

SCOR Global Life

Embedded Value 2011 results

SCOR Global Life MCEV reaches EUR 3.3 billion (EUR 18.0 per share), continuing to provide the SCOR group with significant earnings and strong capital repatriation



Notice

Details of the Embedded Value approach used by SCOR Global Life, including analysis of Embedded Value from 2010 to 2011, as well as details of the methodology used, analysis of sensitivities to certain key parameters and reconciliation of the Embedded Value to the IFRS equity of SCOR, can be found in the document entitled "SCOR Global Life Market Consistent Embedded Value 2011 – Supplementary Information" and the "SCOR Global Life" slide show presentation, both of which are available at www.scor.com.

The Embedded Value has been calculated in accordance with the European Insurance CFO Forum Market Consistent Embedded Value Principles (Copyright© Stichting CFO Forum Foundation 2008) published in June 2008 and October 2009 by the CFO Forum.

Towers Watson has been engaged to review the methodology and assumptions used and the results of the calculations made by SCOR to determine the Embedded Values. The scope of their review and opinion is presented in "2011 Market Consistent Embedded Value – Supplementary Information". This MCEV disclosure should not be viewed as a substitute for SCOR's primary financial statements.

Forward-looking statements

SCOR does not communicate "profit forecasts" in the sense of Article 2 of (EC) Regulation n°809/2004 of the European Commission. Thus, any forward-looking statements contained in this communication should not be held as corresponding to such profit forecasts. Information in this communication may include "forward-looking statements", including but not limited to statements that are predictions of or indicate future events, trends, plans or objectives, based on certain assumptions and include any statement which does not directly relate to a historical fact or current fact. Forward-looking statements are typically identified by words or phrases such as, without limitation, "anticipate", "assume", "believe", "continue", "estimate", "expect", "foresee", "intend", "may increase" and "may fluctuate" and similar expressions or by future or conditional verbs such as, without limitations, "will", "should", "would" and "could." Undue reliance should not be placed on such statements, because, by their nature, they are subject to known and unknown risks, uncertainties and other factors, which may cause actual results, on the one hand, to differ from any results expressed or implied by the present communication, on the other hand.

Please refer to SCOR's document de référence filed with the AMF on 8 March 2012 under number D.12-0140 (the "Document de Référence"), for a description of certain important factors, risks and uncertainties that may affect the business of the SCOR Group. As a result of the extreme and unprecedented volatility and disruption of the current global financial crisis, SCOR is exposed to significant financial, capital market and other risks, including movements in interest rates, credit spreads, equity prices, and currency movements, changes in rating agency policies or practices, and the lowering or loss of financial strength or other ratings.

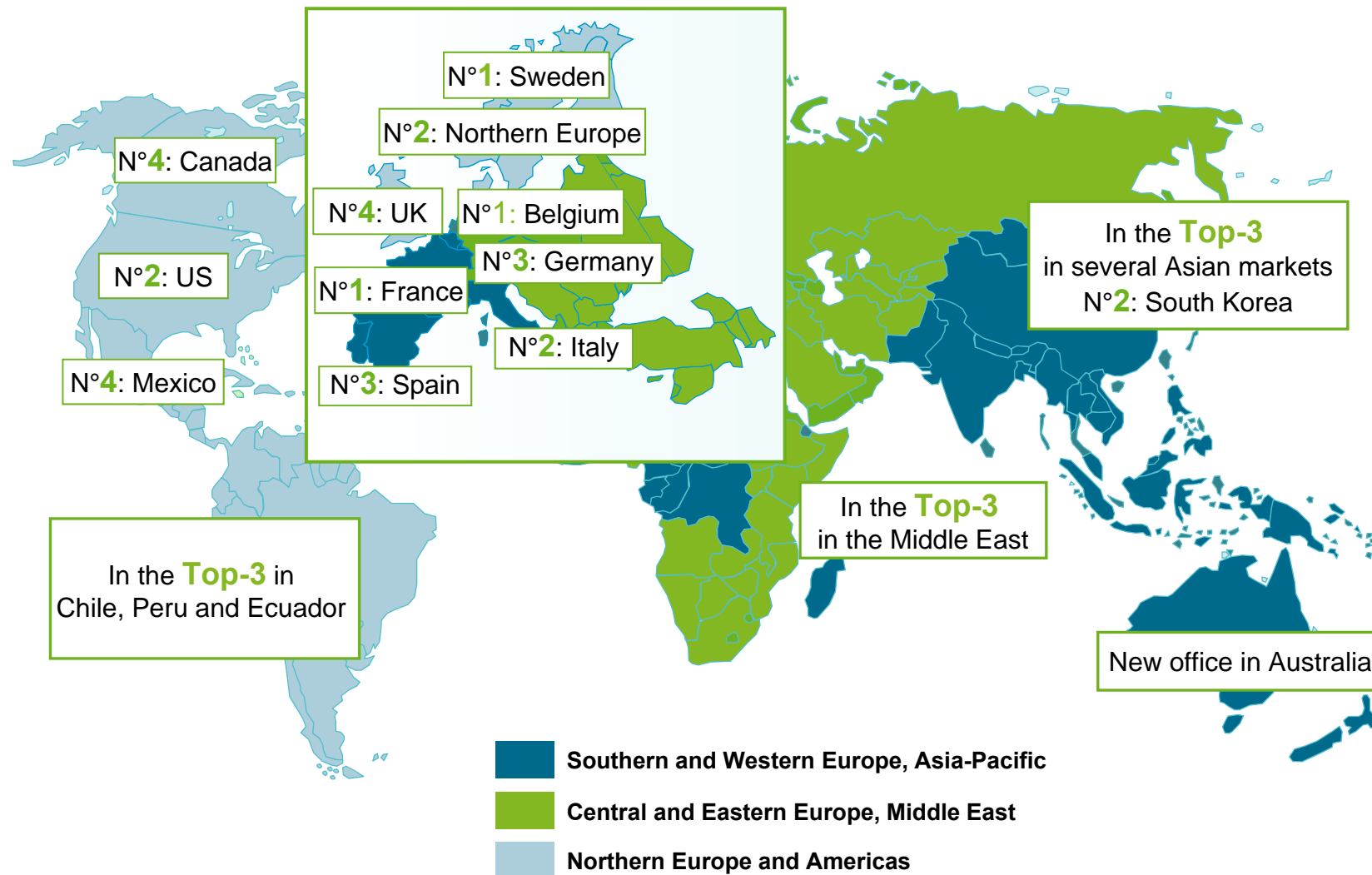
Numbers presented throughout this report may not add up precisely to the totals in the tables and text. Percentages and percent changes are calculated based on rounded figures displayed on the tables and text and may not precisely reflect the percentages and percent changes that would be derived based on figures that would not be rounded.

The numbers take into account Transamerica Re's Embedded Value since its acquisition date of 9th August 2011, i.e. 144 days (09/08-31/12) of full Transamerica Re consolidation.

SCOR Global Life Embedded Value 2011 results

1	SCOR Global Life deepens its franchise with the acquisition of Transamerica Re
2	Strong Embedded Value 2011 development
3	SCOR Global Life continues to provide a stable source of earnings and strong dividends to the SCOR group

SCOR Global Life: a top-tier global Life reinsurer

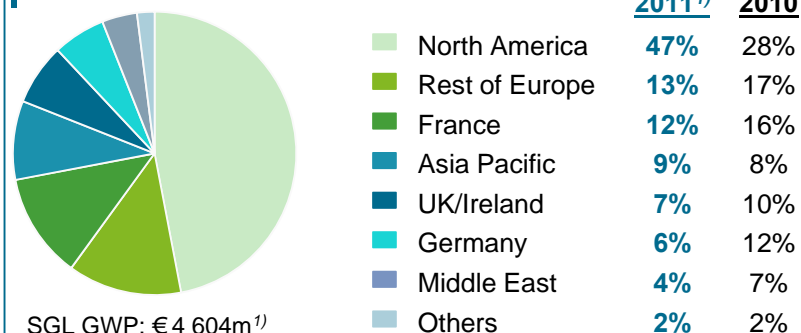


Source: SCOR market study

SCOR Global Life: total biometric focus with stronger diversification thanks to heightened American presence

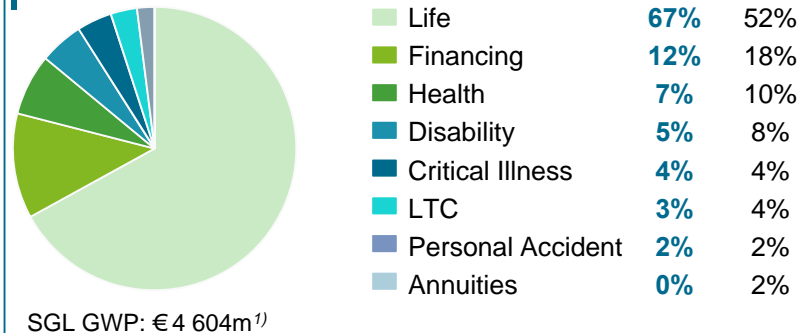
American presence increased thanks to the Transamerica Re acquisition

SCOR Global Life GWP share



Total biometric focus, with no saving products

SCOR Global Life GWP share



- ❑ Focuses on **traditional mortality reinsurance risks**, providing stability of results, with **no underwriting of savings products** (variable or fixed annuities)
- ❑ **Benefits from high barriers of entry** and offers tailor-made and **innovative solutions**, focusing on long-term relationships and access to excellent actuarial & medical assessment tools to understand and price biometric risks
- ❑ Optimally positioned to deliver client solutions thanks to a **strong local presence and global centres of excellence**
- ❑ Consolidates leading position in Life Reinsurance with TaRe acquisition, becoming **#2 in North American Life Reinsurance²⁾** by recurring new business volume
- ❑ Delivers 50% growth on 2010 MCEV (i.e. including TaRe), with a **mature business book expected to provide substantial distributable cash flow** over the next few years
- ❑ Contributes significant value to the Group (**€18.0 MCEV per share**) and reduces the volatility of the entire SCOR portfolio

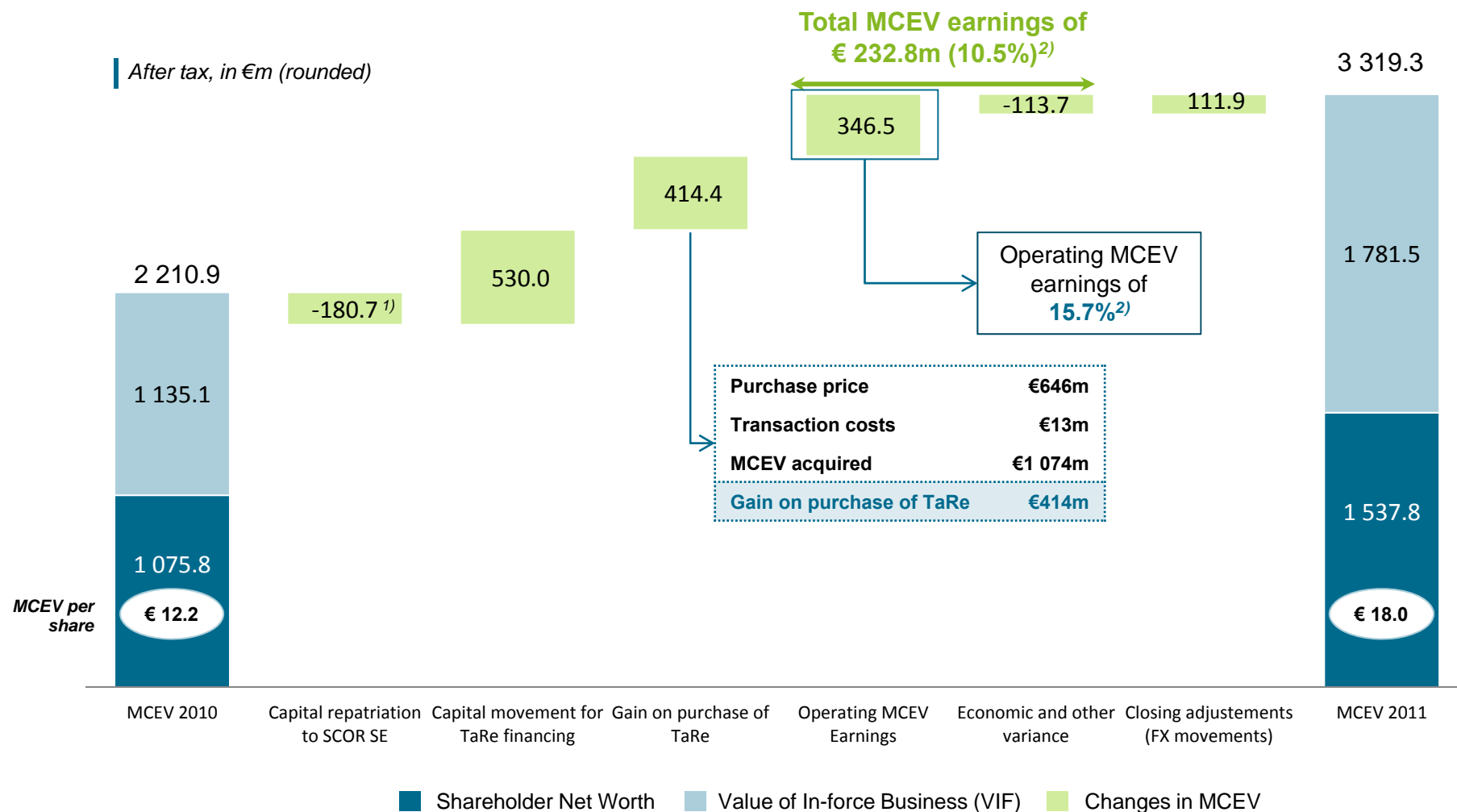
SCOR Global Life Embedded Value 2011 results

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Excellent MCEV development in 2011 continues SCOR Global Life's solid track-record of value creation

- ❑ **MCEV grows by 50.1% to € 3.3 billion (€18.0 per share)** compared to €2.2 billion in 2010 (€ 12.2 per share), supported by a significant MCEV operating profit of € 346 million driven by:
 - **Value of New Business € 124 million**, compared to €57 million in 2010, with a new business margin of 2.9%, compared to 2.4% in 2010
 - and **positive experience variances** of € 43 million compared to €23 million in 2010
- ❑ Transamerica Re acquisition results in an **MCEV gain on purchase of € 414 million** and, the business acquired shows positive mortality experience during the ~5 months¹⁾ since the closing of the transaction
- ❑ **SCOR Global Life continues to generate excess Free Cash flow and repatriate € 181 million to the Group** (including € 140 million dividend payment to SCOR SE)
- ❑ **SGL business model's strength is confirmed**, with biometric focus providing **low MCEV sensitivity to interest rates and financial markets** compared to most primary Life insurers

SCOR Global Life MCEV reaches € 3.3 billion in 2011, driven by gain on purchase of TaRe and MCEV earnings: + 50% compared to 2010



1) Of which € 140 million cash to pay dividends to SCOR SE
 2) For TaRe, on a published basis from the acquisition date on 9th August 2011.

The gain on purchase of the mortality portfolio of TaRe is ~4 times higher on MCEV than IFRS

TaRe acquisition contribution to 2011 on a MCEV basis

in €m (rounded)

	IFRS	MCEV
Net assets/MCEV acquired	773	1 074
- Purchase price ¹⁾	646	646
Profit from a bargain purchase	127	428
- Transaction costs (net of tax)	13	13
Gain on purchase	114	414

Operating EV earnings	90
- Economic and other variances	48
Total EV earnings	42

- Strong gain on purchase on the acquisition of Transamerica Re's mortality portfolio of € 414 million compared to the already solid gain on purchase published in Q4 2011 on IFRS standard
- SCOR Global Life bought the Transamerica Re portfolio at a ~40% discount on a MCEV basis
- Strong operating EV earnings driven by favourable mortality experience confirm valuation assumptions

1) FX used for PGAAP accounting: 1 USD = 0.7028 EUR

Strong operating MCEV earnings of € 346 million

Operating EV earnings				
in €m (rounded)	2010	2011		
	Ex-SGL MCEV	Ex-SGL MCEV	Ex-TaRe MCEV ¹⁾	SGL MCEV
	Value of New Business	56.8	112.9	10.8
Expected existing business contribution	70.8	70.8	12.6	83.3
Experience variances	23.4	-3.4	46.2	42.7
Assumption changes and other operating variances	27.5	76.1	20.6	96.7
Operating EV earnings	178.6	256.4	90.1	346.5

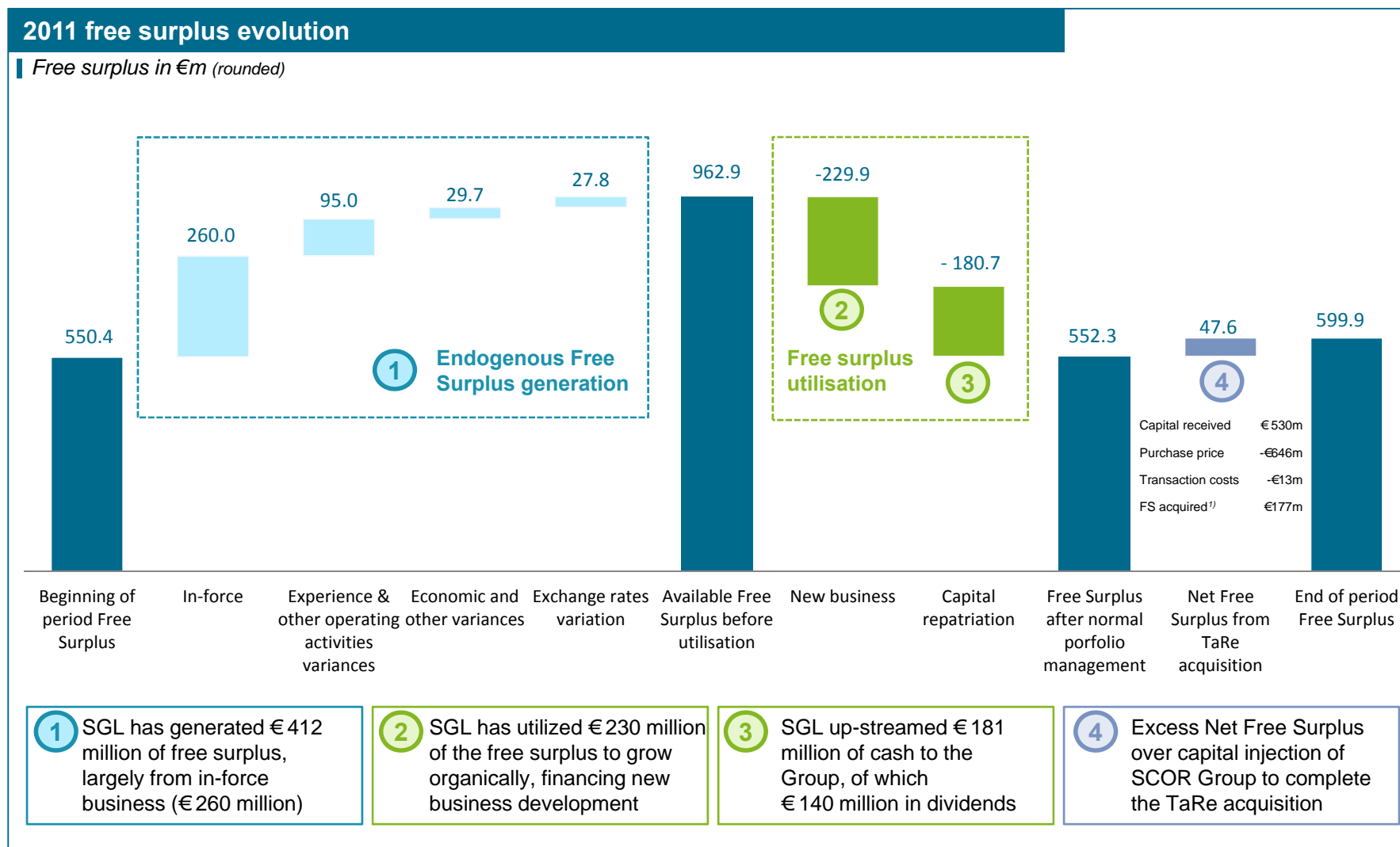
- ❑ **Very strong operating EV earnings of € 346 million**, with significant contribution of Transamerica Re
- ❑ **Growth in new business value** driven by significant organic growth, the implementation of “Strong Momentum” initiatives (e.g. UK Longevity) and by the good performance of the Ex-TaRe business
- ❑ **New business margin²⁾ of 2.9%** (after tax, expenses and cost of capital) compared to 2.4% in 2010
- ❑ On a Pro-forma basis, Ex-TaRe 2011 value of new business reaches approximately €31 million
- ❑ **Assumption changes driven by improvements in risk capital modeling** for ex-SGL business, and in mortality assumptions for ex-TARE business

MCEV earnings at €233 million driven by strong technical performance

Total EV earnings				
in €m (rounded)	2010	2011		
	Ex-SGL MCEV	Ex-SGL MCEV	Ex-TaRe MCEV ¹⁾	SGL MCEV
	EV operating profit	178.6	256.4	90.1
Economic and other variances	64.7	-65.5	-48.2	-113.7
Total EV earnings	243.3	190.9	41.9	232.8

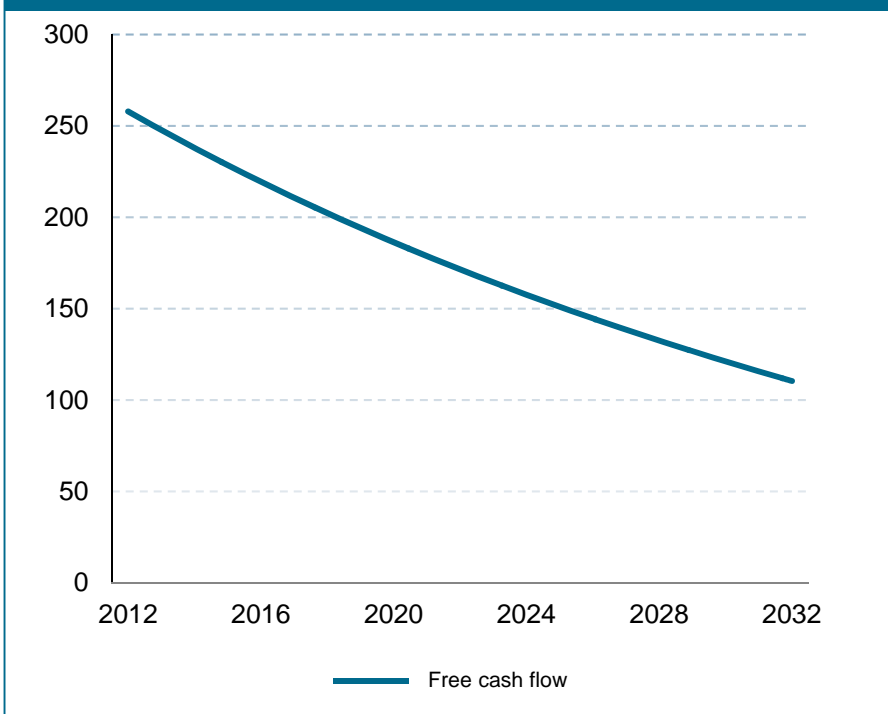
- ❑ Strong EV operating profit partially offset by economic variances, which have been influenced by the lowering of yield curves, in line with published 2010 sensitivities
- ❑ Biometric portfolio with no savings products limits the impact of the low yield environment compared to primary insurers
- ❑ The prudent investment portfolio of SCOR Global Life weathers the impact of Economic and other variances

SCOR Global Life produces significant free cashflow, demonstrating the strength and maturity of the franchise



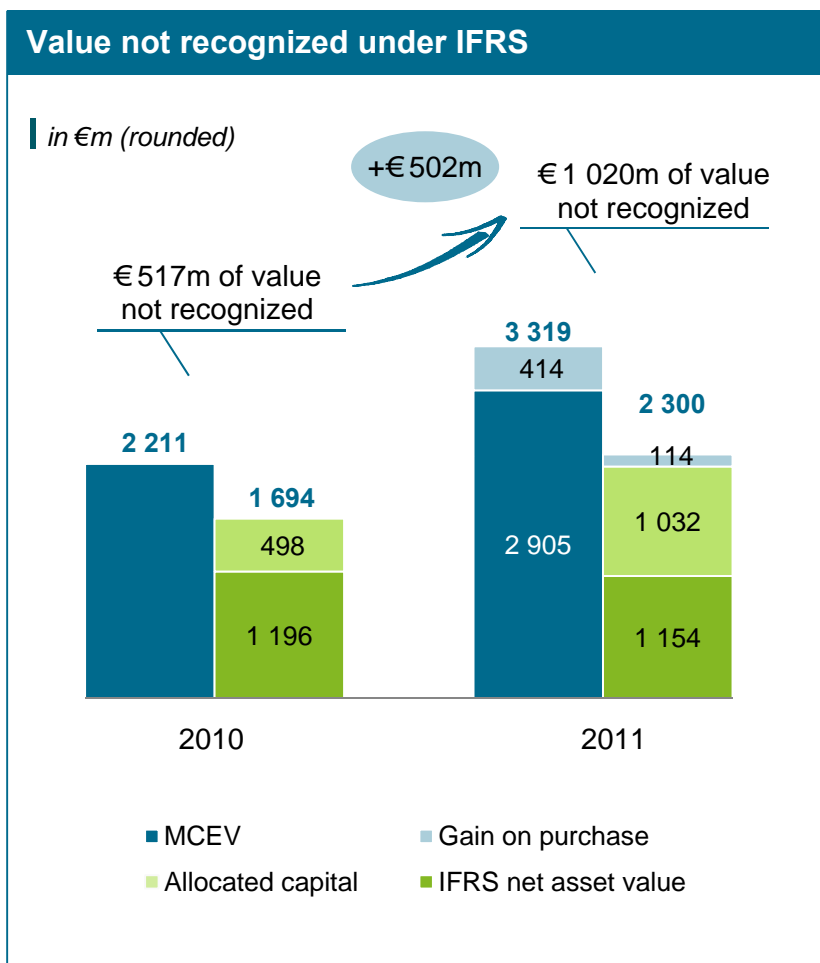
Mature business book expected to provide substantial free cash flow over the next years

Trend line¹⁾ of expected annual free²⁾ cash flow



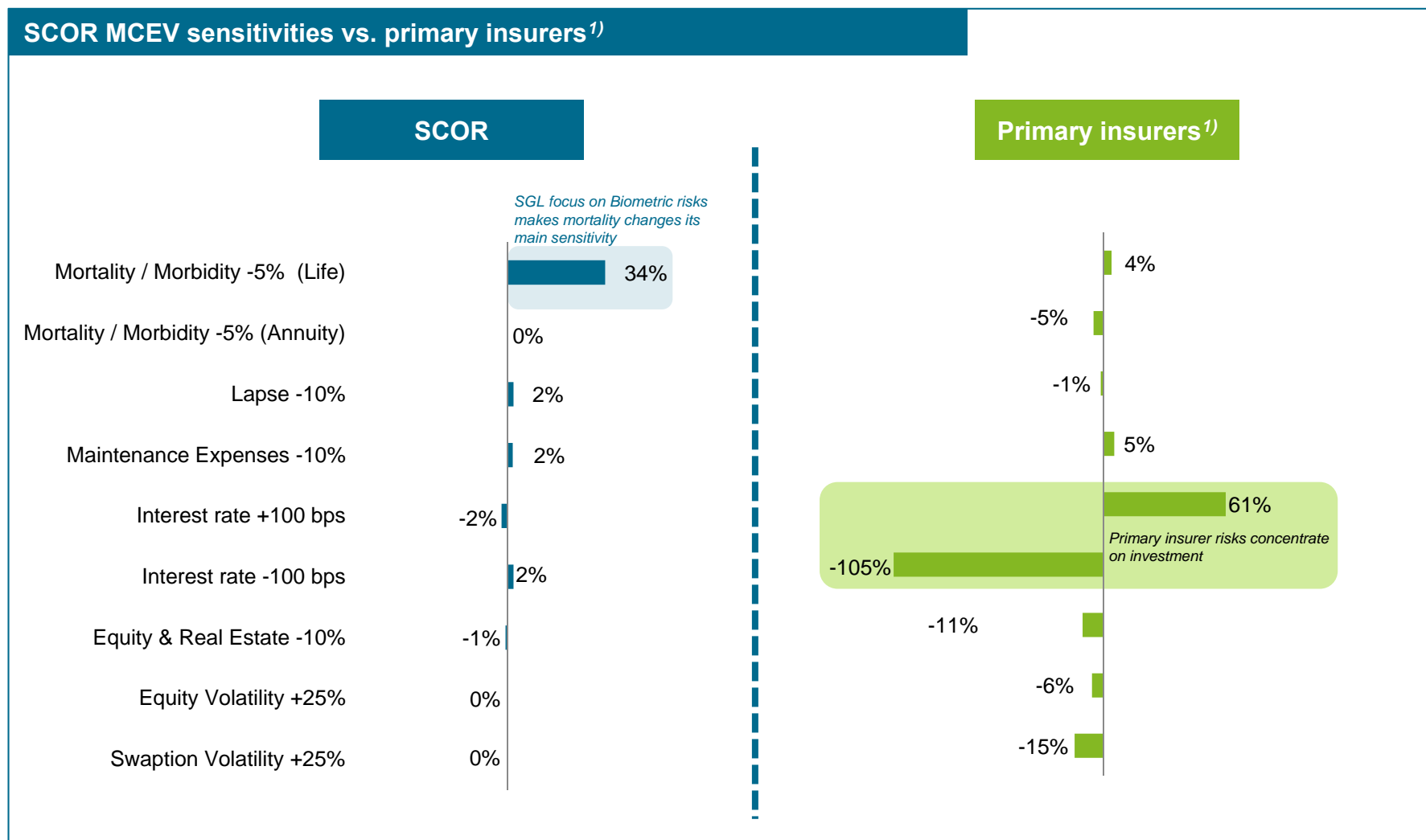
- ❑ Existing business book expected to continue to contribute strongly to the overall free cash flow in the near future
- ❑ Expected undiscounted free cash flow is projected as follows:
 - 21% within the first 5 years
 - 41% within the first 10 years
 - 57% within the first 15 years
 - 70% within the first 20 years
 - 78% within the first 25 years

Sustained growth in value not recognized under IFRS



- EV is more suitable for capturing the economic value of Life business than IFRS accounting
- SCOR Global Life has increased its off-balance sheet value by €502 million, to €1 020 million
- Increase in value not recognized is driven mainly the gain on purchase, which is €114 million under IFRS and €414 million under MCEV methodology

Thanks to its biometric risk focus SCOR Global Life is much less sensitive to interest rate changes than primary Life companies

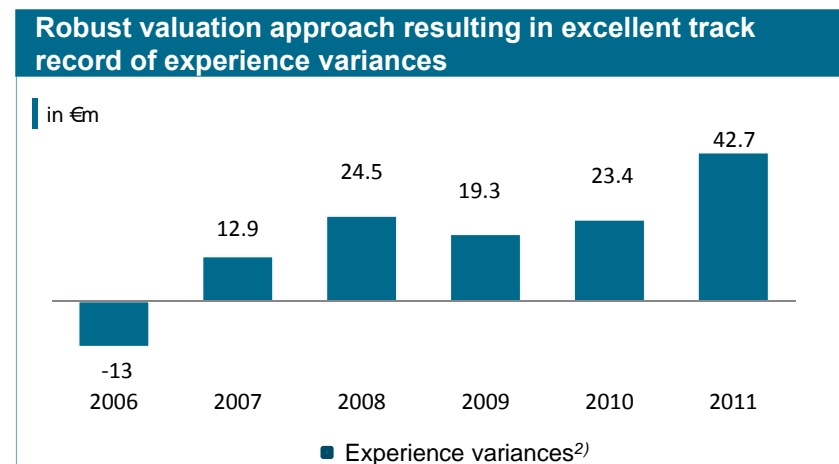
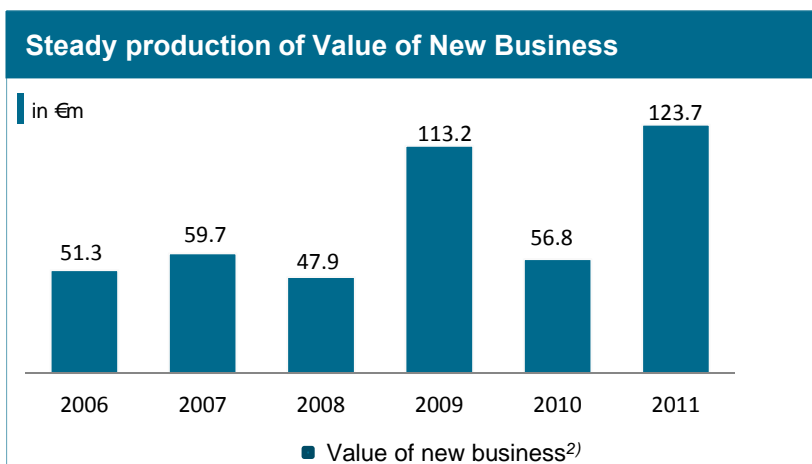
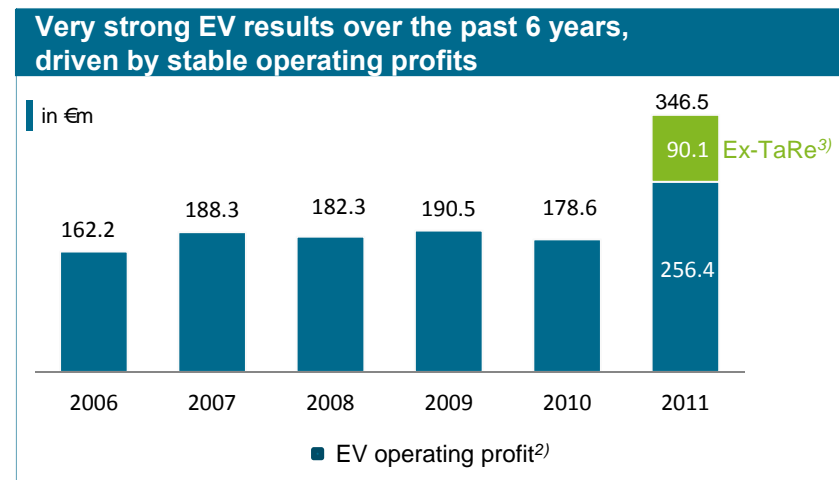
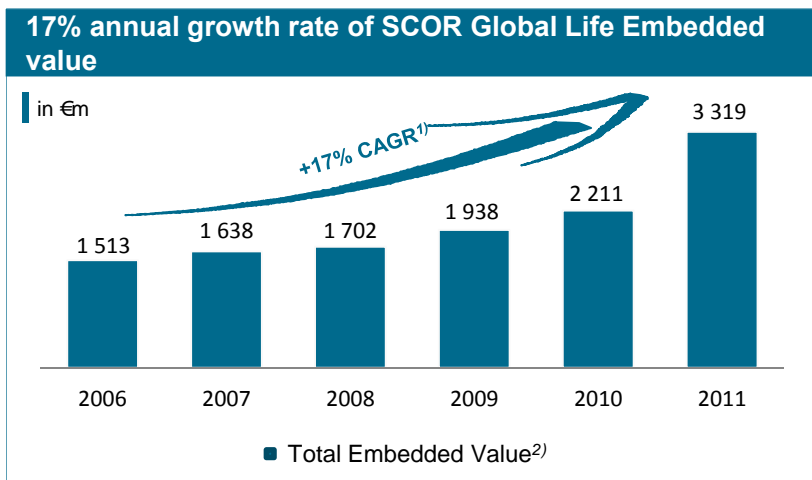


1) The primary insurance peer group is an average of 2011 sensitivities from Allianz, Aviva, Axa, Generali, Munich Re primary insurance

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Excellent EV growth: robust operating profits supported by steady production of Value of New Business and robust track record of experience variances



SCOR Global Life: a consistently strong contributor to SCOR's profitability and earnings diversification

- SCOR Global Life (SGL) **has a strong franchise** with **top positions in Europe and North America** and a **leading role in Asia and the Middle East**, having accelerated its leadership status with the acquisition of **Transamerica Re**

- **50.1% MCEV growth in 2011** (from €12.2 to €18.0 per share), supported by:
 - **The Transamerica Re acquisition, providing strong gain on purchase (€ 414 million)** with significant operating earnings driven by favourable mortality experience confirming valuation assumptions

 - **A traditional Life** portfolio strategy which delivers **robust 2011 MCEV earning results** , once again validating the **diversified business model of SCOR**

 - A **biometric book**, that benefits from **low sensitivity to interest rates and the financial markets**, as demonstrated by robust EV creation even during the financial crisis and in sharp contrast to primary insurer sensitivities

- **SCOR Global Life continues to generate excess Free Cash flow and repatriate it to the Group: € 181 million in 2011** (including € 140 million dividend payment to SCOR SE)

APPENDICES

Appendix A	Methodology
Appendix B	Key economic assumptions
Appendix C	Foreign exchange rates
Appendix D	Sensitivity of MCEV 2010 and VNB 2010 to main assumptions

Appendix A: Methodology

- ❑ MCEV principles applied for the first time in 2010
- ❑ SCOR complies with CFO Forum's MCEV Principles
 - except no disclosure of analysis of change in Group MCEV
- ❑ Economic assumptions
 - risk-free discounting using reference rates
 - reference rates based on swap yield curve with no liquidity premium
 - implied volatilities are derived from market data at the valuation date
 - embedded financial options and guarantees are valued on a market consistent basis
- ❑ Cost of residual non hedgeable risks (CoRNHR) allows for the cost of risks not already allowed for elsewhere in the calculation
 - these costs include operational risk, cedant credit risk, unavoidable market risk, the effect of the asymmetric influence of tax, the effect of asymmetries in risk distributions or asymmetries in the impact of risks on treaties of the portfolio, and an allowance for uncertainty in the best estimate of shareholder cashflows
 - CoRNHR calculated by applying 4% cost of capital charge to non hedgeable risk based capital (NHRBC) without any allowance for diversification with the non-covered business
- ❑ More details in "2011 Market Consistent Embedded Value – Supplementary Information"

Appendix B: Key economic assumptions

Assumptions on risk-free rates (swap rates)






Zero coupon yields	EUR			USD			GBP		
	31/12/2011	09/08/2011	31/12/2010	31/12/2011	09/08/2011	31/12/2010	31/12/2011	09/08/2011	31/12/2010
Term									
5 Years	1.73%	2.19%	2.60%	1.24%	1.34%	2.23%	1.58%	1.93%	2.69%
10 Years	2.43%	3.01%	3.42%	2.09%	2.59%	3.56%	2.36%	3.17%	3.70%
15 Years	2.74%	3.41%	3.79%	2.51%	3.17%	4.12%	2.79%	3.71%	4.09%
20 Years	2.75%	3.46%	3.83%	2.64%	3.42%	4.29%	2.99%	3.88%	4.15%
25 Years	2.65%	3.34%	3.67%	2.70%	3.53%	4.36%	3.13%	3.97%	4.12%
30 Years	2.55%	3.21%	3.47%	2.74%	3.60%	4.39%	3.19%	3.97%	4.04%

Assumptions on tax rates

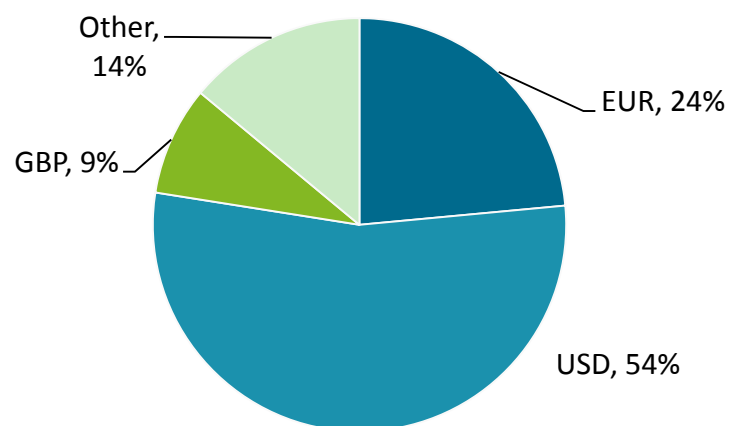
Entity	Tax rate 2011	Tax Rate 2010
France	34.40%	34.43%
Germany	32.50%	31.58%
US	35.00%	35.00%
UK	24.00%	27.00%
Ireland	12.50%	12.50%

Appendix C: Foreign exchange rates

Foreign Exchange rates

1 Euro =	31 Dec. 2011	9 Aug. 2011	31 Dec. 2010	Variation 11/10
 USD	1.3030	1.4189	1.3435	-3%
 GBP	0.8417	0.8698	0.8487	-1%
 SEK	9.1039	9.2337	9.1284	0%
 CAD	1.3477	1.4052	1.3531	0%
 CHF	1.2321	1.0791	1.2916	-5%

Estimated split of the MCEV by main currencies



Appendix D: Main sensitivities of MCEV 2011

<i>after tax, in €m</i>	2011 MCEV	Δ from base case	2011 Variation	2010 Variation
Base case	3 319.3			
Mortality/Morbidity -5% (life insurance)	4 454.6	1 135.4	34.2%	13.3%
No mortality improvements (life insurance)	1 734.8	-1 584.4	-47.7%	-14.0%
Mortality/Morbidity -5% (annuities)	3 319.7	0.4	0.0%	0.2%
Lapse rates -10%	3 392.0	72.7	2.2%	2.4%
Maintenance expenses -10%	3 383.4	64.1	1.9%	1.5%
Interest rates +100 bps	3 251.5	- 67.8	-2.0%	1.9%
Interest rates -100 bps	3 392.0	72.7	2.2%	-1.2%
Equity and property capital values -10%	3 299.1	- 20.2	-0.6%	-0.8%
Equity and property implied volatility +25%	3 316.3	- 2.9	-0.1%	-0.1%
Swaption implied volatility +25%	3 319.0	- 0.2	-0.0%	-0.0%

Appendix D: Main sensitivities of VNB 2011

<i>after tax, in €m</i>	2011 VNB	Δ from base case	2011 Variation	2010 Variation
Base case	123.7			
Mortality/Morbidity -5% (life insurance)	172.7	49.0	39.6%	57.4%
No mortality improvements (life insurance)	52.7	-71.0	-57.4%	-63.9%
Mortality/Morbidity -5% (annuities)	116.3	-7.4	-5.9%	0.7%
Lapse rates -10%	132.2	8.6	6.9%	12.6%
Maintenance expenses -10%	128.8	5.1	4.1%	2.6%
Interest rates +100 bps	118.1	-5.6	-4.5%	0.1%
Interest rates -100 bps	125.0	1.3	1.1%	-5.4%
Equity and property capital values -10%	123.7	-	-	-
Equity and property implied volatility +25%	123.7	-	-	-
Swaption implied volatility +25%	123.7	-	-	-