	(18,464)	(16,990)
Reinsurance commissions received	3,586	-	3,586	1,976
OTHER UNDERWRITING EXPENSES	(13,582)	-	(13,582)	(12,254)
CHANGE IN EQUALIZATION RESERVES	(375,657)	-	(375,657)	172,356
NON-LIFE INCOME FROM ORDINARY ACTIVITIES	407,852	(141,683)	266,169	104,880

Life reinsurance technical account

(in thousands of euros)	2021			2020
	Gross	Reinsurance	Net	Net
PREMIUMS	133,926	(4,060)	129,866	94,974
INVESTMENT INCOME, NET OF ALLOCATION TO THE NON-TECHNICAL ACCOUNT	1,879	-	1,879	2,519
OTHER UNDERWRITING INCOME	13	-	13	-
CLAIMS EXPENSES	(112,108)	2,200	(109,908)	(68,862)
Paid claims and expenses	(91,174)	276	(90,898)	(56,040)
Change in outstanding claims reserves	(20,934)	1,924	(19,010)	(12,822)
CHANGE IN LIFE REINSURANCE RESERVES AND OTHER TECHNICAL RESERVES	(3,325)	-	(3,325)	(5,351)
PROFIT COMMISSION	(10,980)	99	(10,881)	(2,219)
ACQUISITION AND MANAGEMENT EXPENSES	(17,033)	1,944	(15,089)	(15,041)
Acquisition costs	(13,556)	1,944	(11,612)	(12,687)
Management expenses	(3,477)	-	(3,477)	(2,354)
Reinsurance commissions received	-	-	-	-
OTHER UNDERWRITING EXPENSES	(1,208)	-	(1,208)	(917)
LIFE INCOME (EXPENSE) FROM ORDINARY ACTIVITIES	(8,836)	183	(8,653)	5,103

2

6.2 Gross written premiums by operating segment

Gross written premiums by operating segment

(in thousands of euros)	2021	2020
REINSURANCE WITHOUT STATE GUARANTEE	842,653	649,321
Inward Life reinsurance	155,764	111,252
Inward Non-Life reinsurance	686,889	538,069
STATE-GUARANTEED REINSURANCE	1,050,501	1,216,194
Exceptional and nuclear risks	275	(1,066)
Natural disaster risks	921,681	890,541
Terrorism risks	67,364	66,884
Of which small and medium-sized risks	46,364	45,884
major risks (reinsurance of terrorism risks insured by GAREAT)	21,000	21,000
Credit insurance risks	61,181	259,835
TOTAL	1,893,154	1,865,515

Gross written premiums by geographical area

(in thousands of euros)	2021			2020		
	Non-Life	Life	Total	Non-Life	Life	Total
France	1,173,066	38,864	1,211,930	1,325,417	36,173	1,361,590
EU excluding France	120,151	1,394	121,545	98,880	4,088	102,968
Europe excluding EU	31,124	524	31,648	20,336	729	21,065
Africa & Middle East	175,523	79,106	254,629	143,852	50,176	194,028
Far East & Oceania	162,974	15,152	178,126	117,032	12,646	129,678
North America	53,981	1,751	55,732	36,461	2,049	38,510
South America	20,571	18,973	39,544	12,285	5,391	17,676
TOTAL	1,737,390	155,764	1,893,154	1,754,263	111,252	1,865,515

NOTE 7

POST BALANCE SHEET EVENTS

The outbreak of war in Ukraine after the financial year-end is not expected to have a major impact on the CCR Group. The CCR Group has no direct exposure to Ukraine or Russia in its reinsurance portfolio and its indirect exposure in specialty lines is likely to remain limited. The CCR Group has no direct exposure on its asset portfolio and does not hold any assets in rubles or hryvnia. In addition, the CCR Group's asset portfolio is currently demonstrating a good level of resilience to the market turbulence caused by this event.

3

COMPANY FINANCIAL STATEMENTS

BALANCE SHEET AT DECEMBER 31, 2021

ASSETS

(in thousands of euros)	DEC. 31, 2021			DEC. 31, 2020
	Gross amount	Amortization, depreciation & provisions	Net amount	Net amount
INTANGIBLE ASSETS	**46,586**	**41,564**	**5,022**	**2,813**
INVESTMENTS				
Real estate investments	204,133	36,580	167,553	164,043
Investments in affiliates and participating interests	435,929		435,929	435,929
Other investments	7,134,644	6,294	7,128,350	6,535,907
Cash deposits with ceding insurers	4,359		4,359	7,929
TOTAL	**7,779,065**	**42,874**	**7,736,191**	**7,143,808**
REINSURERS' SHARE OF TECHNICAL RESERVES				
Non-Life unearned premium reserves	957		957	881
Life reinsurance reserves	3,995		3,995	3,567
Life outstanding claims reserves	(3,530)		(3,530)	604
Non-Life outstanding claims reserves	67,804		67,804	166,193
Other Non-Life technical reserves				
TOTAL	**69,226**		**69,226**	**171,245**
Receivables				
Reinsurance receivables	62,351		62,351	106,879
Prepaid payroll costs	4		4	7
Prepaid and recoverable taxes	2,102		2,102	19
Other receivables	80,321	70,794	9,527	12,373
TOTAL	**144,778**	**70,794**	**73,984**	**119,278**
OTHER ASSETS				
Property and equipment	17,879	14,949	2,930	3,617
Current accounts and cash	194,745		194,745	447,486
TOTAL	**212,624**	**14,949**	**197,675**	**451,103**
ACCRUED INCOME AND PREPAID EXPENSES				
Accrued interest and rental income	20,385		20,385	25,974
Life and Non-Life deferred acquisition costs	137		137	87
Other accrued income and prepaid expenses	100,456		100,456	285,869
TOTAL	**120,978**		**120,978**	**311,930**
TOTAL ASSETS	**8,373,257**	**170,182**	**8,203,075**	**8,200,178**

BALANCE SHEET AT DECEMBER 31, 2021
EQUITY AND LIABILITIES

(in thousands of euros)	DECEMBER 31, 2021	DECEMBER 31, 2020
	Before appropriation of net income	Before appropriation of net income
SHAREHOLDERS' EQUITY		
Share capital	60,000	60,000
Additional paid-in capital		
Revaluation reserves	2,751	2,751
Other reserves		
Guarantee fund reserve	1,496	1,496
Special reserve for exceptional and nuclear risks	245,215	245,215
Special reserve for natural disaster risks	1,811,571	1,769,987
Special reserve for terrorism risks	151,474	151,474
Other reserves	8,654	8,654
Special reserve for specific credit insurance risks	86,790	86,790
Reserve for the purchase of original works by living artists	93	93
Retained earnings		
Net income for the year	133,566	60,644
TOTAL	**2,501,610**	**2,387,104**
GROSS TECHNICAL RESERVES		
Non-Life unearned premium reserves	197,900	333,499
Life reinsurance reserves	180	3,478
Life outstanding claims reserves	285	694
Non-Life outstanding claims reserves	3,215,703	3,546,602
Equalization reserves	2,119,001	1,736,654
Other Non-Life technical reserves		72
TOTAL	**5,533,069**	**5,620,999**
PROVISIONS	**11,066**	**11,885**
OTHER LIABILITIES		
Reinsurance payables		
Other borrowings, deposits and guarantees received	1,512	1,431
Accrued payroll costs	10,003	9,960
Accrued taxes	6,033	17,678
Other payables	118,708	118,396
TOTAL	**136,256**	**147,465**
DEFERRED REVENUE AND ACCRUED EXPENSES	**21,074**	**32,724**
TOTAL EQUITY AND LIABILITIES	**8,203,075**	**8,200,178**

INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2021

(in thousands of euros)	2021			2020
	Gross	Reinsurance	Net	Net
NON-LIFE TECHNICAL ACCOUNT				
Earned premiums:				
Written premiums	1,053,293	110,101	943,192	1,102,432
Change in unearned premium reserves	135,675	0	135,675	(11,861)
	1,188,968	**110,101**	**1,078,867**	**1,090,571**
Investment income allocated from non-technical account	**63,284**	**0**	**63,284**	**62,485**
Other underwriting income	**783**	**0**	**783**	**604**
Claims expenses:				
Paid claims and expenses	(679,198)	(38,481)	(640,717)	(577,183)
Change in outstanding claims reserves	335,693	103,154	232,539	(523,165)
	(343,505)	**64,673**	**(408,178)**	**(1,100,347)**
Change in other technical reserves	**72**	**0**	**72**	**(72)**
Profit commission	**147**	**147**	**0**	**(1)**
Acquisition and management expenses:				
Acquisition costs	(132,166)	0	(132,166)	(123,858)
Management expenses	(4,966)	0	(4,966)	(5,171)
Reinsurance commissions received		(684)	684	(1,064)
	(137,132)	**(684)**	**(136,448)**	**(130,092)**
Other underwriting expenses	**(7,197)**	**0**	**(7,197)**	**(6,996)**
Change in equalization reserves	**(382,347)**	**0**	**(382,347)**	**174,586**
NON-LIFE REINSURANCE TECHNICAL RESULT	**383,073**	**174,237**	**208,836**	**90,737**

INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2021

(in thousands of euros)	2021			2020
	Gross	Reinsurance	Net	Net
LIFE TECHNICAL ACCOUNT				
Premiums	**273**	**273**	**0**	**0**
Investment income:				
Investment revenue				
Other investment income				
Realized gains from investments				
	0	**0**	**0**	**0**
Other underwriting income	**0**	**0**	**0**	**0**
Claims expenses:				
Paid claims and expenses	(4,319)	(4,319)	0	(2)
Change in outstanding claims reserves	470	470	0	0
	(3,849)	**(3,849)**	**0**	**(2)**
Change in Life reinsurance reserves and other technical reserves				
Life reinsurance reserves	3,716	3,716	0	0
	3,716	**3,716**	**0**	**0**
Profit commission	**0**	**0**	**0**	**0**
Acquisition and management expenses:				
Acquisition costs	23	0	23	(11)
Management expenses	(5)	0	(5)	(14)
Reinsurance commissions received	0	22	(22)	11
	18	**22**	**(4)**	**(14)**
Investment expenses:				
Internal and external investment management expenses and interest				
Other investment expenses				
Realized losses from investments				
	0	**0**	**0**	**0**
Other underwriting expenses	**0**	**0**	**0**	**0**
LIFE REINSURANCE TECHNICAL RESULT	**158**	**162**	**(4)**	**(16)**

INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2021

(in thousands of euros)	2021	2020
	Net	Net
NON-TECHNICAL ACCOUNT		
Non-Life reinsurance technical result	**208,836**	**90,737**
Life reinsurance technical result	**(4)**	**(16)**
Investment income:		
Investment revenue	79,153	84,599
Other investment income	7,229	2,169
Realized gains from investments	61,993	34,867
	148,375	**121,635**
Investment expenses:		
Internal and external investment management costs and interest	(8,779)	(8,313)
Other investment expenses	(15,198)	(12,997)
Realized losses from investments	(32,010)	(10,335)
	(55,987)	**(31,645)**
Investment income transferred to the Non-Life technical account	**(63,284)**	**(62,485)**
Other income	**9**	**18**
Other expenses	**(8)**	**(1)**
Non-recurring items:		
Non-recurring income	155	354
Non-recurring expenses	(16)	(900)
	139	**(546)**
Employee profit-sharing	**(554)**	**0**
Income tax	**(103,956)**	**(57,055)**
NET INCOME FOR THE YEAR	**133,566**	**60,644**

NOTES TO THE FINANCIAL STATEMENTS

The following notes and tables are an integral part of the financial statements approved for publication by the Board of Directors on March 16, 2022.

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

These reinsurance operations are backed by a State guarantee and are governed by specific agreements. Separate financial statements are kept for each class of business in order to calculate the technical result generated in each case, which is recorded in a reserve account covering the corresponding transactions, in accordance with Articles L.431-7, R.431-16-3, R.431-16-4 and A.431-6 of the French Insurance Code.

The Company's in-force business also includes treaties not covered by the State guarantee which the ceding insurers chose not to transfer to CCR Re at the time of the 2016 spin-off of CCR's open market insurance business to this subsidiary.

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

1.1 Change in accounting methods

The 2021 financial statements have been prepared using the same methods as those for 2020.

1.2 Intangible assets

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

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

1.3 Investments

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

Real estate investments

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

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

- the shell, which is depreciated based on the building’s acquisition-date residual value over its estimated useful life as from the construction completion date, as follows:
    - 120 years for residential property,
    - 150 years for residential property completed before 1900,
    - 80 years for office property;

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

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

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

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

Provisions for major repairs/refits are recorded for other-than-routine maintenance costs such as restoration costs. They are prorated over the period to the execution date of the work, as scheduled in the 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 a valuer licensed by the French insurance supervisor (*Autorité de Contrôle Prudentiel et de Résolution*).
- The same principles are applied for the measurement of shares in real estate companies.

Equities and UCITS

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

They are classified in two categories:

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

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

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

For the preparation of the financial statements at December 31, 2021, the Company considered that any equities and UCITS for which the reference value was at least 20% below cost were subject to other-than-temporary impairment, in line with Article 123-10 of Regulation ANC 2015-11.

Based on changes in the market price of securities held in the portfolio at December 31, 2021, provisions for other-than-temporary impairment at that date amounted to €6.295 million.

Fixed income securities

Bonds are initially recognized at cost excluding accrued interest.

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

A provision for other-than-temporary impairment is recorded only in the case of issuer default. Realizable value corresponds to the closing market price or, if no price is quoted, fair value. Application of this criterion did not lead to any provisions for other-than-temporary impairment being recorded in 2021.

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

Other assets

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

Investment income

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

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

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

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

1.4 Property and equipment

Property and equipment are initially recognized at historical cost.

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

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

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

1.5 Accrual accounts

Reinsurance adjustments

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

1.6 Multi-currency accounts

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

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

In 2021, differences arising from the conversion of opening foreign currency assets and liabilities at the closing exchange rate represented a net gain of €0.398 million.

1.7 Provisions

Provision for length-of-service awards

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

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

The assumptions used concern:

- projected future salary increases, with the same rate applied for both management and non-management personnel based on the latest estimates of growth in total salary costs;
- survival rates, which are determined using the INSEE TD-TV 15-17 table and are calculated by dividing the "number of living persons who have reached retirement age" by the "number of living persons with the same age as the employee";
- average staff turnover rates, used to estimate the number of current employees in each age group who are expected to remain with the Company until retirement;
- a discount rate based on the iBoxx Corporate Overall AA 10+ (0.78% in 2021 compared with 0.33% in 2020).

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

Provision for special pre-retirement vacation costs

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

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

Provision for long-service awards

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

The provision is determined by a similar method as that described for length-of-service awards, except that the discount rate is based on the iBoxx Corporate Overall AA 7-10 (0.28% in 2021 compared with 0% in 2020).

1.8 Technical reserves and technical result

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

Unearned premium reserves

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

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

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

A review of statements received from the ceding companies and the estimation methods applied led to a change in the method of estimating unearned premium reserves for all ceding companies that send in statements with details of portfolio entries and exits. This change in method had a positive €25 million on CCR's net income, after transfers to the equalization reserve.

In 2022, the review will be pursued, to cover ceding companies that currently submit incomplete statements.

Outstanding claims reserves and mathematical reserves

Technical reserving control and governance environment

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

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

Reserving policy

The reserving policy defining the guiding reserving principles applied at December 31, 2021 was approved by the Company's Board of Directors on October 14, 2021.

Approach

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

Technical reserves are based on underwriting year/fiscal year triangles and statistical data provided by ceding insurers, which are used to produce premium and claim development triangles. Projected natural disaster claims under proportional treaties are analyzed between short-tail risks (excluding drought) and long-tail risks (drought).

The range of possible methods for determining ultimate premiums and losses include:

- historical loss ratios;
- ceding insurer data sampling;
- use of internally developed expert models (ARTEMIS-CCR);
- number of municipalities and historical losses;
- loss ratio regression vs number of recognized municipalities (ultimate premiums and losses);
- liquidation of premium and claim triangles using the Development Factor Model;
- estimated potential compensation claims by municipalities with the interministerial commission;
- ceding insurer IBNRs;
- CAP, CAP+ and CAP Relais reported premiums and claims.

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

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

Equalization reserve

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

Liquidity risk reserve

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

No liquidity risk reserve was carried in the financial statements at December 31, 2021.

1.9 Other items

Expenses analyzed by function

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

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

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

NOTE 2

NOTES TO THE BALANCE SHEET

2.1 Notes to assets

GROSS (in thousands of euros)	DEC. 31, 2020 Audited	Movements Additions	 Disposals	DEC. 31, 2021 Net
Start-up costs	5,963			5,963
Software licenses and development costs	68,698	3,261	31,931	40,028
Developments in progress	379	595	379	595
TOTAL INTANGIBLE ASSETS	**75,040**	**3,856**	**32,310**	**46,586**
Investment property	102,100	1,554		103,654
Owner-occupied property	55,045	630	148	55,527
Assets under construction	27,605	5,101	743	31,963
Shares in unlisted real estate companies	12,989			12,989
TOTAL REAL ESTATE INVESTMENTS	**197,739**	**7,285**	**891**	**204,133**
Equities and other variable income securities	360,929			360,929
Loans	75,000			75,000
INVESTMENTS IN AFFILIATES AND PARTICIPATING INTERESTS	**435,929**			**435,929**
CASH DEPOSITS WITH CEDING INSURERS	**7,929**	**6,684**	**10,254**	**4,359**

3

"Assets under construction" include €31.3 million corresponding to payments made for the off-plan acquisition, on June 25, 2020, of a real estate complex at 65bis rue Lafayette/37 rue de Montholon in the 9th *arrondissement* of Paris.

NET (in thousands of euros)	DEC. 31, 2021 Gross	 Amortization, depreciation & provisions	 Net	DEC. 31, 2020 Net Audited
Start-up costs	5,963	5,963		
Software licenses and development costs	40,028	35,601	4,427	2,434
Developments in progress	595		595	379
TOTAL INTANGIBLE ASSETS	**46,586**	**41,564**	**5,022**	**2,813**
Investment property	103,654	28,362	75,292	75,663
Owner-occupied property	55,527	8,218	47,309	47,786
Assets under construction	31,963		31,963	27,605
Shares in unlisted real estate companies	12,989		12,989	12,989
TOTAL REAL ESTATE INVESTMENTS	**204,133**	**36,580**	**167,553**	**164,043**
Equities and other variable income securities	360,929		360,929	360,929
Loans	75,000		75,000	75,000
INVESTMENTS IN AFFILIATES AND PARTICIPATING INTERESTS	**435,929**		**435,929**	**435,929**
CASH DEPOSITS WITH CEDING INSURERS	**4,359**		**4,359**	**7,929**

2.2 Information about investments

	DEC. 31, 2021			DEC. 31, 2020
(in thousands of euros)	Gross	Amortization & provisions	Net	Net Audited
Equities and other variable income securities	2,451,637	6,294	2,445,343	2,412,362
Bonds and other fixed-income securities	4,595,597		4,595,597	3,986,480
Loans	7,410		7,410	7,065
Bank deposits	80,000		80,000	130,000
TOTAL	**7,134,644**	**6,294**	**7,128,350**	**6,535,907**

3

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	204,133	167,553	448,372	280,819
2	Equities and other variable income securities (other than investment funds)	543,776	542,584	932,472	389,888
3	Investment funds (other than those in 4)	2,268,790	2,263,688	2,685,523	421,835
4	Investment funds invested solely in fixed-income securities				
5	Bonds and other fixed-income securities	4,595,597	4,594,622	4,628,634	34,012
6	Mortgage loans				
7	Other loans	82,410	82,410	82,410	
8	Deposits with ceding insurers	4,359	4,359	4,359	
9	Cash deposits (other than those in 8) and guarantees	80,000	80,000	80,000	
10	Unit-linked portfolios				
SUB-TOTAL		**7,779,065**	**7,735,216**	**8,861,770**	**1,126,554**
11	Other forward financial instruments				
	* Investment or divestment strategy				
	* Other strategies				
	* Amortization of premiums/discounts				
12	**TOTAL, LINES 1 TO 11**	**7,779,065**	**7,735,216**	**8,861,770**	**1,126,554**
a	of which:				
	Investments measured in accordance with Article R.343-9	4,595,597	4,594,622	4,628,634	34,012
	Investments measured in accordance with Article R.343-10	3,179,109	3,136,235	4,228,777	1,092,542
	Investments measured in accordance with Article R.343-13				
	Investments measured in accordance with Article R.343-11				
	Forward financial instruments				
b	of which:				
	OECD member country issuers	7,718,577	7,674,720	8,794,074	1,119,354
	Non-OECD issuers	60,488	60,496	67,696	7,200

1 Including the unamortized portion of redemption premiums on securities measured in accordance with Article R.343-19, for €0.975 million.

2.4 Receivables and payables

OTHER RECEIVABLES (in thousands of euros)	Gross	Provisions	Net	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	Total
Reinsurance receivables	62,351		62,351	62,351			62,351
Prepaid payroll costs	4		4	4			4
Prepaid and recoverable taxes	2,102		2,102	2,102			2,102
Other receivables	80,321	70,794	9,527	8,730		797	9,527
TOTAL	**144,778**	**70,794**	**73,984**	**73,187**		**797**	**73,984**

Reinsurance receivables include a €0.3 million receivable from CCR Re which is due within one year.

Other receivables include:
- a €70.5 million receivable resulting from two final court rulings, which has been provisioned in full due to the default risk represented by the debtors who are natural persons;
- a €5.4 million receivable from CCR Re;
- €0.9 million in receivables from property companies.

OTHER PAYABLES (in thousands of euros)	Net	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	Total
Other borrowings, deposits and guarantees received	1,512	1,512			1,512
Accrued payroll costs	10,003	10,003			10,003
Accrued taxes	6,033	6,033			6,033
Other payables	118,708	118,708			118,708
TOTAL	**136,256**	**136,256**			**136,256**

Other payables include:
- €2.5 million due to CR Re;
- €6.1 million due to property companies.

2.5 Subsidiaries and affiliates

COMPANY (in thousands of euros)	Share capital	Reserves	% interest	Carrying amount of shares GROSS	Carrying amount of shares NET	2021 gross written premiums	2021 net income	Dividends received in 2021
1 SUBSIDIARIES								
SA CCR Re 157, boulevard Haussmann, 75008 Paris	90, 082	376,161	100%	360,929	360,929	842,653	41,005	5,513
2 AFFILIATES								
SAS Castelnau 6 157, boulevard Haussmann, 75008 Paris	7,280	188	100%	7,279	7,279	1,224	375	316
SAS Boulogne 78 157, boulevard Haussmann, 75008 Paris	5,710	335	100%	5,709	5,709	622	168	204

3

2.6 Property and equipment

GROSS (in thousands of euros)	DEC. 31, 2020	Movements		DEC. 31, 2021
	Audited	+	-	
Deposits and guarantees	37			37
Computer and other equipment	13,396	990		14,386
Office furniture and equipment	1,582	156		1,738
Fixtures and fittings	1,464	254		1,718
Assets under construction	47		47	
TOTAL	**16,526**	**1,400**	**47**	**17,879**

DEPRECIATION (in thousands of euros)	DEC. 31, 2020	Increases	Decreases	DEC. 31, 2021
	Audited	+	-	
Computer and other equipment	11,025	1,742		12,767
Office furniture and equipment	1,033	161		1,194
Fixtures and fittings	851	137		988
TOTAL	**12,909**	**2,040**		**14,949**

3

2.7 Accrual accounts

(in thousands of euros)	DEC. 31, 2021		DEC. 31, 2020 Audited	
	Assets	Liabilities	Assets	Liabilities
Reinsurance adjustments	80,588	1,322	268,366	1,249
Deferred acquisition costs	137		87	
Accrued interest	20,385		25,974	
Amortization of redemption premiums	18,777	19,752	16,436	31,193
Prepaid expenses and deferred revenue	1,090		1,067	282
TOTAL	**120,978**	**21,074**	**311,930**	**32,724**

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 2021	Difference 2020 Audited
Euro	8,158,453	8,026,528	131,925	54,597
US dollar	11,897	14,804	(2,907)	(1,535)
Canadian dollar	111	0	111	102
Pound sterling	37,153	36,170	983	970
Japanese yen	7,087	5,301	1,786	1,841
Swiss franc	59	59	0	0
Taiwan dollar	4,776	4,776	0	0
Australian dollar	97	(3)	100	98
Hong Kong dollar	159	0	159	147
Other currencies	102	(1,307)	1,409	4,424
TOTAL	**8,219,894**	**8,086,328**	**133,566**	**60,644**

3

2.9 Shareholders' equity

2021 (in thousands of euros)	January 1 Before appropriation of net income	Movements for the year Appropriation of 2020 net income	Other movements	December 31
Share capital[1]	60,000			60,000
Special revaluation reserve	2,751			2,751
Special guarantee fund reserve	1,496			1,496
Special reserve for exceptional and nuclear risks	245,215			245,215
Reserve for natural disaster risks	1,769,987	41,584		1,811,571
Reserve for major natural risks				
Special reserve for terrorism risks	151,474			151,474
Special reserve for specific credit insurance risks	86,790			86,790
Reserve for the purchase of original works by living artists	93			93
Other reserves	8,654			8,654
Retained earnings				
2020 net income	60,644	(60,644)		
Dividend		19,060	(19,060)	
Net income for the year			133,566	133,566
TOTAL	**2,387,104**		**114,506**	**2,501,610**

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

2.10 Breakdown of provisions

(in thousands of euros)	Dec. 31, 2020 Audited	Movements for the year Increases +	Decreases -	Dec. 31, 2021
Accelerated depreciation	100		100	
Special revaluation reserve	661		15	646
Charges to other provisions	22		22	
Provision for length-of-service awards	4,149		511	3,638
Provision for long-service awards	2,864		30	2,834
Provision for extra paid vacation for retirees	1,808		265	1,543
Provisions for non-recurring expenses	36	10	3	43
Provisions for major repairs	2,245	117		2,362
TOTAL	**11,885**	**127**	**946**	**11,066**

2.11 Commitments received and given

(in thousands of euros)		DEC. 31, 2021	DEC. 31, 2020 Audited
1 - COMMITMENTS RECEIVED		**1,516**	**1,527**
2 - COMMITMENTS GIVEN		**6,486**	**6,981**
2a	Loan guarantees, other guarantees and bonds issued	6,486	6,981
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		**12,438**	**17,911**
3a	Assets received as collateral from cedents and reinsurers		
3b	Assets received from companies for substitution transactions		
3c	Other reciprocal commitments	12,438	17,911
4 - OTHER ASSETS HELD ON BEHALF OF THIRD PARTIES			
5 - FORWARD FINANCIAL INSTRUMENTS			
5a	**Forward financial instruments by strategy:** - Investment or divestment strategy - Yield strategy - Other strategies		
5b	**Forward financial instruments by market:** - Over-the-counter market - Regulated market		
5c	**Forward financial instruments by type of market risk and instrument:** - Interest rate risk - Currency risk - Equity risk		
5d	**Forward financial instruments by type of instrument:** - Swaps - Forward rate agreements - Forward contracts - Options		
5e	**Forward financial instruments by remaining term of the strategy:** - 0 to 1 year - 1 to 5 years - More than 5 years		

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

(in thousands of euros)	DEC. 31, 2021	DEC. 31, 2020 Audited
Venture capital investment fund commitments	91,404	124,965
Debt fund commitments	175,924	128,207
Real estate investment fund commitments	6,352	9,372

3

NOTE 3

NOTES TO THE INCOME STATEMENT

3.1 Gross written premiums by operating segment

(in thousands of euros)	2021	2020 Audited
Exceptional and nuclear risks	275	(1,066)
Natural disaster risks	921,681	890,541
Terrorism risks	67,364	66,884
Of which small and medium-sized risks	*46,364*	*45,884*
Major risks (reinsurance of terrorism risks insured by GAREAT)	*21,000*	*21,000*
Credit insurance risks	61,181	259,835
Of which CAP	*15,364*	*3,062*
CAP+	*18,297*	*3,123*
CAP Relais	*27,520*	*253,650*
PUBLIC REINSURANCE GROSS WRITTEN PREMIUMS	**1,050,501**	**1,216,194**
OPEN MARKET REINSURANCE GROSS WRITTEN PREMIUMS (RUN-OFF)	**3,065**	**(1,009)**
TOTAL	**1,053,566**	**1,215,185**

3.2 Portfolio movements

2021 (in thousands of euros)	Public reinsurance		Open market reinsurance (run-off)	
	Gross	Net	Gross	Net
NEW BUSINESS				
Premiums	64,499	64,499		
Paid claims and expenses	2,075	2,075		
CANCELLATIONS AND TERMINATIONS				
Premiums	(65,250)	(65,250)	769	
Paid claims and expenses	(2,075)	(2,075)	(34,826)	

3

3.3 Reinsurance commissions

(in thousands of euros)	2021		2020 Audited	
	Gross	Net	Gross	Net
Life	(21)		11	
Non-Life	122,187	121,503	114,012	115,076
TOTAL	**122,166**	**121,503**	**114,023**	**115,076**

3.4 Investment income and expenses

2021 (in thousands of euros)	Income and expenses from investments in related companies	Other investment income and expenses	Total
Revenue from real estate investments	545	11,915	12,460
Revenue from other investments	5,513	57,399	62,912
Interest income on intercompany loans	3,750		3,750
Interest on cash deposits and technical accounts		31	31
TOTAL INVESTMENT REVENUE	**9,808**	**69,345**	**79,153**
Other investment income		7,229	7,229
Realized gains from investments		61,993	61,993
TOTAL INVESTMENT INCOME	**9,808**	**138,567**	**148,375**
External investment management expenses		(4,474)	(4,474)
Internal investment management expenses		(4,305)	(4,305)
Other investment expenses		(15,198)	(15,198)
Realized losses from investments		(32,010)	(32,010)
TOTAL INVESTMENT EXPENSES	**0**	**(55,987)**	**(55,987)**
TOTAL INVESTMENT INCOME, NET OF EXPENSES	**9,808**	**82,580**	**92,388**

3.5 Underwriting expenses by type and by function

In the following table, expenses for 2021 are presented net of amounts rebilled to CCR Group subsidiaries and to the public funds managed on behalf of the French State.

Expense breakdown

EXPENSES BY TYPE (in thousands of euros)	2021	2020 Audited
External expenses	6,393	5,609
Other external expenses	1,761	1,925
Taxes other than on income	6,434	6,290
Payroll costs	11,552	13,047
Other management expenses	131	72
SUB-TOTAL	**26,271**	**26,943**
Depreciation of property and equipment	1,432	1,445
Theoretical rent on the Company's registered office	210	297
TOTAL	**27,913**	**28,685**

EXPENSES BY FUNCTION (in thousands of euros)	2021	2020 Audited
Claims management expenses	2,272	2,102
Other business acquisition costs	9,980	9,908
Other administrative expenses	5,013	5,198
Other underwriting expenses	6,424	6,788
Investment management expenses	4,224	4,689
TOTAL	**27,913**	**28,685**

In addition to the above amounts, costs of €1.3 million were incurred for the management of the CCR Group's real estate subsidiaries and the management of the following public funds on behalf of the French State:

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

In accordance with Article 336-2 section VI - Expense accounts (class 6) of the ANC regulation no. 2015-11, reimbursements of these expenses are recorded in sub-accounts that are separate from the main accounts used to record the expense concerned.

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

(in thousands of euros)	2021	2020 Audited
Wages and salaries	8,275	8,189
Payroll taxes	3,550	3,432
Other expenses	(192)	1,530
TOTAL	**11,633**	**13,151**
Average number of employees	161	156
Managers	*154*	*147*
Non-managerial staff	*7*	*9*
AVERAGE NUMBER OF EMPLOYEES	**161**	**156**

Compensation paid to the Company's administrative and management bodies

(in thousands of euros)	2021	2020 Audited
Directors' compensation [1]	115	59
Management compensation	264	268

3

1 Excluding expenses reimbursed upon presentation of supporting documents.

3.6 Other underwriting income and expenses

Other underwriting income mainly comprises income from the Company's interests in professional economic interest groups. Other underwriting expenses include expenses arising from these interests and the expenses of internal cost centers not related directly to the insurance business.

3.7 Non-recurring items

2021 (in thousands of euros)	Non-recurring expenses	Non-recurring income
Reversals from the special revaluation reserve		16
Accelerated depreciation		100
Provisions for impairment of receivables		15
Rent holidays granted to tenants of investment property	6	
Charges to other provisions	10	25
TOTAL	**16**	**156**

3.8 Employee profit-sharing

The income statement includes an employee profit-sharing expense of €554,000.

3.9 Income tax

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

Current income tax on 2021 taxable income is due at the rate of 27.5%.

NOTE 4

OTHER INFORMATION

4.1 Fees paid to the Statutory Auditors

The fees recognized in expenses for 2021 for the statutory audit of the financial statements included €115,000 paid to Deloitte and €104,000 paid to PwC.

Fees recognized in expenses in 2021 for other services provided by PwC amounted to €4,800.

4.2 Post balance sheet events

The outbreak of war in Ukraine after the financial year-end is not expected to have a major impact on CCR. CCR has no direct exposure to Ukraine or Russia, either in its reinsurance portfolio or asset portfolios, and does not hold any assets in rubles or hryvnia. In addition, CCR's asset portfolio is currently demonstrating a good level of resilience to the market turbulence caused by this event.

4

STATUTORY AUDITORS' REPORTS

PricewaterhouseCoopers Audit
Member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles*

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92208 Neuilly-sur-Seine Cedex, France

Deloitte & Associés
Member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles*

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92908 Paris-La Défense Cedex, France

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

Caisse Centrale de Réassurance SA
157, boulevard Haussmann
75008 Paris, France

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying financial statements of Caisse Centrale de Réassurance SA for the year ended December 31, 2021.

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, 2021 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit, Accounts and Risks Committee.

Basis for opinion

Audit framework

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

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors for the period from January 1, 2021 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No. 537/2014.

Justification of assessments - Key audit matters

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

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

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

Key audit matter no. 1 - Outstanding claims reserves

Description of risk

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

The methods used to measure outstanding claims reserves, which appear in the Company's balance sheet in an amount of €3,216 million at December 31, 2021, are specified in Note 1.8 to the financial statements. This amount comprises claims reserves reported by the ceding insurers, adjusted to reflect the ultimate cost estimated by CCR of all reported and unreported claims.

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

The inherent uncertainty in estimating 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.

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

For that reason, and in light of the material nature of this item in the Company's financial statements, the measurement of outstanding claims reserves was considered a key audit matter in 2021, and required particular attention regarding the audit procedures to apply.

How our audit addressed this risk

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

- assessing the relevance of the statistical methods and the appropriateness of the actuarial assumptions used by the Company;
- familiarizing ourselves with the design of the key controls used to handle claims and determine reserves;
- assessing the reliability of the financial statements prepared by the Company in terms of the integrity of data presented and used to estimate claims reserves, and testing the source data;
- determining whether 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 year that were estimated using triangles;
- analyzing the liquidation of the reserves recorded at the previous year-end compared with actual expenses, in order to verify whether it is aligned with the estimates previously made by the Company;
- including, in our audit team, members with specific knowledge of information systems in order to gain an understanding of the internal control environment of the systems used by the Company, and testing the effectiveness of certain automated processes.

Key audit matter no. 2 - Estimation of unearned premiums

Description of risk

Unearned premiums correspond to the percentage of written premiums that relate to the following or future financial periods. In cases where the guarantee applies over more than one financial period, only the portion of the premium that corresponds to the current financial period must be included in revenue for the period. At each reporting date, the portion of premiums corresponding to subsequent financial periods must be recorded as unearned premiums to be allocated to future financial periods.

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.

A review of statements received from the ceding insurers and the estimation methods applied was conducted in 2021. The various methods of calculating the Company's unearned premiums depend on the nature of the policy.

The methods used to measure Non-Life unearned premium reserves, which appear in the Company's balance sheet in an amount of €197 million at December 31, 2021, are specified in Note 1.8 to the financial statements.

This analysis led to a change in the method of estimating unearned premium reserves for all ceding insurers that send in statements with details of portfolio entries and exits. The impact of this change in estimation method was €25 million in 2021, after transfers to the equalization reserve and taxes.

For that reason, and in light of the material impact of this change in estimation methods in the Group's financial statements, the measurement of unearned premiums was considered a key audit matter in 2021, and required particular attention regarding the audit procedures to apply.

How our audit addressed this risk

To assess the reasonableness of the estimation of unearned premium reserves and their compliance with the applicable regulations, we conducted the following audit work:

- assessing the relevance of the calculation methods and the appropriateness of the inputs and assumptions used by the Company;
- carrying out a comparison between the two financial years and assessing the change in estimation method on the identified ceding insurers;
- familiarizing ourselves with the design of the key controls used to handle premiums and determine reserves;
- assessing the reliability of the financial statements prepared by the Company in terms of the integrity of data presented and used to estimate premium reserves, and testing the source data;
- conducting substantive testing on the premiums recognized based on the financial statements provided by the ceding insurers and validating the deferral rates applied.

Specific verifications

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

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

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

Concerning the fair presentation and the consistency with the financial statements of the information given with respect to the payment terms referred to in Article D.441-6 of the French Commercial Code, we have the following matter to report:

- As stated in the management report, this information does not include insurance and 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 (*Fédération Française de l'Assurance*) on May 29, 2017.

Information with respect to corporate governance

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

Other verifications and information pursuant to legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Caisse Centrale de Réassurance SA by the Shareholders' Meeting held on May 11, 2016 for Deloitte & Associés and in June 1991 for PricewaterhouseCoopers Audit.

At December 31, 2021, Deloitte & Associés and PricewaterhouseCoopers Audit were in the sixth and the thirty-first consecutive year of their engagement, respectively.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for preparing financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit, Accounts and Risks Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the financial statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these financial statements.
As specified in Article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

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

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 judgment, were of most significance in the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit, Accounts and Risks Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit, Accounts and Risks Committee.

Neuilly-sur-Seine and Paris-La Défense, March 22, 2022

The Statutory Auditors

PricewaterhouseCoopers Audit

Gérard Courrèges
Partner

Deloitte & Associés

Pascal Colin
Partner

PricewaterhouseCoopers Audit
Member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles*

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STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

Caisse Centrale de Réassurance
157, boulevard Haussmann
75008 Paris, France

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To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying consolidated financial statements of Caisse Centrale de Réassurance for the year ended December 31, 2021.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2021 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit, Accounts and Risks Committee.

Basis for opinion

Audit framework

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

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors for the period from January 1, 2021 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No. 537/2014.

Justification of assessments - Key audit matters

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

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

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

Key audit matter no. 1 - Estimation of unearned premiums and earned premiums not yet received from ceding insurers

Description of risk

At December 31, 2021, gross earned premiums (€1,987 million) comprise:
- Premiums included in the accounts received from the ceding insurers;
- An estimate of the premiums not yet received;
- Change in unearned premium reserves.

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

The estimates chiefly concern the earned premiums, with no State guarantee, not yet received from ceding insurers. Due to the specific nature of the reinsurance business, a significant portion of written premiums for the year is based on estimates. The Company reviews its assumptions and estimates periodically based on past experience and various other factors. Actual premiums may be substantially different to the estimates produced by the Company.

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

Estimates of unearned premium reserves are determined using the methods presented in Note 2.8 to the consolidated financial statements. 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. In 2021, a review of statements received from the ceding insurers and the estimation methods applied led to a change in the method of estimating unearned premium reserves for all ceding insurers that send in statements with details of portfolio entries and exits. This change in method had a positive €25 million impact on CCR's net income, after transfers to the equalization reserve.

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

How our audit addressed this risk

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

- assessing the relevance of the statistical methods and the appropriateness of the actuarial assumptions used by the 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 (in open market reassurance);
- analyzing the liquidation of premiums not yet received that were recognized at the previous year-end compared with premiums actually received;
- familiarizing ourselves with the work carried out on the review of statements received from the ceding insurers and the associated estimation methods, and validating the change in the method of estimating unearned premium reserves.

Key audit matter no. 2 - Outstanding claims reserves

Description of risk

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

The methods used to measure outstanding claims reserves, which appear in the Group's balance sheet in an amount of €4,953 million at December 31, 2021, are described in Note 2.8 and Note 4.10 to the consolidated financial statements. This amount comprises claims reserves reported by the ceding insurers, adjusted to reflect the ultimate cost estimated by CCR of all reported and unreported claims.

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

The inherent uncertainty in estimating outstanding claims reserves is greater for reinsurers, chiefly due to the longer time period between the event itself and the date on which the settlement claim is filed with the reinsurer, the dependence on ceding insurers to obtain information on claims and changes in ceding insurers' practices relating to reserves.

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

For that reason, and in light of the material nature of this item in the Group's financial statements, the measurement of outstanding claims reserves was considered a key audit matter in 2021, and required particular attention regarding the audit procedures to apply.

How our audit addressed this risk

To assess the reasonableness of the estimation of claims reserves and their compliance with the applicable regulations, we conducted the following audit work in conjunction with our actuarial experts:

- assessing the relevance of the statistical methods and the appropriateness of the actuarial assumptions used by the Group;
- familiarizing ourselves with the design of the key controls used to handle claims and determine reserves;
- assessing the reliability of the financial statements prepared by the Group in terms of the integrity of data presented and used to estimate claims reserves, and testing the source data;
- determining whether significant claims likely to affect the projected expense for the year had been taken into account;
- carrying out an independent estimate of the outstanding claims reserves for the year that were estimated using triangles on the main reinsurance lines;
- analyzing the liquidation of the reserves recorded at the previous year-end compared with actual expenses, in order to verify whether it is aligned with the estimates previously made by the Group;
- including, in our audit team, members with specific knowledge of information systems in order to gain an understanding of the internal control environment of the systems used by the Group, and testing the effectiveness of certain automated processes.

Specific verifications

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also verified the information presented in the Board of Directors' Group management report.

We have no matters to report as to the fair presentation and the consistency with the consolidated financial statements of the information given in Board of Directors' management report of March 16, 2022, and in the other documents provided to the shareholders with respect to the Company's financial position and the consolidated financial statements.

Other verifications and information pursuant to legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Caisse Centrale de Réassurance by the Shareholders' Meeting held on May 11, 2016 for Deloitte & Associés and in June 1991 for PricewaterhouseCoopers Audit.

At December 31, 2021, Deloitte & Associés and PricewaterhouseCoopers Audit were in the sixth and the thirty-first consecutive year of their engagement, respectively.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit, Accounts and Risks Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these financial statements.

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

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

They also:

- identify and assess the risks of material misstatement in the consolidated 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 consolidated financial statements;

- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report.

However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;

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

Report to the Audit, Accounts and Risks Committee

We submit a report to the Audit, Accounts and Risks Committee which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit, Accounts and Risks Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit, Accounts and Risks Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit, Accounts and Risks Committee.

Neuilly-sur-Seine and Paris-La Défense, March 22, 2022

The Statutory Auditors

PricewaterhouseCoopers Audit

Gérard Courrèges
Partner

Deloitte & Associés

Pascal Colin
Partner

5

STATEMENT BY THE PERSON RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT

PERSON RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT

Name and title of person responsible

Bertrand Labilloy, Chief Executive Officer of CCR

STATEMENT BY THE PERSON RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT

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

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

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

March 22, 2022

Chief Executive Officer

Bertrand Labilloy

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