Consolidated Interim Report

At March 31, 2007

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KEY FIGURES

Key figures

In EUR millions	IFRS		
	At March 31, 2007	**At December 31, 2006**	**At March 31, 2006**
Gross written premiums	1 040	2 935	734
Gross earned premiums	988	2 837	641
Current operating results	127	408	100
Group net income	76	306	53
Investments	12 827	13 167	8 130
Cash and cash equivalents	1 257	837	1 569
Net technical reserves and liabilities relating to financial contracts	12 885	12 703	8 915
Financial debt	1 179	1 187	934
Group shareholders' equity	2 314	2 253	1 763

In EUR, except number of shares			
Number of Existing shares in circulation		1 184 051 084	968 769 070
Number of New Shares in circulation (*)	118 405 108	118 405 108	96 876 907
Earnings per Existing Share		0.32	0.05
Earnings per New Share	0.66	3.17	0.49
Earnings per Existing Share (diluted)		0.29	0.05
Earnings per New Share (diluted)	0.61	2.90	0.46
Book value per Existing Share		1.94	1.84
Book value per New Share	20.03	19.42	18.35
Diluted book value per Existing Share		1.90	1.81
Diluted book value Per New Share	19.55	19.04	18.14
Market price at March 31		2.24	2.10
Market price at March 31	20.22	22.40	21.00
*Includes treasury shares	2 911 194	2 410 091	911 092

Warning

The Group’s financial information has been prepared on the basis of IAS 34 standard and on the basis of accounting and valuation rules and interpretations issued and approved by the European Union on March, 31 2007.

Certain statements in this interim report are forward-looking and therefore subject to risks and uncertainties that could cause actual results, performance or events to differ materially from those in such statements. Details of these risks are set out in the Group’s 2006 Annual Report.

Consolidated IFRS Financial Statements

CONSOLIDATED IFRS FINANCIAL STATEMENTS

Consolidated Balance Sheet

In EUR millions

ASSETS	At March 31,2007	At December 31,2006
Intangible assets	**819**	**833**
Goodwill	200	200
Value of business acquired	603	618
Other intangible assets	16	15
Tangible assets	**15**	**14**
Investments	**12 827**	**13 167**
Real estate investments	263	287
Available for sale investments	6 757	7 105
Investments at fair value	230	235
Loans and accounts receivable	5 540	5 502
Derivative instruments	37	37
Investments in affiliates	65	26
Retroceded technical reserves	**1 217**	**1 245**
Other assets	**2 801**	**2 598**
Deferred tax assets	170	191
Assumed insurance and reinsurance accounts receivable	1 683	1 560
Retrocession accounts receivable	29	68
Taxes receivable	0	0
Other accounts receivable	445	310
Deferred acquisition costs	474	469
Cash and cash equivalents	**1 257**	**837**
TOTAL ASSETS	**19 000**	**18 721**

LIABILITIES	At March 31,2007	At December 31,2006
Shareholders' equity	**2 314**	**2 253**
Share capital	933	933
Additional paid-in capital	349	349
Consolidated retained earnings	929	647
Revaluation reserve	(2)	(6)
Consolidated results	76	306
Share based payments	29	24
Minority interests		
Total shareholders' equity	**2 314**	**2 253**
Financial debt	**1 179**	**1 187**
Subordinated debt	586	582
Financial debt securities	467	469
Bank borrowings	126	136
Contingency reserves	**71**	**73**
Contract Liabilities	**14 102**	**13 948**
Technical reserves linked insurance contracts	14 095	13 939
Liabilities relating to financial contracts	7	9
Other liabilities	**1 334**	**1 259**
Deferred income tax liabilities	180	182
Derivative instruments	2	3
Assumed insurance and reinsurance accounts payable	140	174
Retrocession accounts payable	743	693
Taxes due	0	0
Other accounts payable	269	208
TOTAL LIABILITIES	**19 000**	**18 721**

Consolidated Statements of Income

In EUR millions	At March 31, 2007	At December 31, 2006	At March 31, 2006
Gross written premiums	1 040	2 935	734
Change in unearned premiums	(52)	(98)	(94)
Gross earned premiums	**988**	**2 837**	**641**
Other income from reinsurance operations	1	2	0
Net investment income	168	498	124
Total income from ordinary activities	**1 158**	**3 336**	**765**
Claims and policy benefits	(698)	(1 989)	(446)
Gross commission on earned premiums	(233)	(667)	(155)
Net result from retrocession	(28)	(56)	(13)
Investment management expenses	(11)	(34)	(9)
Acquisition and administrative expenses	(37)	(102)	(24)
Other current operating expenses	(23)	(74)	(18)
Other current operating income	0	0	0
Total other current operating income and expense	**(1 030)**	**(2 922)**	**(665)**
CURRENT OPERATING RESULTS	**127**	**414**	**100**
Goodwill - change in value	0	0	0
Other operating expenses	(0)	(8)	0
Other operating income	0	2	0
OPERATING RESULTS	**127**	**408**	**100**
Financing expenses	(19)	(67)	(13)
Income from affiliates	5	6	0
Badwill	0	54	0
Income tax	(37)	(95)	(35)
CONSOLIDATED NET INCOME	**76**	**306**	**53**
Minority interests	0	0	0
GROUP NET INCOME	**76**	**306**	**53**

Consolidated Data by Segment

In EUR millions	At March 31, 2007				At March 31, 2006			
	Life	Non-Life	Intra-group	Total	Life	Non-Life	Intra-group	Total
Gross written premiums	566	474		1 040	265	469		734
Change in unearned premiums	-2	-50		-52	3	-96		-94
Gross earned premiums	**564**	**424**		**988**	**268**	**373**		**641**
Other income from insurance operations	0	3	-3	1	0	2	-2	0
Investment income	76	51		127	40	40		80
Realized gains/losses on investments	5	34		38	0	18		18
Change in fair value of investments	-1	0		-1	5	25		30
Change in investment impairment	0	5		5	0	-1		-1
Foreign exchange gains/losses	-1	0		-1	-2	-1		-3
Net investment income	79	90	0	168	44	80	0	124
Total income from ordinary business activities	**643**	**517**	**-3**	**1 157**	**312**	**455**	**-2**	**765**
Claims and policy benefits	-426	-272		-698	-193	-253		-446
Gross commissions	-137	-95		-233	-79	-76		-155
Gross written premiums retroceded	-63	-35		-98	-23	-39		-62
Variation in retroceded unearned premiums	0	5		5	0	4		4
Retroceded earned premiums	-63	-30		-93	-23	-36		-58
Retroceded claims	42	9		50	15	28		43
Retroceded commissions	12	3		15	2	1		3
Net result from retrocession	-10	-19		-28	-6	-7		-13
Investment management expenses	-1	-11		-11	-1	-8		-9
Acquisition and administrative expenses	-19	-18		-37	-8	-16		-24
Other current operating expenses	-12	-14	3	-23	-6	-14	2	-18
Other current operating income	0	0		0	0	0		0
Total other current income and expenses	**-603**	**-430**	**3**	**-1 030**	**-293**	**-374**	**2**	**-665**
CURRENT OPERATING RESULTS	**39**	**88**	**0**	**127**	**19**	**81**	**0**	**100**
Goodwill - Change in value	0	0		0	0	0		0
Other operating expenses	0	0		0	0	0		0
Other operating income	0	0		0	0	0		0
OPERATING RESULTS	**39**	**88**	**0**	**127**	**19**	**81**	**0**	**100**

Gross written premiums by geographic area

In EUR millions	Life		Non-Life	
	At March 31, 2007	At March 31, 2006	At March 31, 2007	At March 31, 2006
Gross written premiums	**566**	**265**	**474**	**469**
Europe	361	141	303	282
Americas	182	103	84	90
Asia and rest of the world	23	21	87	97

The gross written premiums are broken down according to the geographic location of the subsidiary.

Consolidated Statements of Shareholders' Equity

In EUR millions	Capital	Additional paid-in capital	Consolidated reserves (includ income/loss)	Revaluation reserves	Treasury shares	Translation adjustment	Share-based payments	Other reserves	**Total Group share**
Shareholders' equity at December 31, 2005	**763**	**147**	**778**	**5**	**-15**	**33**	**12**	**-4**	**1 719**
Assets held for sale (AFS)				-35					-35
Hedging									
"Shadow accounting", gross of deferred taxes				15					15
Currency translation adjustment						-57			-57
Payable or deferred taxes taken directly or assigned to capital				9				-5	4
Share-based payment plans							12		12
Other variances					-28			-5	-33
Net income (expense) recognized directly in shareholders' equity				**-11**	**-28**	**-57**	**12**	**-10**	**-95**
Group net income for the year			306						306
Total income and expense for the period			**306**	**-11**	**-28**	**-57**	**12**	**-10**	**211**
Capital transactions	170	202	-1						371
Dividends paid			-48						-48
Shaerholders' equity at December 31, 2006	**933**	**349**	**1035**	**-6**	**-43**	**-24**	**24**	**-14**	**2 253**
Assets held for sale (AFS)				5					5
Hedging									
"Shadow accounting", gross of deferred taxes				-5					-5
Currency translation adjustment						-16			-16
Payable or deferred taxes taken directly or assigned to capital				3				1	4
Share-based payment plans							5		5
Other variances			2		-11				-9
Net income (expense) recognized directly in shareholders' equity			**2**	**4**	**-11**	**-16**	**5**	**1**	**-16**
Group net income for the period			76						76
Total income and expense for the period			**78**	**4**	**-11**	**-16**	**5**	**1**	**60**
Capital transactions									
Dividends paid									
Shareholders' equity at Mars 31, 2007	**933**	**349**	**1114**	**-2**	**-55**	**-40**	**29**	**-13**	**2 314**

No dividend has been distributed by SCOR Group during the first quarter 2007.

Financial debt

Financial debt in Group consolidated accounts amount EUR 1 179 million at March 31st, 2007 compared to EUR 1 187 million at December 31st, 2006. There was no emission, nor refunding of financial debt during the first quarter 2007.

Information on business combinations

Regarding the acquisition by SCOR Group on November 21st, 2006 of Revios Rückversicherung AG, no adjustment on the valorization of assets and liabilities of Revios has been accounted for during the first quarter of 2007.

Consolidated Off-Balance Sheet Items

In EUR millions	At March 31, 2007	At December 31, 2006	At March 31, 2006
Commitments received	**1 016**	**1 048**	**1 056**
Unused credit lines	56	56	145
Endorsements and sureties	23	32	25
Letters of credit	937	960	886
Other commitments			
Commitments given	**2 984**	**2 478**	**2 655**
Endorsements and sureties	37	38	40
Letters of credit	585	601	603
Collateralised securities	1 764	1 728	1 873
Other commitments	598	110	139
Securities received as collateral from reinsurers and retrocessionnaires	**75**	**78**	**32**

Consolidated Statements of Cash Flow

In EUR millions	At Mars 31, 2007	At December 31, 2006
Group net income	**76**	**306**
Realized gains/losses on investments	(38)	(99)
Change in impairment and other provisions	10	23
Change in deferred acquisition costs	(6)	0
Net appropriations to technical reserves and financial liabilities	237	168
Change in fair value of financial instruments	(6)	(34)
Other non-cash items included in operating results	(20)	72
Cash flows from operating activities, excluding working capital changes	**252**	**437**
Change in loans and receivables	(91)	(230)
Cash flows from other assets and liabilities	4	(49)
Net cash flows from operating activities	**165**	**158**
Acquisitions of consolidated entities, net of cash acquired	(23)	(606)
Disposals of consolidated entities, net of cash ceded	0	0
Cash flows from change in scope	**(23)**	**(606)**
Purchases/sales of real estate investments	28	(7)
Purchases, sales and maturities of financial investments	292	(799)
Cash flows from purchases, sales and maturities of financial assets	**320**	**(807)**
Sales of tangible and intangible assets	0	0
Purchases of tangible and intangible assets	0	0
Cash flows from purchase and sale of tangible and intangible assets	**0**	**0**
Net cash flows from investing activities	**298**	**(1 413)**
Issuance of capital instruments	0	372
Reimbursment of capital instruments	0	0
Transactions in treasury shares	(11)	(28)
Dividends paid	0	(48)
Cash flows from transactions with shareholders	**(11)**	**295**
Issuance of financial debt	5	350
Reimbursment of financial debt	(7)	(101)
Other changes	(21)	(34)
Cash flows from Group financing activities	**(22)**	**215**
Net cash flows from financing activities	**(33)**	**510**
		0
Cash and cash equivalents as at January 1	**837**	**1 667**
Net cash flows from operating activities	166	158
Net cash flows from investing activities	298	(1 413)
Net cash flows from financing activities	(33)	510
Effects of exchange rate changes on cash and cash equivalents	(11)	(85)
Cash and cash equivalents at the end of the period	**1 257**	**837**

Notes to the Consolidated Financial Statements

SIGNIFICANT EVENTS

The Group net income as at March 31, 2007 is EUR 76 million, up 43% compared to March 31, 2006.

In Non-Life Reinsurance, the operating result increased 9% to EUR 88 million, as the result of relatively mild claims experience for natural and industrial catastrophes, in spite of the storm, Kyrill, which occurred during the first quarter 2007, for which the claims expense before tax is approximately EUR 28 million.

In Life Reinsurance, the operating result is EUR 39 million as at March 31, 2007 and includes the result of the entities of the REVIOS Group. As a reminder, Revios Rückversicherung AG and its subsidiaries were acquired on November 21st, 2006 for EUR 605 million, before acquisition costs and interim interest.

On February 19th, 2007, SCOR announced that it had acquired 32.9% of the share capital of Converium Holding AG ("Converium") through direct market purchases and through share purchase agreements with Patinex AG and Alecta Pensionsförsäkring. The acquisition will be effective after the removal of the suspensive conditions, in particular the approval by shareholders of SCOR in their General Meeting and regulatory approvals.

On February 26th, 2007, the Group made a preliminary announcement regarding the takeover and share exchange offer in Switzerland for all shares of Converium held by the public, for a par value of CHF 5 a share. This strategic combination would create a Top 5 global multi-line reinsurer in terms of gross written premiums.

As at March 31, 2007, considering that the acquisition of 32.9% of the share capital of Converium Holding AG by SCOR is not yet effective and considering that SCOR does not exert any control or authority in the management of Converium, Converium is not included in the consolidated results of the SCOR Group, either as a subsidiary or as an affiliate.

Turnover

Gross written premiums at March 31, 2007 were up 42% when compared to the same period in 2006, using the exchange rates applicable to each period. They were EUR 1 040 million versus EUR 734 at the end of March 2006.

Written Premiums Life/ Non-Life

In EUR millions	At March 31, 2007	At March 31, 2006	Variation
Gross Written Premiums Non-Life	474	469	+1%
Gross Written Premium Life	566	265	+114%
Group Gross Written Premiums	**1 040**	**734**	**+42%**

In Non-Life Reinsurance, the gross written premiums were EUR 474 million for the period ended March 31, 2007 and were stable when compared to March 2006. On a geographical basis, (split by location of the ceding company), the turnover for Europe increased by 7% whereby the Americas, Asia and the Rest of the world decreased.
This business segment represents 46% of the Group's overall business (67% excluding the turnover from subsidiaries of ex-REVIOS Group), compared to 64% at March 31, 2006.

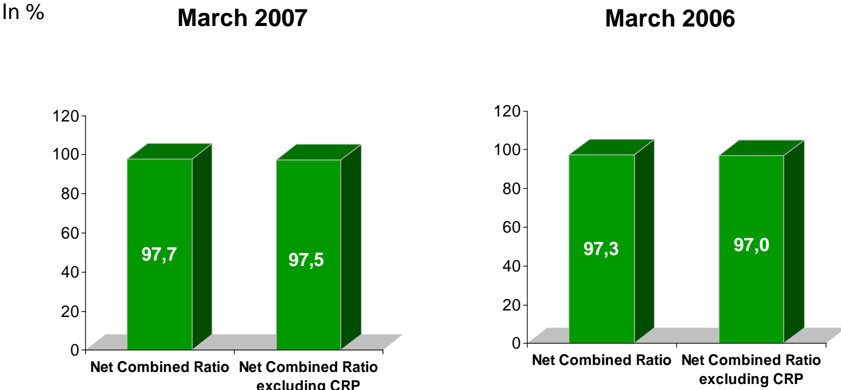
In Life Reinsurance, the gross written premiums increased by 114% to EUR 566 million at March 31, 2007, compared to EUR 265 million at March 2006. The ex-REVIOS subsidiaries contributed EUR 327 million to the Life turnover. This business segment represents 54% of the Group's overall business (33%, excluding the turnover from ex-REVIOS subsidiaries) versus 36% at March 31, 2006.

Operating Results

The operating result is EUR 127 million as at March 31, 2007, up 27% compared to March 2006 (EUR 100 million). This operating result is broken down into a Non-Life operating result of EUR 88 million (up 9% compared to March 2006) and a Life operating result of EUR 39 million (up 105% compared to March 2006).

The combined ratio "(claims + commissions + overheads) / premiums earned" in Non-Life Reinsurance was 97.7% at March 31, 2007 versus 97.3% for the same period of 2006. As in December 2006, this combined ratio shows a relatively mild claims experience for natural catastrophes, in spite of the Kyrill storm in the beginning of the year and for which the claims expense before tax is approximately EUR 28 million (7 points of combined ratio). It also reflects the impact of a strict underwriting policy and the quality of the positioning of SCOR Global P&C on the various lines of business and worldwide markets in which the Group operates.

Net combined ratio* Non-Life



The ratio is calculated net of retrocession.

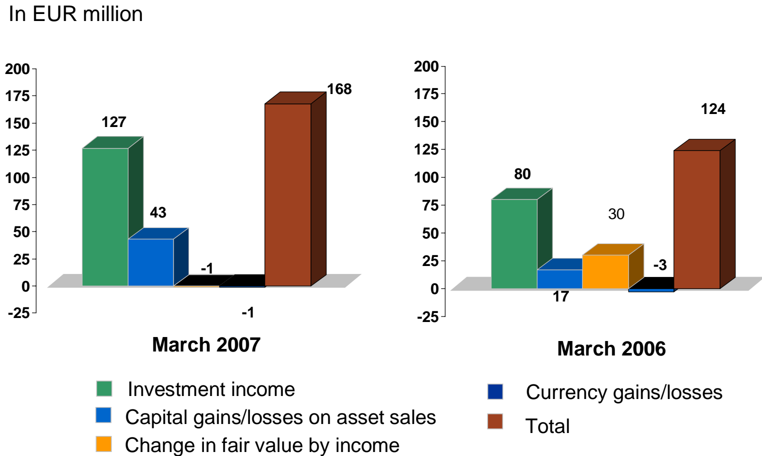
The net combined ratios as at end March 2007 and 2006 are based on the ultimate loss of the technical reserves established by Group actuaries.

In Life reinsurance, the ex-REVIOS subsidiaries contributed to EUR 24 million to the operating result. The life operating results for the Group was EUR 39 million. In this business, the margin on net earned premiums was 7.8% at March 31, 2007 compared to 7.6% at March 2006.

Net Investment Income

The net investment income, excluding fees and borrowing costs, was EUR 168 million at March 31, 2007 compared to EUR 124 million at March 31, 2006, up 35%.
Net investment income included EUR 127 million in income from investments (EUR 80 million at March 2006), EUR 43 million in net capital gains on investment disposals, net of impairment (EUR 17 million at March 2006), EUR -1 million in changes in fair value (EUR 30 million at March 2006) and EUR -1 million in net foreign exchange gains and losses (EUR -3 million at March 2006).

Investment management expenses amounted to EUR -11 million at the end of March 2007 versus EUR -9 million at the end of March 2006.



As at March 31, 2007, the net financial instruments were EUR 14 082 million compared to EUR 14 001 million as at December 31, 2006. They include bonds (43%), cash and cash equivalents (9%), loans and receivables (39%), equity securities (7%) and real estate (2%).

Tax

Income tax expense at March 31, 2007 was EUR (37) million versus EUR (35) million at the end of March 2006.

Net Income for the Period

Group net income was EUR 76 million compared to EUR 53 million for the same period in 2006.

SUBSEQUENT EVENTS

On April 4th, 2007, the Group approved the new strategic plan "Dynamic Lift" covering the period from 2007 to 2010. This plan presents the plan of development of the combination of SCOR and CONVERIUM during 3 years.

On April 26th, 2007, during the Extraordinary General Meeting of SCOR shareholders, the SCOR shareholders fully supported the future combination of SCOR and CONVERIUM and approved the resolutions submitted to them. These resolutions related to the approval of the in-kind contributions from Patinex AG and Alecta Pensionsförsärking and the issue of the shares necessary for the remuneration of these in-kind contributions and for the remuneration of the share component in the Public Offer.

After a period of disagreement, in February 2007, between the SCOR Board of Directors and Converium Management, relating to the combination of SCOR and CONVERIUM, the two Groups announced on May 10th, 2007, that they have reached an agreement on the terms of a friendly takeover of the Converium Holding AG shares that SCOR does not yet hold. Through this agreement, SCOR increased the price proposed for each share of Converium.

Moreover and further to the recommendation of the Swiss Commission on Public Offers ("Commission des Offres Publiques d'Acquisition" or "COPA"), it was specified that the offer for the Converium shares will begin on May 29th, 2007 and will end on June 25th, 2007.

Regarding the WTC litigation, SCOR issued two letters of credit for a total amount of USD 249,360,000 to Allianz on May 11th and 14th, 2007, as required by Allianz to guarantee payment to the ceding company if the jury verdict is not reversed by the U.S. Court of Appeals for the Second Circuit or if the appraisal process placed under court supervision in 2005 results in an increase in the amounts to be paid in the future. The decision to issue these two letters of credit, in accordance with the contract, does not allow to conclude on the ultimate cost.

On May 14th 2007, SCOR Global Life acquired 59 000 shares of the ReMark Group from Alpinvest. This acquisition increases the investment of SCOR Global Life in ReMark Group BV from 39.68% to 58.99%. At March 31, 2007, ReMark Group BV is an affiliate consolidated under the equity method.

NOTE 1 – ACCOUNTING STANDARDS APPLIED

Accounting Methods and Principles

Presentation of applied standards and interpretations

The Group’s financial statements were prepared in conformity with standard IAS 34 “Interim Financial Reporting” and with standards adopted by the European Union on March 31,2007.

As of January 1, 2004 SCOR has also applied the amendment to IAS 19 concerning the accounting for actuarial differences in equity.

IFRS standards that can be “adopted early”

The SCOR financial statements as of March 31, 2007 do not include any impacts from standards and interpretations which were adopted but the application of which is not mandatory for the 2006 annual financial statements, specifically IFRS 7, "Financial instruments: Information to be provided,” which introduces new notes allowing users of the financial statements to evaluate the significance of the Group’s financial instruments and the extent of the risks linked to these financial instruments.

The potential impact of the following standards and interpretations, which have not yet been adopted by the European Commission, has not yet been measured:

- IFRS 8- Operational Segments
- IFRIC 11 relating to stock options granted within a group and treasury shares acquired as a hedge for stock option plans
- IFRIC 12 relating to service concession arrangements (not applicable to the Group)

IFRIC 10 Interim Financial Reporting and Impairment of assets and interim accounts applied since November 2006 but not adopted by the European Commission Regulation will have no impact on SCOR financial statements.

IFRS consolidation principles

Consolidation methods

All companies in which SCOR has a controlling interest, including companies in which it has the power to direct financial and operational policy in order to obtain benefits from their operations, are fully consolidated.

Subsidiaries are consolidated from the moment the Group takes control of them until the date on which this control is transferred outside the Group. Where control of a subsidiary is lost, the consolidated financial statements for the year include profit and losses for the period during which SCOR held control.

The Group’s investment in an affiliated company is recorded in the accounts using the equity method. An affiliated company is an entity in which the Group exercises significant influence but which is neither a subsidiary of the Group nor a joint venture.

The Group has no equity interests in any joint ventures.

The Group controls in substance a separate legal structure (“ad hoc entity”) it consolidates in the absence of any capital links. The following assessment criteria were used to determine the existence of control:

- The entity's business is conducted exclusively on behalf of the Group, so that the Group may enjoy the benefits;
- The Group holds the decision-making and management power to take maximum advantage of the entity's operational activity; this power was delegated through the implementation of a self-management system;
- The Group may benefit from the majority of the entity's advantages;
- The Group retains the majority of the risks relative to the entity.

The Group also fully consolidates the mutual funds it holds as part of its business.

Harmonization of accounting principles

The financial statements of the subsidiaries are prepared for the same accounting period as that of the parent company. Consolidation adjustments are made to harmonize the Group's accounting methods and principles.

All intra-group balances and transactions including internal results of intra-company transactions are fully eliminated.

Conversion methods

The Group's consolidated financial statements are presented in euros (EUR) and all values are rounded to the nearest EUR millions except where expressly stated otherwise.

Converting the financial statements of a foreign entity

Where the functional currency of a Group entity is not the same as the reporting currency used to present the Group's consolidated financial statements, the balance sheet is converted using the balance sheet date exchange rate and the income statement is converted using the average exchange rate for the period. Exchange rates differences are posted directly to equity under "translation adjustments."

With regard to the conversion into euros of subsidiary accounts having a foreign functional currency, SCOR transferred Translation adjustments at January 1, 2004 into consolidated reserves. The new IFRS value of translation adjustment at January 1, 2004 was therefore reset to zero. In the event of subsequent disposal of these subsidiaries, the income or loss from the disposal will not include the recovery of exchange rate differences prior to January 1, 2004 but will include translation adjustments recorded after January 1, 2004.

Conversion of transactions denominated in foreign currencies

Transactions denominated in foreign currencies (currencies other than the functional currency) are converted into the functional currency at the rate of exchange in force on the date of the transaction (for practical purposes, an average rate is used).

At each closing date, the entity must convert the foreign currency items on its balance sheet into the functional currency, using the following procedures:

- monetary items (specifically debt securities, accounts receivable and payable, technical insurance assets and liabilities) are converted at the closing date exchange rate and the resulting gains and losses are recorded in the income statement,
- non-monetary items are converted:
    - at the exchange rate on the transaction date if they are valued at historic cost (specifically real estate investments), and
    - at the exchange rate on the date of the fair value evaluation, if they are valued at fair value (specifically equity investments).
- When a gain or loss on a non-monetary item is recorded directly in shareholders' equity (shares available for sale, for example), the exchange adjustment resulting from the conversion of this item is also directly recorded in shareholders' equity. Conversely, when a

gain or loss on a non-monetary item is recorded in profit and losses (shares at fair value by income; for example), the exchange adjustment resulting from the conversion of this item is also recorded on the income statement.

- The profits and losses resulting from the conversion of net foreign investment hedges are recorded in shareholders' equity until the disposal of the net investments, at which time they are recorded on the income statement.

Goodwill and business combinations

Pursuant to IFRS 3, business combinations are subject to the acquisition method of accounting. This requires that identifiable assets (including intangible fixed assets not previously recognized) and identifiable liabilities (including any liabilities, with the exception of future restructurings) of the acquired activity be recognized at fair value.

Goodwill represents the acquisition cost minus the fair value of the Group's share of the acquired company's net assets at the date of acquisition. The goodwill on fully consolidated subsidiaries is included under intangible assets. Goodwill on companies accounted for by the equity method is included in the value of the securities accounted for by the equity method.

In a case where negative badwill is recorded corresponding to a surplus of the fair value of the part controlled by the Group of the net assets of the company acquired over the acquisition price, this badwill is accounted for in the results.

SCOR has opted not to restate business combinations prior to January 1, 2004, as permitted under IFRS 3. As permitted under IFRS 1, SCOR will not apply IAS 21 "Effects of Changes in Foreign Exchange Rates" retrospectively to goodwill resulting from business combinations which occurred before the transition to IFRS. Consequently, this goodwill is maintained in the functional currency of the acquiring company.

Goodwill is recorded at historical cost, less any possible accumulated impairment loss.

In order to establish possible impairment losses, goodwill is allocated to each cash-generating unit (a "CGU"). A CGU is defined as an entity with separate identifiable cash flows. Each CGU represents the Group's investment in each country in which it is active according to the primary segment information, either non-life reinsurance or life reinsurance.

Each CGU to which goodwill is allocated should correspond as closely as possible to the level at which the group is monitoring the rate of return on its investment. A CGU should not be any larger than a primary or secondary level segment as defined for the needs of segment reporting set forth under IAS 14.

In order to assess any loss in value, a goodwill impairment test is conducted:

- each year on the same date for each cash-generating unit, but not necessarily on the balance sheet date;
- more frequently if an unfavorable event occurs between the two annual tests;
- mandatory before the completion of entity acquisition.

An impairment loss is recorded where the net book value of the CGU, to which goodwill has been allocated, is higher than its recoverable value. The recoverable value is the highest amount between: (1) the fair value net of costs to sell and (2) the value in use (future discounted cash flow) of this unit.

If the assets of the CGU Group or the unit included in the CGU group to which goodwill has been allocated are tested for impairment on the same date as the CGU that includes the goodwill (or if there is an indication of a loss in value for one of the assets), this test should be conducted before the goodwill impairment test.

Accounting principles

The financial information has been prepared on an historical cost basis, with the exception of certain categories of assets and liabilities. The relevant categories are mentioned below. The consolidated

IFRS information is presented in euros and all values are rounded to the nearest million unless otherwise indicated.

Use of estimates

In order to prepare the financial information in accordance with generally accepted accounting principles, certain assumptions were made. Assumptions are made that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of financial statement preparation as well as the amounts reported as income and loss for the year.

Management reviews these estimates and assessments constantly, based on its past experience and on various other factors it deems reasonable, thereby reaching its assessments on the carrying value of the assets and liabilities. The actual results could differ substantially from these estimates under different assumptions or conditions that may arise at a later date.

The primary financial statement captions for which the SCOR Group uses estimates are reinsurance reserves, receivables and liabilities relating to reinsurance operations, intangible assets and retirement and other employment benefits.

Reinsurance reserves

The Group maintains reserves to cover its estimated ultimate liability for claims related to known events or events not yet reported. The reserves for estimates of final losses and claims management costs are reviewed by management during the year, using new information as soon as it is available and the estimates are adjusted if necessary. Management considers many factors when setting reserves, including the following:

- information from ceding companies;
- historical trends, such as reserve patterns, claims payments, number of claims to be paid and the product mix;
- internal methodologies to analyze the Group's experience;
- the most recent legal interpretations concerning coverage and commitments; and
- economic conditions.

Non-Life business

In determining the amount of its reserves, the Group generally uses actuarial techniques that take into account quantitative loss experience data, together with qualitative factors, where appropriate. The reserves are also adjusted to reflect the volume of business underwritten, reinsurance treaty terms and conditions, the mix of business and claims processing that may potentially affect the Group's commitment over time.

However, it is difficult to accurately value the amount of reserves required, especially in view of changes in the legal environment, including civil liability law, which may impact the development of reserves. While this process is complicated and subjective for the ceding companies, the inherent uncertainties in these estimates are even greater for the reinsurer, primarily because of the longer time period between the date of an occurrence and the request for payment of the claim to the reinsurer, the diversity of contract development schemes, both treaties or facultative, dependence on the ceding companies for information regarding claims, and differing reserve practices among ceding companies. In addition, trends that have affected development of liabilities in the past may not necessarily occur or affect liability development to the same degree in the future. Thus, actual losses, and policy benefits may deviate, perhaps significantly, from estimates of reserves reflected in the Group's consolidated financial statements.

Life business

In Life Reinsurance, reserves for policy claims and benefits are established on the basis of the Group's best estimates of mortality, morbidity, and investment income, with a reserve for an adverse change. The liabilities for future policy benefits established by the Group with respect to individual risks or classes of business may be greater or less than those established by ceding companies due to the use of different mortality tables and other assumptions. Reserves for policy claims include both mortality claims in the process of settlement and claims that have been incurred but not yet reported.

Actual events in a given period may be more costly than projected and, therefore, may adversely affect the Group's operating results for such period.

Receivables and liabilities relating to reinsurance operations

Non-Life premiums recorded in the year reflect the estimated premium expected at the time of writing of the policy. The difference between the maximum expected loss based on premiums, net of commissions, and losses reported by ceding companies, is recorded under accounts receivable or liabilities arising from accepted reinsurance transactions.

For Life reinsurance of contracts qualifying as "insurance" policies, according to the type of transactions recorded, the estimation method consists of estimating ceding companies' missing accounts in addition to information actually received and recorded.

The reception of ceding companies' accounts different from the estimates could lead to a reduction of the total premiums.

Estimated premiums and commissions that include uncertain factors are reviewed during the year to adjust for possible adjustment in premiums paid under the policy or for ceding companies' received accounts.

Intangible assets

The main assumptions applied to justify each year the goodwill in the framework of the depreciation test rely on the following parameters

- discounted profits over the three first years, and normalized profits used to calculate terminal value,
- growth rate for the activity,
- cost of capital assets

In case one of the assumptions taken into account in performing the depreciation test would have an unfavorable evolution, the value of the goodwill could therefore be affected and this would lead to an impairment provision negatively impacting the net income and the consolidated net equity.

The acquisition value of the Life Reinsurance portfolios is calculated by projecting the future results of in-force treaties at the valuation date, by using reasonable assumptions on factors influencing profitability (mortality, morbidity, lapse rate). The adjustment rate used to value future earnings (and calculate the cost of capital) is the sum of the risk-free rate obtained through the rate curve (Swap) of the corresponding currency and the risk premium.

In case one of the assumptions taken into account in performing the depreciation test would have an unfavorable evolution, the acquisition value could therefore be affected and this would lead to an impairment provision negatively impacting the net income and the consolidated net equity.

Retirement and other employment benefits

Obligations recognized on the balance sheet as defined benefit plans are recorded at the current value of the defined benefit obligation at the date of closure, less the market value of any plan assets, where appropriate, both are adjusted for actuarial gains and losses and unrecognized past services. The current value of the obligation is calculated annually by independent actuaries using the projected unit credit method. It is established by discounting the future expected benefits to be paid on the basis of Tier 1 bond market rates in the same currency as the benefits to be paid, and for a duration similar to the underlying obligation.

Furthermore, the SCOR Group performs an annual review of the discounted value of its engagement related to seniority with the assistance of an independent actuary. The applied method is the projected credit units methodology.

If the assumptions made when calculating the provisions for retirement and other employment benefits, in particular the discount rate, the expected return of the assets and the rate on increase of the salaries, would have an adverse evolution, the consequence of this evolution on the value of the engagements would lead to a diminution of the equity of the company.

Real estate assets

Classification of buildings:

All buildings currently held by the Group are investment properties. In certain cases, buildings may be partially occupied by entities of the Group.

Accounting method

The buildings are recorded at historical cost, net of accumulated depreciation. Their value is broken down as follows:

- land, not depreciated;
- four technical components:
    * the structure, or carcass depreciated over 30 to 80 years according to the type of construction
    * wind and water tightness, depreciated over 30 years
    * technical installations, depreciated over 20 years,
    * fixtures and furnishings, depreciated over 10 to 15 years, according to their category

The costs, rights and acquisition (or development) fees are included in the value of the building.

The relative weight of each technical component and its depreciation period are included in a grid of components, distinguishing eight types of construction. This grid was established based on the Group's experience and on the grids proposed by the professional bodies.

Measurement

Each building is subject to an in-depth analysis of its market value or "fair value" by an independent appraiser every 5 years at year-end. Its market value is reassessed by the same appraiser at the end of each of the 4 subsequent years depending on the changes that have occurred to its rental status, works completed and developments in the local real estate market.

If the market value of a building appears lower than its net book value, an impairment provision is recorded equal to the difference between its utility value and the net book value. With regard to investment properties, their utility value is considered a long-term investment based primarily on the amounts of estimated future cash flows that are discounted on the basis of current market assumptions. SCOR has not retained any residual value.

Finance lease

Investment properties financed by financial rental agreements are recorded on the balance sheet as assets based on the present value of future rents and the call option. Once they have been recorded on the balance sheet, they are treated like other investment properties at historical cost, net of accumulated depreciation.

On the liabilities side, a corresponding debt is recorded under "financial liabilities." It is amortized in accordance with the effective interest rate method.

Leasing agreements

In December 2003, the SCOR Group sold its head office. A net capital gain of EUR 44 millions was realized under local standards.

The Group will remain a tenant of this building until December 2012. The owner of the building has a bank guarantee based on SCOR's rating. SCOR has pledged assets for the same value with the bank which issued this guarantee.

Pursuant to the IAS 17 rule, this capital gain was maintained in the IFRS accounts.

Rental income

Rental income from investment properties is recorded on a straight-line basis over the term of the current rental agreements.

Financial investments

The Group classifies its financial assets in the following categories: available-for-sale financial assets, by fair value through income, loans and other accounts receivable and derivative instruments. There are currently no assets classified as held-to-maturity.

Sales and purchases of assets are recorded on the settlement date. Once it has been initially recorded, an asset is measured according to its asset category, determined according to the methods set forth below.

Financial assets are removed from the balance sheet when the contractual rights to the cash flow of the financial asset expire or are transferred, and when the Group has substantially transferred the risks and advantages inherent to the ownership of the financial asset.

At each balance sheet date, the Group assesses whether there is an objective indication of loss in value. The amount of impairment loss is posted by asset category, in accordance with the terms and conditions set forth below.

For equity instruments listed on an active market, a drop in price of more than 20% or a consistent decline over a period of more than six months constitutes an objective indication of loss in value. For unlisted equity instruments, fair value is determined according to commonly used valuation techniques. For debt instruments and loans and accounts receivable, an objective indicator of a loss in value relates to a proven credit risk.

Available-for-sale financial assets

Available-for-sale assets include non-derivative assets that are either classified as available for sale or not allocated to another category.

Available-for-sale financial assets are recorded at their fair value. Unrealized profits and losses resulting from variations in the fair value of a non-hedged asset are recorded directly in shareholders' equity, with the exception of profits and losses from foreign exchange gains and losses on a monetary financial asset held for sale which are recorded on the income statement for the share of exchange profits and losses relating to the amortized cost, and in shareholders' equity for the portion of profits and losses relating to fair value. Foreign exchange profits and losses on the fair value of non-monetary financial available-for-sale assets are recorded in shareholders' equity.

When there is an objective indication of loss in value, the amount of the accumulated loss posted directly to shareholders' equity is recorded on the income statement. Impairment losses may only be reversed for debt instruments when the fair value increases during a subsequent financial year due to an event that occurs after the impairment has been recorded.

When the asset is sold, the accumulated gains and losses included in equity are transferred to realized gains and losses from the sale of investments on the income statement, net of any amounts previously posted to income.

Interest on debt instruments is calculated in accordance with the effective interest method, which includes the amortization of premiums/discounts and is recorded on the income statement. Dividends on equity instruments are recorded on the income statement when the Group's right to receive payment for them has been established.

Financial assets at fair value by income

This category includes two classes of assets: financial assets held for trading purposes and those designated at fair value by income upon initial recognition in the accounts.

Profits and losses from changes in the fair value of financial assets classified under this category are reflected on the income statement in the period in which they occur.

The main financial assets evaluated at fair value by income are securities held in major mutual funds, bonds convertible into shares, derivatives, investments representing Unit-linked policies and certain equity securities.

Loans and accounts receivable

This category includes non-derivative financial assets where payment is fixed or determinable and which are not listed on an active market, with the exception of accounts receivable from reinsurance transactions.

These assets are recognized at amortized cost using the effective interest rate method where this method has a significant impact compared to the nominal contractual method. Loans and short-term accounts receivable are recorded at cost.

Cash and cash equivalents

Cash and cash equivalents posted to the balance sheet include bank deposits and short-term deposits with an initial maturity less than or equal to three months.

For purposes of the consolidated cash flow statement, cash and cash equivalents include cash and cash equivalents as defined above, net of any current bank overdrafts.

Treasury stock

Treasury stock is deducted from shareholders' equity, regardless of the purpose for which it is held, and the related income or loss is eliminated from the consolidated income statement.

Financial liabilities

Financial liabilities, with the exception of liabilities resulting from reinsurance transactions, are classified into financial debts, financial liability instruments and other liabilities.

Subordinated financial debts or debt securities

These items combine the various subordinated or unsubordinated bonds issued by the Group. These loans are classified as financing debts, in accordance with IAS 32. Contractual clauses justifying the classification of the subordinated bonds in financial debts in accordance with IAS 32.

These debts are posted at amortized cost using the effective interest rate method.

Borrowings including a derivative instrument have been stripped. The portion relating to the equity component, determined on the date of issue, is reflected in shareholders' equity. It is not subsequently reassessed.

Interests on financial debts are posted under charges.

Financial liabilities towards banking sector entities

This caption includes primarily mortgage loans and financing agreements (finance-lease agreements). These debts are recognized at amortized cost using the effective interest rate method where this method has a significant impact compared to the nominal contractual rate method.

Interests on financial debts are posted under charges.

Derivative instruments and hedging instruments

Derivative instruments are recorded at fair value from inception and are assessed at fair value at each balance sheet date.

The accounting method varies according to whether or not the derivative instrument is designated as a hedging instrument, as described in the note below "Hedging Instruments."

When the Group has not designated the derivative as a hedging instrument, profits and losses resulting from the change in the fair value of the instrument are recorded under income in the period in which they occur. The Group uses the following derivative instruments to reduce its exposure to various risks: interest rate swaps, foreign currency forward purchase and sale contracts, caps and floors, puts and calls.

Embedded derivative instruments

An embedded derivative is a component of a hybrid instrument which includes a non-derivative host contract, which causes part of the hybrid instrument's cash flow to vary in the same way as that of a freestanding derivative.

The embedded derivative is separated from the host contract and is posted as a derivative where its economic features and risks are not closely linked to the economic features of the host contract, where the embedded instrument has the same conditions as a separate derivative instrument, and where the embedded instrument is not assessed at fair value through the income statement.

Where an embedded derivative has been separated from its host contract, it is posted in accordance with the provisions relating to the posting of derivative financial instruments.

Where the embedded derivative represents a significant part of the instrument and cannot be separated from the host contract, the hybrid instrument is treated as an instrument held for trading. Profits and losses resulting from variations in the fair value of the hybrid are posted in profit and loss in the period during which they occur.

Hedging Instruments

A hedging instrument is a designated derivative instrument or, in the case of a single foreign currency hedge, a designated non-derivative asset or liability where the fair value or cash flow offset variations in the fair value or cash flow of the hedged item.

The hedged item may be an asset, a liability, a firm commitment, a highly profitable scheduled transaction or a net investment in a foreign business exposing the Group to fluctuations in fair value or future cash flows, and which is designated as being hedged.

The performance of hedges is monitored periodically in order to ensure, with regard to variations in the fair value or cash flow of the item, the degree of compensation attributable to hedged risk through variations in fair value or cash flow of the hedged instrument.

Hedges for net investments in a foreign business are recorded as follows:

- the portion of profit or loss on the hedging instrument considered as the effective portion of the hedge is recorded directly in shareholders' equity;
- the ineffective portion of the hedge is recorded on the income statement.

The primary hedging instruments consist of foreign currency forward purchases and sales.

Accounting principles and methods specific to reinsurance activities

<u>Classification and accounting of reinsurance contracts</u>

The reinsurance contracts accepted and retroceded by the Group are subject to different IFRS accounting rules depending on whether they fall within the scope of IFRS 4 or IAS 39.

Reinsurance acceptance and retrocession transactions involving a significant transfer of insurance risk are accounted for in accordance with IFRS 4, in other words according to the accounting principles in existence prior to the implementation of IFRS and used until December 31, 2004 to prepare SCOR's consolidated accounts in conformity with CRC 2000-05, with the exception of the equalization reserves described below.

Assumed and retroceded reinsurance transactions that do not transfer significant risk are posted in the accounts in accordance with IAS 39, which means that premiums collected are no longer recognized as turnover, and technical reserves and deferred acquisition expenses recorded as assets or liabilities on the balance sheet are reclassified as financial assets or liabilities, similar to a deposit, as "financial contract liabilities" and "financial contract assets" on the balance sheet. These deposits are assessed only on the basis of financial flows and no longer on the basis of estimated ultimate results as required by accounting principles applicable to insurance transactions.

Turnover from these transactions is equal to SCOR's net share. It is recorded under "other operating income" on the income statement.

<u>French accounting principles applicable to contracts classified as "insurance" contracts under IFRS 4</u>

Cedent accounts

SCOR Group reinsurance companies record accounts transmitted by ceding companies upon receipt. At year end, estimates are made for those accounts not yet received from ceding companies. Under this method, the situation recorded in the financial statements reflects as closely as possible the actual reinsurance commitments of the Group. This method relates to the majority of the contracts signed during the current and previous financial year.

Reinsurance estimates

Non-Life premiums recorded in the year reflect the estimated premium expected at the time of writing of the policy. It is regularly reviewed during the year to adjust for possible adjustment in premiums paid under the policy. An unearned premium reserve is calculated, either pro rata temporis contract by contract, or using a statistical method when this yields a result close to that obtained via the contract-by-contract method.

The difference between the maximum expected loss based on premiums, net of commissions, and losses reported by ceding companies, is recorded under accounts receivable or liabilities arising from accepted reinsurance transactions. The difference between expected final loss experience based on earned premiums thus calculated and losses reported by ceding companies is recognized in unpaid claims reserves under liabilities.

For Life reinsurance of contracts qualifying as "insurance" policies, according to the type of transactions recorded, the estimation method consists of estimating ceding companies' missing accounts in addition to information actually received and recorded. In order to be consistent with the Non-Life sector, estimated claims are recorded under claim reserves.

Claim reserves

Claim reserves must be sufficient to cover all of the Group's liabilities.

In Non-life reinsurance, SCOR is required to maintain its reserves at a sufficient level to cover the estimated amount of its direct commitments and adjustment expenses for reported and unreported claims, at the end of each financial year (net of estimates of recovery and subrogation). These reserves, which pertain to all claims, whether reported or not yet reported, are calculated on the basis of their ultimate cost, undiscounted, except for workers' compensation claims in the United States, which are discounted in the U.S. and in Bermuda. Ultimate claims expense is estimated using statistical experience for similar policies. Claim reserves including estimated claims paid and loss adjustment expenses (LAE) are calculated based on expected earnings and supplement the information communicated by ceding companies.

In Life reinsurance, estimates based on statistical experience and information supplied by the underwriters are added to mathematical reserves recorded by the ceding companies.

Acquisition expenses of reinsurance activities

In reinsurance, the costs associated with the acquisition of new contracts, chiefly comprising commissions, are recorded as assets on the balance sheet, to the extent that contracts are profitable. They are amortized on the basis of the residual term of the contracts in Non-Life, and on the basis of the recognition of future margins for Life contracts.

Liability adequacy test

Liabilities relating to contracts are subjected each year to an adequacy test (IFRS 4).

IFRS accounting principles applied to contracts classified as IFRS4 and different from French GAAP

Equalization reserves

IFRS accounting principles do not provide for the possibility of establishing reserves for future risks on future contracts. Thus when such reserves exist, they are eliminated from SCOR's consolidated accounts under IFRS.

Shadow accounting

According to IFRS accounting principles (see note on financial investments), certain financial assets are valued at fair value. As a result unrealized capital gains or losses on portfolio securities are recorded in SCOR's accounts either in the income statement or as an increase or decrease to shareholders' equity, depending on the asset classification.

SCOR has elected to apply shadow accounting under the terms of IFRS 4. Consequently, recognized but unrealized capital gains and losses on investments affect the valuation of technical assets and liabilities in the same way as realized gains and losses. The corresponding adjustment to insurance liabilities (or deferred acquisition costs or intangible assets) is recorded in shareholders' equity once the unrealized capital gains or losses are directly recorded in equity. Otherwise, it is recorded in the income statement according to the same scheme in use for realized capital gains and losses. The primary technical items affected by these adjustments are:

- deferred acquisition costs and contract portfolios, where amortization occurs according to the technical and financial profits from contracts ("shadow DAC" and "shadow VOBA"),
- technical reserves, where the discounted rate used depends directly on the performance of the assets ("shadow PM").

Embedded derivatives

IFRS 4 provides for the separation of embedded derivatives in insurance contracts, particularly when these hybrid contracts are not assessed at fair value by income and when the features of the embedded derivatives are not closely linked with the features and risks of the host contract, and when the embedded derivative corresponds to the definition of a derivative instrument. Embedded derivatives corresponding to the definition of an insurance contract are not separated. SCOR has identified no embedded derivatives in its contracts.

Retirement commitments and similar benefits

Pension liabilities

The SCOR Group is provides retirement benefits for its employees, in accordance with the laws and practices of each country. Group employees in certain countries receive additional pension payments, paid as an annuity or in capital on retirement. The main countries concerned are France, Germany and the United States.

The benefits granted to Group employees are either in the form of defined contributions or defined benefit plans. Defined contribution plans are those where an employer pays fixed contributions into a separate entity, with no legal or constructive obligation to pay further contributions. As a result, only contributions paid or due as part of the financial year appear in the Group's financial statements. Defined benefit plans are those where a sum is paid to the employee upon retirement, which usually depends on one or several factors such as age, years of service and salary.

Obligations recognized on the balance sheet as defined benefit plans are recorded at the current value of the defined benefit obligation at the date of closure, less the market value of any plan assets, where appropriate, both are adjusted for actuarial gains and losses and unrecognized past services. The current value of the obligation is calculated annually by independent actuaries using the projected unit credit method. It is established by discounting the future expected benefits to be paid on the basis of Tier 1 bond market rates in the same currency as the benefits to be paid, and for a duration similar to the underlying obligation.

Actuarial gains and losses arising from experience adjustments and the effects of changes in actuarial assumptions are reflected in shareholders' equity.

Past service costs generated at the adoption or modification of a defined benefit plan are recognized as an expense on a straight-line basis, over the average period until the benefits become vested. When benefit rights are acquired upon the adoption of a plan or its modification, past service cost is immediately recognized as an expense.

Other long-term benefits

In some countries, the SCOR Group rewards employees for length of service by granting them a lump sum after certain periods of service. The primary country providing this benefit is France. In France, the current value of the obligation is calculated annually by an independent actuary using the projected unit credit method. The obligation is recognized on the balance sheet.

Termination benefits

Employees are entitled to termination benefits when the Group makes one or more employees redundant, or encourages voluntary departures. The Group records this expense when it is formally committed by means of a detailed plan for termination, which it could not realistically retract. Benefits payable more than twelve months after the closing date are discounted.

Share-based payments and share options

The SCOR Group offers stock option plans to its employees. The fair value of the services received in exchange for the granting of options is recognized as an expense. The total amount recognized over the vesting period is established by reference to the fair value of options granted, excluding conditions of attribution not linked to market conditions. (RoE, for example). These conditions are taken into account when determining the probable number of options to be acquired by the beneficiaries. At each closing date, the company reviews the estimated number of options to be acquired. Any impact is then posted in the income statement with the offsetting entry in shareholders' equity for the remaining vesting period.

The Group also granted shares to all its employees in 2005 and 2006. This grant is recorded as personnel expense over the vesting period with the offset recorded as an increase in shareholder's equity.

The dilutive effect of outstanding options is reflected in the calculation of the diluted earnings per share.

Taxes

Deferred tax assets and liabilities are recognized using the balance sheet liability method of tax allocation for all temporary differences on the closing date between the tax base of assets and liabilities and their carrying value on the balance sheet.

Deferred tax assets are recorded when temporary tax differences occur that are associated with investments in subsidiaries and affiliated companies, unless the date on which this temporary difference reverses is controllable and if it is probable that the temporary difference will not be reversed in the foreseeable future.

Deferred tax on the adjustment of the capitalization reserves is recorded without including the probability of capital losses from asset disposals of securities subject to taxes from these reserves.

Deferred tax liabilities are not recorded in cases of temporary differences associated with investments in subsidiaries and affiliated companies unless it is probable that the temporary difference will be reversed in the foreseeable future and if it is likely that there will be a taxable profit to which the temporary difference can be imputed.

The book value of deferred tax assets is reviewed at each balance sheet date and reduced when it is no longer probable that a sufficient taxable benefit will be available to enable all or part of these deferred tax assets to be utilized.

Deferred tax assets and liabilities are assessed at the tax rate applicable in the financial year in which the asset will be realized or the liability settled, based on the tax rates (and tax regulations) that have been adopted or substantially adopted at the balance sheet date.

Taxes relating to items recorded directly as shareholders' equity are recorded as equity and not in the income statement.

Principles relating to financial statement presentation

Allocation of expenses by function

In conformity with the option offered by IAS 1, the Group opted to present its expenses by function on the income statement. This presentation provides information more relevant to readers than expenses by nature. However, costs are allocated to the various functions based on allocation keys and are thus subject to personal judgment.

This method is identical to the overhead expense allocation method which was used for SCOR's consolidated financial statements under French GAAP. Operating expenses are divided into five categories: acquisition costs, claims settlement expenses, administrative expenses, investment portfolio management expenses, and other underwriting expenses. These expenses are allocated to the categories set out above, company by company.

Segment information

The Group's business is divided into two distinct segments: Non-Life insurance and Life insurance. The legal structure has recognized these two businesses since 2003. Each segment offers different products and services, which are marketed via separate channels. Given their specific nature, these segments constitute the primary level of segment information.

Management has evaluated the performance of these segments and allocates resources to them in accordance with various performance indicators. The sum from inter-segment transactions, related to gross written premiums, is not significant.

NOTE 2 – FINANCIAL INSTRUMENTS

In EUR millions	At March 31, 2007		At December 31, 2006	
	Net book value	Fair value	Net book value	Fair value
Real Estate Investments	**263**	**385**	**287**	**409**
Bonds	5 933	5 933	6 291	6 291
Equities	824	824	814	814
AFS	**6 757**	**6 757**	**7 105**	**7 105**
Equities	103	103	111	111
Bonds	126	126	124	124
Fair value by income	**229**	**229**	**235**	**235**
Loans and deposits	127	127	509	509
Receivables for deposited cash	5413	5413	4994	4994
Loans and receivables	**5 540**	**5 540**	**5 502**	**5 502**
Derivatives Instruments - Fair Value by income	**37**	**37**	**37**	**37**
Insurance Activity Investments	**12 827**	**12 948**	**13 167**	**13 288**
Derivatives Instruments - Hedging (liabilities)	**(2)**	**(2)**	**(3)**	**(3)**
Cash and cash equivalent	**1 257**	**1 257**	**837**	**837**

STATUTORY AUDITORS' REPORT

This is a free translation into English of the statutory auditor's review report issued in French and is provided solely for the convenience of English speaking readers. 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

At your request and in our capacity of statutory auditors of SCOR, we have reviewed the accompanying condensed interim consolidated financial statements of SCOR for the period from January 1st, 2007 to March 31, 2007.

These interim condensed consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to Interim financial information.

In addition, and in accordance with French professional standards, we have examined the fairness of the information included in the interim consolidated activity report for the period from January 1st, 2007 to March 31, 2007, regarding the condensed interim consolidated financial statements submitted to our review.

Based on our review, we have nothing to report on the fairness of this information and its consistency with the condensed interim consolidated financial statements.

Paris La Défense, May 24, 2007

The Statutory Auditors

ERNST & YOUNG AUDIT

Pierre Planchon

MAZARS & GUERARD

Lionel Gotlib