

Embedded Value of SCOR VIE as at 31 December 2004

5 July 2005

London

Notice

- Certain statements contained in this presentation are forward-looking statements, of necessity provisional, that are based on risks and uncertainties that could cause actual results, performance or events to differ materially from those in such statements.
- Additional information regarding risks and uncertainties is set forth in the current annual report of the company.

Plan

- **Introduction**

- Embedded Value – Methodology

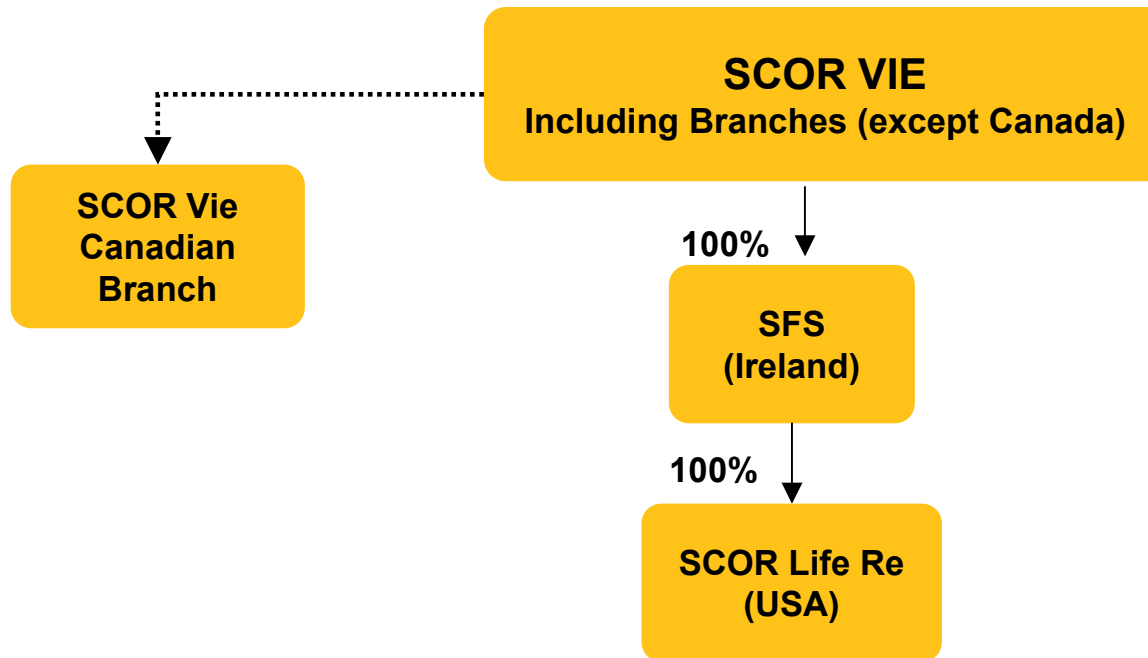
- Economic Assumptions

- Results

- Analysis of Changes

Introduction

■ Scope



Plan

■ Introduction

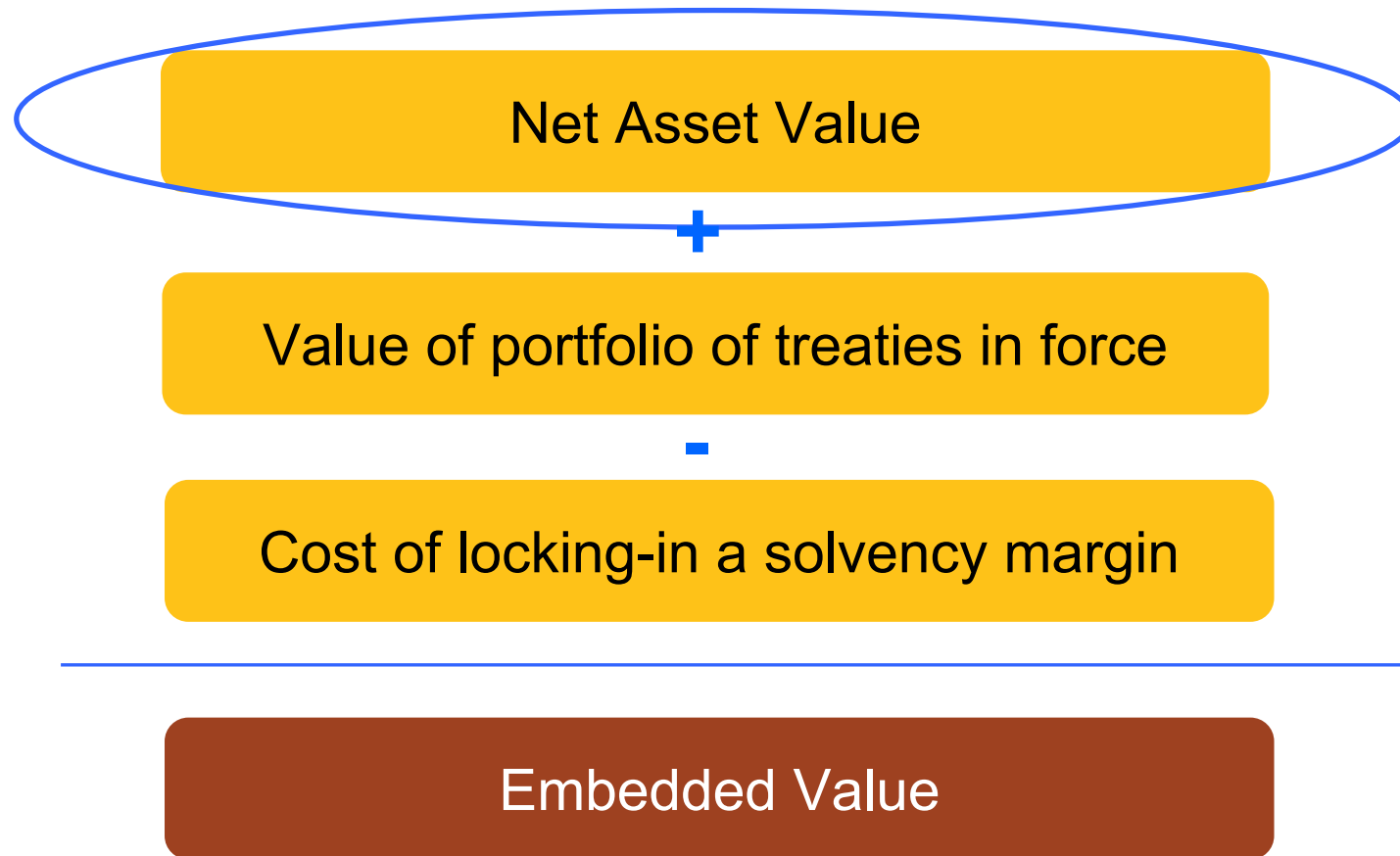
■ **Embedded Value – Methodology**

■ Economic Assumptions

■ Results

■ Analysis of Changes

Methodology

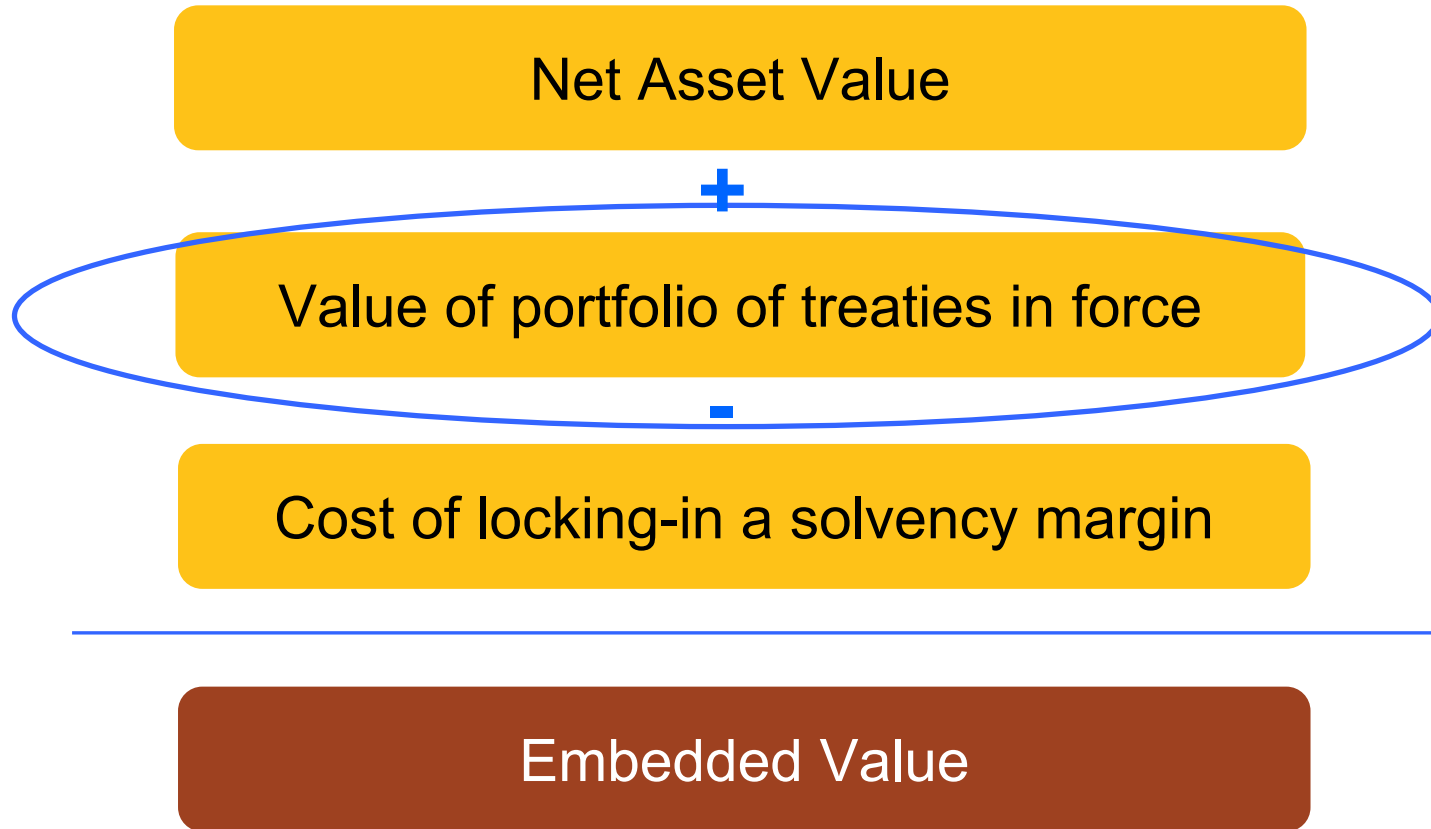


■ Net Asset Value

- Capital and surplus
- Retreatment for participation in subsidiaries
- Removing the intangible assets
- Adding the part of the unrealised capital gains that is attributable to the shareholders and that is not taken into account in the value of business in force

➔ This is not a typical accounting net asset value: the adjustments are specific for the embedded value calculation

Methodology



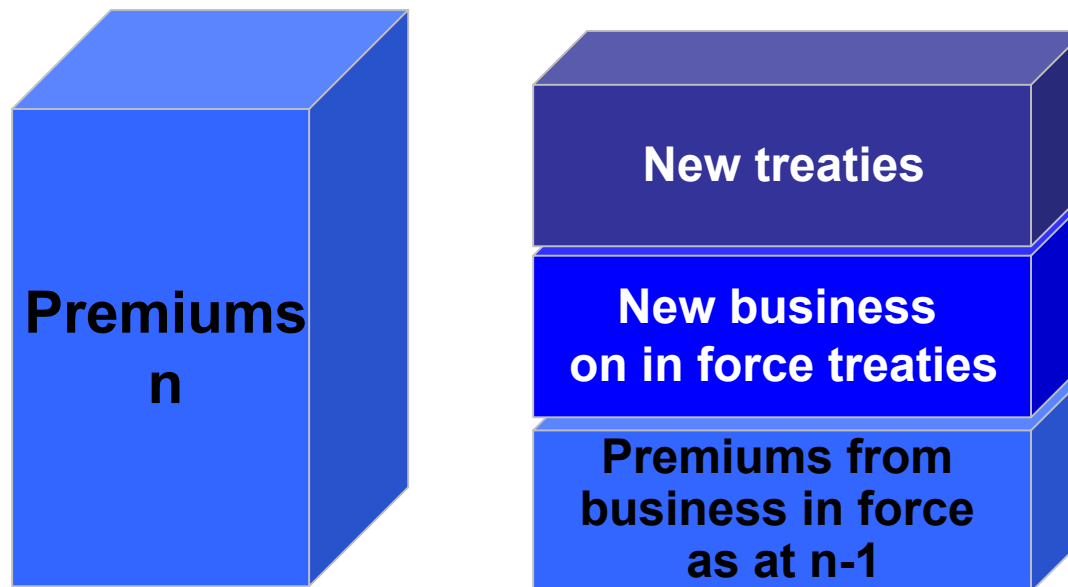
■ Value of the portfolio

- Value of the portfolio of treaties in force = Present value of future profits, net of tax, generated by the portfolio of treaties in force as at the valuation date.
- Projection of the profit and loss account:

Premiums

- + *Investment return*
- *Claims*
- *Change in reserves*
- *Operating expenses*
- *Commissions*
- *Tax*

- **Business in force and new business**
 - Prudent definition of the business in force:



■ Future investment return rate

- Asset investment return rate determined:
 - ✓ On the basis of the asset mix as at 31/12/2004 for each entity
 - ✓ For SCOR Vie Paris, with constant market return assumptions for each type of asset (stocks, bonds, cash)
 - ✓ For the portfolios of SCOR Life Re and of the Canadian branch that have dedicated assets: projection of these dedicated portfolios of assets
- For interest on reinsurance deposits: 2004 rate extracted from the accounting information system

Methodology

■ **Modeling of operating expenses**

- Direct expenses of SCOR Vie, internal billing for common services from SCOR to SCOR VIE, SCOR holding expenses allocated to SCOR VIE

■ **Split administration / acquisition expenses**

- Based on an internal study

■ **Projection : only administration expenses**

- Assumption: constant % of premiums and/or % of reserves

■ **Acquisition expenses**

- Allocated to the value of new business (new treaties and new business on existing treaties)

■ Approach for tax

- Valuation before and after tax
- The effect of the fiscal integration of SCOR VIE into SCOR Group has not been taken into account

Methodology

Net Asset Value

+

Value of portfolio of treaties in force

-

Cost of locking-in a solvency margin

Embedded Value

■ Cost of locking-in a solvency margin

- Solvency margin:
 - ✓ minimum European regulatory margin for insurers (used for SCOR VIE and SFS), because European reinsurance directive not yet in force
 - ✓ 200% of NAIC Risk Based Capital (SLRe)
- The cost of locking-in reflects the spread between:
 - ✓ The return expected by the shareholders (discount rate)
 - ✓ And the actual investment return of the assets backing the capital,
- Prudent approach:
 - ✓ intangible assets (DAC, VOBA), or subordinated debt...
 - ✓ that are items, which would reduce this cost
 - ✓ ... are not taken into account

Plan

■ Introduction

■ Embedded Value – Methodology

■ **Economic Assumptions**

■ Results

■ Analysis of Changes

Economic Assumptions

- Risk free rate (Europe, USA, Canada) : 10 year Government Bonds
- A spread on bond portfolio is taken into account
- Stocks: Risk free rate + 350 bp = discount rate
- Cash Europe : EONIA
- Cash US : 6 month Treasury Bills rate
- Cash Canada : overnight target rate

Economic Assumptions

■ Basis of economic assumptions

	Euro Zone	Canada	USA
10 year Government Bond	3.70 %	4.30 %	4.24 %
Spread	20 bp	30 bp	30 bp
Bond yield	3.90 %	4.60 %	4.54 %
Cash et short term investment	2.11 %	2.50 %	2.59 %
Stocks	7.20 %	7.80 %	7.74 %
Discount rate	7.20 %	7.80 %	7.74 %
Net investment rate projected	3.71 %	4.24 % (*)	4.53 % (*)

(*) excluding dedicated asset portfolios

Plan

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■ Embedded Value – Methodology

■ Economic Assumptions

■ **Results**

■ Analysis of Changes

Results

■ Consolidated Embedded Value

EUR million	EV SCOR VIE 31/12/2003	EV SCOR VIE 31/12/2004
Adjusted net asset value (after tax)	230.7	266.9
Value of business in force before cost of locking-in (after tax)	457.6	432.8
Cost of locking-in the solvency margin (after tax)	(85.8)	(80.8)
Value of business in force after cost of locking-in (after tax)	371.8	352.0
Embedded Value after tax	602.5	618.9

Results

■ Adjusted net asset value as at 31/12/2004 after tax

	EUR million
Shareholders' equity of SCOR Vie (Paris)	392.0
Intangible assets	(19.2)
Retreatment of participation in subsidiaries	(109.3)
Shareholders' interest in unrealised capital gains	3.4
Total net adjusted value	266.9

Plan

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■ **Analysis of Changes**

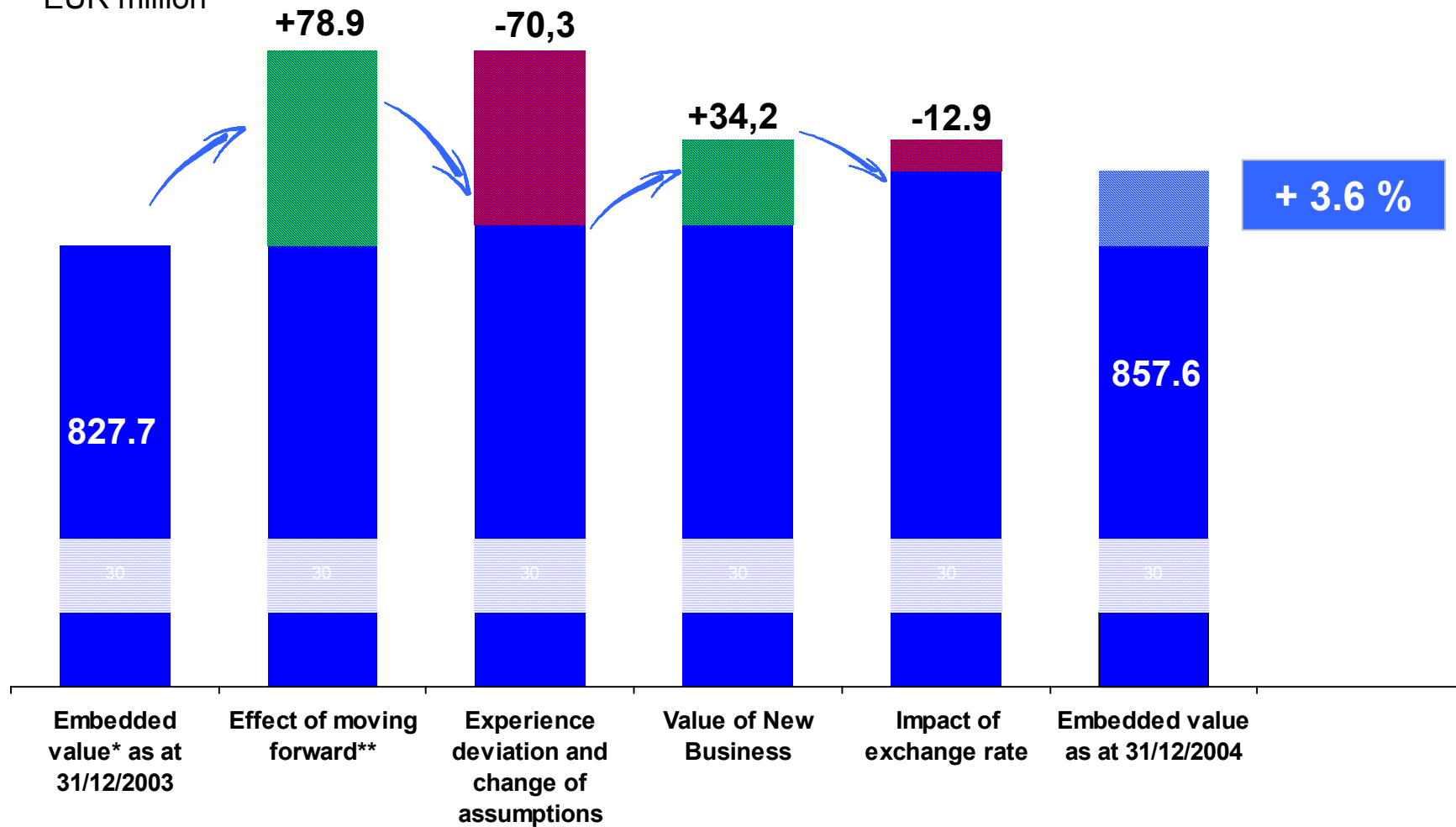
Analysis of Changes

EUR million

Embedded value as at 31/12/2003 before tax	827.7
Operating activity of SCOR Vie (before tax)	24.5
Change due to the economic environment (before tax)	18.3
Embedded value as at 31/12/2004 before tax (constant euro)	870.6
Impact of exchange rate	(12.9)
Embedded value as at 31/12/2004 before tax (current euro)	857.6
Tax	(238.6)
Embedded value as at 31/12/2004 after tax (current euro)	618.9

Analysis of Value Creation

EUR million



* After cost of locking-in and before tax

** removing 1 year discount

Analysis of Changes

■ Analysis of operating activity

	EUR million
Effect of moving forward	78.9
Experience deviation during the year	(48.0)
Impact of change in non economic assumptions	(40.6)
Value of new treaties (before tax)	5.8
Value of new business on in force treaties (before tax)	28.4
Operating activity of SCOR Vie (before tax)	24.5

■ Analysis of operating activity (continued):

- Non economic assumptions: change in mortality assumptions and lapses assumptions on two blocks of business
- New treaties: significant decrease from 2003 (EUR 5.8 M compared to 19.1 M), due to reduced activity in writing business
- New business on in force treaties: stability on 2003 level

Analysis of Changes

■ Economic environment

	EUR million
Financial deviation from expected to actual during current year	4.1
Changes in economic assumptions	14.2
Changes due to the economic environment (before tax)	18.3

Analysis of Changes

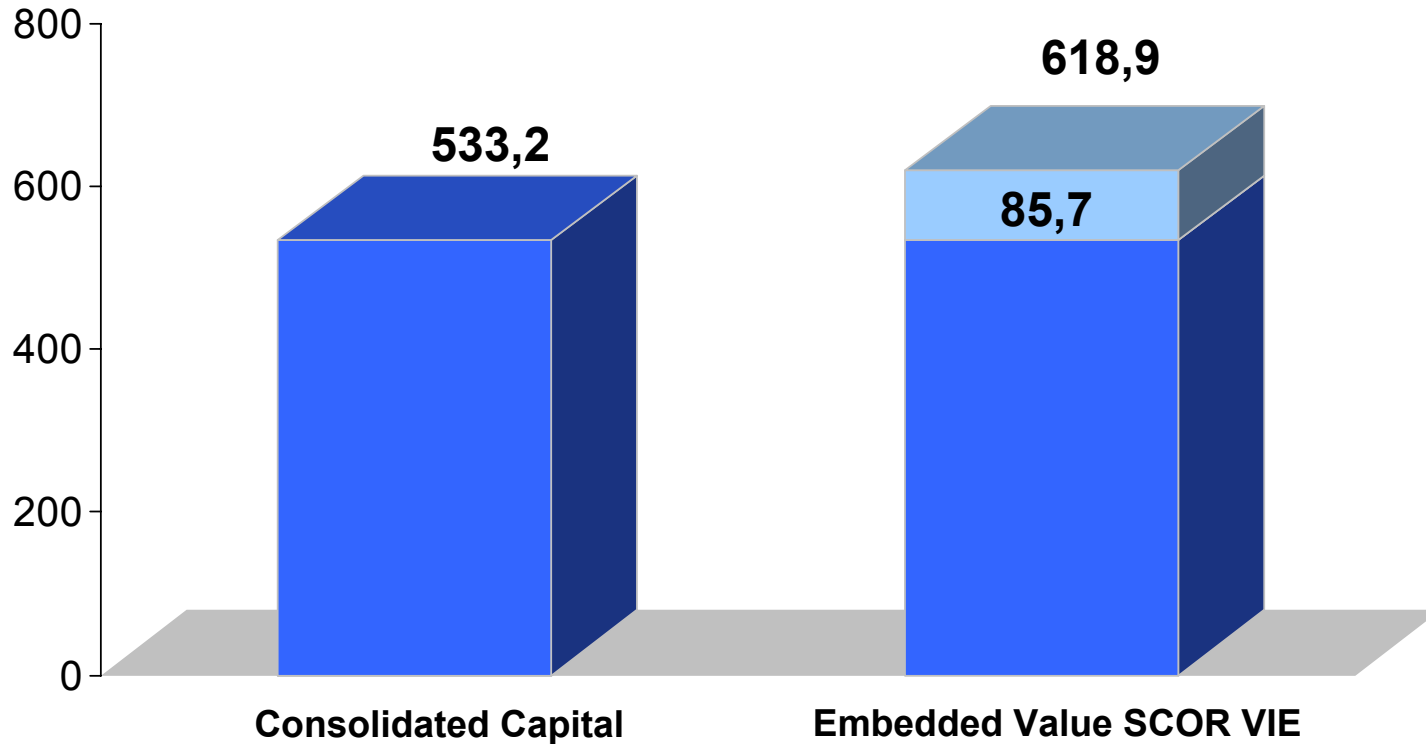
- Impact of exchange rate: (12.9) Million EUR
 - Negative 20.6 M EUR impact mainly due to the strengthening of EUR against USD
 - Partially offset by 7.7 M EUR gains from currency hedging.

Sensitivity Analysis for Business in Force

	EUR million
Value of business as at 31/12/2004 (after tax)	352.0
Discount rate – 0.50%	19.8
Discount rate + 0.50%	(18.8)
Claims reduction by 5%	82.6
Expenses reduction by 10 %	7.8
Increase in lapses by 10 %	(9.5)
Future investment return + 0.50 %	19.3
Increase in solvency margin by 10 %	(8.1)

Embedded Value and consolidated balance sheet of SCOR VIE

EUR million



■ Part of embedded value non recognized in consolidated balance sheet of SCOR VIE

Conclusion

- Embedded value 2004
 - stability compared to 2003
 - Confirms the solidity of SCOR VIE's portfolio
 - Despite a decrease in new business

SCOR