

An aerial photograph of a city, likely Luxembourg, featuring a prominent church spire on the left, a hillside with various buildings in the middle ground, and a dense residential area with dark roofs in the foreground. The sky is clear and blue.

Casiopea Re

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Casiopea Re S.A.



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1 Head Office

23 AVENUE MONTEREY
L - 2163 LUXEMBOURG



2 Board of Directors

CHAIRMAN

Mr. José Fermín Álvarez Carril

DIRECTOR

Mr. Carlos Rodríguez Cocina

DIRECTOR

Mr. Augusto Pérez Arbizu

DIRECTOR

Mr. Pierre Perrenoud

DIRECTOR

Mr. Arnaud Bierry

CHIEF EXECUTIVE

Mr. Alvaro Villamor García



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3 Independent Auditor's Report

Rapport du réviseur d'entreprises agréé

Aux actionnaires de
CASIOPEA RE S.A.
Société Anonyme
Luxembourg

Rapport sur les comptes annuels

Conformément au mandat donné par l'Assemblée Générale des actionnaires du 15 avril 2015, nous avons effectué l'audit des comptes annuels ci-joints de CASIOPEA RE S.A., comprenant le bilan au 31 décembre 2015 ainsi que le compte de profits et pertes pour l'exercice clos à cette date, et un résumé des principales méthodes comptables et d'autres notes explicatives.

Responsabilité du Conseil d'Administration dans l'établissement et la présentation des comptes annuels

Le Conseil d'Administration est responsable de l'établissement et de la présentation sincère de ces comptes annuels, conformément aux obligations légales et réglementaires relatives à l'établissement et la présentation des comptes annuels en vigueur au Luxembourg ainsi que d'un contrôle interne qu'il juge nécessaire pour permettre l'établissement et la présentation de comptes annuels ne comportant pas d'anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs.

Responsabilité du réviseur d'entreprises agréé

Notre responsabilité est d'exprimer une opinion sur ces comptes annuels sur la base de notre audit. Nous avons effectué notre audit selon les Normes Internationales d'Audit telles qu'adoptées pour le Luxembourg par la Commission de Surveillance du Secteur Financier. Ces normes requièrent de notre part de nous conformer aux règles d'éthique ainsi que de planifier et de réaliser l'audit pour obtenir une assurance raisonnable que les comptes annuels ne comportent pas d'anomalies significatives.

Un audit implique la mise en œuvre de procédures en vue de recueillir des éléments probants concernant les montants et les informations fournis dans les comptes annuels. Le choix des procédures relève du jugement du réviseur d'entreprises agréé, de même que l'évaluation des risques que les comptes annuels comportent des anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs. En procédant à cette évaluation, le réviseur d'entreprises agréé prend en compte le contrôle interne en vigueur dans l'entité relatif à l'établissement et la présentation sincère des comptes annuels afin de définir des procédures d'audit appropriées en la circonstance, et non dans le but d'exprimer une opinion sur le fonctionnement efficace du contrôle interne de l'entité. Un audit comporte également l'appréciation du caractère approprié des méthodes comptables retenues et du caractère raisonnable des estimations comptables faites par le Conseil d'Administration, de même que l'appréciation de la présentation d'ensemble des comptes annuels.

Nous estimons que les éléments probants recueillis sont suffisants et appropriés pour fonder notre opinion.



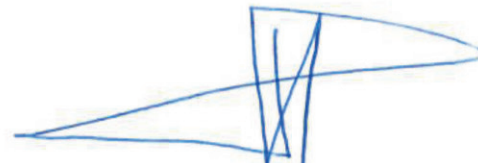
Opinion

À notre avis, les comptes annuels donnent une image fidèle du patrimoine et de la situation financière de CASIOPEA RE S.A. au 31 décembre 2015, ainsi que des résultats pour l'exercice clos à cette date, conformément aux obligations légales et réglementaires relatives à l'établissement et à la présentation des comptes annuels en vigueur au Luxembourg.

Rapport sur d'autres obligations légales ou réglementaires

Le rapport de gestion, qui relève de la responsabilité du Conseil d'Administration, est en concordance avec les comptes annuels.

Ernst & Young
Société anonyme
Cabinet de révision agréé



Jean-Michel Pacaud

Luxembourg, le 15 avril 2016

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
CASIOPEA RE S.A.
Société Anonyme
Luxembourg

Report on the annual accounts

Following our appointment by the General Meeting of the Shareholders dated 15 April 2015, we have audited the accompanying annual accounts of CASIOPEA RE S.A., which comprise the balance sheet as at 31 December 2015 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts and for such internal control as the Board of Directors determines is necessary to enable the preparation and presentation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the "réviseur d'entreprises agréé"

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgment of the "réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the "réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the annual accounts 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of CASIOPEA RE S.A. as of 31 December 2015, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Report on other legal and regulatory requirements

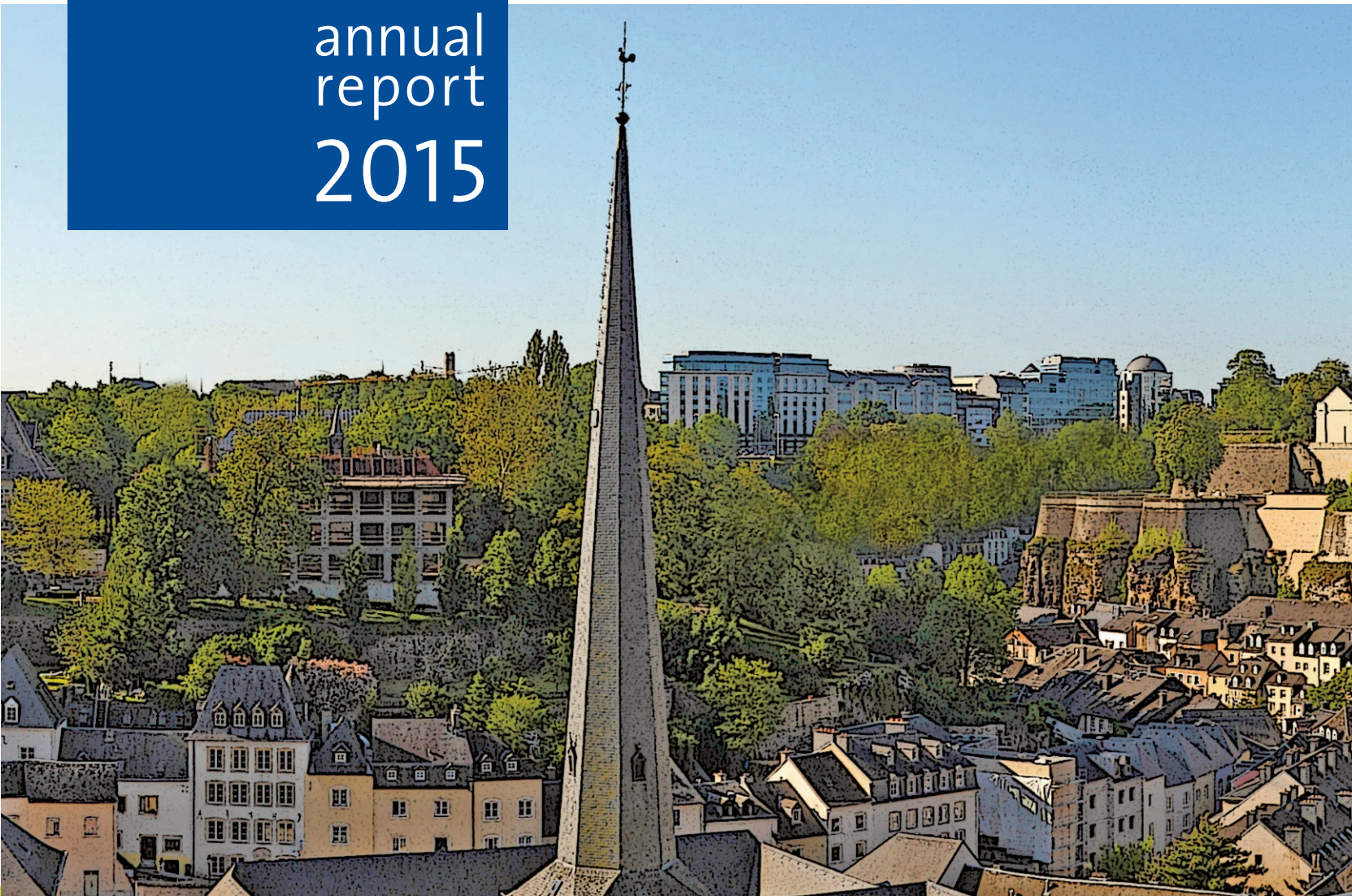
The management report, which is the responsibility of the Board of Directors, is consistent with the annual accounts.

ERNST & YOUNG
Société Anonyme
Cabinet de révision agréé

Jean-Michel Pacaud

Luxembourg, 15 April 2016

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4 Annual Accounts

31 december 2015
(expressed in Euro)

Balance sheet. 31 December 2015

EXPRESSED IN EURO

ASSETS	2015	2014
Intangible Assets (Note 3)	759.671	884.224
Investments		
Investments in affiliated undertakings		
Debtors on affiliated undertakings (Note 4)	80.000.000	80.000.000
Other financial investments		
Shares and other variable income securities and units in unit trusts (Note 5)	242.948.892	244.036.448
Others	---	11.040
	242.948.892	244.047.488
Deposits with ceding undertakings	3.175.319	2.744.534
	326.124.211	326.792.022
Reinsurers' share of technical provisions		
Provision for unearned premiums	5.879.833	4.806.028
Claims outstanding	34.702.948	32.435.717
	40.582.781	37.241.745
Debtors		
Debtors arising out of reinsurance operations (of which EUR 338.499 with affiliated undertakings)	15.453.395	15.022.340
Other debtors	708.636	1.090.225
	16.162.031	16.112.565
Other assets		
Cash and cash equivalents	48.774.106	35.119.167
Prepayments and accrued income		
Accrued interest and rent	77.884	38.942
Deferred acquisition costs	1.564.623	1.724.775
	1.642.507	1.763.717
	434.045.307	417.913.440

The accompanying notes form an integral part of these annual accounts

This document is an English translation of the original French version. In the case of any differences between this translation and the original French version, the French version shall prevail

Balance sheet. 31 December 2015

EXPRESSED IN EURO

LIABILITIES	2015	2014
Capital and reserves (Note 6)		
Subscribed capital	3.600.000	3.600.000
Reserves		
Legal reserve	360.000	360.000
Other reserves	59.063.350	59.063.350
	63.023.350	63.023.350
Technical provisions		
Provisions for unearned premiums	16.353.666	15.673.569
Claims outstanding	92.735.982	82.048.231
Equalization provision	255.257.480	251.132.972
	364.347.128	348.854.772
Provisions for other risks and charges		
Provisions for taxation	580.989	1.715.419
Other provisions	704.737	1.191.736
	1.285.726	2.907.155
Creditors		
Creditors arising out of reinsurance operations (of which EUR 760.644 with affiliated undertakings)	3.356.903	1.571.544
Other creditors including tax and social security	1.613.335	1.514.129
	4.970.238	3.085.673
Accruals and deferred income	418.865	42.490
	434.045.307	417.913.440

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Profit and loss account

For the financial year ended 31 December 2015

EXPRESSED IN EURO

	2015	2014
Technical account - Non life insurance business		
Earned premiums, net of reinsurance		
Gross premiums written (Note 7)	56.569.920	51.997.577
Outward reinsurance premiums	(13.790.072)	(12.280.932)
Change in gross provision for unearned premiums	(680.097)	649.650
Change in provision for unearned premiums, reinsurers' share	1.073.805	654.482
	43.173.556	41.020.777
Allocated investment return transferred from the non-technical account (Note 8)		
	5.935.086	5.765.786
Claims incurred, net of reinsurance		
Claims paid		
Gross amount	(26.221.495)	(52.553.853)
Reinsurers' share	6.108	15.772.470
	(26.215.387)	(36.781.383)
Change in the provision for claims		
Gross amount	(10.687.751)	40.110.663
Reinsurers' share	2.267.231	(34.759.659)
	(8.420.520)	5.351.004
	(34.635.907)	(31.430.379)
Net operating expenses		
Acquisition costs	(8.289.198)	(9.751.067)
Change in deferred acquisition costs	(160.152)	(10.768)
Administrative expenses	(2.136.414)	(2.684.851)
Reinsurance commissions and profit sharing	60.394	88.230
	(10.525.370)	(12.358.456)
Change in the equalization provision		
	(4.124.508)	(2.750.207)
Balance on the technical account for non-life insurance		
	(177.143)	247.521

The accompanying notes form an integral part of these annual accounts

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Profit and loss account (continued)

For the financial year ended 31 December 2015

EXPRESSED IN EURO

	2015	2014
Non-technical account		
Balance on the technical account for non-life insurance	(177.143)	247.521
Investment income		
Income from other investments		
Income from other investments	4.877.586	10.101.543
Value re-adjustments on investments	163.424	15.045
Gains on the realization of investments	3.464.118	2.840.355
	8.505.128	12.956.943
Investments charges		
Investment management charges, including interest	(881.136)	(4.487.388)
Value adjustments on investments	(86.839)	(178.469)
Losses on the realization of investments	(1.602.067)	(2.525.300)
	(2.570.042)	(7.191.157)
Allocated investment return transferred to the technical account	(5.935.086)	(5.765.786)
Tax on profit on ordinary activities	109.013	---
Profit on ordinary activities after tax	(68.130)	247.521
Other taxes	68.130	(247.521)
Profit for the financial year	---	---

The accompanying notes form an integral part of these annual accounts

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Notes to the Accounts

31 december 2015
(expressed in Euro)

NOTE 1. GENERAL

CASIOPEA RE S.A. ("the Company") was incorporated in the Grand Duchy of Luxembourg on 9 June 1988, as a société anonyme under Luxembourgish law. The Company's object is to carry out reinsurance operations in all classes of risk in Luxembourg and abroad.

The annual accounts of the Company are included in the consolidated financial statements of Telefonica S.A.. The consolidated accounts are available at the head office in Gran Vía 28, 28013 Madrid, Spain.

The Company is exempted from the obligation to prepare the consolidated accounts and the consolidated management report in accordance with the Article 95 of the law of 8 December 1994 relating to annual and consolidated accounts of insurance and reinsurance companies.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

General principles

The annual accounts are prepared in accordance with the legal and regulatory requirements in force and the accounting principles generally accepted for reinsurance companies in the Grand Duchy of Luxembourg: the law of 8 December 1994 and its coordinated version of 5 December 2007.

Translation of currencies

The company maintains its accounting records in the original currency and the annual accounts are expressed in euros (EUR). Transactions in another currency than EUR are recorded in their original currency and are translated into EUR at the exchange rates prevailing at the last day of the month. Assets and Liabilities in another currency than EUR are recorded in their original currency and are translated into EUR at the exchange rates prevailing at balance sheet date. The unrealized exchange losses resulting from the application of these principles are included in the result for the financial period. The unrealized exchange gains on financial assets are recorded as deferred income therefore they are not included in the result for the financial period. The unrealized exchange gains on debtors and creditors are not recorded.

Tangible assets

Tangible assets are recorded at cost net of cumulated amortization. The value of the tangible assets is amortized on a straight-line basis over the estimated useful life. The amortization rates applied are as follows:

Buildings	from 2 % to 5 %
Furniture	20 %
Hardware	33 % (previously 25 %)

Intangible assets

Intangible assets which are mainly composed of research and development expenses and software are valued at production cost.

Intangible assets are depreciated on a straight line basis over a five years period (except the R&D expenses).

Investments

Assets other than tangible assets included under the item "Investments" are valued as follows:

Investments in affiliated undertakings	Method of valuation
Shares in affiliated undertakings	acquisition price
Debt securities issued by affiliated undertakings	acquisition price
Loans to affiliated undertakings	nominal value
Other financial investments	Method of evaluation
Shares and other variable income securities and units in unit trusts	lower between cost and market value

Debt securities and other fixed-income securities are recorded at acquisition cost. Where the acquisition cost exceeds the amount repayable at maturity the difference is charged to the profit and loss account in instalments over the period remaining until repayment. Where the acquisition cost is lower than the amount repayable at maturity the difference is released to the profit and loss account in instalments over the period remaining until repayment.

Deposits with ceding undertakings	nominal value
If Management expects the value adjustment to be permanent in nature, debt securities and other fixed income transferable securities are valued at the lower value to be attributed to them at the balance sheet date.	

Acquisition price of assets of the same category

The method of valuation applied by the Company to the assets of the same category is the weighted average cost.

Deferred acquisition costs

Deferred acquisition costs related to non-life insurance are established on a basis compatible with that used for unearned premiums.

Technical provisions

The amount of technical provisions, concerning the provisions both for unearned premiums and claims outstanding is established on the basis of the valuation of the technical results, depending on the individual reports and estimates received from the ceding companies as well as the Company assessments of the future developments.

The technical provisions communicated by the ceding companies are systematically recorded for the amounts provided. These provisions are adjusted on the basis of the past experience, for likely unfavorable liquidations or for claims incurred but not reported (IBNR).

Equalisation provision

In accordance with the rules applicable for reinsurance companies in Luxembourg an equalisation provision must be established by the Company. Based on the grand ducal regulation of 5 December 2007 related to the insurance sector the annual allocation to this provision equals the sum of the technical results and a share of the financial result until the provision reach a ceiling. This ceiling is determined by application to the reinsurance net premiums of a factor fixed by the “Commissariat aux Assurances” for each type of risk.

In the event of a loss in a subsequent accounting period a share of the equalisation provision must be reintegrated into the result of the year in order to compensate for the loss.

The unallocated share of the equalisation provision must be reintegrated to the result, at the latest, when the Company is liquidated.

Income and expenses

Income and expenses comprise mainly technical operations of reinsurance, administrative expenses, investments income and charges, for the financial year regardless of the date of payment or collection of these revenue and expenses.

NOTE 3. INTANGIBLE ASSETS

IN EUR	Research and development charges	Software
Gross book value as at 1 January 2015	1.123.162	134.775
Additions for the year	111.157	1.123.162
Reclassification for the year	(1.123.162)	---
Gross book value as at 31 December 2015	111.157	1.257.937
Accumulated value adjustment as at 1 January 2015	(238.938)	---
Value adjustment for the year	---	(609.423)
Reversal of value adjustments	238.938	---
Accumulated value adjustment as at 31 December 2015	---	(609.423)
Net book value as at 31 December 2015	111.157	648.514
Net book value as at 31 December 2014	884.224	---

NOTE 4. DEBTORS ON AFFILIATED UNDERTAKINGS

During 2012, the Company has granted a credit line amounting to EUR 100 million to Telefonica Europe B.V. of which EUR 80 millions are used as at 31 December 2015 (2014: EUR 80 million). This loan is granted at a rate of EURIBOR - 1 year, for a period of 1 year renewable by tacit agreement. Interest is payable annually.

NOTE 5. SHARES AND OTHER VARIABLE YIELD SECURITIES

IN EUR	2015	2014
Net book value – opening balance	244.036.448	256.068.090
Additions for the year	55.686.277	136.558.706
Disposal for the year	(56.967.312)	(148.470.202)
Value re-adjustments for the year	(326.610)	(163.424)
Reversals for the year	326.610	43.278
Revaluation of securities	390.627	---
Value of fiscal adjustment	(523.728)	---
Net book value – closing balance	242.948.892	244.036.448
Fair value	258.509.353	256.613.732

NOTE 6. CAPITAL AND RESERVES

As at 31 December 2015, the issued capital amounts to EUR 3,600,000 represented by 3,600 shares with a par value of EUR 1,000 each, fully subscribed and paid up.

In EUR	Issued capital	Legal reserve	Other reserves	Result
As at 31 December 2014	3.600.000	360.000	59.063.350	---
Allocation of the result 2014	---	---	---	---
Result 2015	---	---	---	---
As at 31 December 2015	---	---	---	---

The allocation of the 2014 result was made after the approval of the accounts by the shareholders at the ordinary general meeting of 15 April 2015.

NOTE 7. GROSS PREMIUMS WRITTEN

Gross premiums written in 2015 and 2014 relates to insurance non-life.

NOTE 8. ALLOCATED INVESTMENT RETURN

In conformity with article 55 of 8 December 1994 law and in pursuance of article 13 of the Grand-Ducal regulation of 5 December 2007 on conditions governing authorization and pursuit of reinsurance business, reinsurance undertakings that are using the non-life technical accounts must, in their published annual accounts, transfer to the technical account all investments income, net of corresponding charges, that is allocated to the claims fluctuation provision.

NOTE 9. EMPLOYEE INFORMATION

The average number of staff employed by the company in 2015 is 4 (2014: 4).

Year	Number	Wages and salaries	Social securities-Pension	Social securities-Costs Illness	Social securities-Other	Total
2015	4	201.674	17.518	2.196	9.563	230.951
2014	4	322.472	33.967	4.510	27.492	388.441

NOTE 10. FEES CHARGED BY THE AUDIT FIRM

Categories of fees related to the year of account (VAT included):

IN EUR	2015	2014
Legal audit of financial statements	41.685	40.322

NOTE 11. TAXES

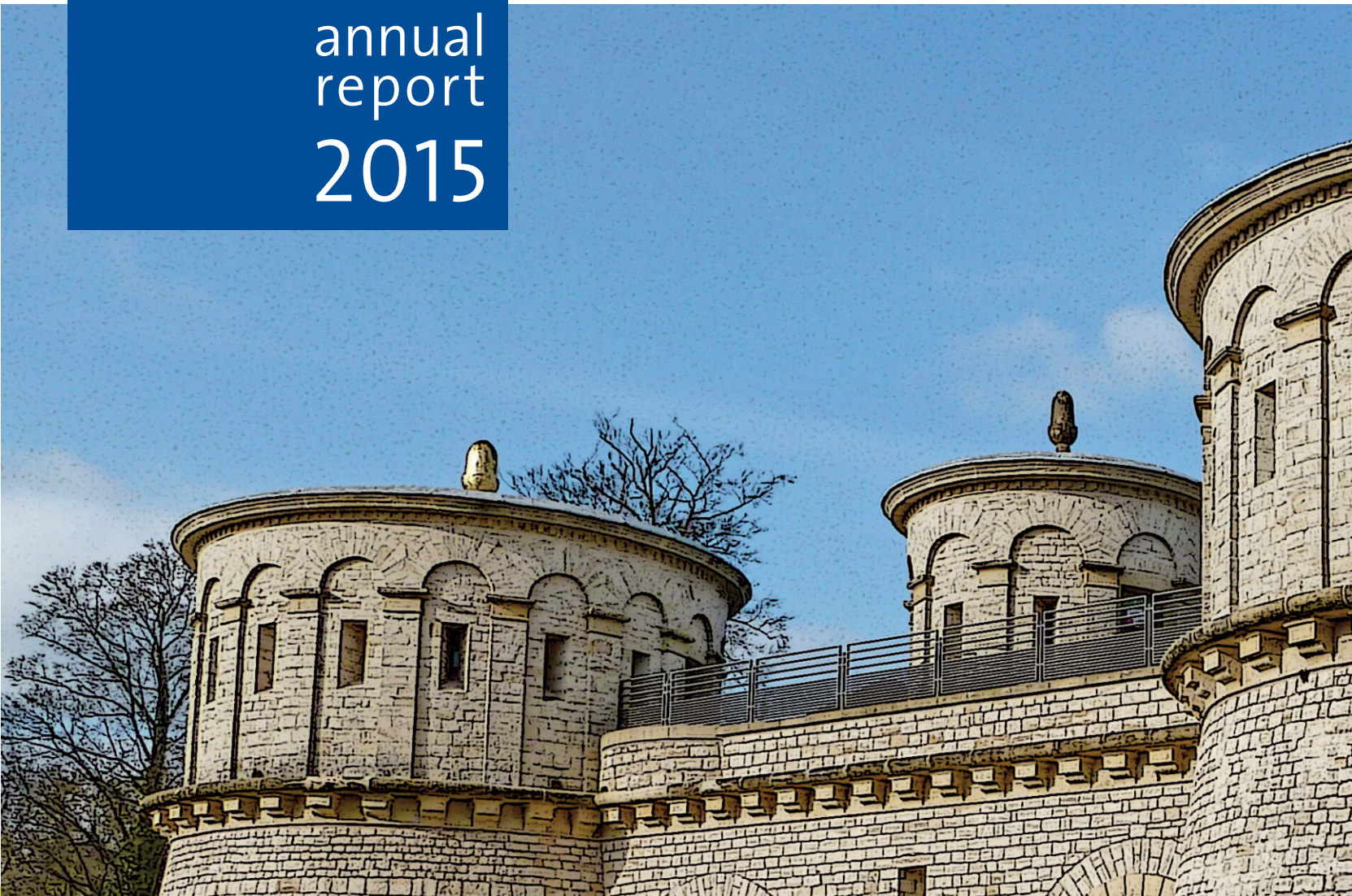
The company is subject to all of the taxes to which Luxembourg public limited companies are subject. Taxes are included in the topic "Taxes on profit from ordinary activities" and "Other taxes" in the profit and loss account. The latest tax form received by the company is related to the fiscal year 2011.

NOTE 12. FINANCIAL INSTRUMENT OFF-BALANCE SHEET

As at 31 December 2015 commitments related to derivatives are as follows:

	Quantity	Strike	Nominal
Term : 16/09/2016			
Purchase Put Unilever	85.350	33,391	2.849.922
Sale Put Unilever	85.350	29,876	2.549.917
Sale Call Unilever	85.350	38,663	3.299.887
Position portfolio covered	securities Unilever		
Term : 16/09/2016			
Purchase Put Metro	104.031	27,550	2.866.054
Sale Put Metro	104.031	24,650	2.564.364
Sale Call Metro	104.031	31,970	3.325.871
Position portfolio covered	securities Metro		
Term : 16/09/2016			
Purchase Put BASF	36.138	66,930	2.418.716
Sale Put BASF	36.138	59,880	2.163.943
Sale Call BASF	36.138	74,680	2.698.786
Position portfolio covered	securities BASF		
Term : 16/09/2016			
Purchase Put Total	58.480	40,100	2.345.048
Sale Put Total	58.480	35,880	2.098.262
Sale Call Total	58.480	46,540	2.721.659
Position portfolio covered	securities Total		

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RAPPORT DE GESTION 2015

En 2015, les conditions du marché de la réassurance ont poursuivi la tendance mitigée de ces dernières années, c'est à dire un scénario prolongé de « soft market », se traduisant par des opportunités limitées en termes de souscription et une pression tarifaire persistante à la baisse, en particulier sur les risques « CAT » en réassurance de dommages aux biens.

Dans ce contexte, les affaires de la Société se sont développées de façon satisfaisante au cours de l'exercice.

Le montant des primes acquises nettes de réassurance s'est élevé à 43.173.556 Euros et la charge des sinistres nette de réassurance s'est élevée à 34.635.907 euros. Le résultat technique, avant frais généraux et administratifs, atteint 148.692 Euros. Le « combined ratio » de l'exercice est de 105%. Sans prise en compte de l'effet du taux de change sur les provisions techniques, le « combined ratio » descend à 99%.

Les frais généraux et administratifs encourus en 2015 se sont maintenus à un niveau inférieur à l'exercice précédent.

Comme votre Conseil s'y était engagé, la politique d'investissement de la Société, mise en application par le comité d'investissement, a été de sécuriser les actifs financiers et de déployer les allocations sur des supports avec une volatilité et un risque limités. Le résultat financier 2015 a atteint le montant de 5.935.086 Euros.

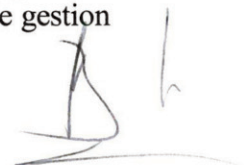
Les activités financières de la Société sont exercées essentiellement à partir de la succursale financière basée à Zurich mais aussi à Luxembourg. Concrètement, le total des actifs financiers au 31 décembre 2015 s'élève à 374.898.317 Euros avec une répartition de 79% en actifs hors Groupe et 21% dans le Groupe.

La liquidité de la Société est en adéquation avec les besoins courants pour le règlement de la sinistralité. CASIOPEA RE, comme lors des années antérieures, a réalisé la couverture de ses actifs à travers une politique d'évaluation et de contrôle de ses risques financiers.

Le résultat global de l'activité de la Société en 2015 est de 4.124.508 Euros. En application des dispositions légales, la Société a alloué entièrement ledit bénéfice net à la Provision pour égalisation qui atteint au 31 décembre 2015 le montant de 255.257.480 Euros.

La notation de la Société émise par l'agence AM BEST, se maintient à "A – EXCELLENT" pour son ratio financier et à "A-" pour son rating de crédit.

La nouvelle loi sur le secteur des assurances intégrant les dispositions Solvabilité 2 au 1er janvier 2016 a été publiée au Mémorial le 9 décembre 2015. Alors que la société anticipe depuis plusieurs années ces dispositions et notamment celles relatives aux exigences du SCR du pilier 1, votre Conseil a renforcé dans le cadre du 2ième pilier son système de gouvernance et de gestion



Casiopea Re

de risques avec une séparation appropriée des responsabilités afin de garantir une gestion saine et prudente de notre société. Cela s'est traduit par l'approbation d'une politique écrite de gouvernance approuvée par le conseil d'administration lors de sa réunion du 15 décembre 2015.

L'entreprise devrait poursuivre au cours de l'année 2016 son activité et sa politique de souscription dans les branches traditionnelles qui sont les siennes.

La Société emploie désormais en moyenne 3 personnes.

Durant l'exercice 2015, la Société n'a pas acquis d'actions propres ni engagé de frais en matière de recherche et de développement, outre les frais de maintenance et développement des applications informatiques qui supportent ses activités administratives.

Le Conseil d'administration confirme que la Société n'est confrontée à aucune incertitude majeure. La Société, comme les autres Sociétés du Groupe auquel elle appartient, suit les risques susceptibles d'affecter sa situation financière et estime qu'elle n'est pas anormalement exposée aux risques de prix, de crédit, de liquidité et de trésorerie. La Société n'a pas d'exposition particulière en matière environnementale.

Nous portons également à votre connaissance l'absence de la survenance d'éléments postérieurs à la clôture de l'exercice 2015 qui viendraient affecter de manière significative les comptes de la Société.

Le Conseil d'Administration vous propose d'approuver le Bilan et le Compte des Profits et Pertes ainsi que les notes aux comptes tels qu'ils vous sont présentés et de donner décharge à vos administrateurs et représentant légal.

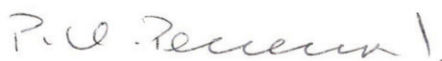
Fait à Luxembourg, le 19 février 2016.



José Fermín ALVAREZ CARRIL



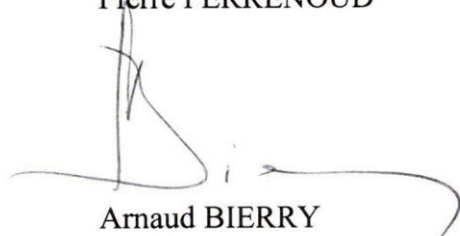
Augusto PEREZ ARBIZU



Pierre PERRENOUD



Carlos Alberto RODRÍGUEZ COCINA



Arnaud BIERRY



Casiopea Re S.A.
Luxembourg Trade and Companies Register
B 28 15
Registered office: 23, avenue Monterey
L-2163
Luxembourg

2015 MANAGEMENT REPORT

In 2015 the conditions prevailing on the reinsurance market persevered on the mitigated trend of the past few years, i.e., a persistent soft-market scenario resulting in limited opportunities in terms of subscription and persistently bearish tariff pressure, on “CAT” property damages reinsurance risks in particular.

In that context the affairs of the Company developed satisfactorily along the financial year.

The amount of net collected reinsurance premiums was at EUR 43,173,556 and the charge of loss or damages, reinsurance-clear, was at EUR 34,635,907. The technical result prior to overhead and administrative costs, reached EUR 148,692. The combined ratio for the financial year is at 105%. Without taking into account the foreign exchange rate effect on technical provisions, the combined ratio drops to 99%.

The overhead and administrative costs incurred in 2015 remained at a lower level than over the previous financial year.

As your Board had undertaken to do, the investment policy of the Company implemented by the Investment Committee was to secure the financial assets and spread allocations over media showing limited volatility and risk. The 2015 financial result reached an amount of EUR 5,935,086.

The Company’s financial activities are essentially carried out from the financial branch based in Zurich but also in Luxembourg. Concretely speaking, the aggregate financial assets as at 31st December 2015 were in the amount of EUR 374,898,317 with a distribution of 79% in out-of-Group assets and 21% within the Group.

The liquidity of the Company is on a par with the current needs for the settlement of damage and losses. As in the previous years, CASIOPEA RE achieved the coverage of its assets through a policy of evaluation and control of its financial risks.

The overall result of the Company’s activity in 2015 is at EUR 4,124,508. In abidance by legal provisions, the Company allocated the full net corporate profits to the Equalization Provision which reached an amount of 255,257,480 as at 31st December 2015.

The quotation of the Company issued by the AM BEST agency is maintained at “A – EXCELLENT” for its financial ratio and at “A-” for its credit rating.

The new law on the insurance sector integrating the Solvency 2 provisions as at 1st January 2016 was published on 9 December 2015 in the *Mémorial*. Whereas the Company has for several years anticipated those provisions and in

particular those pertaining to the requisites of the pillar 1 SCR, your Board strengthened within the framework of the 2nd pillar its risks governance and management system with an appropriate separation of responsibilities so as to guarantee the safe and prudent management of our Company. This translated into the approval of a written governance policy approved by the Board of Directors at the time of its meeting held on 15 December 2015.

The Company should along 2016 pursue its activity and subscription policy in the traditional branches that are its own.

The Company currently employs an average staff of 3 persons.

Along the 2015 financial year the Company did not acquire any equity shares or commit expenses in R&D matters outside of the costs of maintenance and development of data- processing applications supporting its administrative activities.

The Board of Directors hereby confirms that the Company is not facing any major uncertainty. The Company, as the other companies of the corporate group to which it belongs, follows up on those risks susceptible of affecting its financial situation, and deems that it is not abnormally exposed to price, credit, liquidity and treasury risks. The Company does not incur any specific exposure in environmental matters.

We likewise inform you regarding the lack of any events subsequent to the close of the 2015 financial year likely to significantly affect the accounts of the Company.

The Board of Directors proposes that you approve the balance sheet and profit and loss account as presented before you and to grant discharge to your Directors and legal representative.

Made in Luxembourg on 19 February 2016.

José Fermin ALVAREZ CARRIL

Augusto PEREZ ARBIZU

Pierre PERRENOUD

Carlos Alberto RODRIGUEZ COCINA

Arnaud BIERRY (5 illegible signatures)



annual
report
2015

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