CONSOLIDATED FINANCIAL STATEMENTS

(ARTICLES L 225-115, 1° and R 225-83, 6° OF THE FRENCH COMMERCIAL CODE)

The consolidated financial statements for the year ended 31 December 2012 are presented below:

ASSETS In EUR million		AS AT 31 DECEMBER 2012	2011
Intangible assets		**1,941**	**1,969**
Goodwill	Notes 3, 4	788	788
Value of business acquired	Note 4	1,031	1,069
Other intangible assets	Note 4	122	112
Tangible assets	**Note 5**	**541**	**515**
Insurance business investments		**21,114**	**20,148**
Real estate investments	Note 6	584	499
Available-for-sale investments	Note 6	10,667	9,492
Investments at fair value through income	Note 6	216	127
Loans and receivables	Note 7	9,535	9,872
Derivative instruments	Note 8	112	158
Investments in associates	**Note 9**	**84**	**83**
Share of retrocessionaires in insurance and investment contract liabilities	**Note 16**	**1,322**	**1,251**
Other assets		**6,122**	**6,072**
Deferred tax assets	Note 19	688	653
Assumed insurance and reinsurance accounts receivable	Note 10	4,205	4,084
Receivables from ceded reinsurance transactions	Note 10	76	175
Taxes receivable		92	47
Other assets		251	391
Deferred acquisition costs	Note 11	810	722
Cash and cash equivalents	**Note 12**	**1,466**	**1,281**
TOTAL ASSETS		**32,590**	**31,319**

LIABILITIES In EUR million		AS AT 31 DECEMBER 2012	2011
Shareholders' equity – Group share	**Note 13**	**4,803**	**4,403**
Share capital		1,515	1,513
Additional paid-in capital		840	835
Revaluation reserves		66	(178)
Consolidated reserves		2,082	1,961
Treasury shares		(163)	(121)
Net income for the year		418	330
Equity based instruments		45	63
Non-controlling interest		**7**	**7**
TOTAL SHAREHOLDERS' EQUITY		**4,810**	**4,410**
Financial debt	**Note 14**	**1,647**	**1,425**
Subordinated debt		1,212	992
Real estate financing		409	419
Other financial debt		26	14
Contingency reserves	**Note 15**	**117**	**119**
Contract liabilities		**23,834**	**23,307**
Insurance contract liabilities	Note 16	23,692	23,162
Investment contract liabilities	Note 16	142	145
Other liabilities		**2,182**	**2,058**
Deferred tax liabilities	Note 19	332	254
Derivative instruments	Note 8	40	52
Assumed insurance and reinsurance payables	Note 10	358	237
Accounts payable on ceded reinsurance transactions	Note 10	888	852
Taxes payable		68	122
Other liabilities		496	541
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**32,590**	**31,319**

1.1.1 CONSOLIDATED STATEMENTS OF INCOME

In EUR million		FOR THE YEAR ENDED 31 DECEMBER 2012	2011	2010
Gross written premiums	Note 2	9,514	7,602	6,694
Change in unearned premiums		(147)	(187)	(109)
Gross earned premiums		**9,367**	**7,415**	**6,585**
Other income and expense from reinsurance operations		(36)	(55)	(23)
Investment income	Note 20	625	665	708
Total income from ordinary activities		**9,956**	**8,025**	**7,270**
Gross benefits and claims paid		(6,613)	(5,654)	(4,791)
Gross commission on earned premiums		(1,909)	(1,577)	(1,408)
Net results of retrocession	Note 21	(189)	(7)	(160)
Investment management expenses	Note 22	(30)	(26)	(24)
Acquisition and administrative expenses	Note 22	(349)	(292)	(263)
Other current operating expenses	Note 22	(177)	(120)	(105)
Total other current operating income and expense		**(9,267)**	**(7,676)**	**(6,751)**
CURRENT OPERATING RESULTS		**689**	**349**	**519**
Other operating expenses		(50)	(30)	(29)
Other operating income		6	4	-
OPERATING RESULTS (BEFORE IMPACT OF ACQUISITIONS)		**645**	**323**	**490**
Acquisition related expenses [(1)]		(13)	(33)	-
Gain from bargain purchase	Note 3	-	127	-
OPERATING RESULTS		**632**	**417**	**490**
Financing expenses	Note 14	(106)	(94)	(46)
Share in results of associates		-	7	11
CONSOLIDATED INCOME, BEFORE TAX		**526**	**330**	**455**
Corporate income tax	Note 19	(108)	-	(36)
CONSOLIDATED NET INCOME		**418**	**330**	**419**
Attributable to:				
Non-controlling interests		-	-	1
Group share		418	330	418
In EUR				
Earnings per share	Note 23	2.28	1.80	2.32
Earnings per share (Diluted)	Note 23	2.24	1.77	2.27

(1) Includes acquisition related expenses with respect to the acquisition of Transamerica Re. For further detail refer also to Note 3.3 – Business Combination

1.1.2 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

In EUR million		FOR THE YEAR ENDED 31 DECEMBER 2012	2011	2010
Consolidated net income		**418**	**330**	**419**
Other comprehensive income		**206**	**(136)**	**149**
Revaluation - Assets available for sale		331	(307)	87
Shadow accounting		8	(4)	(67)
Effect of changes in foreign exchange rates		(20)	117	136
Net losses on cash flow hedges		(25)	(21)	-
Taxes recorded directly in equity	Note 19	(73)	83	5
Actuarial losses not recognized in income		(17)	(5)	(14)
Other changes		2	1	2
COMPREHENSIVE INCOME, NET OF TAX		**624**	**194**	**568**
Attributable to:				
Non-controlling interests		-	-	-
Group share		624	194	568

1.1.3 CONSOLIDATED STATEMENTS OF CASH FLOWS

In EUR million		FOR THE YEAR ENDED 31 DECEMBER 2012	2011	2010
Net cash flow provided by (used in) operations	**Note 12**	**761**	**530**	**656**
Acquisitions of consolidated entities, net of cash acquired		-	(48)	-
Disposals of consolidated entities, net of cash disposed of [1]		(3)	9	-
Acquisitions of real estate investments		(95)	(150)	(88)
Disposals of real estate investments		84	30	23
Acquisitions of other insurance business investments [2]		(12,577)	(15,570)	(11,012)
Disposals of other insurance business investments [2]		12,227	15,351	10,382
Acquisitions of tangible and intangible assets		(74)	(202)	(36)
Disposals of tangible and intangible assets		-	-	1
Cash flows provided by (used in) investing activities		**(438)**	**(580)**	**(730)**
Issuance of equity instruments		9	76	(3)
Treasury share transactions		(65)	(41)	(5)
Dividends paid		(203)	(201)	(137)
Cash generated by issuance of financial debt		294	770	70
Cash used to redeem financial debt		(75)	(290)	(206)
Interest paid on financial debt		(106)	(42)	(33)
Cash flows generated by (used in) financing activities		**(146)**	**272**	**(314)**
Effect of change in foreign exchange rates on cash and cash equivalents		8	52	70
TOTAL CASH FLOW		**185**	**274**	**(318)**
Cash and cash equivalents at 1 January	**Note 12**	**1,281**	**1,007**	**1,325**
Net cash flows from operations		761	530	656
Net cash flows from investing activities		(438)	(580)	(730)
Net cash flows from financing activities		(146)	272	(314)
Effect of change in foreign exchange rates on cash and cash equivalents		8	52	70
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		**1,466**	**1,281**	**1,007**

(1) Settlement of certain contingencies in 2012 related to the US Fixed Annuity Business sold in 2011 – refer to Note 3 – Acquisitions and disposals

(2) Acquisitions and disposals of other insurance business investments also include movements relating to bonds and other short term investments which have a maturity date of < 3 months, and are classified as cash equivalents

1.1.4 CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

In EUR million	Share capital	Additional paid-in capital	Revaluation reserves	Consolidated reserves	Treasury shares	Net income for the year	Equity based instrumens	Non controlling interests	Total consolidated
Shareholders' equity at 1 January 2010	**1,459**	**774**	**37**	**1,324**	**(107)**	**370**	**37**	**7**	**3,901**
Allocation of prior year net income	**-**	**-**	**-**	**370**	**-**	**(370)**	**-**	**-**	**-**
Net income for year ended 31 December 2010	**-**	**-**	**-**	**-**	**-**	**418**	**-**	**1**	**419**
Other comprehensive income net of tax	**-**	**-**	**19**	**131**	**-**	**-**	**-**	**(1)**	**149**
Revaluation – Assets available for sale	-	-	87	-	-	-	-	-	87
Shadow accounting	-	-	(67)	-	-	-	-	-	(67)
Effect of changes in foreign exchange rates	-	-	-	136	-	-	-	-	136
Taxes recorded directly in equity	-	-	(1)	6	-	-	-	-	5
Actuarial losses not recognized in income	-	-	-	(14)	-	-	-	-	(14)
Other changes	-	-	-	3	-	-	-	(1)	2
Comprehensive income, net of tax	**-**	**-**	**19**	**131**	**-**	**418**	**-**	**-**	**568**
Share-based payments	-	-	-	-	4	-	19	-	23
Other changes	(1)	1	-	-	-	-	-	-	-
Capital transactions	21	21	-	(3)	-	-	-	-	39
Dividends paid	-	-	-	(179)	-	-	-	-	(179)
SHAREHOLDERS' EQUITY 31 DECEMBER 2010	**1,479**	**796**	**56**	**1,643**	**(103)**	**418**	**56**	**7**	**4,352**
Allocation of prior year net income	**-**	**-**	**-**	**418**	**-**	**(418)**	**-**	**-**	**-**
Net income for year ended 31 December 2011	**-**	**-**	**-**	**-**	**-**	**330**	**-**	**-**	**330**
Other comprehensive income net of tax	**-**	**-**	**(234)**	**98**	**-**	**-**	**-**	**-**	**(136)**
Revaluation – Assets available for sale	-	-	(307)	-	-	-	-	-	(307)
Shadow accounting	-	-	(4)	-	-	-	-	-	(4)
Effect of change in foreign exchange rates	-	-	-	117	-	-	-	-	117
Net losses on cash flow hedges	-	-	-	(21)	-	-	-	-	(21)
Taxes recorded directly in equity	-	-	77	6	-	-	-	-	83
Actuarial losses not recognized in income	-	-	-	(5)	-	-	-	-	(5)
Other changes	-	-	-	1	-	-	-	-	1
Comprehensive income, net of tax	**-**	**-**	**(234)**	**98**	**-**	**330**	**-**	**-**	**194**
Share-based payments	-	-	-	-	(18)	-	7	-	(11)
Other changes	-	-	-	-	-	-	-	-	-
Capital transactions	34	42	-	-	-	-	-	-	76
Dividends paid	-	(3)	-	(198)	-	-	-	-	(201)
SHAREHOLDERS' EQUITY 31 DECEMBER 2011	**1,513**	**835**	**(178)**	**1,961**	**(121)**	**330**	**63**	**7**	**4,410**

In EUR million	Share capital	Addit-ional paid-in capital	Reva-luation reserves	Conso-lidated reserves	Treasury share)	Net income for the year	Equity based instru-mens	Non control-ling interests	Total conso-lidated
Shareholders' equity at 31 December 2011	**1,513**	**835**	**(178)**	**1,961**	**(121)**	**330**	**63**	**7**	**4,410**
Allocation of prior year net income	**-**	**-**	**-**	**330**	**-**	**(330)**	**-**	**-**	**-**
Net income for year ended 31 December 2012	**-**	**-**	**-**	**-**	**-**	**418**	**-**	**-**	**418**
Other comprehensive income net of tax	**-**	**-**	**244**	**(38)**	**-**	**-**	**-**	**-**	**206**
Revaluation – Assets available for sale	-	-	331	-	-	-	-	-	331
Shadow accounting	-	-	8	-	-	-	-	-	8
Effect of change in foreign exchange rates	-	-	-	(20)	-	-	-	-	(20)
Losses on cash flow hedges	-	-	-	(25)	-	-	-	-	(25)
Taxes recorded directly in equity	-	-	(95)	22	-	-	-	-	(73)
Actuarial losses not recognized in income	-	-	-	(17)	-	-	-	-	(17)
Other changes	-	-	-	2	-	-	-	-	2
Comprehensive income, net of tax	**-**	**-**	**244**	**(38)**	**-**	**418**	**-**	**-**	**624**
Share-based payments	-	-	-	30	(42)	-	(18)(1)	-	(30)
Other changes	-	-	-	2	-	-	-	-	2
Capital transactions	2	5	-	-	-	-	-	-	7
Dividends paid	-	-	-	(203)	-	-	-	-	(203)
SHAREHOLDERS' EQUITY 31 DECEMBER 2012	**1,515**	**840**	**66**	**2,082**	**(163)**	**418**	**45**	**7**	**4,810**

(1) Includes the reclassification of share-based payments of EUR 30 million related to vested option plans to retained earnings.

1.1.5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.1.5.1 NOTE 1 - ACCOUNTING PRINCIPLES AND METHODS

(A) GENERAL INFORMATION

SCOR SE ("the Company") is a European Company (Societas Europaea) domiciled in France and governed by the provisions of French law relating to European Companies as well as by the French corporate law provisions applicable to Sociétés Anonymes where this is not contrary to the specific provisions applicable to European Companies. SCOR's shares are publicly traded on the Eurolist by Euronext Paris stock market and on the SIX Swiss Exchange (formerly known as the SWX Swiss Exchange). The principle activities of the Company and its subsidiaries ("the Group" or "SCOR") are Life and Non-Life reinsurance.

The consolidated financial statements were presented by Group Management to the Audit Committee. The Management and the Audit Committee report to the Board of Directors, which authorized the consolidated financial statements on 5 March 2013.

The consolidated financial statements as at and for the year ended 31 December 2012 will be presented for approval at the Annual General Meeting which will take place on 25 April 2013.

(B) BASIS OF PREPARATION

SCOR's consolidated financial statements for the years ended 31 December 2012, 2011 and 2010 have been prepared in compliance with IFRS issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("EU") and effective as at 31 December 2012. The term "IFRS" refers collectively to International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) and to Interpretations of the Interpretations Committees (Standing Interpretations Committee (SIC) and IFRS Interpretations Committee (IFRIC)) mandatorily applicable as at 31 December 2012. Refer to Note 1 (D) below for a detail overview on the new and amended International Financial Reporting Standards adopted by the Group as endorsed by the European Union applicable in 2012 and the standards which have been issued by the IASB during the period but have not been adopted by the European Union.

Reclassifications

As part of implementing one consistent general ledger across Group entities in 2012, certain general ledger accounts were remapped at consolidation level. The remapping has not had any material impact on the consolidated financial statements.

Certain reclassifications have been made to 2010 financial information to conform to the current year and 2011 presentation. The changes are related to the new cost allocation methodology of the Group which was refined in the preparation of segment information, resulting in a new corporate cost center being created, Group Functions. For further detail refer to Note 2 – Segment Information.

Use of estimates

The preparation of the consolidated financial statements requires management to make certain judgments, assumptions and estimates. These affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent assets and liabilities at the reporting date. Management reviews these estimates and assumptions periodically, based on past experience and other factors. The actual outcome and results could differ substantially from estimates and assumptions made. The most material financial statement captions for which the Group uses estimates and assumptions are reinsurance reserves, receivables and liabilities relating to reinsurance operations, the fair value and impairment of financial instruments, intangible assets, retirement and other defined benefit plans and deferred taxes.

Allocation of expenses by function

In conformity with IAS 1 - Presentation of Financial Statements, the Group has opted to present expenses by function in the statement of income. The costs are allocated to four categories (acquisition and administrative expenses, claims settlement expenses, investment management expenses and other current operating expenses) based on allocation keys which are determined based on management's judgment. Hub shared service costs are allocated to the divisions based on a headcount allocation key.

(C) BASIS OF CONSOLIDATION

All material entities, in which SCOR owns directly or indirectly more than 50% of outstanding voting rights or has otherwise power of control, are fully consolidated. Control is the authority to direct financial and operational policies in order to obtain benefits from their operations.

Special Purpose Entities (SPE) are consolidated where the substance of the relationship is that the SPE is controlled by the Group. The Group sponsors a number of catastrophe bond notes issued by Atlas Special Purpose Vehicles (SPVs).

The SPVs allow the retrocession of catastrophe losses financed by the issuance of catastrophe bonds. In accordance with SIC 12 Consolidation - Special Purpose Entities, these vehicles are not consolidated by the Group as SCOR does not control these entities and is not liable for any residual risks or benefits of ownership.

Subsidiaries are consolidated from the time the Group takes control until the date control is transferred outside the Group or control ceases. Certain subsidiaries have been included within the Group financial statements under the equity method and are not fully consolidated on a line by line basis as they are immaterial to the Group consolidated financial statements.

The Group's investments in associated companies are recorded using the equity method. Associated entities are companies in which the Group exercises significant influence but not control. Significant influence generally occurs when the Group owns, directly or indirectly, between 20% and 50% of the outstanding voting rights. Joint ventures, where there is joint control, are accounted for using the equity method.

Mutual funds and real estate entities are fully consolidated or recorded using the equity method in accordance with the afore-mentioned rules. The non-controlling interest in fully consolidated mutual funds are stated under other liabilities as the third party holders have an unconditional right to sell their holdings to SCOR.

The financial statements of the material subsidiaries are prepared for the same accounting period as that of the parent company. All material intra-Group balances and transactions including the results of inter-company transactions are eliminated.

The Group's consolidated financial statements are presented in Euros (EUR) and all values are rounded to the nearest EUR million except where stated otherwise. The other key currencies in which the Group conducts business and the exchange rates used for the preparation of the 2012 financial statements are as follows:

Currency	Ending rate 2012	Average rate 2012
USD	0.7579	0.7754
GBP	1.2253	1.2331
CAD	0.7612	0.7758

Currency	Ending rate 2011	Average rate 2011
USD	0.7729	0.7148
GBP	1.1972	1.1475
CAD	0.7567	0.7227

Currency	Ending rate 2010	Average rate 2010
USD	0.7484	0.7585
GBP	1.1618	1.1691
CAD	0.7506	0.7334

(D) IFRS STANDARDS EFFECTIVE DURING THE PERIOD AND IFRS STANDARDS NOT YET EFFECTIVE

The Group has adopted the following amended International Financial Reporting Standard as adopted by the European Union applicable as at 31 December 2012 resulting in no material impact on the Group's consolidated financial statements:

- Amendments to IFRS 7 – Enhanced Derecognition Disclosure Requirements which became effective for any period beginning on or after 1 July 2011, require additional disclosures of financial assets that have been derecognized but in which the entity has a 'Continuing Involvement'. The application of these amendments has not had a material impact on the Group's consolidated financial statements.

The following standards have been issued by International Financial Reporting Standards Board during the period but are not yet effective or have not been adopted by the European Union:

- Amendments to IAS 1 – Presentation of Financial Statements was issued in June 2011 and requires entities to separate items presented in Other Comprehensive Income into two groups based on whether or not they are able to be recycled to profit or loss in the future. The European Union endorsed the amendments to IAS 1 on 5 June 2012. The application of these amendments which has become effective for annual periods beginning on or after 1 July 2012 is not expected to have a material impact on the Group's consolidated financial statements.
- Amendments to IAS 12 – Recovery of Underlying Assets introduces an exception to the measurement principles of deferred tax assets and liabilities arising from assets measured using the fair value model under IAS 40, Investment Property. The European Union endorsed the amendments to IAS 12 on

11 December 2012. The application of these amendments becomes effective for annual periods beginning on or after 1 January 2013. The application of these amendments is not expected to have a material impact on the Group's consolidated financial statements.

- Amendments to IAS 19 – Employee Benefits were issued in June 2011, which make significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to disclosures for all employee benefit plans. The European Union endorsed the amendments to IAS 19 on 5 June 2012. These amendments are applicable for annual periods beginning on or after 1 January 2013, with earlier adoption permitted. For SCOR, the main change of the amendments to IAS 19 compared to the present standard is the removal of the concept of expected return on plan assets that were previously recognised in profit and loss. Instead, net interest expense will be calculated on a net funding basis. This will result in an overall increase of the net periodic pension cost in future periods. However, the profit and loss impact to SCOR is not expected to be material. In addition, actuarial gains and losses must be recorded directly under other comprehensive income. This method is already applied by SCOR and therefore this amendment to IAS 19 does not impact the Group's consolidated financial statements.
- Amendments to IFRS 7 – Offsetting financial assets and financial liabilities require an entity to disclose information about rights to set-off related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. The European Union endorsed the amendments on 13 December 2012. These amendments will not impact the Group's financial position or performance and become effective for annual periods beginning on or after 1 January 2013.
- IFRS 13 – Fair Value Measurement provides guidance on how to measure the fair value of financial and non-financial assets and liabilities when required or permitted by IFRS. The European Union has endorsed IFRS 13 on 11 December 2012. The standard is effective for annual periods on or after 1 January 2013. The adoption of IFRS 13 could affect some of the fair value of certain assets and liabilities. The Group is currently assessing the impact that this standard will have on its financial position and performance.
- IFRS 10 – Consolidated Financial Statements replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 Consolidation – Special Purpose Entities. The standard establishes a single control model that applies to all entities. It will require management to exercise judgment to determine which entities are controlled, and therefore are required to be consolidated by a parent. The European Union endorsed IFRS 10 on 11 December 2012. This standard is effective for annual periods beginning on or after 1 January 2013 for companies preparing financial statements in compliance with IFRS issued by the IASB and on or after 1 January 2014 for European listed Companies. The adoption of IFRS 10 is not expected to have a material impact on the Group's consolidated financial statements.
- IFRS 11 – Joint Arrangements replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities – Non-monetary Contributions by Venturers. The standard addresses two forms of joint arrangements, i.e. joint operations and joint ventures. To assess whether there is joint control IFRS 11 uses the principle of control in IFRS 10. The existing option to account for jointly controlled entities under IAS 31 using proportionate consolidation is removed in this standard. The European Union endorsed IFRS 11 on 11 December 2012. This standard is effective for annual periods beginning on or after 1 January 2013 for companies preparing financial statements in compliance with IFRS issued by the IASB and on or after 1 January 2014 for European listed Companies. SCOR has no material joint arrangements. As such the adoption of this standard is expected to have no impact on the financial statement of the Group.
- IFRS 12 – Disclosure of Interests in Other Entities includes all the disclosures that were previously in IAS 27, IAS 31 and IAS 28 Investment in Associates. A number of new disclosures are added to the existing requirements such as the judgments made to determine whether control of another entity exists. The European Union endorsed IFRS 12 on 11 December 2012. This standard is effective for annual periods beginning on or after 1 January 2013 for companies preparing financial statements in compliance with IFRS issued by the IASB and on or after 1 January 2014 for European listed Companies. IFRS 12 is a disclosure only standard and therefore will have no effect on profit or loss or the equity of the Group.
- As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The European Union endorsed the amendments to IAS 27 on 11 December 2012. The amendments are effective for annual periods beginning on or after 1 January 2013 for companies preparing financial statements in compliance with IFRS issued by the IASB and on or after 1 January 2014 for European listed Companies. The Group does not present standalone IFRS financial statements.

- As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The European Union endorsed the amendments to IAS 28 on 11 December 2012. The amendments are effective for annual periods beginning on or after 1 January 2013 for companies preparing financial statements in compliance with IFRS issued by the IASB and on or after 1 January 2014 for European listed Companies. The amendments to IAS 28 are not expected to impact the Group's financial position or performance.
- Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems which apply gross settlement mechanisms that are not simultaneous. The European Union endorsed the amendments on 13 December 2012. These amendments are not expected to impact the Group's financial position or performance and become effective for annual periods beginning on or after 1 January 2014.
- IFRS 9 Financial Instruments: Classification and Measurement reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities. The standard is effective for annual periods beginning on or after 1 January 2015. In subsequent phases, the IASB will address impairment and hedge accounting. The European Union has not decided yet whether to adopt IFRS 9 or not. The adoption of IFRS 9 will affect the classification and measurement of the Group's financial assets. However, the Group determined that the effect will be quantified only in conjunction with the other phases when issued, to present a comprehensive picture.

(E) FOREIGN CURRENCY TRANSLATION AND TRANSACTIONS

Where the functional currency of an entity is not the same as the reporting currency used to present the Group's consolidated financial statements, assets and liabilities of the entity are translated using the exchange rate at the balance sheet date and the statement of income is translated using the average exchange rate for the period. Translation differences are recognized directly in shareholders' equity as "translation adjustments". The foreign exchange rate used for this purpose are stated under Note 1 (C). Transactions denominated in foreign currencies (currencies other than the functional currency) are translated into the functional currency at the rate of exchange at the date of the transaction (for practical purposes, an average rate is used). These rates may differ from the rates used to translate functional currency into reporting currency as mentioned above.

At each period end, the entity must translate the items on its balance sheet which are denominated in a foreign currency into the functional currency, using the following procedures:

- monetary items and non-monetary items classified as fair value through income are translated at end of period exchange rates and the resulting gains and losses are recorded in the statement of income;
- other non-monetary items are translated:
  - at the exchange rates in effect on the transaction date for items valued at historical cost; or
  - at end of period exchange rates if they are valued at fair value; and
  - to the extent that any gains or losses arise, these are directly recorded in shareholders' equity. In particular this affects foreign exchange differences for available for sale equity securities and exchange differences resulting from the conversion of these items are also directly recorded in shareholders' equity;
- the gains and losses resulting from the translation of net foreign investment hedges are recorded in shareholders' equity. They are recognized in the statement of income upon the disposal of the net investments.

(F) INTANGIBLE ASSETS

Business combinations and goodwill

Business combinations are accounted for using the purchase method of accounting which requires that the assets acquired and liabilities assumed be recorded at the date of acquisition at their respective fair values.

Goodwill is initially measured at cost being the excess of the cost of the business combination over the fair value of the Group's share of the net assets of the acquired company and is included in intangible assets. If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill arising on companies accounted for under the equity method is included within the carrying value of those investments.

A gain from bargain purchase is generated when the fair value of the net assets acquired by the Group exceeds the acquisition price and is recognized in the statement of income from the date of acquisition.

After initial recognition, goodwill is measured at cost less any accumulated impairment. At least annually, Goodwill is tested for impairment.

Intangible assets

The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over the expected useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for intangible assets with finite useful lives are reviewed annually. Changes in the expected useful life or the expected pattern of future economic benefits are accounted for prospectively by changing the amortization period or method as appropriate and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of income in the expense category consistent with the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assumption continues to be appropriate. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from the de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of income when the asset is derecognized.

(a) Value of business acquired (VOBA) in life business

VOBA relates to life reinsurance portfolios acquired in a business combination. VOBA is capitalized as the present value of the stream of expected future cash flows. These estimates include the future technical result, and the future investment income less deductions for future administration expenses. The present value calculations are based on assumptions and risk discount factors relevant at the date of acquisition. The VOBA is amortized over the lifetime of the underlying reinsurance portfolio and is subject to impairment testing. The amortization pattern of VOBA is reviewed annually.

VOBA also includes the intangible asset related to the acquisition of the business portfolio of ReMark Group BV ("ReMark") to reflect the substance of the stream of expected future profits.

(b) Other intangible assets

Other intangible assets consist primarily of customer related intangibles arising from non-life business combinations and purchased or development expenditure related to software.

(G) REAL ESTATE INVESTMENTS

Investment properties and own-use properties

Real estate currently held by the Group is classified as investment property when it is held to earn rentals, or for capital appreciation or both. Other properties are classified as tangible assets. Some buildings may be partially occupied by entities of the Group. Properties, including properties used by the Group, are recognized at cost, net of accumulated depreciation and impairment losses. Depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

Category	Useful life
Land	Indefinite (not depreciated)
Buildings	
Building structure and exterior	30 – 80 years
Insulation	30 years
Technical installations	20 years
Fixtures and fittings	10 to 15 years

Repairs and maintenance costs are charged to the statement of income during the financial period in which they are incurred. All costs directly associated with purchases or constructions of properties are capitalized. All subsequent value

enhancing capital expenditures are capitalized when it is probable that future economic benefits related to the item will flow to the Group.

Every 5 years, each investment property is subject to an in-depth analysis of its market value by an independent appraiser, having recent experience in the location and category of investment property assessed and approved by the domestic regulators (l'Autorité de Contrôle Prudentiel in France). Annually, the appraised market value is updated by the same independent appraiser according to the changes of the local market and/or the property rental and technical situation.

At the end of each reporting period properties are assessed to determine whether there is any indication of impairment. One such indicator is that the building's market-value is below the carrying value. If any such indicators are found to exist, the Group assesses the recoverable amount of the building in question. The recoverable amount is the higher of the property's fair value less cost to sell and its value in use. The value in use is assessed using an internal discounted cash flow model based on current market assumptions and considers rental status, completeness of construction and renovation work, as well as recent developments within the local real estate market. If the recoverable amount is greater than 20% below the carrying amount, the resulting impairment loss is recognized in the statement of income.

Own-use properties are assessed for impairment whenever there is an indication that the property may be impaired.

Finance leases

Investment properties acquired through financial lease agreements are recorded on the balance sheet as assets based on the present value of future rental payments and any purchase option. Subsequent to the initial recognition they are accounted for as investment properties at cost, net of accumulated depreciation and impairment losses. The corresponding debt is recorded under "financial liabilities" and is amortized based on the effective interest rate method.

Rental income

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

(H) FINANCIAL INSTRUMENTS

Financial investments

The Group classifies its financial assets in the following categories: available-for-sale, fair value through income, loans and accounts receivable and cash and cash equivalents. 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 derecognized 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 rewards inherent to the ownership of the financial asset.

Categories of financial assets

(a) 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 gains and losses and the respective foreign exchange resulting from variations in the fair value of a non-monetary available-for-sale asset are recorded directly in shareholders' equity. Variations due to foreign exchange for monetary available-for-sale assets are recorded through income.

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

Interest on debt instruments is calculated in accordance with the effective interest method, which includes the amortization of any premiums or discounts and is recorded in the statement of income.

Dividends on equity instruments are recorded in the statement of income when the Group's right to receive payment has accrued.

(b) Financial assets at fair value through income

This category includes financial assets held for trading purposes and those designated at fair value through income upon initial recognition in the financial statements. Gains and losses from changes in the fair value of financial assets classified under this category are recognized in the statement of income in the period in which they occur.

(c) Loans and accounts receivable

This category includes funds held by ceding companies as collateral for underwriting commitments included at the amount deposited.

Non-derivative financial assets, where payment is fixed or determinable and which are not listed on an active market, are also included within this category and these are recognized at amortized cost using the effective interest rate method.

Loans and accounts receivable include short-term deposits or investments with a maturity of more than three months but less than twelve months at the date of purchase or deposit.

Loans and accounts receivable include a provision for recoverability if deemed necessary.

(d) Held-to-maturity

The held-to-maturity financial asset category is currently not used.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash, net bank balances and short-term deposits or investments with a maturity less than or equal to three months at the date of purchase or deposit. Money market funds are also classified as cash equivalent, though only to the extent that fund invested assets qualify as cash equivalents, or there are strict fund management policies and limits that lead the funds to qualify as cash equivalents.

Financial debt

Financial liabilities, with the exception of liabilities arising from reinsurance transactions, are classified as financial debts, financial instruments and other liabilities.

Interest on financial debt is included within financing expenses.

(a) Subordinated financial debts or debt securities

These items comprise the various subordinated or unsubordinated bonds issued by the Group. These loans are classified as financial debts, in accordance with IAS 32 - Financial Instruments: Presentation.

At initial recognition, all borrowings are recorded at fair value less directly attributable transaction costs. After initial recognition, they are measured at amortized cost using the effective interest rate method.

(b) Real estate financing

This caption includes debt relating to the acquisition of real estate property. At initial recognition, real estate financing debt is recorded at fair value less directly attributable transaction costs. After initial recognition, they are measured at amortized cost.

(c) Other financial debt

This caption includes primarily debt relating to financial lease agreements. Debt under financial lease contracts is recorded at fair value less directly attributable transaction costs. After initial recognition, they are measured at amortized cost using the effective interest rate method where this method has a significant impact compared to the nominal contractual rate method.

Derivative instruments and hedging instruments

Derivative instruments are recorded and classified at fair value through income (designated at inception) unless they are designated as hedging instruments.

All derivatives are carried as assets when the fair values are positive and as liabilities when the fair values are negative.

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

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

(a) 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.

- A material embedded derivative is separated from the host contract and is recognized as a derivative:when 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 hybrid instrument is not assessed at fair value through the statement of income.

Where an embedded derivative has been separated from its host contract, it is recognized in accordance with the guidance relating to the accounting for 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. Gains and losses resulting from variations in the fair value of the hybrid are recognized in the statement of income in the period during which they occur.

(b) 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 for which the fair value or cash flows offset variations in the fair value or cash flows of the hedged item.

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

Hedge effectiveness is monitored periodically by comparing changes in the fair value or cash flows of the hedged item to the changes in the fair value or cash flows of the hedge instrument in order to determine the degree of effectiveness.

A derivative instrument designated as fair value hedge is initially recognized at fair value on the date on which the derivative contract is entered into. The carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged. The derivative is remeasured at fair value and gains and losses are recognized in the income statement.

A derivative instrument designated as cash flow hedge is initially recognized at fair value on the date on which the derivative contract is entered into. The effective portion of the gain or loss on the hedging instrument is recognized in other comprehensive income in the cash flow hedge reserve, while the ineffective portion is recognized in the income statement. Amounts taken to other comprehensive income are transferred to the income statement when the hedged transaction effects the income statement, such as when hedged financial income or financial expense is recognised or when the forecast sale or purchase occurs.

For hedges of net investments in a foreign operation the portion of gains or loss on the hedging instrument considered as the effective portion of the hedge is recorded directly in shareholders' equity. Any ineffective portion of the hedge is recognized in the statement of income.

Valuation of financial assets

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices, at the close of business on the balance sheet date. If quoted market prices are not available, reference can also be made to broker or dealer price quotations.

For units in unit linked-trusts, shares in open-ended investment companies and derivative financial instruments (including real estate, interest rate and mortality swaps, options, etc.), fair value is determined by reference to either published bid-values, or modeled values which incorporate market inputs within the valuation assumptions.

The Group has certain investments which are valued based on models prepared by internal and external third parties using market inputs. These primarily comprise structured products, other than securities issued by government agencies for which the market is considered active, as well as hybrid, tier 1 and tier 2 corporate debt and hedge funds.

As the Group is responsible for determining the fair value of its investments, regular analysis is performed to determine whether prices received from third parties are reasonable estimates of fair value. The Group's analysis includes: (i) a review of price changes made in the investment management systems; (ii) a regular review of pricing deviations between dates exceeding predefined pricing thresholds per investment categories; and (iii) a review and approval of extraordinary valuation changes noted.

The Group may conclude the prices received from third parties are not reflective of current market conditions. In those instances, SCOR may request additional pricing quotes or apply internally developed valuations. Similarly, the Group values certain derivative investments, namely the mortality and real estate swaps, using internal valuation techniques based on observable market data.

For unlisted equity instruments, fair value is determined according to commonly used valuation techniques.

The fair value of floating rate and overnight deposits with credit institutions is their carrying value.

If, as a result of a change in intention or ability or in the circumstance that a reliable measure of fair value is no longer available, it becomes appropriate to carry a financial instrument at cost or amortized cost, then the last reliable fair value available is taken as the new cost or amortized cost, as applicable.

The Group provides disclosures over the measurements of those financial instruments held at fair value, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- models prepared by internal and external third parties using market inputs (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement requires judgment, considering factors specific to the asset or liability.

Impairment of financial assets

At each balance sheet date, the Group assesses whether there is any evidence of impairment. The amount of impairment is recorded by asset category, as set forth below.

For available-for-sale equity securities which are listed on an active market, a line-by-line analysis is performed when there has been a fall in fair value as compared to the initial purchase price of more than 30%, or a consistent unrealized loss over a period of more than twelve months. The different factors considered in this analysis include the existence or not of significant adverse changes in the technological, market, economic or legal environment in which the issuer operates. After consideration of these factors if a security remains unimpaired the Group ultimately considers objective evidence of impairment, as per IAS 39, by reference to three further key criteria being the existence or not of:

- a consistent decline of more than 30% for twelve months; or
- a magnitude of decline of more than 50%; or
- a duration of decline of more than twenty-four months.

For certain investments, in addition to the above impairment guidelines, SCOR takes into consideration other important factors such as:

- the fact that the asset is specifically excluded from any actively traded portfolio;
- SCOR’s ability and intent to continue to hold the investment for a significantly longer period than a normal investment;
- SCOR’s business relationship with the investee; and
- The estimated long term intrinsic value of the investment.

For unlisted equity instruments, impairment is assessed using a similar approach to listed equities.

For fixed income securities, and loans and accounts receivable, an objective indicator of impairment relates primarily to proven default credit risk. Different factors are considered to identify those fixed income securities potentially at risk of impairment, including significant financial difficulty or default in payments, to enable the Group to conclude whether there is objective evidence that the instrument or group of instruments is impaired.

For financial instruments where the fair value cannot be measured reliably and they are measured at cost a regular analysis is completed to determine if this remains appropriate given the nature of the investment and factors such as amounts realized and the appearance or re-appearance of a market or reliable value. Impairment assessments are completed dependent on the underlying nature of the investment and the expected future cash flow.

If an available-for-sale financial asset is impaired and a decline in the fair value of this asset has been recognized in other comprehensive income, the cumulative loss is reclassified from equity to the statement of income. The cumulative loss is computed as the difference between the cost of the asset (net of any principle repayment and amortization) and its current fair value, less any impairment previously recognized in the statement of income.

Any impairment reversals in respect of equity instruments classified as available-for-sale are not recognized in the statement of income. Reversals of impairment losses on fixed income securities classified as available-for-sale are reversed through the statement of income if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment losses were recognized in the statement of income.

(I) RESTRUCTURING COSTS

Restructuring costs other than those that may be recognized on the balance sheet of an acquired company on the acquisition date are recorded when the Group has a present obligation as evidenced by a binding sale agreement or a detailed formal restructuring plan of which the main features are announced to those affected or to their representatives.

(J) CONTINGENCY RESERVES

Provisions are recognized when the Group has a present legal, contractual or constructive obligation as the result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Where the Group expects the provision to be reimbursed for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is probable.

Contingent liabilities are disclosed if there is a possible future obligation as a result of a past event, or if there is a present obligation as a result of a past event but either a payment is not probable or the amount cannot be reliably estimated.

(K) SHARE CAPITAL AND SHAREHOLDERS' EQUITY

Share capital

Ordinary shares are classified in shareholders' equity when there is no contractual obligation to transfer cash or other financial assets to the holders.

Share issue costs

Incremental external costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax from the proceeds of the issue.

Treasury shares

Treasury shares and any directly related costs are recorded as a deduction from shareholders' equity. When treasury shares are subsequently sold or reissued any consideration received is included in consolidated shareholders equity net of any directly related costs and tax effects. Accordingly there is no related income, gain or loss recognized in the statement of income.

Dividends

Dividends declared on ordinary shares are recognized as a liability when such dividends have been approved by shareholders at the relevant annual general meeting.

(L) EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net income available to ordinary shareholders by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by the Group and held as treasury shares.

For the calculation of diluted earnings per share, the weighted average number of shares in issue is adjusted to assume conversion of all potentially dilutive ordinary shares.

Potential or contingent share issuances are treated as dilutive when their conversion to shares would decrease net earnings per share.

(M) SUBSEQUENT EVENTS

Subsequent events relate to relevant and material events that occur between the balance sheet date and the date when the financial statements are approved for issue:

- Such events lead to an adjustment of the consolidated financial statements if they provide evidence of conditions that existed at the balance sheet date, and if relevant and material.
- Such events result in additional disclosure if indicative of conditions that arose after the balance sheet date, and if relevant and material.

(N) ACCOUNTING PRINCIPLES AND METHODS SPECIFIC TO REINSURANCE ACTIVITIES

Classification and accounting of reinsurance contracts

The treaties and facultative contracts assumed and retroceded by the Group are subject to different IFRS accounting rules depending on whether they fall within the scope of IFRS 4 - Insurance Contracts, or IAS 39 - Financial Instruments: Recognition and Measurement.

Assumed and ceded reinsurance transactions are those contracts that transfer significant reinsurance risk at the inception of the contract. Reinsurance risk is transferred when the Group agrees to compensate a cedant if a specified uncertain future event (other than a change in financial variable) adversely affects the cedant. Any contracts not meeting the definition of a reinsurance contract under IFRS 4 - Insurance Contracts are classified as investment contracts or derivative contracts as appropriate.

Assumed and ceded reinsurance transactions that do not transfer significant risk are recognized in the accounts in accordance with IAS 39 - Financial Instruments: Recognition and Measurement, which means that amounts collected are no longer recognized as premiums, reserves and deferred acquisition expenses recorded as assets or liabilities on

the balance sheet and are reclassified as “financial contract liabilities” and “financial contract assets”. 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. Income from these transactions is equal to SCOR’s net fee or spread and is recorded under “other operating income” on the statement of income.

Reinsurance reserves

The Group maintains reserves to cover its estimated liability for claims related to known events or events incurred but not yet reported (IBNR). The reserves are reviewed by management during the year, using new information as soon as it is available and the reserves are adjusted if necessary. Management considers many factors when establishing reserves, including:

- information from ceding companies;
- historical developments, such as reserve patterns, claims payments, number of claims to be paid and product mix;
- internal methods to analyze the Group’s experience;
- most recent legal interpretations concerning coverage and commitments;
- economic conditions;
- biometric developments such as mortality and morbidity; and
- socio-economic factors such as policyholder behavior.

Reinsurance reserves are presented gross excluding shares retroceded to SCOR’s reinsurers and measured on the level of individual reinsurance contracts or homogeneous segments of contracts. Retroceded reserves are estimated under the same methods and assumptions and presented as assets.

(a) 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, and diversity in 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, whether treaty 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.

Claim reserves for losses and claims settlement expenses are recognized for payment obligations from reinsurance losses that have occurred but have not yet been settled. They are recognized for reserves for reinsurance losses reported before the reporting date and reserves for reinsurance losses that have already been incurred but not yet reported (IBNR), and are calculated on the basis of their ultimate cost, undiscounted, except for workers’ compensation claims which are discounted in the U.S.

Unearned premium reserves are related to written premiums receivable but allocated to future risk periods.

Share of retrocessionaires in insurance and investment contract liabilities are calculated according to the contractual conditions on the basis of the gross reserves. Allowances are established for any specific expected credit risks.

(b) Life business

In Life business, policy linked liabilities include mathematical reserves, unearned premium reserves and claim reserves.

Mathematical reserves are calculated underwriting reserves relating to guaranteed claims and benefits of ceding companies in life reinsurance. Mathematical reserves are estimated using actuarial methods on the basis of the present value of future payments to cedants less the present value of premium still payable by cedants. The calculation includes assumptions relating to mortality, disability, lapses and the expected future interest rates. Actuarial principles used allow an adequate safety margin for the risks of change, error and random fluctuation. They correspond to those used in the premium calculation and are adjusted if the original safety margins are no longer considered sufficient.

Claim reserves for losses and claims settlement expenses are recognized for payment obligations from reinsurance losses that have occurred but have not yet been settled. They are recognized for reserves for reinsurance losses reported before the reporting date and reserves for reinsurance losses that have already been incurred but not yet reported (IBNR).

Unearned premium reserves are related to written premiums receivable but allocated to future risk periods.

Shares of retrocessionaires in the insurance and investment liabilities are calculated according to the contractual conditions on the basis of the gross reserves. Allowances are established for estimated credit risks.

(c) Contracts not meeting risk transfer criteria

Reserves for investment contract liabilities are recognized for reinsurance contracts, either life or non-life, that do not meet the risk transfer criteria described in IFRS 4.

Cedant accounts

The reinsurance entities of the Group 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 amounts recorded in the financial statements reflect as closely as possible the actual reinsurance commitments of the Group. This method relates to the majority of the contracts signed during the year.

Premium estimates

Non-Life gross premiums written and earned are based upon reports received from ceding companies, supplemented by the Group's own estimates of premiums written and earned for which ceding company reports that have not yet been received. Differences between such estimates and actual amounts are recorded in the period in which the estimates are changed or the actual amounts are determined. The difference between ultimate estimated premiums, net of commissions, and premiums reported by ceding companies, is recorded under accounts receivable arising from assumed reinsurance transactions. Premiums are earned on a basis that is consistent with the risks covered under the terms of the reinsurance contracts, which is generally one to two years. For certain U.S. and Japanese catastrophe risks, agriculture risks in Brazil and certain other risks, premiums are earned commensurate with the seasonality of the underlying exposure.

The reserve for unearned premiums represents the portion of premiums written that relate to the unexpired terms of contracts and policies in force. Such reserves are computed by pro-rata methods based on statistical data or reports received from ceding companies. Reinstatement premiums are estimated after the occurrence of a significant loss and are recorded in accordance with the contract terms based upon paid losses and case reserves reported in the period. Reinstatement premiums are earned when written.

For Life reinsurance contracts qualifying as “insurance contracts” the estimation method consists of estimating ceding companies' outstanding accounts for the current year in addition to information actually received and recorded.

Acquisition expenses of reinsurance activities (Deferred acquisition costs or “DAC”)

In reinsurance, the costs directly associated with the acquisition of new contracts, mainly 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 expected recognition of future margins for Life contracts.

Liability adequacy test

Assets and liabilities relating to reinsurance contracts are subjected each year to a liability adequacy test under IFRS 4.

For the Non-Life segment, the test is performed in the event the ultimate underwriting combined ratio is in excess of 100% to the unearned premium reserve, net of deferred acquisition costs. The liability adequacy test is performed on the level of the actuarial segment and then aggregated at the entity level.

The liability adequacy test for the Life segment compares the carrying value of the reserves less deferred acquisition costs and value of business acquired with the fair value of the liabilities from the reinsurance portfolio recognized. The fair value is calculated as the present value of the projected future cash flow using current actuarial assumptions and parameters. In case of deficiency, SCOR would impair deferred acquisition costs and value of business acquired and increase reserves. The liability adequacy test is performed at the level of portfolios that are managed together and are subject to broadly similar risks.

Reinsurance ceded

Premiums payable in respect of reinsurance ceded are recognized in the period in which the reinsurance contract is entered into and includes estimates where the amounts are not determined at the balance sheet date. Ceded premiums are expensed over the period of the reinsurance contract in the same manner as assumed business.

A reinsurance asset is recognized to reflect the amount estimated to be recoverable under the reinsurance contracts in respect of the outstanding claims reported under reinsurance liabilities assumed. The amount recoverable from reinsurers is initially valued on the same basis as the underlying claims provision except in the case of non-proportional retrocession whether by risk or by event, where it is SCOR policy to only recognize case or IBNR recoveries upon confirmation of the occurrence of a loss booked which triggers the retrocession contract.

The amount of recoverable is reduced in the form of a bad debt provision when there is an event arising that provides objective evidence that the Group may not receive all amounts due under the contract and the event has a reliably measurable impact on the expected amount that will be recovered from the reinsurer.

SCOR contracts with Atlas vehicles which meet the criteria of risk transfer according to IFRS 4 are accounted for as reinsurance ceded.

Shadow accounting

For the measurement of deferred acquisition costs, value of business acquired and reserves recognized for different insurance portfolios, SCOR applies the shadow accounting principles stipulated in IFRS 4. As the amortization of DAC (for Life) and VOBA is calculated using expectations for estimated revenues from investments and the measurement of reserves is based on the discount rate reflecting directly the performance of assets, relevant parts of the recognized unrealized gains and losses from financial investments are considered as shadow DAC, shadow VOBA and shadow reserves and offset directly in equity.

Impairment of shadow DAC and shadow VOBA for the life business is included within the liability adequacy testing conducted by SCOR Global Life.

Participation at Lloyd’s

Participations in syndicates operating at Lloyd’s of London are accounted for on an annual accounting basis with a delay due to the transmission of information from syndicates that the Group does not control. The Group recognizes its proportionate share of the syndicates insurance and reinsurance premiums as revenue over the policy term, and claims, including an estimate of claims incurred but not reported. On the closure of an underwriting year, typically three years after its inception, syndicates reinsure all remaining unsettled liabilities into the following underwriting year, a mechanism known as Re-Insurance To Close (“RITC”). If the Group participates on both the accepting and ceding years of account and has increased its participation, RITC paid is eliminated, as a result of this offset, leaving an element of the RITC receivable. This reflects the fact that the Group has assumed a greater proportion of the business of the syndicates. If the Group has reduced its participation from one year of account to the next, the RITC receivable is eliminated, leaving an element of RITC payable. This reflects the reduction in the Group’s exposure to risks previously written by the syndicates. The Group recognizes Lloyd’s RITC in claims and policy benefits to ensure consistency with similar transactions recognized in accordance with IFRS and, present a true and fair view.

Embedded derivatives

IFRS 4 provides for the separation of embedded derivatives in insurance contracts, when these hybrid contracts are not assessed at fair value through 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 meets the definition of a derivative instrument. Embedded derivatives which meet the definition of an insurance contract are not separated.

(O) PROVISIONS FOR EMPLOYEE BENEFITS

Pension liabilities

The Group provides retirement benefits to its employees, in accordance with the laws and practices of each country. The main plans are in France, Switzerland, the U.K., the U.S. and Germany. Group employees in certain countries receive additional pension payments, paid as an annuity or in capital upon retirement. The benefits granted to Group employees are either in the form of defined contribution or defined benefit plans. Plan assets are generally held separately from the Group’s assets.

For defined contribution plans the 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 for the financial year are charged to the Group’s statement of income as administrative expenses.

Defined benefit plans are those where a sum is paid to the employee upon retirement, which is dependent upon one or several factors such as age, years of service and salary. Defined benefit obligations and contributions are calculated annually by independent qualified actuaries using the projected unit credit method. The obligation recognized on the balance sheet represents the present value of the defined benefit obligation at the balance sheet date, less the market

value of any plan assets, where appropriate, both adjusted for actuarial gains and losses and unrecognized past service cost.

In assessing the Group's liability for these plans, the Group uses external actuarial valuations which involve critical judgments and estimates of mortality rates, rates of employment turnover, disability, early retirement, discount rates, expected long-term rates of return on plan assets, future salary increases and future pension increases. These assumptions may differ from actual results due to changing economic conditions, higher or lower withdrawal rates or longer or shorter life spans of participants. These differences may result in variability of pension income or expense recorded in future years. 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 recorded 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 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. For France, the present value of the obligation is calculated annually by an independent actuary using the projected unit credit method and is recognized on the balance sheet.

(P) PROVISIONS AND CONTINGENCIES

Management assesses provisions, contingent assets and contingent liabilities and the likely outcome of pending or probable events, for example from lawsuits or tax disputes, on an ongoing basis. The outcome depends on future events that are by nature uncertain. In assessing the likely outcome of events, management bases its assessment on external legal assistance and established precedents.

Provisions, contingent assets and contingent liabilities have also been assessed at the acquisition date for the entities acquired. Such positions are subject to revision as at the acquisition date while the initial accounting is not final. Any revision after the initial accounting is final is recognized in the statement of income in accordance with IFRS 3 – Business Combinations.

(Q) SHARE-BASED PAYMENTS

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

The Group also grants shares to certain of its employees. These grants are recorded in expenses 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.

(R) TAXES

The tax expense for the period comprises current and deferred tax. Tax is recognized in the statement of income except to the extent that it relates to items recognized in other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the end of the reporting period in countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns. Assessing the outcome of uncertain tax positions requires judgments to be made regarding the result of negotiations with, and enquiries from, tax authorities in a number of jurisdictions. Provisions for tax contingencies require management to make judgments and estimates in relation to tax issues and exposures. Amounts provided are based on management's interpretation of country specific tax law and the likelihood of settlement. Tax benefits are not recognized unless the tax positions are probable of being sustained. In arriving at this position, management reviews each material tax benefit to assess whether a provision should be taken against full recognition of the benefit on the basis of potential settlement through negotiation and/or litigation.

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

The main temporary differences arise from tax losses carried forward and the revaluation of certain financial assets and liabilities including derivative contracts, certain insurance contract liabilities, provisions for pensions and other post-retirement benefits. In addition, temporary differences arise on acquisitions due to the difference between the fair values of the net assets acquired and their tax base. Deferred tax is provided on temporary differences arising from investments in subsidiaries, associates and joint ventures, except where it is probable that the difference will not reverse in the foreseeable future.

Deferred taxes are not provided in respect of temporary differences arising from the initial recognition of goodwill, or from goodwill for which amortization is not deductible for tax purposes, or from the initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting profit nor taxable profit or loss at the time of the transaction.

Deferred tax assets are recognized on net operating losses carried forward to the extent that it is probable that future taxable profit will be available to utilize those net operating losses carried forward. Management makes assumptions and estimates related to income projections to determine the availability of sufficient future taxable income. SCOR uses a discounted cash flow model comprised of an earnings model, which considers forecasted earnings, and other financial ratios of legal entity based on board approved business plans, which incorporate key drivers of the underwriting results. Business plans include assessments of gross and net premium expectations, expected loss ratios and expected expense ratios, together with actuarial assumptions. To the extent that net operating losses carried forward cannot be utilized or expire, there may be deferred income tax expenses recorded in the future.

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

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets and liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

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

(S) SEGMENT INFORMATION

For management purposes the Group is organized into two operating segments and one corporate cost center Group Functions. The operating segments are: the SCOR Global P&C segment, with responsibility for our property and casualty insurance and reinsurance (also referred to as "Non-Life"); and the SCOR Global Life segment, with responsibility for our life reinsurance (also referred to as "Life"). Each operating segment underwrites different types of risks and offers different products and services, which are marketed via separate channels; responsibilities and reporting within the Group are established on the basis of this structure.

Management evaluates the performance of these segments and allocates resources to them in accordance with various performance indicators. The amount of inter-segment transactions, primarily in relation to gross written premiums, is not significant.

1.1.5.2 NOTE 2 - SEGMENT INFORMATION

The SCOR Global P&C segment operates in four business areas being: Property and Casualty Treaties; Specialty Lines (including Credit & Surety, Inherent Defects Insurance, Aviation, Space, Marine, Engineering, Agriculture and Structured Risk Transfer); Business Solutions (large corporate accounts underwritten essentially on a facultative basis and occasionally as direct insurance for industrial groups and services companies); and Joint Ventures and Partnerships. The SCOR Global Life segment offers the following lines of business: Life (treaties with mainly mortality risks); Life Financing Reinsurance; Critical Illness; Disability; Long Term Care; Health; Annuities; Personal Accident and Longevity.

As at 1 January 2011, the cost allocation methodology of the Group was refined in the preparation of segment information, resulting in a new corporate cost center being created, Group Functions. Group Functions is not an operating segment and does not generate revenues. The costs in Group Functions are Group related costs that are not directly attributable to either the Non-Life or Life segments. Group Functions includes the cost of departments fulfilling duties for the benefit of the whole Group, such as the costs for Group Internal audit, Group Chief Financial Officer functions (Group Tax, Group Accounting, Group Consolidation and Reporting), Group Chief Operating Officer functions (Group Legal, Group Communication, Group Human Resources) and Group Chief Risk Officer expenses.

The Group Functions costs are included in the subsequent table in which prior year amounts have been adjusted for comparative purposes.

Management reviews the operating results of the SCOR Global P&C and SCOR Global Life segments individually for the purpose of assessing the operational performance of the business and to allocate resources. No operating segments have been aggregated to form the SCOR Global P&C and SCOR Global Life reportable operating segments.

The following table sets forth the operating income for each of the Group's operating segments and its corporate cost center for the financial years ended 31 December 2012, 2011, and 2010 as if Group Functions had been separately reported for all financial years under view.

	31 December 2012					31 December 2011					31 December 2010				
In EUR million	SCOR Global Life	SCOR Global P&C	Group Funct-ions	Adjust-ments and elimin-ations (1)	Total	SCOR Global Life	SCOR Global P&C	Group Funct-ions	Adjustm-ents and elimin-ations (1)	Total	SCOR Global Life	SCOR Global P&C	Group Funct-ions	Adjustm-ents and elimin-ations (1)	Total
Gross written premiums	4,864	4,650	-	-	9,514	3,620	3,982	-	-	7,602	3,035	3,659	-	-	6,694
Change in gross unearned premiums	3	(150)	-	-	(147)	(7)	(180)	-	-	(187)	2	(111)	-	-	(109)
Gross earned premiums	**4,867**	**4,500**	**-**	**-**	**9,367**	**3,613**	**3,802**	**-**	**-**	**7,415**	**3,037**	**3,548**	**-**	**-**	**6,585**
Gross benefits and claims paid	(3,780)	(2,833)	-	-	(6,613)	(2,615)	(3,038)	-	(1)	(5,654)	(2,386)	(2,405)	-	-	(4,791)
Gross commission on earned premiums	(953)	(956)	-	-	(1,909)	(804)	(773)	-	-	(1,577)	(694)	(714)	-	-	(1,408)
GROSS TECHNICAL RESULT (2)	**134**	**711**	**-**	**-**	**845**	**194**	**(9)**	**-**	**(1)**	**184**	**(43)**	**429**	**-**	**-**	**386**
Ceded written premiums	(531)	(445)	-	-	(976)	(345)	(391)	-	-	(736)	(286)	(265)	-	-	(551)
Change in ceded unearned premiums	-	8	-	-	8	(1)	32	-	-	31	1	7	-	-	8
Ceded earned premiums	**(531)**	**(437)**	**-**	**-**	**(968)**	**(346)**	**(359)**	**-**	**-**	**(705)**	**(285)**	**(258)**	**-**	**-**	**(543)**
Ceded claims	458	177	-	-	635	137	402	-	1	540	204	63	-	-	267
Ceded commissions	95	49	-	-	144	126	32	-	-	158	101	15	-	-	116
Net results of retrocession	**22**	**(211)**	**-**	**-**	**(189)**	**(83)**	**75**	**-**	**1**	**(7)**	**20**	**(180)**	**-**	**-**	**(160)**
NET TECHNICAL RESULT (2)	**156**	**500**	**-**	**-**	**656**	**111**	**66**	**-**	**-**	**177**	**(23)**	**249**	**-**	**-**	**226**
Other income and expense from reinsurance operations	**3**	**(39)**	**-**	**-**	**(36)**	**(34)**	**(19)**	**-**	**(2)**	**(55)**	**(3)**	**(18)**	-	**(2)**	**(23)**
Investment revenues	91	224	-	2	317	106	238	-	-	344	155	229	-	1	385
Interests on deposits	178	24	-	-	202	160	30	-	-	190	168	29	-	-	197
Realized capital gains/(losses) on investments	24	137	-	-	161	40	148	-	(1)	187	52	157	-	(2)	207
Change in fair value of investments	-	8	-	-	8	(5)	(2)	-	-	(7)	3	(3)	-	-	-
Change in investment impairment	(16)	(70)	-	-	(86)	(16)	(46)	-	-	(62)	(26)	(40)	-	-	(66)
Foreign exchange gains/(losses)	(2)	25	-	-	23	3	10	-	-	13	-	(15)	-	-	(15)
Investment income	**275**	**348**	**-**	**2**	**625**	**288**	**378**	**-**	**(1)**	**665**	**352**	**357**	**-**	**(1)**	**708**
Investment management expenses	(10)	(15)	(5)	-	(30)	(7)	(13)	(6)	-	(26)	(6)	(12)	(6)	-	(24)
Acquisition and administrative expenses	(165)	(176)	(8)	-	(349)	(114)	(166)	(12)	-	(292)	(92)	(160)	(10)	(1)	(263)
Other current operating expenses	(45)	(44)	(88)	-	(177)	(33)	(35)	(52)	-	(120)	(25)	(28)	(54)	2	(105)
CURRENT OPERATING RESULTS	**214**	**574**	**(101)**	**2**	**689**	**211**	**211**	**(70)**	**(3)**	**349**	**203**	**388**	**(70)**	**(2)**	**519**
Other operating expenses	-	(50)	-	-	(50)	-	(30)	-	-	(30)	-	(29)	-	-	(29)
Other operating income	6	-	-	-	6	-	4	-	-	4	-	-	-	-	-
OPERATING RESULTS (BEFORE IMPACT OF ACQUISITIONS)	**220**	**524**	**(101)**	**2**	**645**	**211**	**185**	**(70)**	**(3)**	**323**	**203**	**359**	**(70)**	**(2)**	**490**

(1) Inter-segment recharges of expenses are eliminated on consolidation.
(2) Technical results are the balance of income and expenses allotted to the insurance business.

The following table sets forth the operating income for each of the Group's operating segments as presented previously before refining the cost allocation methodology for the financial year ended 31 December 2010.

	31 December 2010			
In EUR million	SCOR Global Life	SCOR Global P&C	Adjustments and eliminations [1]	Total
Gross written premiums	3,035	3,659	-	6,694
Change in gross unearned premiums	2	(111)	-	(109)
Gross earned premiums	**3,037**	**3,548**	**-**	**6,585**
Gross benefits and claims paid	(2,376)	(2,406)	-	(4,782)
Gross commission expense	(694)	(714)	-	(1,408)
GROSS TECHNICAL RESULT [2]	**(33)**	**428**	**-**	**395**
Ceded written premiums	(286)	(265)	-	(551)
Change in ceded unearned premiums	1	7	-	8
Ceded earned premiums	**(285)**	**(258)**	**-**	**(543)**
Ceded claims	204	63	-	267
Ceded commissions	101	15	-	116
Net income from reinsurance operations	**20**	**(180)**	**-**	**(160)**
NET TECHNICAL RESULT [2]	**(13)**	**248**	**-**	**235**
Other operating revenues	**(3)**	**(18)**	**(2)**	**(23)**
of which other income and expenses excluded from combined ratio calculation	-	(27)		(27)
Investment revenues	153	213	1	367
Interests on deposits	168	29	-	197
Realized capital gains/(losses) on investments	52	157	(2)	207
Change in fair value of investments	3	(3)	-	-
Change in investment impairment	(26)	(40)	-	(66)
Foreign exchange gains/(losses)	-	(15)	-	(15)
Net investment income	**350**	**341**	**(1)**	**690**
Investment management expenses	(8)	(25)	-	(33)
Acquisition and administrative expenses	(85)	(133)	(1)	(219)
Other current operating expenses	(47)	(86)	2	(131)
CURRENT OPERATING RESULTS	**194**	**327**	**(2)**	**519**
Other operating expenses	-	(29)	-	(29)
Other operating income	-	-	-	-
OPERATING RESULTS	**194**	**298**	**(2)**	**490**

(1) Inter-segment recharges of expenses are eliminated on consolidation
(2) Technical results are the balance of income and expenses allotted to the insurance business

The following tables set forth the Group's gross written premiums by geographic region as well as certain assets and liabilities for the financial years ended 31 December 2012, 2011, and 2010.

GROSS WRITTEN PREMIUMS BY GEOGRAPHIC REGION

The distribution by geographic region, based on subsidiary location, is as follows:

	FOR THE YEAR ENDED 31 DECEMBER					
	SCOR Global Life			SCOR Global P&C		
In EUR million	2012	2011	2010	2012	2011	2010
Gross written premiums	**4,864**	**3,620**	**3,035**	**4,650**	**3,982**	**3,659**
Europe	2,633	2,264	2,241	3,033	2,653	2,518
Americas	1,986	1,271	725	867	721	691
Asia Pacific / Rest of world	245	85	69	750	608	450

The distribution by geographic region, based on the location of the ceding company for treaty business and location of the insured for facultative business, is as follows:

	FOR THE YEAR ENDED 31 DECEMBER					
	SCOR Global Life			SCOR Global P&C		
In EUR million	2012	2011	2010	2012	2011	2010
Gross written premiums	**4,864**	**3,620**	**3,035**	**4,650**	**3,982**	**3,659**
Europe	1,716	1,686	1,660	2,265	2,023	1,912
Americas	2,462	1,393	913	1,235	983	910
Asia Pacific / Rest of world	686	541	462	1,150	976	837

The increase of gross written premiums of SCOR Global Life in 2012 is mainly due to the acquisition of the mortality reinsurance business of Transamerica Re which was completed on 9 August 2011.

ASSETS AND LIABILITIES BY SEGMENT

Key balance sheet [(1)] captions by segment are split as follows:

	AS AT 31 DECEMBER					
	2012			2011		
In EUR million	SCOR Global Life	SCOR Global P&C	Total	SCOR Global Life	SCOR Global P&C	Total
Goodwill	45	743	**788**	45	743	**788**
Value of business acquired	1,031	-	**1,031**	1,069	-	**1,069**
Insurance business investments	8,771	12,343	**21,114**	8,615	11,533	**20,148**
Cash and cash equivalents	680	786	**1,466**	576	705	**1,281**
Share of retrocessionaires in insurance and investment contract liabilities	539	783	**1,322**	402	849	**1,251**
Total assets	13,556	19,034	**32,590**	13,265	18,054	**31,319**
Contract liabilities	(11,153)	(12,681)	**(23,834)**	(11,044)	(12,263)	**(23,307)**

(1) Amounts presented above represent specific balance sheet line items reviewed at the segment level, as such some balance sheet items are excluded from this table.

ASSETS AND LIABILITIES BY GEOGRAPHIC REGION

Assets and liabilities by geographic region are based on the location of the subsidiary.

	AS AT 31 DECEMBER							
	2012				2011			
In EUR million	Europe	North America	Asia and rest of the world	Total	Europe	North America	Asia and rest of the world	Total
Insurance business investments	17,764	2,752	598	**21,114**	16,056	3,578	514	**20,148**
Share of retrocessionaires in insurance and investment contract liabilities	1,028	285	9	**1,322**	1,196	49	6	**1,251**
Total assets	27,150	3,445	1,995	**32,590**	25,177	4,378	1,764	**31,319**

Contract liabilities	(18,636)	(3,547)	(1,651)	(23,834)	(17,552)	(4,250)	(1,505)	(23,307)

CASH FLOWS BY SEGMENT

The cash flows, by segment, are presented as follows:

	FOR THE YEAR ENDED 31 DECEMBER								
	2012			2011			2010		
In EUR million	SCOR Global P&C	SCOR Global Life	Total	SCOR Global P&C	SCOR Global Life	Total	SCOR Global P&C	SCOR Global Life	Total
Cash and cash equivalents at 1 January	**705**	**576**	**1,281**	**687**	**320**	**1,007**	**752**	**573**	**1,325**
Net cash flows from operations	534	227	761	402	128	530	457	199	656
Net cash flows from investing activities	(464)	26	(438)	(355)	(225)	(580)	(289)	(441)	(730)
Net cash flows from financing activities	11	(157)	(146)	(68)	340	272	(281)	(33)	(314)
Effect of changes in foreign exchange rates	-	8	8	39	13	52	48	22	70
Cash and cash equivalents at 31 December	**786**	**680**	**1,466**	**705**	**576**	**1,281**	**687**	**320**	**1,007**

1.1.5.3 NOTE 3 - ACQUISITIONS AND DISPOSALS

The following sections describe acquisitions and disposals which either occurred or for which the accounting was finalized in 2012, 2011 and 2010 respectively.

ACQUISITION OF TRANSAMERICA RE ("TARE")

On 9 August 2011, SCOR acquired the mortality risk reinsurance business of Transamerica Re, a part of AEGON. Transamerica Re was a division of AEGON, but not a standalone legal entity. The operations acquired relate solely to biometric risks. The acquisition included a series of retrocession agreements from AEGON to SCOR Global Life US entities. As part of the acquisition, SCOR also purchased from AEGON one Irish entity, Transamerica International Reinsurance Ireland Limited subsequently renamed to SCOR International Reinsurance Ireland Limited.

Acquisition date

After obtaining all required authorization needed from the insurance or reinsurance regulators in the United States and Ireland, SCOR acquired the mortality risk reinsurance business of Transamerica Re on 9 August 2011.

Determination of purchase price

The total consideration for the acquired mortality risk reinsurance business of Transamerica Re amounts to EUR 644 million (USD 916 million). In May 2012 SCOR received from the final net settlement and purchase price agreement a redemption of EUR 2 million (USD 3 million) from AEGON.

The transaction was financed by SCOR through the use of own funds and limited debt issuance, without the issuance of any new shares.

Provisional and final allocation of purchase price

In accordance with IFRS 3, the accounting of a business combination can be reviewed within one year from the acquisition date.

Provisional and final fair value of assets and liabilities acquired

In EUR million [1]	TRANSAMERICA RE: FAIR VALUE OF ASSETS AND LIABILITIES ACQUIRED AS AT 9 AUGUST 2011 2011 Provisional	2012 Adjustments	2012 Final
Assets			
Value of business acquired	540	6	546
Investments	866	5	871
Share of retrocessionaires in contract liabilities	(115)	(30)	(145)
Other assets	435	(31)	404
Cash and cash equivalents	494	-	494
TOTAL ASSETS	**2,220**	**(50)**	**2,170**
Liabilities			
Contract liabilities	1,152	(11)	1,141
Other liabilities	298	(38)	260
TOTAL LIABILITIES	**1,450**	**(49)**	**1,401**
Fair value of net assets	770	(1)	769
Consideration	(646)	2	(644)
Impact of foreign exchange	3	(1)	2
Gain from bargain purchase [2]	127	-	127

(1) Based on the EUR/USD exchange rate at the date of acquisition

(2) Gain from bargain purchase valued at the average EUR/USD exchange rate of 0.7148 for the year ended 31 December 2011

The provisional accounting for the acquisition of Transamerica Re generated a gain from bargain purchase of EUR 127 million as the fair value of net assets of EUR 770 million was in excess of the aggregate consideration of EUR 646 million. The gain from bargain purchase included an impact of EUR 3 million foreign exchange gain using the average EUR/USD exchange rate of 0.7148 for the year ended 31 December 2011.

In March 2012, SCOR agreed with AEGON on the conclusion of the settlement for the acquired business and received a closing payment in May 2012.

On 9 August 2012, the accounting was finalized with no material changes in fair value of net assets acquired (EUR 769 million). These changes reflect the availability and use of more up to date information.

Intangible assets

Historic intangible assets, including goodwill, deferred acquisition costs and value of business acquired (VOBA) have been de-recognized.

Value of business acquired (VOBA)

The VOBA has been estimated at EUR 546 million based on the best estimate of expected future profits using a discount rate including an appropriate risk premium.

This intangible asset will be amortized over the lifetime of the underlying treaties, in line with expected emergence of profits.

Investments

Fair values have been determined for investments based mainly on quoted market prices. If quoted market prices were not available, valuation models were applied.

Share of retrocessionaires in contract liabilities

Mathematical reserves, claims reserves and share of retrocessionaires in Contract Liabilities have been recorded based on best estimate assumptions at the time of acquisition.

Other assets and liabilities

Other assets and liabilities have been recorded at their estimated fair value.

Deferred tax has been recognized on the timing differences arising from the purchase price allocation. These balances represent payable and recoverable amounts which the SCOR Group expects to realize.

Gain from bargain purchase

The management of SCOR measured the fair value of the separately recognizable identifiable assets acquired and the liabilities assumed as at the acquisition date. The cost of the investment was lower than the fair value of the net assets acquired. This difference, or gain from bargain purchase of EUR 127 million, was recorded in the consolidated statement of income for the year ended 31 December 2011 of the SCOR Group.

SCOR recognised the redemption received from AEGON in May 2012 and the changes in the fair value of the separately recognized identifiable assets and liabilities at the end of the measurement period of one year from the acquisition date in the consolidated balance sheet as at 31 December 2012.

Share of Transamerica Re income included in the 2011 SCOR Group's consolidated income

The share of the mortality risk reinsurance business of Transamerica Re income included in the SCOR Group's consolidated income corresponds to the results generated during the period from 9 August 2011, the date of acquisition by the SCOR Group, up to the end of the reporting period, 31 December 2011.

TRANSAMERICA RE: STATEMENT OF INCOME FROM ACQUISITION DATE TO 31 DECEMBER 2011 In EUR million [(1)]	
Gross written premiums	677
Change in unearned premiums	1
Gross earned premiums	**678**
Other income and expense from reinsurance operations	-
Investment income	5
Total income from ordinary activities	**683**
Gross benefits and claims paid	(490)
Gross commission on earned premiums	(92)
Net results of retrocession	(55)
Investment management expenses	-
Acquisition and administrative expenses	(20)
Other current operating expenses	-
Other current operating income	(1)
Total other current operating income and expense	**(658)**
CURRENT OPERATING RESULTS	**25**
Other operating expenses	-
Other operating income	-
OPERATING RESULTS (BEFORE IMPACT OF ACQUISITIONS)	**25**
Acquisition related expenses	(18)
Gain from bargain purchase [(2)]	127
OPERATING RESULTS	**134**
Financing expenses	(5)
Share in results of associates	-
CONSOLIDATED NET INCOME, BEFORE TAX	**129**
Corporate income tax	2
NET INCOME	**131**

(1) Based on the EUR/USD average exchange rate

(2) Gain from bargain purchase valued at the average EUR/USD exchange rate of 0.7148 for the year ended 31 December 2011

Pro forma information

The pro forma financial information as at 31 December 2011 is presented to illustrate the effect on the Group's statement of income of the Transamerica Re acquisition as if the acquisition had occurred on 1 January 2011. The Transamerica Re information is based on the estimated revenues and net income of the acquired business for the twelve month period ended 31 December 2011 and includes estimates for the impact of purchase accounting. The pro forma information is not necessarily indicative of what would have occurred had the acquisition and related transactions been made on the dates indicated, or of the future results of the Group.

- The pro forma statement of income presented below has been prepared in accordance with SCOR Group's accounting principles and corresponds to the following:The 2011 statement of income of the SCOR Group excluding Transamerica Re (first column in the pro forma statement of income presented below);

- The 2011 statement of income of Transamerica Re before pro forma adjustments, presented in accordance with IFRS (second column in the pro forma statement of income presented below);
- The pro forma adjustments to adjust the standalone statement of income of SCOR Group and Transamerica Re as though the acquisition of Transamerica Re would have occurred on 1 January 2011 (third column of the pro forma statement of income presented below).

The main assumptions included in the retrospective calculation relate to the following items:

Investment income

Investment income has been determined based on historical yields of Transamerica Re ("TARe") for 1 January 2011 to 9 August 2011. Actual yields have been applied from acquisition date to year-end. As such, no pro forma adjustment has been made.

Gross commission on earned premiums

For the purpose of presenting pro forma information, Transamerica Re DAC amortization has been excluded and VOBA amortization costs have been added to the pro forma statement of income. They amount to EUR 32 million and EUR (14) million respectively.

Acquisition related expenses

For the purpose of presenting pro forma information, acquisition related costs of the Transamerica Re acquisition totaling EUR 7 million incurred have been excluded during 2011.

Gain from bargain purchase

For the purpose of presenting pro forma information, the acquisition related gain from bargain purchase of EUR 127 million has been recognized as at 1 January 2011.

Financing expenses

For the purpose of presenting pro forma information, acquisition related debt interest expenses that have been incurred by SCOR Group to finance the Transamerica Re acquisition have been assumed to be recorded beginning on 1 January 2011. They amounted to EUR (5) million.

Corporate income tax

For the purpose of presenting pro forma information, deferred taxes that have been incurred by SCOR Group to effect the Transamerica Re acquisition have been assumed to be recorded in the opening balance sheet as at 1 January 2011. The deferred taxes are determined on the tax rate of country in which predominantly the costs have been incurred. The tax rates applied are 35% for adjustments that occurred in the US and 12.5% for adjustments that occurred in Ireland. The total corporate income tax effect related to the afore-mentioned pro forma adjustments amounted to EUR (2) million.

PRO FORMA STATEMENT OF INCOME 2011 In EUR million	SCOR	TARe	Pro Forma Adjustments	Total Pro Forma
Gross written premiums	6,925	1,661	-	8,586
Change in unearned premiums	(188)	1	-	(187)
Gross earned premiums	**6,737**	**1,662**	**-**	**8,399**
Other income from reinsurance operations	(55)	1	-	(54)
Investment income	660	33	-	693
Total income from ordinary activities	**7,342**	**1,696**	**-**	**9,038**
Gross benefits and claims paid (incl. ULAE)	(5,164)	(1,107)	-	(6,271)
Gross commission on earned premiums	(1,485)	(244)	18	(1,711)
Net results of retrocession	47	(229)	-	(182)
Investment management expenses	(26)	-	-	(26)
Acquisition and administrative expenses	(271)	(57)	-	(328)
Other current operating expenses	(119)	-	-	(119)
Total other current operating income and expense	**(7,018)**	**(1,637)**	**18**	**(8,637)**
CURRENT OPERATING RESULTS	**324**	**59**	**18**	**401**
Other operating expenses	(30)	-	-	(30)
Other operating income	4	-	-	4
OPERATING RESULTS (BEFORE IMPACT OF ACQUISITION)	**298**	**59**	**18**	**375**
Acquisition related expenses (1)	(15)	(18)	7	(26)
Gain from bargain purchase	-	-	127	127
OPERATING RESULTS	**283**	**41**	**152**	**476**
Financing expenses	(89)	(13)	(5)	(107)
Share in results of associates	7	-	-	7
CONSOLIDATED NET INCOME, BEFORE TAX	**201**	**28**	**147**	**376**
Corporate income tax	(2)	(4)	(2)	(8)
CONSOLIDATED NET INCOME	**199**	**24**	**145**	**368**

(1) Acquisitions costs were allocated between SCOR and TARe based on the 'location' of the expenses.

SALE OF US FIXED ANNUITY BUSINESS

On 18 July 2011, SCOR completed the sale of its US fixed annuity business through the sale of its wholly owned subsidiary Investors Insurance Corporation to Athene Holding Ltd. As a result of the sale, SCOR has recognized a loss of EUR (12) million in 2011 after tax for consideration of USD 57 million (EUR 41 million) received.

The cash inflow on the disposal is as follows:

In EUR million	2011
Consideration received	41
Cash and cash equivalents disposed of	(32)
CASH INFLOW FROM SALE OF US FIXED ANNUITIY BUSINESS	**9**

Assets and liabilities sold were as follows as at closing date:

In EUR million	2011
Assets	
Investments	939
Other assets	265
Cash and cash equivalents	32
TOTAL ASSETS	**1,236**
Liabilities	
Contract liabilities	1,153
Other liabilities	27
TOTAL LIABILITIES	**1,180**
Consideration received	41
Loss on sale, before tax	15

The cumulative income or expenses recognized in other comprehensive income related to Investors Insurance Corporation were as follows:

In EUR million	2011
Currency retranslations, net of taxes	(1)
Fair value adjustments on available-for-sale financial instruments, net of taxes	(1)
CUMULATIVE INCOME OR EXPENSES RECOGNIZED IN OTHER COMPREHENSIVE INCOME	**(2)**

The sale agreement included certain contingencies which were settled during 2012 and resulted in an increase in the loss from EUR 12 million to EUR 15 million, net of tax.

ACQUISITION OF XL LIFE AMERICA'S BUSINESS ("XLREA")

On 4 December 2009, SCOR acquired 100% of the capital and voting rights of XL Life America Inc. from XL Capital Ltd and entered into a retrocession contract to assume reserves related to this business. The business acquired showed strong compatibility with SCOR's Life strategy that is rooted in focusing on traditional protection business that is not correlated with economic risks. The acquisition helped SCOR Global Life strengthen its services in the mortality-protection field and improve SCOR's market position in the U.S.

Determination of purchase price

The total consideration for the transaction of EUR 31 million was settled in cash and was entirely self-financed.

Purchase price allocation

As from the acquisition date of 4 December 2009, XL Life America Inc. was fully consolidated by SCOR. This resulted in recognition of VOBA of EUR 20 million and a gain from bargain purchase of EUR 14 million in 2009.

In accordance with IFRS 3, the accounting of a business combination can be reviewed within twelve months from the acquisition date. On 4 December 2010, the initial accounting was finalized with no net change in fair value of net assets acquired. These changes reflect the availability and use of more up to date information on which to base the final acquisition accounting and were recorded as follows:

In EUR million [1]	2009 Provisional	2010 Adjustment	2010 Final
Assets			
VOBA	20	17	37
Investments	35	-	35
Share of retrocessionaires in contract liabilities	7	-	7
Other assets	10	-	10
Cash and cash equivalents	6	-	6
TOTAL ASSETS	**78**	**17**	**95**
Liabilities			
Contract liabilities	27	5	32
Other liabilities	6	12	18
TOTAL LIABILITIES	**33**	**17**	**50**
Fair value of net assets	45	-	45
Consideration	(31)	-	(31)
Gain from bargain purchase	14	-	14

(1) Based on EUR/USD exchange rate at the date of acquisition

Value of business acquired

The value of business acquired ("VOBA") for the acquisition of XL Life America Inc. has been estimated as EUR 37 million based on an estimate of expected future income and using a discount rate including an appropriate risk premium. This intangible asset is amortized over the lifetime of the underlying treaties, in line with expected emergence of income.

1.1.5.4 NOTE 4 – INTANGIBLE ASSETS

In EUR million	Goodwill	Value of business acquired	Other	Total
Gross value at 31 December 2010	**969**	**867**	**169**	**2,005**
Foreign exchange rate movements	-	54	1	55
Additions	-	-	24	24
Disposals	-	-	-	-
Change in scope of consolidation	-	540	-	540
Gross value at 31 December 2011	**969**	**1,461**	**194**	**2,624**
Foreign exchange rate movements	-	2	2	4
Additions	-	-	30	30
Disposals	-	-	(16)	(16)
Change in scope of consolidation	-	-	-	-
Gross value at 31 December 2012	**969**	**1,463**	**210**	**2,642**
Cumulative amortization and impairment at 31 December 2010	**(181)**	**(346)**	**(74)**	**(601)**
Amortization for the period	-	(47)	(8)	(55)
Impairment for the period	-	-	-	-
"Shadow accounting"	-	1	-	1
Cumulative amortization and impairment at 31 December 2011	**(181)**	**(392)**	**(82)**	**(655)**
Amortization for the period	-	(42)	9 [1]	(33)
Impairment for the period	-	-	(15)	(15)
"Shadow accounting"	-	2	-	2
Cumulative amortization and impairment at 31 December 2012	**(181)**	**(432)**	**(88)**	**(701)**
Carrying value as at 31 December 2010	**788**	**521**	**95**	**1,404**
Carrying value as at 31 December 2011	**788**	**1,069**	**112**	**1,969**
Carrying value as at 31 December 2012	**788**	**1,031**	**122**	**1,941**

(1) Including EUR 16 million reversal of amortization due to intangible assets disposals.

The disclosure of intangible assets split between the Group's operational segments SCOR Global P&C and SCOR Global Life has been presented within Note 2 – Segment Information.

GOODWILL

Goodwill, which represents the excess of the cost of each business combination over SCOR's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired, was EUR 788 million as at 31 December 2012 and EUR 788 million as at 31 December 2011.

The net book value of goodwill allocated to SCOR Global P&C and SCOR Global Life is disclosed in Note 2 – Segment information.

For the purposes of impairment testing, goodwill acquired in a business combination is allocated by SCOR to the groups of cash generating units (CGUs) that are expected to benefit from the profitability and synergies of the business combination. SCOR groups its CGUs by its operating segments, SCOR Global P&C and SCOR Global Life. This is consistent with the way that SCOR manages and monitors its business and cash flows.

In order to estimate the fair value of SCOR Global P&C for the purpose of impairment testing, SCOR uses a discounted cash flow model comprised of an earnings model, which considers forecasted earnings and other financial ratios of the reportable segment over a five year period. The first three years are based on Board approved business plans and the last two are extrapolated using an approach based on past experience. Business plans include assessments of gross and net premium expectations, expected loss ratios and expected expense ratios together with actuarial assumptions such as the coefficient of variation on ultimate net reserves together with assumptions as to the mean time to payment of existing reserves and future business. Cash-flows beyond this period are extrapolated using a growth rate of 5%. SCOR uses risk free interest rates per currency and the estimated SCOR Group cost of capital 7.92% as derived from the Capital Asset Pricing Model (CAPM) for discounting purposes.

For SCOR Global Life, goodwill is tested for impairment with reference to the inputs and methodology that SCOR applies in calculating the embedded value of the segment. Market Consistent Embedded Value (MCEV) is a measure of the consolidated value of shareholders' interests in the covered business. The MCEV represents the present value of shareholders' interests in the earnings distributable from assets allocated to the covered business after sufficient allowance for the aggregate risks in the covered business. The allowance for risk is calibrated to match the market price for risk where reliably observable. The MCEV consists of the Shareholder Net Worth (market value basis of equity), and value of in-force covered business (VIF). The VIF is composed of Present Value of Future Profits, projected over the life of the portfolio and based on contractual cash-flows. Key assumptions are morbidity, mortality and lapse rates. Mortality/morbidity are based on external tables, adjusted based on internal past experience. Lapses are also based on internal past experience. SCOR calculates and publishes a Market Consistent Embedded Value in line with the principles of the CFO Forum. For the 2012 embedded value discount rates used were based on risk free swap rates ranging between 0.29% and 8.15% depending on the currency and the duration.

Management believes that any reasonably possible change in the key assumptions on which SCOR Global P&C and SCOR Global Life recoverable amounts are based would not cause their carrying amount to exceed their recoverable amount.

As part of the impairment testing, SCOR assesses whether the recoverable amount of operating units is at least equal to the total carrying value of operating units (including goodwill). If it is determined that an impairment exists, the total carrying value is adjusted to current fair value. Any impairment charge is recorded in income in the period in which it is determined.

The annual goodwill impairment tests conducted for both SCOR Global P&C and SCOR Global Life segments show a fair value in excess of the total carrying value. Consequently, the result of the goodwill impairment tests is that no goodwill impairment charges were recognized for the years ended 31 December 2012, 2011 and 2010 respectively.

VALUE OF BUSINESS ACQUIRED

The IFRS 4 liability adequacy testing which includes VOBA recoverability, showed no indicators of impairment for the years ended 31 December 2012 or 2011.

OTHER INTANGIBLE ASSETS

Other intangible assets at 31 December 2012 were EUR 122 million compared with EUR 112 million at 31 December 2011.

Other intangible assets with finite useful lives at 31 December 2012 were EUR 92 million compared with EUR 82 million at 31 December 2011. A component of this balance relates to the joint-venture agreement with the Medical Defense Union (MDU), acquired through the Converium business combination. During and subsequent to the financial year end, SCOR received indications that this agreement would be terminated. As a result management decided to impair the intangible to its recoverable value of EUR 6 million.

The Group amortizes its other intangibles with a finite life over a 2 to 10 year period dependent on the specific circumstances of each arrangement.

The additions during the year ended 31 December 2012 of EUR 30 million comprise mainly software development cost capitalized relating to the Group's general ledger, technical accounting system and internal model of the Group.

The Group conducted its annual assessment of the amortization period and amortization method of these finite life intangible assets and has concluded that both the amortization period and existing amortization methodology are appropriate.

The amortization charge associated with other intangible assets with finite lives was EUR 9 million, EUR 8 million, and EUR 7 million for the years ended 31 December 2012, 2011, and 2010 respectively.

Software which is not in use anymore with a global value of EUR 16 million has been disposed of. This software was fully amortized in prior periods.

Other intangible assets also include indefinite life intangible assets associated with Lloyd's syndicate participations acquired through the Converium business combination. The Lloyd's intangibles of EUR 15 million are deemed to have an indefinite life due to the ability to realize cash for these contractual rights through the Lloyd's auction process. Other intangible assets having an indefinite useful life at 31 December 2012 were EUR 15 million compared with EUR 15 million at 31 December 2011.

Intangible assets with an indefinite life are tested for impairment annually. The price of the Lloyd's syndicate participations from the Lloyd's auction process are key inputs to the impairment tests conducted which demonstrated that there are no indicators of impairment.

1.1.5.5 NOTE 5 - TANGIBLE ASSETS AND PROPERTY RELATED COMMITMENTS

TANGIBLE ASSETS

Tangible assets as at 31 December 2012 were EUR 541 million compared to EUR 515 million as at 31 December 2011. These primarily relate to buildings used by SCOR as offices, office furniture and equipment, and building fixtures and fittings.

In EUR million	Fixed assets
Gross value at 31 December 2010	**146**
Foreign exchange rate movements	4
Additions	450
Reclassification from real estate investments (Note 6 (C))	10
Disposals	(17)
Change in scope of consolidation	18
Other	-
Gross value at 31 December 2011	**611**
Foreign exchange rate movements	7
Additions	42
Reclassification from real estate investments (Note 6 (C))	-
Disposals	(47)
Change in scope of consolidation	-
Other	-
Gross value at 31 December 2012	**613**
Cumulative depreciation and impairment at 31 December 2010	**(94)**
Depreciation for the period	(13)
Impairment for the period	-
Reclassification from real estate investments (Note 6 (C))	(6)
Disposals	17
Cumulative depreciation and impairment at 31 December 2011	**(96)**
Depreciation for the period	(20)
Impairment for the period	-
Reclassification from real estate investments (Note 6 (C))	-
Disposals	44
Cumulative depreciation and impairment at 31 December 2012	**(72)**
Carrying value as at 31 December 2010	**52**
Carrying value as at 31 December 2011	**515**
Carrying value as at 31 December 2012	**541**

The additions to tangible assets in 2011 were mainly related to the following acquisitions:

On 1 July 2011, SCOR Group finalized the purchase of Kléber SAS, whose primary asset is an office building located in Paris. The SCOR head office was moved to the Kléber office building at the beginning of 2012. This transaction resulted in an increase of the Group's fixed assets of EUR 344 million, and financial debts of EUR 170 million in 2011.

On 6 July 2011, SCOR Holding Switzerland AG, a wholly owned subsidiary of the Group, acquired PPG Lime Street Ltd, a company whose primary asset is a building located in London. This transaction resulted in an increase of the Group's fixed assets of EUR 53 million (GBP 47 million) in 2011.

EUR 26 million were capitalized as asset in progress in relation to a building in Cologne. See below "Property related commitments received and granted".

The change in scope of consolidation in 2011, presented in the table above, related to the acquisition of a company whose main asset is a share in an aircraft of EUR 18 million.

The additions to tangible assets in 2012 are mainly related to the EUR 31 million acquisition in relation to a building in Cologne (please see note property related commitments and guarantees below).

PROPERTY RELATED COMMITMENTS RECEIVED AND GRANTED

Operating lease contracts

Payments for operating leases concern in particular rents for offices and business premises of the Group. They include extension options as well as restrictions regarding the agreement of subleases. In the period under review, minimum lease payments of EUR 29 million (2011: EUR 26 million; 2010: EUR 27 million) were recognised as an expense, net of sublease payments of EUR (6) million (2011: EUR (4) million; 2010: EUR (4) million). The largest lease contract is for SCOR Zurich office where during 2011 the lease term has been extended until December 2016. The minimum payments are as follows [(1)]:

In EUR million	2012 Minimum payments	2011 Minimum payments
Less than one year	14	22
From one to five years	48	33
More than five years	30	-
TOTAL MINIMUM PAYMENTS	**92**	**55**

(1) 2011 minimum lease payments comprised the largest lease contracts from SCOR Zurich and SCOR Paris, whereas 2012 minimum lease payments comprise all SCOR entities. The increase in 2012 is mainly due to two newly signed lease contracts in Charlotte and Texas.

Property related commitments and guarantees

In December 2003, the Group sold its headquarters in Paris La Défense but remained as tenant of this building until December 2012, except for one floor which is still rented. The Group has returned it on 28 December 2012, date of its lease termination, and all the related guarantees have been cancelled.

On 29 June 2012, SCOR SE, German branch became owner of a new 6,500 square meters building at Goebenstrasse 1 in Cologne which was under construction since 2009. The Cologne HUB head office has moved to Goebenstrasse 1 beginning of March 2012. This resulted in an additional increase of the Group's fixed assets of EUR 11 million in 2012. In 2011 EUR 26 million of the total purchase price of EUR 37 million including fixtures and fittings were already capitalized as asset in progress. In January 2012, the Group partially funded the cost of the purchase with a financial debt of EUR 18 million.

1.1.5.6 NOTE 6 - INSURANCE BUSINESS INVESTMENTS

The insurance business investments of the Group can be analyzed as follows:

In EUR million		Net book value as at 31 December [1] 2012	2011
Real estate investments	**Note 6 – (C)**	**584**	**499**
Equities		1,016	1,158
Fixed income	Note 6 – (D)	9,651	8,334
Available-for-sale investments	**Note 6 – (B), (D), (E)**	**10,667**	**9,492**
Equities		160	89
Fixed income	Note 6 – (D)	56	38
Investments at fair value through income	**Note 6 – (A), (B), (D)**	**216**	**127**
Loans and receivables	**Note 7 (also Note 6 – (A))**	**9,535**	**9,872**
Derivative instruments [2]	**Note 8 (also Note (A), (B))**	**112**	**158**
TOTAL INSURANCE BUSINESS INVESTMENTS		**21,114**	**20,148**

(1) Liabilities of EUR 40 million arising from derivative financial instruments are disclosed in the liability section of the consolidated balance sheet (2011: EUR 52 million).

(A) INSURANCE BUSINESS INVESTMENTS BY VALUATION METHODS

Analysis of insurance business investments and financial liabilities carried at fair value by valuation method:

	Investments and cash as at 31 December 2012				
In EUR million	Total	Level 1	Level 2	Level 3	Cost or amortized cost
Real estate investments	**584**	**-**	**-**	**-**	**584**
Equities	1,016	685	259	-	72
Fixed income	9,651	8,635	1,014	2	-
Available-for-sale investments	**10,667**	**9,320**	**1,273**	**2**	**72**
Equities	160	53	107	-	-
Fixed income	56	1	55	-	-
Investments at fair value through income	**216**	**54**	**162**	**-**	**-**
Loans and receivables	**9,535**	**1,269**	**-**	**-**	**8,266**
Derivative instruments	**112**	**-**	**31**	**81**	**-**
TOTAL INSURANCE BUSINESS INVESTMENTS	**21,114**	**10,643**	**1,466**	**83**	**8,922**
Cash and cash equivalents	1,466	1,466	-	-	-
Investments and cash as at 31 December 2012	**22,580**	**12,109**	**1,466**	**83**	**8,922**

	Investments and cash as at 31 December 2011				
In EUR million	Total	Level 1	Level 2	Level 3	Cost or amortized cost
Real estate investments	**499**	**-**	**-**	**-**	**499**
Equities	1,158	806	288	-	64
Fixed income	8,334	7,512	814	8	-
Available-for-sale investments	**9,492**	**8,318**	**1,102**	**8**	**64**
Equities	89	15	74	-	-
Fixed income	38	10	28	-	-
Investments at fair value through income	**127**	**25**	**102**	**-**	**-**
Loans and receivables	**9,872**	**1,774**	**-**	**-**	**8,098**
Derivative instruments	**158**	**-**	**25**	**133**	**-**
TOTAL INSURANCE BUSINESS INVESTMENTS	**20,148**	**10,117**	**1,229**	**141**	**8,661**
Cash and cash equivalents	1,281	1,281	-	-	-
Investments and cash as at 31 December 2011	**21,429**	**11,398**	**1,229**	**141**	**8,661**

The level in which an investment is categorized within the fair value method hierarchy is determined on the basis of the lowest level of input that is significant to the fair value measurement of that instrument. The significance of an input is

therefore assessed against the fair value measurement in its entirety. Assessing the significance of particular inputs into the fair value measurement requires judgment, considering factors specific to the instrument.

Level 1: Investments at fair value based on prices published in an active market

Included within this category are financial investments that are measured by direct reference to published quotes within an active market. Financial instruments are included within this category if quoted prices or rates represent actual and regularly occurring transactions that are available from an exchange, dealer or broker. These comprise listed equities, mostly government, covered and agency bonds, as well as short term investments.

Level 2: Investments at fair value determined using valuation techniques based on models prepared by internal and external third parties using observable market data

The Group has certain investments which are valued based on models prepared by independent external third parties using market inputs. These are primarily comprised of structured products, other than agencies for which the market is considered active, private placements, inflation linked government assimilated bonds and specific alternative investments. Similarly, the Group values certain derivative investments, namely the mortality and real estate swaps using internal valuation techniques based on market inputs. Further detail on the valuation of these derivative instruments is included within Note 8 – Derivative Instruments.

Level 3: Investments at fair value determined using valuation technique not (or partially) based on market data

Included within this category are those instruments whose fair value is not based on observable market inputs. These instruments are neither supported by prices from observable current market transactions in the same instrument, nor are they based on available market data. As at 31 December 2012, the main asset class within the Level 3 fair value measurement category consists of derivative instruments primarily relating to the Atlas catastrophe agreements. Further detail on the valuation of these derivative instruments is included within Note 8 - Derivative Instruments.

Available-for-sale investments measured at cost

Available for sale investments included approximately EUR 72 million of investments which are measured at cost (2011: EUR 64 million). These investments include primarily equities and funds which are not listed.

In 2012 and 2011 respectively, there were no material gains or losses realized on the disposal of available for sale investments which were previously carried at cost.

Transfers and classification of investments

There have been no material transfers between Level 1 and Level 2 in 2012 and 2011 respectively. There were also no changes in the purpose of any financial asset that subsequently resulted in a different classification of that asset.

The movement in Level 3 investments since 31 December 2010 is mainly due to foreign exchange impacts and the change in fair value of Atlas vehicles.

(B) MOVEMENTS IN LEVEL 3 FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

During the year ended 31 December 2012, there were EUR 6 million net transfers out of Level 3 fair value measurement category.

In EUR million	At 1 January 2012	Total gains / (losses) recognized in statement of income	Change in fair value	Purchases	Sales	Transfer into / out of level 3 fair value measure-ment	At 31 December 2012
Equities	-	-	-	-	-	-	-
Fixed income	8	-	-	-	(6)	-	2
Available-for-sale investments	**8**	**-**	**-**	**-**	**(6)**	**-**	**2**
Derivative instruments	**133**	**(50)[1]**	**-**	**-**	**(2)**	**-**	**81**
Investments	**141**	**(50)**	**-**	**-**	**(8)**	**-**	**83**

(1) Movements in derivative instruments mainly due to the change in fair value of ATLAS V and VI catastrophe bonds

In EUR million	At 1 January 2011	Total gains / (losses) recognized in statement of income	Change in fair value	Purchases	Sales	Transfer into / out of level 3 fair value measure-ment	At 31 December 2011
Equities	-	-	-	-	-	-	-
Fixed income	14	-	-	-	(2)	(4)	8
Available-for-sale investments	**14**	**-**	**-**	**-**	**(2)**	**(4)**	**8**
Derivative instruments	**61**	**(31) [1]**	**-**	**103 [2]**	**-**	**-**	**133**
Investments	**75**	**(31)**	**-**	**103**	**(2)**	**(4)**	**141**

(1) Movements in derivative instruments mainly due to the change in fair value of ATLAS V and VI catastrophe bonds
(2) Mainly purchase of ATLAS VI series 2011-1 and 2011-2 catastrophe bonds

	At 1 January 2010	Total gains / (losses) recognized in statement of income	Change in fair value	Purchases	Sales	Transfer into / out of level 3 fair value measure-ment	At 31 December 2010
Equities	2	-	-	-	-	(2)	-
Fixed income	8	-	-	-	-	6	14
Available-for-sale investments	**10**	**-**	**-**	**-**	**-**	**4**	**14**
Derivative instruments	**60**	**(25) [1]**	**-**	**26 [2]**	**-**	**-**	**61**
Investments	**70**	**(25)**	**-**	**26**	**-**	**4**	**75**

(1) Movements in derivative instruments mainly due to the change in fair value of ATLAS V and VI catastrophe bonds
(2) Purchase of the second tranche of ATLAS VI catastrophe bonds

The EUR (50) million total losses recorded in the statement of income in 2012, include EUR (50) million of change in FV (2011: EUR (31) million; 2010: EUR (25) million) and no realized gains/losses (2011: Nil; 2010: Nil).

(C) REAL ESTATE INVESTMENTS

The properties held by the Group and considered as investment property are owned either by SCOR Auber, a 100% subsidiary of SCOR SE or by SCOR Properties, a 100% subsidiary of Group entities including SGP&C, SGL and SSAG. They consist of office buildings, which the Group owns and leases, and one office building capitalized under finance lease contracts. The movements in the real estate investments and finance leases are analyzed as follows:

In EUR million	Real estate investments	Finance Leases	Total
Gross value at 31 December 2010	**386**	**91**	**477**
Foreign exchange rate movements	(1)	-	(1)
Additions	150	-	150
Disposals	(27)	-	(27)
Reclassification to owner-occupied property (Note 5)	(10)	-	(10)
Change in scope of consolidation	-	-	-
Gross value at 31 December 2011	**498**	**91**	**589**
Foreign exchange rate movements	-	-	-
Additions	143	-	143
Disposals	(75)	-	(75)
Reclassification to owner-occupied property (Note 5)	-	-	-
Change in scope of consolidation	-	-	-
Gross value at 31 December 2012	**566**	**91**	**657**
Cumulative depreciation and impairment at 31 December 2010	**(71)**	**(28)**	**(99)**
Depreciation for the period	(8)	(3)	(11)
Impairment for the period	-	-	-
Disposals	14	-	14
Reclassification to owner-occupied property (Note 5)	6	-	6
Cumulative depreciation and impairment at 31 December 2011	**(59)**	**(31)**	**(90)**
Depreciation for the period	(11)	(3)	(14)
Impairment for the period	-	-	-
Disposals	31	-	31
Reclassification to owner-occupied property (Note 5)	-	-	-
Cumulative depreciation and impairment at 31 December 2012	**(39)**	**(34)**	**(73)**
Carrying value as at 31 December 2010	**315**	**63**	**378**
Fair value as at 31 December 2010	398	95	493
Carrying value as at 31 December 2011	**439**	**60**	**499**
Fair value as at 31 December 2011	523	95	618
Carrying value as at 31 December 2012	**527**	**57**	**584**
Fair value as at 31 December 2012	591	91	682

In 2012, SCOR Auber sold 4 buildings for a total sale price of EUR 83 million providing a total capital gain of EUR 39 million. SCOR Properties acquired 2 buildings, through 2 dedicated SPVs, SAS Pershing and SAS Coligny, one in Paris 17, and the other in Saint Quentin en Yvelines in state of future completion, for EUR 163 million out of which EUR 143 million have been booked at 31 December 2012 (see below, “Property related commitments and guarantees”). These acquisitions were financed by SCOR through the use of own funds.

Financial lease contracts

The Group holds a finance lease which contains an option to purchase an investment property in Paris at the end of the lease term. The lease was extended until 25 June 2013 by an addendum in 2011. The amount of the minimum payments and their discounted values are as follows:

	2012			2011		
In EUR million	Minimum payments	Interest expenses	Present Value of Minimum Lease Payments	Minimum payments	Interest expenses	Present Value of Minimum Lease Payments
Less than one year	4	(1)	3	8	(1)	7
From one to five years	-	-	-	4	(1)	3
More than five years	-	-	-	-	-	-
Total	**4**	**(1)**	**3**	**12**	**(2)**	**10**

Commitments relating to the financing of acquisitions of investment properties through financial leases and other bank loans are presented within Note 14 – Financial debt.

Rental income

As part of its real estate investment activities described above, SCOR leases its investment buildings. The leases generally conform to the local market conditions and have annual indexation clauses for the rental payments. The estimated minimum rental income is as follows:

In EUR million	2012 Minimum rental income	2011 Minimum rental income
Less than one year	35	39
From one to five years	96	69
More than five years	58	16
TOTAL MINIMUM RENTAL INCOME	**189**	**124**

The rental income related to investment property was EUR 38 million in 2012 (2011: EUR 37 million) and the direct operating expenses EUR 2 million (2011: EUR 2 million).

Property related commitments and guarantees

SCOR signed in 2012 a contract of sale before completion (VEFA) to acquire a building in Saint-Quentin-en-Yvelines. Total costs for building and land are EUR 93 million. Total cost of the land and finished portion of the building (EUR 72 million) was capitalised as at 31 December 2012, as transfer of ownership is contingent upon progress of construction work. As at 31 December 2012, SCOR has not the right to use the building. This right is contingent upon the delivery of the building.

(D) FIXED INCOME SECURITIES

(a) Credit ratings – fixed income securities classified as available-for-sale or fair value through income

An analysis of the credit ratings of fixed income securities classified as available-for-sale and fair value through income is as follows:

In EUR million	AAA	AA	A	BBB	< BBB	Not rated	Total
As at 31 December 2012							
Available-for-sale	3,109	2,733	1,934	1,146	605	124	9,651
Fair value through income	11	34	10	-	-	1	56
Total fixed income securities as at 31 December 2012	**3,120**	**2,767**	**1,944**	**1,146**	**605**	**125**	**9,707**
As at 31 December 2011							
Available-for-sale	3,079	2,086	1,775	1,022	272	100	8,334
Fair value through income	-	28	9	-	-	1	38
Total fixed income securities as at 31 December 2011	**3,079**	**2,114**	**1,784**	**1,022**	**272**	**101**	**8,372**

(b) Maturity – fixed income securities classified as available-for-sale and fair value through income

The table below presents the estimated maturity profiles of financial assets, which are expected to generate cash inflows to meet cash outflows on financial liabilities:

	Less than one year	One to five years	Five to ten years	Ten to twenty years	More than twenty years	Total
As at 31 December 2012						
In EUR million	1,421	6,018	1,675	318	275	9,707
In percentage	15%	62%	17%	3%	3%	100%
As at 31 December 2011						
In EUR million	941	4,989	1,313	467	662	8,372
In percentage	11%	59%	16%	6%	8%	100%

(c) Net unrealized gains (losses) – fixed income securities

The following table summarizes the fixed income securities and unrealized gains / (losses) by class of fixed income security:

	As at 31 December 2012		As at 31 December 2011	
In EUR million	Net book value	Net unrealized gains / (losses)	Net book value	Net unrealized gains / (losses)
Government bonds & assimilated				
France	183	(5)	219	(13)
Germany	617	10	920	11
Netherlands	150	(14)	165	(21)
United Kingdom	340	1	175	3
Other EU [(1)]	159	(9)	209	(10)
United States	1,115	11	890	7
Canada	297	26	344	26
Other	740	1	517	(10)
Total Government bonds & assimilated	**3,601**	**21**	**3,439**	**(7)**
Covered bonds & Agency MBS	**1,359**	**49**	**839**	**8**
Corporate bonds	**3,997**	**130**	**3,413**	**(22)**
Structured & securitized products	**750**	**(3)**	**681**	**(27)**
Total fixed income securities [(2)]	**9,707**	**197**	**8,372**	**(48)**

(1) As at 31 December 2012, SCOR has no investment exposure related to sovereign risk of Portugal, Ireland, Italy, Greece, Hungary or Spain

(2) The balance includes EUR 56 million fixed income securities which are classified as fair value through income (as at 31 December 2011: EUR 38 million)

(E) AVAILABLE FOR SALE INVESTMENTS – UNREALIZED GAINS AND LOSSES

(a) Movements in unrealized gains (losses)

The change in the valuation of the available-for-sale portfolio affecting shareholders' equity is as follows:

In EUR million	2012	2011	2010
Net unrealized gains (losses) net of tax 1 January	**(178)**	**56**	**37**
Transferred to consolidated net income during the period, net of impairment	47	(18)	46
Change in unrealized gains and losses (including investments purchased during the period) [(1)]	169	(215)	(56)
Impact of foreign exchange	28	1	36
Change in scope and other	-	(2)	(7)
Net unrealized gains (losses) net of tax 31 December	**66**	**(178)**	**56**

At 31 December 2012 and 2011, the unrealized gains and losses on available-for-sale investments can be analyzed as follows:

In EUR million	2012 Unrealized gains	2012 Unrealized losses	2012 Net unrealized gains (losses)	2011 Unrealized gains	2011 Unrealized losses	2011 Net unrealized gains (losses)
Equities	34	(96)	(62)	38	(208)	(170)
Bonds	271	(74)	197	149	(197)	(48)
Unrealized gains and losses on available-for-sale investments (gross of tax) (1)	**305**	**(170)**	**135**	**187**	**(405)**	**(218)**

(1) Unrealized gains and losses on available for sale investments analyzed above exclude:
- Gains and losses relating to foreign exchange of EUR 7 million (2011: EUR (12) million);
- Shadow accounting of EUR 30 million (2011: EUR 38 million);
- Non-controlling interest on mutual funds of EUR 3 million (2011: Nil); and
- Tax effects on above stated items of EUR 29 million (2011: (66) million)

Total impairment losses recognised in 2012 amounted to EUR 72 million (2011: EUR 51 million), of which EUR 81 million (2011: EUR 56 million) relate to the equity portfolio and EUR (9) million (2011: EUR (5) million) to fixed-income securities.

(b) Net unrealized gains (losses) – equity securities classified as available for sale

The Group analyses its unrealized gains / (losses) on equity securities as follows (amounts are stated net of impairment):

In EUR million	As at 31 December 2012 Duration of decline in months			
Magnitude of decline	**<12**	**12-18**	**>18**	**Total**
31-40%	-	-	(8)	(8)
41-50%	-	(1)	(26)	(27)
≥ 50%	-	-	-	-
Total unrealized losses on available-for-sale equity securities analyzed on a line-by-line basis	**-**	**(1)**	**(34)**	**(35)**
Unrealized losses < 30%				(36)
Unrealized gains and other (1)				9
Net unrealized gains / (losses)				**(62)**

In EUR million	As at 31 December 2011 Duration of decline in months			
Magnitude of decline	**<12**	**12-18**	**>18**	**Total**
31-40%	(21)	-	(7)	(28)
41-50%	(31)	(4)	(9)	(44)
≥ 50%	-	-	-	-
Total unrealized losses on available-for-sale equity securities analyzed on a line-by-line basis	**(52)**	**(4)**	**(16)**	**(72)**
Unrealized losses < 30%				(136)
Unrealized gains and other (1)				38
Net unrealized gains / (losses)				**(170)**

(1) Other also includes one listed investment with an unrealized loss/gain of EUR (11) million (2011: EUR 15 million) deemed not to be impaired given the strategic nature of the investment

1.1.5.7 NOTE 7 - LOANS AND RECEIVABLES

In EUR million	2012	2011
Funds held by ceding companies	8,188	8,026
Short term investments	1,269	1,774
Loans secured against collateral	15	-
Other loans maturing in more than one year	33	43
Deposits	30	29
TOTAL	**9,535**	**9,872**

Loans and receivables include primarily receivables from cash deposits made at the request of ceding companies as collateral for commitments (insurance contract liabilities), short term investments and related accrued interest. Short term investments includes government bonds, certificates of deposit (CDs) and treasury bills (T-bills) maturing between 3 and 12 months from the date of purchase. CDs and T-bills maturing in more than 12 months from date of purchase are included in “other loans maturing in more than one year”.

In 2012, the decrease of EUR 337 million during the year results from sales of short term investments and increased funds held by ceding companies.

Short term investments are carried at fair value. Other loans and receivables are carried at cost which approximates to the fair value at 31 December 2012 and 2011.

1.1.5.8 NOTE 8 - DERIVATIVE INSTRUMENTS

Derivative financial instruments include the following items:

	Derivative assets		Derivative liabilities		Fair value through income		Gains or losses recognised through other comprehensive income	
In EUR million	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Atlas V & VI	81	130	-	-	(49)	(31)	-	-
Mortality swaps	-	-	-	-	-	(6)	-	-
Real estate swaps	-	-	-	1	-	2	-	-
Interest rate swaps	-	-	36	24	(1)	(4)	(12)	(21)
Currency swaps	9	15	-	-	-	-	(13)	-
Other	22	13	4	27	(3)	-	-	-
TOTAL	**112**	**158**	**40**	**52**	**(53)**	**(39)**	**(25)**	**(21)**

ATLAS SPECIAL PURPOSE VEHICLE CATASTROPHE BONDS

On 19 February 2009, SCOR reopened the market for catastrophe bonds (an insurance-linked security) with the issue of the three series “Atlas V" catastrophe bonds. The multi-year property catastrophe agreements concluded between SCOR and Atlas V Capital Limited (“Atlas V") provided the Group with additional protection of USD 200 million for exposures to earthquakes and hurricanes in the U.S. and Puerto Rico. Events were covered for the risk period from 20 February 2009 to 19 February 2012.

On 9 December 2009, SCOR completed the EUR 75 million Atlas VI transaction, replacing Atlas Reinsurance III. Atlas VI provides EUR 75 million of protection against European windstorms and Japanese earthquakes risks until 31 March 2013.

On 9 December 2010, SCOR successfully placed a new catastrophe bond (“Cat bond”), Atlas VI Capital Limited Series 2010-1, which provides the Group with EUR 75 million of protection against European windstorms and Japanese earthquakes for a risk period extending from 10 December 2010 to 31 March 2014. This transaction succeeds Atlas IV Reinsurance Limited, which matured on 31 December 2010 and provides similar geographical cover of EUR 160 million.

On 12 December 2011 SCOR successfully placed a new catastrophe bond (“Cat bond”), Atlas VI Capital Limited Series 2011-1 and 2011-2, whichprovides the Group with USD 270 million of protection against US Hurricanes and Earthquakes and EUR 50 million of protection against European windstorms, for a risk period extending from 13 December 2011 to 31 December 2014 for the US series and 31 March 2015 for the European series. This transaction will succeeded Atlas V Capital Limited, which matured on 24 February 2012 and provides similar geographical cover as Series 2011-1 for an amount of USD 200 million.

Atlas V & VI are special-purpose vehicles incorporated under the laws of Ireland and their notes are placed with various institutional investors. In accordance with IAS 39 “Financial Instruments recognition and measurement”, due to the absence of an ultimate net loss clause, these instruments have been recognized as derivative instruments, which are fully funded by the proceeds of the vehicles. They are considered as balance sheet protection.

Valuation and presentation

Amounts are recorded in the balance sheet representing the derivative asset recognized at fair value through P&L and other liabilities representing the value interest payments. SCOR values the derivative asset using a model that is based on a combination of market inputs to the extent that trades in these instruments are active and catastrophic modelling tools. These assets are disclosed as level 3 investments within insurance business investments (see Note 6 – Insurance business investments).

Amounts recorded in the statement of income include transaction costs that are expensed at inception as financing expense. The changes in fair value through income as presented above are recognized as other operating expenses or other operating income.

Premiums related to the underlying business are accounted for in accordance with IFRS 4 “Insurance Contracts”.

MORTALITY SWAPS

On 1 January 2008, SCOR Global Life SE concluded a four-year mortality swap with an affiliate of J.P. Morgan Chase & Co. On 1 September 2009, the terms of the agreement were amended to add an additional layer of protection.

Under the terms of the original 2008 agreement (“1st tranche”) SCOR Global Life SE would have received cash up to a nominal amount of USD 100 million and EUR 36 million in the event of a rise in mortality. Under the terms of the amended agreement in 2009 (“2nd tranche”) SCOR Global Life SE would also have received cash up to a nominal amount of USD 75 million in the event of a rise in mortality. The agreement, which ran for a risk period from 1 January 2008 to 31 December 2011 and 1 January 2009 to 31 December 2011 for the 1st and 2nd tranche respectively, terminated on 15 January 2012. The termination had no material P&L impact in 2012.

REAL ESTATE SWAPS

SCOR has entered into two real estate swap contracts, with ABN AMRO. The contracts were subsequently assigned to RBS. This dual-swap transaction has been concluded for 5 years commencing in 2007 and ended in April 2012. The two separate swaps were calculated and settled annually in April of each year:

- SCOR swaps the French offices total return for 1Y Euribor + 2.20%.
- SCOR swaps 1Y Euribor + 2.20% for the German all properties total return.

The objective of this transaction was to:

- Hedge SCOR’s direct economic exposure to the Paris commercial real estate market.
- Diversify SCOR’s real estate direct allocation to other real estate sectors, especially residential, with geographical diversification through another country exposures.

The indices used to measure the relevant real estate returns are those issued by an independent third party company (IPD). These indexes are obtained by the analysis of the appraised market values on 31 December of each year and rental incomes of the real estate portfolios of institutional investors using the independent third party provider. The indices are therefore derived from a large and diversified data base. The notional exposure for each of the four components of the transactions was EUR 30 million. The termination had no material P&L impact in 2012.

Valuation

SCOR valued these swaps using an internal model based on observable banking and real estate inputs.

INTEREST RATE SWAPS

SCOR has entered into interest rates swaps to cover its exposure to financial debt with variable interest rates relating to real estate investments. The fair value of these swaps is obtained from the banking counterparty using market inputs. As part of the usual analysis of accounts processes these third party valuations are checked for reasonableness against internal models. The total notional amount relating to these swaps is EUR 302 million as at 31 December 2012 (2011: EUR 326 million). Net interest paid under these swaps amounted to EUR 17 million in 2012 (2011: EUR 4 million).

Valuation and presentation

Cash-flow hedge accounting is applied when the hedging relationship is determined to be highly effective. Effectiveness testing is performed at the inception of the hedging relationship and at each balance sheet date throughout the term of the hedge relationship. Where hedge effectiveness is not attained, the hedging instrument (interest rate swap) is measured at fair value through profit and loss from the date the hedge relationship ceases to be effective. As at 31 December 2012, the fair value of the interest rate swaps was a liability of EUR 36 million (2011: liability of EUR 24 million). The amount recognized in other comprehensive income in 2012 is EUR (12) million (2011: EUR (21) million). The amount recognized in the statement of income in 2012 was EUR (2) million (2011: EUR (2) million).

CURRENCY SWAPS

In order to hedge the FX risk associated with the debts issued in CHF (CHF 650 million issued in 2011, CHF 315 million issued in 2012, see Note 14 – Financial debt), SCOR entered into cross-currency swaps which exchange the principals into EUR and exchange the coupons on the notes into EUR and mature on 2 August 2016 and 8 June 2018.

Valuation and presentation

Cash-flow hedge accounting is applied. The fair value of the swaps is obtained from the banking counterparty using market inputs. As part of the usual analysis of accounts processes these third party valuations are checked for reasonableness against internal models. The total relating notional amount is CHF 965 million as at 31 December 2012 (2011: CHF 650 million). Fair value of the swaps is EUR 9 million as at 31 December 2012 (EUR 15 million as at 31 December 2011). EUR 7 million of the fair value movement during the year was credited to the statement of income (2011: EUR 15 million) wheras EUR 13 million was debited to other comprehensive income (2011: nil).

OTHER

Forward currency contracts

SCOR purchases and sales forward currency contracts to reduce its overall exposure to balances held in currencies other than the functional currencies of its subsidiaries. The contracts are recorded at their net fair value from valuations provided by banking counterparties using market inputs. The outstanding contracts at 31 December 2012 and 2011, converted into EUR at the closing rates, were as follows:

	Forward sales		Forward purchases	
In EUR million	Notional	Fair value	Notional	Fair value
31 December 2012	610	6	647	14
31 December 2011	561	(21)	1,428	5

Included in the forward sales contracts at 31 December 2011 was a forward sale contract which has been designated as a hedge of a net investment (see Note 13 – Information on share capital, capital management, regulatory framework and shareholders' equity).

Contingent capital instrument

See note 13 Information on share capital, capital management, regulatory framework and shareholders' equity, for the details on the issuance of warrants to UBS in the context of the contingent capital arrangement program.

Valuation and presentation

Amounts are recorded in the balance sheet representing the instrument asset recognized at fair value through P&L and other liabilities representing the value interest payments. In the absence of observable market inputs and parameters to reliably determine a fair value for this derivative instrument, the best measure of fair value is the expected cost of the instrument, corresponding to the total annual fees payable under the arrangement net of the warrants' subscription amount received, amortized over the life of the instrument. These assets are disclosed as level 3 investments within insurance business investments (see Note 6 – Insurance business investments).

The changes in fair value through income as presented above are recognized in P&L. Following the activation of the contingent capital in July 2011, the derivative instrument fair value and the total fees payable were reduced, for the same amount.

1.1.5.9 NOTE 9 - INVESTMENTS IN ASSOCIATES

The Group holds investments in associated companies. The following table provides a summary of the financial information for these companies.

In EUR million	Control %	Country	Total assets	Total liabilities excluding equity	Turnover	Net income at 100%	Net book value (in SCOR)
ASEFA	40%	Spain	934	839	97	3	38
MutRé	33%	France	1,124	1,008	366	3	40
SCOR CHANNEL	100%	Guernsey	11	9	11	-	2
COGEDIM Office Partner (2)	44%	France	69	69	24	-	-
SCOR Gestion financière	100%	France	4	-	-	-	4
Total 2012 (1)							84
ASEFA	40%	Spain	1,039	950	122	4	38
MutRé	33%	France	1,048	930	305	-	39
SCOR CHANNEL	100%	Guernsey	13	11	17	-	2
COGEDIM Office Partner (2)	44%	France	75	75	-	-	-
SCOR Gestion financière	100%	France	4	-	-	-	4
Total 2011 (1)							83

ASEFA	40%	Spain	1,056	971	107	5	34
MutRé	33%	France	1,043	927	295	5	38
SCOR CHANNEL	100%	Guernsey	14	12	16	-	2
SCOR Gestion financière	100%	France	4	-	-	-	4
Total 2010 (1)							**78**

(1) Based on 2012, 2011 and 2010 provisional financial information, respectively
(2) Investment in COGEDIM Office Partner additionally includes a loan to the entity, presented in loans and receivable for respectively EUR 13 million as at 31 December 2012 and EUR 11 million as at 31 December 2011

1.1.5.10 NOTE 10 - ASSUMED AND CEDED INSURANCE AND REINSURANCE RECEIVABLES AND PAYABLES

	2012			2011		
In EUR million	SCOR Global Life	SCOR Global P&C	Total	SCOR Global Life	SCOR Global P&C	Total
Gross receivables from ceding companies	245	318	563	225	303	528
Provision for bad debts	-	-	-	(3)	(10)	(13)
Estimated premiums receivable from cedants, net of commission	1,865	1,777	3,642	1,974	1,595	3,569
Assumed insurance and reinsurance accounts receivable	**2,110**	**2,095**	**4,205**	**2,196**	**1,888**	**4,084**
Amount due from reinsurers	1	77	78	98	79	177
Provision for bad debts	-	(2)	(2)	-	(2)	(2)
Receivables from ceded reinsurance transactions	**1**	**75**	**76**	**98**	**77**	**175**
Assumed insurance and reinsurance accounts payable	**(280)**	**(78)**	**(358)**	**(166)**	**(71)**	**(237)**
Liabilities for cash deposits from retrocessionaires	(359)	(210)	(569)	(337)	(197)	(534)
Amount due to reinsurers	(43)	(29)	(72)	(57)	(39)	(96)
Estimated premiums payable to retrocessionaires, net of commission	(115)	(132)	(247)	(60)	(162)	(222)
Accounts payable on ceded reinsurance transactions	**(517)**	**(371)**	**(888)**	**(454)**	**(398)**	**(852)**

Accounts receivable from and payable to cedants and retrocessionaires are mostly due in less than one year. A complete aging of financial assets is included in Note 26 – Insurance and financial risk.

1.1.5.11 NOTE 11 - DEFERRED ACQUISITION COSTS

	2012			2011			2010		
In EUR million	SCOR Global Life	SCOR Global P&C	Total	SCOR Global Life	SCOR Global P&C	Total	SCOR Global Life	SCOR Global P&C	Total
Net value at 1 January	**397**	**325**	**722**	**485**	**278**	**763**	**529**	**238**	**767**
Capitalisation of new contracts for the period / Change of the period	224	360	584	98	313	411	51	280	331
Change in scope of consolidation and contract portfolio exchanges	-	-	-	(105)	-	(105)	-	-	-
Amortisation for the year	(176)	(329)	(505)	(79)	(268)	(347)	(80)	(255)	(335)
Impairment losses during the year	-	-	-	-	-	-	-	-	-
Foreign exchange rate movements	6	3	9	(2)	2	-	31	15	46
Other changes (including change in shadow accounting)	-	-	-	-	-	-	(46)	-	(46)
Net value at 31 December	**451**	**359**	**810**	**397**	**325**	**722**	**485**	**278**	**763**

1.1.5.12 NOTE 12 - CASH AND CASH EQUIVALENTS AND CASH FLOWS

In EUR million	2012	2011
Cash on hand and cash equivalent	806	698
Short-term deposits and investments	660	583
Cash and cash equivalents	**1,466**	**1,281**

Total cash and cash equivalents include short term deposits and investments, which mature less than three months from the date of the initial investment and earn interest based on the daily rates for short term deposits. Money market funds meeting certain criteria are also classified as cash equivalent.

Liquidity is defined as cash and cash equivalents (as presented above) and short term investments comprised primarily of government bonds maturing between 3 and 12 months from date of purchase (as presented within Note 7 – Loans and receivables). Total liquidity as at 31 December 2012 is EUR 2,735 million (2011: EUR 3,055 million).

NET CASH FLOW FROM OPERATIONS

The following table reconciles consolidated net income to net cash flow provided by (used in) operations as presented on the statement of cash flows:

	For the year ended 31 December		
In EUR million	2012	2011	2010
Consolidated Group net income	**418**	**330**	**418**
Realized gains and losses on investment disposals	(54)	(168)	(24)
Change in accumulated amortization and other provisions	55	99	(1)
Changes in deferred acquisition costs	(97)	(37)	68
Net increase in contract liabilities	256	845	432
Change in fair value of financial instruments recognized at fair value through income	57	43	28
Other non-cash items included in operating results	34	(601)	(325)
Net cash flow provided by operations, excluding changes in working capital	**669**	**511**	**596**
Change in loans and accounts receivable	181	4	73
Cash flows from other assets and liabilities	-	-	-
Net tax (paid)/received	(89)	15	(13)
Net cash flow provided by operations	**761**	**530**	**656**

During the year the Group received and paid out operational cash relating to investment income and taxes. Dividend and interest cash receipts relating to investments held during the year were EUR 34 million (2011: EUR 50 million and 2010: EUR 40 million) and EUR 354 million (2011: EUR 360 million and 2010: EUR 399 million). Tax cash outflows/inflows during the year were EUR (89) million (2011: outflow of EUR 15 million and 2010: inflow of EUR 13 million).

In 2011, Life cash flow did not include AEGON operating settlements of EUR 108 million which were not received until January 2012.

1.1.5.13 NOTE 13 - INFORMATION ON SHARE CAPITAL, CAPITAL MANAGEMENT, REGULATORY FRAMEWORK AND SHAREHOLDERS' EQUITY

SHARE CAPITAL

Authorized share capital

The authorized share capital of the Company at 31 December 2012 was 192,384,219 shares with a nominal value of EUR 7.8769723 each compared with authorized share capital of 192,021,303 shares with a nominal value of EUR 7.8769723 at the end of 2011 and with authorized share capital of 187,795,401 shares with a nominal value of EUR 7.8769723 at the end of 2010.

Issued share capital

The number of ordinary shares which were issued and fully paid in circulation as at 31 December 2012, 2011 and 2010 were as follows:

	2012	2011	2010
As at 1 January	**192,021,303**	**187,795,401**	**185,213,031**
Share capital increase – acknowledgement by the Board of Directors – 2 March 2010	-	-	10,705
Share capital decrease – decision of the Board of Directors - 2 March 2010	-	-	(141,758)
Share capital increase – exercise of stock options – 11 March 2010	-	-	37,428
Share capital increase – exercise of stock options – 23 March 2010	-	-	24,552
Share capital increase – exercise of stock options – 31 March 2010	-	-	1,137
Share capital increase – exercise of stock options – 27 April 2010	-	-	5,526
Share capital decrease – decision of the Board of Directors – 28 July 2010	-	-	(68,643)
Share capital increase – exercise of stock options – 31 August 2010	-	-	1,568
Share capital increase – exercise of stock options – 30 September 2010	-	-	2,612
Share capital increase – exercise of stock options - 30 October 2010	-	-	6,647
Share capital increase – exercise of stock options – 30 November 2010	-	-	20,077
Share capital increase – exercise of stock options – 31 December 2010	-	-	35,002
Share capital increase – exercise of stock options - Scrip dividends – 15 June 2010	-	-	2,647,517
Share capital increase – exercise of stock options – 31 January 2011	-	38,617	-
Share capital increase – exercise of stock options – 28 February 2011	-	42,140	-
Share capital decrease – decision of the Board of Directors – 7 March 2011	-	(146,663)	-
Share capital increase – exercise of stock options – 31 March 2011	-	5,117	-
Share capital increase – exercise of stock options – 30 April 2011	-	1,000	-
Share capital increase – exercise of stock options – 31 May 2011	-	24,595	-
Share capital increase – exercise of stock options – 30 June 2011	-	2,134	-
Share capital increase – exercise of warrants – 5 July 2011	-	4,250,962	-
Share capital increase – exercise of stock options – 31 December 2011	-	8,000	-
Share capital increase – exercise of stock options – 31 January 2012	17,486	-	-
Share capital increase – exercise of stock options – 29 February 2012	20,112	-	-
Share capital increase – exercise of stock options – 31 March 2012	131,447	-	-
Share capital increase – exercise of stock options – 30 April 2012	6,359	-	-
Share capital decrease – decision of the Board of Directors - 3 May 2012	(216,250)	-	-
Share capital increase – exercise of stock options – 31 May 2012	2,500	-	-
Share capital increase – exercise of stock options – 30 June 2012	1,568	-	-
Share capital increase – exercise of stock options – 31 July 2012	4,000	-	-
Share capital increase – exercise of stock options – 31 August 2012	38,559	-	-
Share capital increase – exercise of stock options – 30 September 2012	186,490	-	-
Share capital increase – exercise of stock options – 31 October 2012	113,322	-	-
Share capital increase – exercise of stock options – 30 November 2012	5,566	-	-
Share capital increase – exercise of stock options – 31 December 2012	51,757	-	-
As at 31 December	**192,384,219**	**192,021,303**	**187,795,401**
Average nominal price per share in EUR	7.8769723	7.8769723	7.8769723
Share capital in EUR	**1,515,405,164**	**1,512,546,485**	**1,479,259,172**

In 2010 the movements were due to the following operations:

- On 28 April 2010 the General Meeting of Shareholders proposed the option to pay dividend with issuance of new shares (scrip dividends). At the end of exercise period (2 June 2010), 2,647,517 new shares were issued for a total of EUR 21 million (plus EUR 21 million in additional paid capital).
- During 2010 the Board decided upon two separate share capital reductions by cancellation of a total of 210,401 treasury shares for a total amount of EUR 1.6 million.
- All other movements presented above relate to the issuance of shares on the exercise of stock options for EUR 2 million (EUR 1 million in share capital and EUR 1 million in additional paid-in capital). This resulted in the creation of 145,254 new shares throughout the year.

In 2011, the movements were due to the following operations:

- The Board of Directors held on 7 March 2011 decided to reduce the share capital by cancellation of 146,663 treasury shares for a total value of EUR 1.15 million.
- On 5 July 2011, in the context of the contingent capital equity line, UBS exercised the number of warrants required for the issuance and subscription of 4,250,962 new SCOR shares for a global amount of EUR 75 million.
- All other movements presented above relate to the issuance of shares on the exercise of stock options for EUR 1.9 million (EUR 0.9 million in share capital and EUR 1.0 million in additional paid-in capital). This resulted in the creation of 121,603 new shares throughout the year.

In 2012, the movements were due to the following operations:

- After recording the creation of 216,250 new ordinary shares further to the exercise of stock-options between 1 March 2011 and 30 April 2012, the Board of Directors held on 3 May 2012 decided to reduce the share capital by cancellation of 216,250 treasury shares for a total value of EUR 1.7 million.
- All other movements presented above relate to the issuance of shares on the exercise of stock options for EUR 9.4 million (EUR 4.5 million in share capital and EUR 4.9 million in additional paid-in capital). This resulted in the creation of 579,166 new shares throughout the year.

The shares issued in 2012, 2011 and 2010 were issued at a nominal price of EUR 7.8769723 per share.

Treasury shares

The number of shares held as treasury shares by the Company or its subsidiaries at 31 December 2012 amounted to 8,930,686 shares compared to 7,262,600 shares at the end of 2011. These treasury shares are not entitled to dividends.

Contingent Capital Arrangement

In the context of a contingent capital arrangement program, SCOR issued 9,521,424 warrants on 17 December 2010 to UBS, each warrant committing UBS to subscribe for two new SCOR shares (maximum amount of EUR 150 million - including issuance premium available per tranche of EUR 75 million each - including issuance premium) when the aggregated amount of the estimated ultimate net losses resulting from eligible natural catastrophes incurred by the Group (in its capacity as an insurer/reinsurer) reaches certain contractual thresholds in any given calendar year between 1 January 2011 and 31 December 2013 or if no drawdown already took place in the context of the agreement and SCOR's share price drops below EUR 10.

On 5 July 2011, SCOR drew EUR 75 million under the contingent capital facility due to the exceptional first quarter natural catastrophe events. UBS exercised the number of warrants required for the issuance and subscription by it of new SCOR shares in an aggregate amount of EUR 75 million and informed SCOR that it had placed the corresponding shares with investors in a private placement.

SCOR issued 4,250,962 new ordinary shares on 11 July 2011 at an issuance price of EUR 17.643 per share (the exercise price of the warrants). These shares have been subscribed in full by UBS.

The tranche not triggered had no impact on the dilutive earning per share, as the related increase in capital may never take place.

On 16 May 2012, SCOR signed a new natural catastrophe financial coverage facility in the form of a contingent capital equity line with UBS. This new facility is an extension of its existing 2010 contingent capital equity line. Under this new equity line, SCOR benefits from an additional EUR 75 million financial coverage from 1 January 2012 to 31 December 2013, thereby increasing its existing contingent capital equity line from EUR 75 million to EUR 150 million.

CAPITAL MANAGEMENT POLICY, OBJECTIVES AND APPROACH

The Group's capital management policy is to optimize the utilization of its capital and debt structure in order to maximize the short term and long term profitability to shareholders while at the same time providing its customers with an adequate level of security as measured by internal capital allocation models, rating agencies and national regulators.

The Groups' capital management objectives are:

- To match the profile of its assets and liabilities, taking account of the risks inherent in the business;
- To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximize shareholder value;
- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets;
- To allocate capital efficiently and support the development of business by ensuring returns on capital employed meet the requirements of the regulators and stakeholders; and
- To manage exposures to movements in exchange rates.

The Group seeks to optimize the structure and sources of capital to ensure that it consistently maximises returns to the shareholders.

The objective of the Group's overall capital management process is the setting of target risk adjusted rates of return for divisions, which are aligned to performance objectives and to promote the creation of value to shareholders.

In this regard, and in line with the Group's new strategic plan "Strong Momentum" which runs from 2010 to 2013, the Group aims to achieve the following objectives:

- Optimization of the Group's risk profile;
- 'AA' level of financial security;
- Profitability of 1000 basis points above the three-month risk-free rate over the cycle.

SCOR believes that its working capital is sufficient for the present requirements of its consolidated companies. The Group reconciles its strategic objectives with the protection of its capital via the Group's "Capital Shield" policy, which articulates the Group's risk appetite. This policy is based on an economic approach and aims to protect the Group against potential shock losses, some of which are not immediately recognized from a pure accounting view. The policy builds on the following two concepts:

(a) Active hedging of peak exposures through retrocession

The Group selects the level of its retrocession to third parties once a year to ensure that the Group's retained risk profile is in line with specific Group risk tolerance limits, to help the Group achieve its return on capital and solvency objectives.

(b) Buffer capital

The Group also holds Buffer Capital in addition to the solvency capital required to support the retained (after retrocession) risk profile. The aim of this extra economic capital is to absorb a significant amount of inherent volatility, thereby limiting the frequency of turning to the market to maintain the Group's available capital above the required solvency capital.

The primary source of capital used by the Group is equity shareholders' funds and borrowings.

The Group also considers alternative sources of capital including reinsurance and securitization, as appropriate when assessing its deployment and usage of capital.

The objective of the capital management policy is sustained and ensured through regular updates of forecasts and an annual strategic and financial planning process. The Group's Board and Executive Management team regularly review the Group's risk profile to ensure that the Group's risk appetite remains aligned with the Group's strategy. The capital management process is ultimately subject to approval by the board after a formal presentation to its risk committee.

Capitalization and indebtedness was comprised of the following:

In EUR million	At 31 December 2012 Book value	At 31 December 2011 Book value
Subordinated debts	1,212	992
Shareholders' equity at book value	4,810	4,410
Capitalisation and indebtedness	**6,022**	**5,402**

It should be noted that regulatory filings in the majority of countries in which the Group operates are not prepared on an IFRS basis. The statutory basis of accounting in various countries is very often different from IFRS giving rise to potential differences between IFRS capital and statutory capital.

REGULATORY FRAMEWORK

Regulators are primarily interested in protecting the interests of policyholders. At the same time regulators are also interested in ensuring that the Group maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

The operations of the Group are subject to regulatory requirements within the countries where entities of the Group underwrite. Such regulations not only prescribe approval and monitoring of activities, but also impose certain obligations related to level of capital (e.g. capital adequacy) to cover the risk of default and insolvency on the part of the reinsurance companies and insurance companies to meet unforeseen liabilities.

The Group actively monitors the regulatory capital requirements of each of its operating subsidiaries within this capital management framework. The Group is subject to applicable government regulation in each of the jurisdictions in which it conducts business, particularly in France, Switzerland, the U.S., the U.K., Singapore, Hong Kong, Ireland, Germany and Sweden. Regulatory agencies have broad supervisory and administrative powers over many aspects of the insurance and reinsurance industries.

Failure of an operating company to meet the local regulatory capital requirements of the jurisdiction in which it operates could lead to regulatory supervision or administration of the affairs of the operating company.

The Group aims to achieve full compliance in respect of all regulatory and solvency requirements in the countries in which it operates.

Group solvency

Under the European Directive relating to reinsurance, as adopted in France in late 2008, the Group is subject to the control of insurance regulators in the various European countries in which it operates. The Group calculated its solvency based on consolidated IFRS financial statements adjusted to be consistent with French Generally Accepted Accounting Procedure (GAAP) requirements. This was first performed by the Group in 2008 and subsequently an update was performed at the end of 2009, 2010 and 2011 . The results of these assessments confirm that the Group meets the requirements of the “Solvency I” directive. The results for the 2012 assessment are not currently available since the Group performs such assessments to coincide with statutory filing requirements which fall due after the publication of this document.

INFORMATION ON RESERVES INCLUDED IN THE STATEMENT OF CHANGES IN SHAREHOLDERS’ EQUITY

Revaluation reserves

The asset revaluation reserves are used to account for the changes in fair value of the available-for-sale financial assets adjusted to reflect the effects of “shadow accounting”, if any.

Translation adjustment

The translation adjustment caption records the differences in exchange rates resulting from the conversion of the financial statements of foreign subsidiaries and branches.

The movement in the translation adjustment is primarily due to the translation of accounts of the subsidiaries and branches not using EUR as the functional currency. In 2012, the Group hedged itself against certain movements in the net asset value of its U.S. dollar denominated subsidiaries. These hedges were effective and resulted in a total negative foreign exchange impact of EUR 13 million within equity in 2012 (2011: EUR 13 million, 2010: EUR 22 million). As at 31 December 2012, the Group does have one hedge of net investment remaining in place. See Note 8 – Derivative instruments.

The Group reviews the functional currency of its entities on an ongoing basis to ensure they appropriately reflect the currency of the primary economic environment in which they operate. As at 1 January 2010, the functional currencies of two of the Group’s subsidiaries; SCOR Switzerland AG, and SCOR Holding Switzerland, were changed with prospective application from USD to EUR. As at 1 January 2011, the functional currencies of the UK branches of SCOR Global P&C SE, SCOR Global Life SE and SCOR SE were changed with prospective application from GBP to EUR. As at 1 January 2012, the functional currencies of two of the Group’s subsidiaries, Finimo Realty Pte Ltd and SCOR Reinsurance Asia Pacific Pte Ltd, were changed with prospective application from USD to SGD and from USD to KRW respectively. Also as at 1 January 2012, Zurich branch of SCOR SE changed its functional currency with prospective application from CHF to EUR.

Share-based payments

The caption "Share-based payments" is used to offset the cost of services received in exchange for the granting of shares, stock options or for employee stock purchase plans.

A breakdown of the movements in the various reserves is provided in Section 20.1.5 - Statement of changes in shareholders' equity.

Information relating to dividend distribution

SCOR's Combined General Meeting of 3 May 2012 resolved to distribute, for the 2011 fiscal year, a dividend of one Euro and ten cents (EUR 1.10) per share, being an aggregate amount of dividend paid of EUR 203 million, calculated on the basis of the number of shares eligible for dividend as at the payment date. The ex-dividend date was 9 May 2012 and the dividend was paid on 14 May 2012.

SCOR's Combined General Meeting of 4 May 2011 resolved to distribute, for the 2010 fiscal year, a dividend of one Euro and ten cents (EUR 1.10) per share, being an aggregate amount of dividend paid of EUR 201 million, calculated on the basis of the number of shares eligible for dividend as at the payment date. The ex-dividend date was 25 May 2011 and the dividend was paid on 30 May 2011.

The resolution to be presented to the Annual General Meeting to approve, during the first half of 2013, the accounts for the financial year 2012, sets out the distribution of a dividend of EUR 1.20 per share for the financial year 2012.

INFORMATION RELATING TO DIVIDEND RESTRICTIONS

Certain group entities are subject to local regulatory requirements in the jurisdiction in which they operate which could limit their ability to pay dividends in the future

The Group's Swiss subsidiary SCOR Switzerland AG is submitted to dividend distribution restrictions. On 26 June 2007, in relation with the take-over of Converium by the company, the Swiss Financial Market Supervisory Authority (FINMA) issued an ordinance which requires its approval for e.g. dividend payments, for transactions above USD 100 million per transaction or aggregated over a calendar year USD 200 million. On 1 April 2010, FINMA revoked this ordinance, however subject to SCOR Switzerland AG's written confirmation that the company submit all transactions over USD 100 million per transaction or USD 200 million on an aggregated basis during the calendar year to FINMA for prior approval. As at 8 August 2012 these specific reporting requirements were fully revoked and only the regulatory requirements are to be observed by SCOR Switzerland AG.

1.1.5.14 NOTE 14 - FINANCIAL DEBT

The following table sets out an overview of the debt issued by the Group:

In EUR million	Maturity	2012 Net book value	2012 Fair value	2011 Net book value	2011 Fair value
Subordinated debt					
USD 100 million [(1)]	06/06/2029	52	52	52	52
EUR 100 million [(1)]	05/07/2020	94	94	94	94
EUR 50 million [(1)]	Perpetual	-	-	50	50
EUR 350 million	Perpetual	262	265	261	199
CHF 650 million	Perpetual	544	559	535	477
CHF 315 million	Perpetual	260	266	-	-
Total subordinated debt [(2)]		**1,212**	**1,236**	**992**	**872**
Other financial debt					
Real estate financing [(1)]		409	409	419 [(3)]	419 [(3)]
Other [(1)]		26	26	14	14
Total other financial debt		**435**	**435**	**433**	**433**
TOTAL FINANCIAL DEBT		**1,647**	**1,671**	**1,425**	**1,305**

(1) Amounts are not publicly traded. Therefore the Net book value are reflective of the Fair value

(2) The balance includes EUR 22 million accrued interests (as at 31 December 2011: EUR 20 million)

(3) The 2011 presentation has been aligned to the 2012 group presentation, whereas the financial lease to acquire an investment property of EUR 3 million as of 31 December 2012 (2011: EUR 10 million) is presented as part of Real estate financing.

SUBORDINATED DEBT

(a) USD 100 million

A 30-year subordinated note totaling USD 100 million was issued on 7 June 1999. These notes are redeemable by SCOR quarterly as from the tenth year following their issue date. These floating-rate bonds bear interest indexed on the 3-month Libor rate plus (i) 0.80% for the first ten years and (ii) 1.80% thereafter. The Group decided not to redeem the USD 100 million of subordinated floating rate notes due 2029 at their first call date in June 2009.

During 2011, the Group re-purchased USD 33 million out of its own USD 100 million debt, at a price of 82.5%. The purchase price of this debt at a discount rate gave rise to a consolidated pre-tax profit of EUR 4 million.

(b) EUR 100 million

The Company issued, on 6 July 2000, EUR 100 million in 20-year subordinated bonds, redeemable by SCOR each quarter as from the tenth year following their issuance. These floating-rate bonds bear interest indexed on the 3-month Euribor plus (i) 1.15% for the first ten years, and (ii) 2.15% thereafter. The Group decided not to redeem the EUR 100 million of subordinated bonds due 2020 at their first call date in July 2010.

During 2009, the Group provided liquidity to both its perpetual super-subordinated debt security (Tier 1 type) (TSSDI EUR 350 million) and its EUR 100 million subordinated debt issuance (call date July 2010) resulting in acquisition of own debt of EUR 99 million at an average price of 46.5%. The purchase of this debt at a discount gave rise to a consolidated pre-tax profit EUR 53.4 million which is included in other operating income during 2009.

(c) EUR 50 million

EUR 50 million Perpetual Step-Up subordinated notes were issued on 23 March 1999. These notes were redeemable at the issuer's option after 15 years following their issue date, and at a 5-year interval, beyond the 15 years. The floating-rate notes bore interest indexed on the 6-month Euribor plus (i) 0.75% for the first fifteen years of the issue, and (ii) 1.75% beyond the 15 years.

During 2012, the Group re-purchased the entire tranche of its EUR 50 million perpetual subordinated Notes, at a price of 80%. The purchase price of this debt at a discount rate gave rise to a consolidated pre-tax profit of EUR 10 million.

Covenants applicable to the aforementioned notes:

These clauses, which are binding on the issuer, allow for anticipated reimbursement in the following circumstances:

- A change in legislation or tax law which would deprive the bondholders of all or part of the interest payments stipulated in the initial "operating note".
- A change in the accounting of the instrument on the basis of accounting principles in France or the U.S., or changes in methods used by rating agencies which become unfavourable for SCOR.
- The liquidation or the complete sale or dissolution of the Company pursuant to the merger, consolidation or amalgamation with a third party, if such party fails to assume all obligations of the Company under the notes.

(d) EUR 350 million

On 28 July 2006 SCOR issued a perpetual super-subordinated debt security (Tier 1 type) in an aggregate principal amount of EUR 350 million to finance the acquisition of Revios Rückversicherung AG. The bond issue, comprised of last-rank subordinated bearer certificates with a face value of EUR 50,000 bearing interest at an initial rate of 6.154% per annum then a floating rate indexed on the 3-month EURIBOR plus a margin of 2.90%, payable quarterly. There is no fixed redemption date but SCOR reserves the right to redeem, in part or in whole, the bonds as from 28 July 2016.

The debt includes a clause for mandatory settlement in cash if regulatory authorities or applicable legislation modify their ability to cover the solvency margin or equivalent. If this clause becomes applicable, the issuer must pay interest in cash even if no dividend has been paid, or proceed with the reimbursement of the notes in cash. Accordingly, the entire issue is considered as a financial debt.

During 2009, the Group provided liquidity to both its perpetual super-subordinated debt security (Tier 1 type) (TSSDI EUR 350 million) and its EUR 100 million subordinated debt issuance (call date July 2010) resulting in acquisition of own debt of EUR 99 million at an average price of 46.5%. The purchase of this debt at a discount gave rise to a consolidated pre-tax profit EUR 53.4 million which is included in other operating income during 2009.

(e) CHF 650 million perpetual subordinated debt

On 2 February 2011, SCOR issued CHF 400 million perpetual subordinated notes, redeemable by SCOR each quarter as at payment of interest dates from 2 August 2016. The coupon has been set to 5.375% (until 2 August 2016) and 3-month CHF LIBOR plus a margin of 3.7359% thereafter.

SCOR has entered into a cross-currency swap which exchanges the principal into EUR and exchanges the CHF coupon on the notes to EUR 6.98% and matures on 2 August 2016. Refer to Note 8 – Derivative Instruments for Currency Swap fair values. On 11 May 2011, SCOR reopened its existing CHF perpetual subordinated notes placement by issuing an additional amount of CHF 225 million. The placement was increased to CHF 250 million at the settlement date of 3 June 2011, given the market appetite. The notes are fungible to those issued on 2 February 2011. The conditions and the accounting treatment are similar to the first placement.

SCOR has entered into a cross-currency swap which exchanges the principal into EUR and exchanges the CHF coupon on the notes to EUR 6.925% and matures on 2 August 2016. Refer to Note 8 – Derivative Instruments for Currency Swap fair values.

This instrument is recognized as debt because under the terms and conditions of the issuance contract, SCOR does not have an unconditional right to avoid delivering cash to settle the contractual obligation and based on projected cash flow there is no equity component of the instrument.

(f) CHF 315 million perpetual subordinated debt

On 10 September 2012, SCOR issued CHF 250 million perpetual subordinated notes, redeemable by SCOR each quarter as at payment of interest dates from 8 June 2018. The strong market demand observed prompted the Group to extend its placements from CHF 250 million to a total of CHF 315 on 24 September 2012. The settlement of the notes took place on 8 October 2012. The coupon has been set to 5.25% (until 2 June 2018) and 3-month CHF LIBOR plus a margin of 4.8167% thereafter.

SCOR has entered into a cross-currency swap which exchanges CHF 250 million of the principal into EUR and exchanges the CHF coupon on the notes to EUR 6.2855% and matures on 8 June 2018. SCOR has entered into a second cross-currency swap which exchanges CHF 65 million of the principal into EUR and exchanges the CHF coupon on the notes to EUR 6.2350% and matures on 8 June 2018. Refer to Note 8 – Derivative Instruments for Currency Swap fair values.

This instrument is recognized as debt because under the terms and conditions of the issuance contract, SCOR does not have an unconditional right to avoid delivering cash to settle the contractual obligation and based on projected cash flow there is no equity component of the instrument.

OTHER FINANCIAL DEBT

Real estate financing relates to the acquisition of investment properties through property-related bank loans of EUR 409 million (EUR 419 million as at 31 December 2011) including EUR 3 million of financial lease contract (2011: EUR 10 million). The main property related bank loan amounts to EUR 170 million and is used to finance the Group's head-office in Paris, at Kléber. It bears interest indexed to the 3-month Euribor rate plus 1.35% and is redeemable in June 2018. SCOR entered into three interest rate swaps which cover its exposure to the variable interest rate whereas SCOR pays fixed 2.97% and receives three-months Euribor. The interest rate swaps have been accounted for as cash flow hedges (for further detail refer to Note 8 – Derivative instruments). The other property-related bank loans bear interests indexed to the 3 - month Euribor and redeemable between 2016 and 2021. They are used to finance other buildings owned by the Group.

Other financial debt relates to deposit and guarantees of EUR 26 million (EUR 14 million as at 31 December 2011).

FINANCING EXPENSES

In EUR million	2012	2011	2010
Interest on subordinated debt	(4)	(4)	(4)
Interest on perpetual subordinated debt	(56)	(47)	(17)
Atlas V and VI (set up costs)	(2)	(3)	(2)
Finance lease	(2)	(2)	(3)
Real estate Financing	(18)	(8)	(5)
Other financial costs [1]	(24)	(30)	(15)
TOTAL	**(106)**	**(94)**	**(46)**

(1) The amounts presented in other financial costs include certain other Letter Of Credit charges, custodian and overdraft fees, amortization of issuance fees and other bank charges (commissions, etc), and a gain on debt repurchase in 2012 for EUR 10 million

MATURITY

The maturity profiles of financial debt is included in Note 26 – Insurance and financial risk.

1.1.5.15 NOTE 15 - CONTINGENCY RESERVES

The following table summarizes amounts included in contingency reserves:

In EUR million	Reserves for post employment benefits	Other reserves	Total
At 1 January 2011	**79**	**9**	**88**
Acquisition of a subsidiary	-	16	16
Current year provision	10	9	19
Used reserves	(8)	(3)	(11)
Reversal of unused reserves	-	-	-
Foreign exchange rate movements	1	1	2
Adjusted discount rate	5	-	5
Others	-	-	-
At 31 December 2011	**87**	**32**	**119**
Acquisition of a subsidiary	-	-	-
Current year provision	15	1	16
Used reserves	(11)	(25)	(36)
Reversal of unused reserves	-	-	-
Foreign exchange rate movements	-	1	1
Adjusted discount rate	17	-	17
Others	-	-	-
At 31 December 2012	**108**	**9**	**117**

Retirement employee benefits

These benefits amount to EUR 108 million and EUR 87 million at 31 December 2012 and 2011, respectively and include post-employment benefits such as pension plans of EUR 102 million (2011: EUR 82 million) and Long service awards provisions EUR 6 million (2011: EUR 5 million).

Other reserves

At 31 December 2012, the other reserves include provisions related to employee and litigation of EUR 9 million (2011: EUR 6 million). At 31 December 2011, the other reserves were also comprised of provisions related to the Transamerica Re acquisition of EUR 17 million, provisions for loss making contract of EUR 8 million and provisions for restructuring cost of EUR 1 million.

1.1.5.16 NOTE 16 – NET CONTRACT LIABILITIES

In EUR million	SCOR Global Life		SCOR Global P&C		Total	
	2012	2011	2012	2011	2012	2011
Gross contract liabilities						
Gross claim reserves	3,838	3,666	10,857	10,602	14,695	14,268
Mathematical reserves	7,238	7,293	-	-	7,238	7,293
Unearned premium reserves	77	85	1,682	1,516	1,759	1,601
Total gross insurance contract liabilities	**11,153**	**11,044**	**12,539**	**12,118**	**23,692**	**23,162**
Reserves for financial contracts	-	-	142	145	142	145
Total gross contract liabilities	**11,153**	**11,044**	**12,681**	**12,263**	**23,834**	**23,307**
Reinsurance recoverable						
Ceded claims reserves & claims expense reserves	(282)	(149)	(690)	(765)	(972)	(914)
Ceded mathematical reserves	(257)	(252)	-	-	(257)	(252)
Ceded unearned premium reserves	-	(1)	(93)	(84)	(93)	(85)
Ceded contract liabilities	**(540)**	**(402)**	**(783)**	**(849)**	**(1,322)**	**(1,251)**
Net contract liabilities	**10,613**	**10,642**	**11,898**	**11,414**	**22,512**	**22,056**

Underwriting reserves, or contract liabilities, are subject to the use of estimates. Payments linked to these reserves are not usually fixed, either by amount or by due date. Liquidity information related to contract liabilities is included in Note 26 – Insurance and financial risk.

An aging analysis of the reinsurance asset is also included in Note 26 – Insurance and financial risk.

SCOR Global P&C

The table below shows the movement in the net reserves for unpaid losses and loss expenses of SCOR Global P&C.

The table begins by showing the initial reported year-end gross and net reserves, including IBNR, recorded at the balance sheet date at the exchange rates applicable at each balance sheet date.

The cumulative redundancy/deficiency line represents the cumulative change in estimates since the initial reserve was established. It is equal to the latest incurred claim amount less the initial reserve. The amounts in this line in the loss development tables are not a precise indication of the adequacy of the initial reserves that appear on the first and third line of the table. Trends and conditions that have affected development of liabilities in the past may not be indicative of future developments. Accordingly, it may not be appropriate to extrapolate future redundancies or deficiencies based on these tables.

The next section of the table shows the portion of the initial year-end net reserves that was paid (claims paid) as at the end of subsequent calendar year. Claims paid are converted to EUR at the average foreign exchange rates during the year of payment and are not revalued to the initial exchange rates at which the reserves were established. Additionally, payments include losses covered by unearned premium reserves, less DAC, in addition to those covered by the initial claims reserves.

The net incurred losses section is the sum of the paid claims and the change in claims reserves and IBNR at the average exchange rate of the period.

A significant portion of SCOR Global P&C reserves relates to liabilities payable in currencies other than the EUR. The fluctuations of the EUR to those currencies are embedded in the data in the below table.

The following tables present the consolidated ten-year loss development of our Non-Life operations on an IFRS basis and a three-year reconciliation of beginning and ending reserve balances on an IFRS basis. The IFRS loss development data is presented on a calendar year basis, as well as the reserve reconciliation data represents our allocation of incurred and paid losses and loss adjustment expenses between current and prior years on a calendar year basis.

In EUR million	2002	2003	2004	2005	2006	2007	2008[1]	2009[1]	2010[1]	2011[1]	2012[1]
Gross claims reserves & estimates – end of year [2]	8,244	7,045	6,135	6,310	5,791	9,325	9,127	9,156	9,696	10,602	10,857
Ceded claims reserves & estimates – end of year [2]	1,313	691	533	554	490	598	467	473	412	765	(690)
Net claims reserves & estimates – end of year [2]	6,931	6,354	5,602	5,756	5,301	8,727	8,660	8,683	9,284	9,837	10,167
Net paid losses [3] [4]											
1 year later	2,627	1,425	896	1,000	1,026	1,766	1,992	2,069	2,080	2,407	-
2 years later	3,735	2,119	1,569	1,657	1,626	2,931	3,263	3,239	3,576	-	-
3 years later	4,557	2,666	2,075	2,092	2,155	3,870	4,107	4,107	-	-	-
4 years later	5,029	3,119	2,455	2,351	2,805	4,414	4,649	-	-	-	-
5 years later	5,436	3,456	2,640	2,917	3,205	4,841	-	-	-	-	-
6 years later	5,740	3,704	3,151	3,265	3,501	-	-	-	-	-	-
7 years later	6,051	4,169	3,467	3,520	-	-	-	-	-	-	-
8 years later	6,443	4,407	3,687	-	-	-	-	-	-	-	-
9 years later	6,647	4,606	-	-	-	-	-	-	-	-	-
10 years later	6,815	-	-	-	-	-	-	-	-	-	-
11 years later	-	-	-	-	-	-	-	-	-	-	-
Net incurred losses [3]											
1 year later	8,191	6,776	5,917	5,987	5,701	9,480	9,491	9,622	10,584	10,809	-
2 years later	8,133	6,762	5,989	6,262	5,765	9,482	9,490	9,385	10,412	-	-
3 years later	8,418	6,866	6,243	6,312	5,784	9,381	9,248	9,098	-	-	-
4 years later	8,543	7,145	6,306	6,305	5,630	9,172	9,028	-	-	-	-
5 years later	8,853	7,205	6,302	6,184	5,427	8,980	-	-	-	-	-
6 years later	8,901	7,265	6,200	6,022	5,229	-	-	-	-	-	-
7 years later	8,993	7,209	6,062	5,875	-	-	-	-	-	-	-
8 years later	8,999	7,124	5,949	-	-	-	-	-	-	-	-
9 years later	8,948	7,049	-	-	-	-	-	-	-	-	-
10 years later	8,915	-	-	-	-	-	-	-	-	-	-
Cumulative redundancy/(deficiency)	(2,017)	(770)	(460)	(266)	(126)	(445)	(588)	(702)	(1,300)	(972)	-
Gross cumulative inception to date incurred losses as at 31 December 2012 [2]	10,737	7,927	6,731	6,576	5,660	9,673	9,602	9,554	10,838	11,657	-
Ceded cumulative inception to date incurred losses as at 31 December 2012 [2]	1,821	878	782	700	431	693	574	456	426	848	-
Net cumulative inception to date incurred losses as at 31 December 2012 [2]	8,915	7,049	5,949	5,875	5,229	8,980	9,028	9,098	10,412	10,809	-
Unearned premium reserve (UPR)											
Gross UPR – end of year	1,617	1,124	978	637	575	1,108	1,099	1,135	1,384	1,516	1,682
Ceded UPR – end of year	130	76	40	24	18	39	40	40	51	84	93
Net UPR – end of year	1,487	1,048	938	613	557	1,069	1,060	1,095	1,333	1,432	1,589
Deferred acquisition costs (DAC)											
Gross DAC – end of year	204	129	132	137	108	230	227	238	278	325	359
Ceded DAC – end of year	25	5	3	2	-	2	1	-	1	5	7
Net DAC – end of year	179	124	129	135	108	228	226	238	277	320	352

(1) The table includes balance sheet reserves for Converium for years from 2007 onwards only. Figures for 2007 reflect the completion of the initial accounting of the business combination with Converium.

(2) At period end exchange rates.

(3) At average exchange rates.

(4) Includes net cumulative payments for all underwriting years as at each balance sheet date.

The table below is a reconciliation of the beginning and ending liability for claims reserves and claims expenses of SCOR Global P&C for the years ended 31 December 2012 and 2011.

In EUR million	2012	2011
Gross claims reserves and claims estimates as at 1 January	**10,602**	**9,696**
Ceded claims reserves and claims estimates as at 1 January	**(765)**	**(412)**
Net claim reserves and claims estimates as at 1 January	**9,837**	**9,284**
Revaluation of opening balance at current year end exchange rates	192	94
Net claims reserves and claims estimates as at 1 January – revalued	**10,029**	**9,378**
Net claims incurred relating to the current calendar year	1,684	1,336
Net claims incurred for prior calendar years	972	1,300
Total net claims incurred	**2,656**	**2,636**
Net claims payments for the current calendar year	(50)	(92)
Net claims payments for prior calendar years	(2,407)	(2,080)
Total net claims payments	**(2,457)**	**(2,172)**
Reclassifications	(4)	(8)
Effect of other foreign exchange rate movements	(57)	3
Net claim reserves and claims estimates as at 31 December	**10,167**	**9,837**
Ceded claims reserves and claims estimates as at 31 December	**(690)**	**(765)**
Gross claims reserves and claims estimates as at 31 December	**10,857**	**10,602**

Analysis of Asbestos & Environmental IBNR reserves and claims paid

	For the year ended 31 December			
	Asbestos [1]		Environment [1]	
	2012	2011	2012	2011
Gross reserves, including IBNR reserves (in EUR million)	109	117	15	16
% of Non-Life gross reserves	0.9%	1.0%	0.1%	0.1%
Claims paid (in EUR million)	9	6	1	1
Net % of Group Non-Life claims paid	0.1%	0.3%	0.0%	0.0%
Actual Number of claims notified under non-proportional and facultative treaties (in EUR million)	10,165	9,967	8,355	8,350
Average cost per claim[1] (in EUR)	15,940	15,513	3,734	3,739

(1) Does not include claims which result in no ultimate cost and claims notified only for precautionary reasons for which the amount is not evaluated

SCOR Global Life

The change in Life mathematical reserves for the years ended 31 December 2012 and 2011 was as follows:

In EUR million	2012	2011
Gross mathematical reserves as at 1 January	**7,293**	**7,420**
Change in scope of consolidation	-	(274)
Changes	(72)	81
Impact of foreign exchange movements	17	66
Gross mathematical reserves as at 31 December	**7,238**	**7,293**
Reinsurance Recoverable		
Ceded mathematical reserves as at 1 January	**(252)**	**(454)**
Change in scope of consolidation	-	121
Changes	(4)	71
Impact of foreign exchange movements	(1)	10
Ceded mathematical reserves as at 31 December	**(257)**	**(252)**
Net mathematical reserves as at 1 January	**7,041**	**6,966**
Net mathematical reserves as at 31 December	**6,981**	**7,041**

(A) GUARANTEED MINIMUM DEATH BENEFIT (GMDB)

In connection with its October 2007 acquisition of Converium Holdings AG ("Converium"), SCOR Global Life inherited certain retrocession liabilities with regard to Guaranteed Minimum Death Benefit (GMDB) rider options attached to variable annuity policies written in the U.S.

Its GMDB business indirectly exposes SCOR Global Life to asset risk on the variable annuity policyholders' funds. SCOR Global Life must pay, in the event of death, the excess of the GMDB over the account balance or the excess of the GMDB over the cash surrender value, depending on the definition of the underlying reinsurance agreements. A fall in the value of the variable annuity policies' funds therefore leads to higher expected claims amounts. The variable annuity policyholders invest their funds in a wide variety of U.S. equity, other equity, fixed interest, money market, balanced and other funds. Hence SCOR Global Life is exposed to losses, through higher death claims, if these funds fall in value. Note that these funds are not held by SCOR Global Life. The assets remain with the originating ceding companies.

Business of this type is not within the usual scope of the SCOR Global Life underwriting policy. These treaties are all in run-off and, as at 31 December 2012, cover in total approximately 0.6 million policies written by two cedants. These treaties were issued mainly in the late 1990's and incorporate various benefit types.

Different types of Guaranteed Minimum Death Benefits are covered, including:

- Return of premium: The GMDB is the amount of total deposits adjusted for partial withdrawals, if any.
- Ratchet: After a given number of years, the GMDB is adjusted to the current account balance, if greater. Most common is a 1-year ratchet, meaning that the GMDB is adjusted annually on the policy's anniversary date.
- Roll-up: The GMDB increases each year from the initial premium adjusted for later deposits and partial withdrawals, as the case may be, by a fixed percentage. Rollup guarantees reinsured under SCOR Global Life's agreements grant an annual accumulation percentage between 3% and 7%. In many products, especially for higher rollup percentages, an upper limit applies (e.g. 200% of the paid policyholder premium adjusted for later deposits and partial withdrawals).
- Reset: After a given number of years, the GMDB is adjusted to the current account balance. This means that the GMDB can be reduced but often not below the paid-up premium (adjusted for later deposits and partial withdrawals).

Guarantees that increase over time are, for a majority of the assumed business, only applied up to a certain age. This implies that SCOR Global Life will be released from the risk when the beneficiary reaches this age limit.

There are some risks which are specific to the GMDB portfolio. Due to the nature of the product, the remaining liability is influenced by developments on the financial markets, particularly changes in the price of equities and fixed income securities, fluctuations in interest rates, and the implied volatility on equity options. The liability is also dependent on policyholder behavior, particularly on the exercise of partial withdrawal options, but also on other aspects, such as lapse behavior and the use of options to choose the underlying funds.

As a retrocessionaire, SCOR Global Life is exposed to uncertainties concerning data received from its retrocedants and the original ceding companies and also due to the inherent reporting lag. SCOR Global Life is also exposed to risks inherent to the model used for the assessment of the liability under its portfolio.

There can be no assurance that SCOR's GMDB portfolios will not deteriorate in the future, which could have a material adverse effect on SCOR's business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of its securities.

(B) LIABILITY ADEQUACY TEST

The liability adequacy test conducted at year end 2012 did not detect any deficiencies for either the Non-Life or Life segment for the year ended 31 December 2012.

(C) SHARE OF RETROCESSIONAIRES IN CONTRACT LIABILITIES

An analysis of the share of retrocessionaires in the Group's contract liabilities by rating of the retrocessionaires and collateral from retrocessionaires in favor of SCOR at 31 December 2012 and 2011 is as follows:

In EUR million	AAA	AA	A	BBB	< BBB	Not rated	Total as at 31 December 2012
Share of retrocessionaires contract liabilities	**-**	**410**	**628**	**150**	**1**	**133**	**1,322**
Securities pledged	-	86	90	53	-	315	544
Deposits received	-	95	307	134	-	29	565
Letters of credit	-	128	27	-	-	5	160
Total collateral from retrocessionaires in favor of SCOR	**-**	**309**	**424**	**187**	**-**	**349**	**1,269**
Share of retrocessionaires contract liabilities net of collateral (2)	**-**	**101**	**204**	**(37)**	**1**	**(216)**	**53**

In EUR million	AAA	AA	A	BBB	< BBB	Not rated	Total as at 31 December 2011
Share of retrocessionaires contract liabilities	**-**	**357**	**696**	**85**	**2**	**111**	**1,251**
Securities pledged	-	5	192	12	-	95	304
Deposits received	-	87	354	55	1	28	525
Letters of credit	-	64	77	15	-	22	178
Total collateral from retrocessionaires in favor of SCOR	**-**	**156**	**623**	**82**	**1**	**145**	**1,007**
Share of retrocessionaires contract liabilities net of collateral (2)	**-**	**201**	**73**	**3**	**1**	**(34) (1)**	**244**

(1) To limit credit risk related to retrocessionaires, certain unrated retrocessionaires are obliged to pledge assets to the value of their maximum potential contract liability, even though the actual retrocessionaire liability to SCOR recorded in the balance sheet is lower.

(2) The total collateral from retrocessionaires is related to the contract liabilities recorded in the balance sheet and also to potential losses that have not yet occurred.

1.1.5.17 NOTE 17 - PROVISIONS FOR EMPLOYEE BENEFITS

The post-employment benefits granted by the Group vary based on legal obligations and local requirements. Group employees are entitled to short term benefits (holiday pay, sick leave and profit sharing) and long-term benefits (service awards, loyalty bonus and seniority bonus) and post-employment benefits classified as defined benefit or defined contribution plans (termination benefit, pension).

The short-term benefits granted are recognized as an expense for the period by the different entities of the Group.

DEFINED CONTRIBUTION PLANS

Defined contribution plans include plans whereby an employer makes periodic contributions to an external plan which manages all administrative and financial aspects. These external plans relieve the employer of all future obligations and manage the payment to employees of all amounts which are due (e.g. National insurance pension scheme, complementary pension scheme (AGIRC/ARRCO in France), defined contribution retirement plans).

The payments made by the Group are expensed during the period in which the expense was incurred.

The amounts paid under defined contribution plans were EUR 16.6 million, EUR 12.9 million, and EUR 11.3 million for the years ended 31 December 2012, 2011, and 2010 respectively.

TERMINATION BENEFIT

These plans call for the payment of a lump sum, calculated by reference to the employee's length of service within the Group and the salary level at the time of departure. These plans relate primarily to employees of the French and Italian entities.

The employees of SCOR in Paris take benefit of an agreement "Indemnité de Fin de Carrière" signed during 2001. This agreement has been cancelled as at 28 September 2009 with coverage valid until 31 December 2010.

The lump sum defined benefit is granted to SCOR employees only if they are employed by SCOR at the date of their retirement and if they are eligible under the conditions stated in this agreement.

DEFINED BENEFIT PLANS

An employer's obligation under a defined benefit plan is to provide the agreed amount of benefits to current and future beneficiaries. If the defined benefit plans is not wholly funded, provisions are recognized.

The discounted obligation is calculated based on the projected unit credit method by taking into consideration actuarial assumptions, salary increase, retirement age, mortality, turnover and discount rates. Assumptions defined are based on the macroeconomic environment of each country in which the Group operates.

Modifications to actuarial assumptions or differences between these assumptions and actual amounts give rise to actuarial differences which are recorded in Other Comprehensive Income during the period in which they occur, in accordance with Group accounting principles.

(a) Pension plans

The main defined benefit pension plans relate mainly to Switzerland, North America and France. These locations represent 44%, 20% and 17%, respectively, as at 31 December 2012, (47%, 19% and 16%, respectively, at 31 December 2011), of the Group's obligation under defined benefit plans.

These plans are mostly pre-financed via payments to external organizations which are separate legal entities.

(b) Actuarial assumptions

Actuarial assumptions used for the year end evaluations are as follows:

	US	Canada	Switzerland	UK	Euro zone
Assumptions as at 31 December 2012					
Expected return on assets as at 1 January 2012	7.50%	3.00%	2.90%	5.60%	3.40%
Discount rate	4.14%	4.30%	2.10%	5.30%	3.24%
Salary increase	-	-	2.00%	3.50%	2.50%
Assumptions as at 31 December 2011					
Expected return on assets at 1 January 2011	7.50%	3.00%	4.00%	7.00%	5.00%
Expected return on assets at 31 December 2011	7.50%	3.00%	2.90%	5.60%	3.40%
Discount rate	4.87%	5.11%	2.50%	5.50%	4.25%
Salary increase	-	-	2.00%	3.80%	2.50%
Assumptions as at 31 December 2010					
Expected return on assets at 1 January 2010	7.50%	3.00%	4.00%	7.00%	4.50%
Expected return on assets at 31 December 2010	7.50%	3.00%	4.00%	7.00%	5.00%
Discount rate	5.35%	5.38%	2.75%	5.20%	4.00%
Salary increase	-	-	2.00%	4.00%	2.50%

Discount rates are defined with reference to high quality long-term corporate bonds with duration in line with the duration of the obligations evaluated. Management consider 'AAA', "AA" and "A" rated bonds to be high quality.

In Switzerland the discount rates are determined by reference to high quality government bonds due to the absence of a deep market in high quality corporate bonds.

Expected returns on assets are determined plan by plan. They depend on the asset allocation and expected performance prevailing on that date applicable to the period over which the obligation is to be settled. These are reflected in the assumptions above.

An increase in the discount rate of 0.25% would result in a decrease in the estimated pension liability of EUR 9 million (2011: EUR 8 million) with the offsetting impact recorded in other comprehensive income.

A decrease in the discount rate of 0.25% would result in an increase in the estimated pension liability of EUR 10 million (2011: 6 million) with the offsetting impact recorded in other comprehensive income.

(c) Defined benefits pension cost

In EUR million	2012				2011				2010			
	Total	Europe	Switzer-land	North America	Total	Europe	Switzer-land	North America	Total	Europe	Switzer-land	North America
Service cost	9	4	5	-	8	4	4	-	8	4	4	-
Interest cost	7	3	2	2	7	3	2	2	8	4	2	2
Expected return on assets	(5)	(1)	(2)	(2)	(5)	(1)	(2)	(2)	(5)	(1)	(2)	(2)
Amortization of actuarial gains and losses	2	2	-	-								
Amortization of past service cost	2	1	-	1	-	-	-	-	1	1	-	-
Settlement / curtailment [(1)]	-	-	-	-	-	-	-	-	(14)	(13)	-	(1)
Total pension cost	15	9	5	1	10	6	4	-	(2)	(5)	4	(1)

(1) 2010: includes EUR 12.5 million profit relating to a French agreement « indemnité de Fin de Carrière », which had been cancelled in 2009

The actual returns on plan assets were EUR 11.5 million for the year ended 31 December 2012 (2011: EUR 3.1 million and 2010: EUR 4.9 million).

(d) Balance sheet amounts

In EUR million	2012	2011	2010	2009	2008
Defined benefit obligation	254	216	199	178	166
Plan assets	145	125	114	95	88
Deficit	109	91	85	83	78
Experience adjustments on plan liabilities	4	2	-	(1)	(2)
Experience adjustments on plan assets	5	(3)	-	2	(16)

The following schedule reconciles the movements in the balance sheet amounts for the year ended 31 December 2012 and 2011:

In EUR million	Total 2012	Europe	Switzer-land	North America	Total 2011	Europe	Switzer-land	North America
Reconciliation of defined benefit obligation								
Obligation as at 1 January	**216**	**73**	**101**	**42**	**199**	**72**	**85**	**42**
Service cost	9	4	5	-	8	4	4	-
Interest cost	7	3	2	2	7	3	2	2
Employee contributions	3	-	3	-	3	-	3	-
Plan amendment	1	-	-	1	(1)	(1)	-	-
Curtailments	-	-	-	-	-	-	-	-
Settlements	-	-	-	-	-	-	-	-
Acquisition / Divestiture	-	-	-	-	-	(1)	1	-
Benefit payments	(7)	-	(5)	(2)	(6)	(1)	(3)	(2)
Liability (gains)/losses due to change in assumptions	19	8	3	8	(1)	(5)	2	2
Liability (gains)/losses due to experience	4	4	-	-	2	2	3	(3)
Effect of foreign exchange	2	-	2	-	5	-	4	1
Obligation as at 31 December	**254**	**92**	**111**	**51**	**216**	**73**	**101**	**42**
Reconciliation of fair value of plan assets								
Fair value of assets as at 1 January	**125**	**16**	**77**	**32**	**114**	**14**	**68**	**32**
Expected return on plan assets	5	1	2	2	5	1	2	2
Employer contributions	11	5	5	1	8	4	4	-
Employee contributions	3	-	3	-	3	-	3	-
Settlements	-	-	-	-	-	-	-	-
Acquisition / Divestiture	-	-	-	-	-	-	-	-
Benefit payments	(7)	-	(5)	(2)	(6)	(1)	(3)	(2)
Asset gains / (losses) due to experience	6	1	5	-	(3)	(2)	-	(1)
Effect of foreign exchange	2	-	2	-	4	-	3	1
Fair value of assets as at 31 December	**145**	**23**	**89**	**33**	**125**	**16**	**77**	**32**
Net defined benefit obligation as at 31 December - Deficit	**109**	**69**	**22**	**18**	**91**	**57**	**24**	**10**
Unrecognized past service costs	(5)	(4)	(1)	-	(6)	(5)	(1)	-
Asset ceiling limitation	4	4	-	-	2	2	-	-
Accrued / (Prepaid)	**108**	**69**	**21**	**18**	**87**	**54**	**23**	**10**
Analysis of funded status								
Funded or partially funded obligation as at 31 December	209	53	108	48	169	31	98	40
Fair value of plan assets as at 31 December	145	23	89	33	125	16	77	32
Funded status as at 31 December - deficit	**64**	**30**	**19**	**15**	**44**	**15**	**21**	**8**
Unfunded obligation as at 31 December	45	39	3	3	47	42	3	2
Total funded status as at 31 December – deficit	**109**	**69**	**22**	**18**	**91**	**57**	**24**	**10**

The following table summarizes the movements in accrued (prepaid) balances recorded in the consolidated balance sheets as at 31 December 2012, 2011 and 2010:

In EUR million	Total 2012	Europe	Switzer-land	North America	Total 2011	Europe	Switzer-land	North America	Total 2010	Europe	Switzer-land	North America
Accrued / (Prepaid) as at 1 January	**87**	**54**	**23**	**10**	**79**	**53**	**16**	**10**	**77**	**50**	**17**	**10**
Total pension cost	15	9	5	1	10	6	4	-	(2)	(5)	4	(1)
Benefits paid by employer	-	-	-	-	-	-	-	-	-	-	-	-
Employer contribution	(11)	(5)	(5)	(1)	(8)	(4)	(4)	-	(14)	(7)	(4)	(3)
Acquisitions/divestitures	-	-	-	-	-	(1)	1	-	-	-	-	-
Actuarial (gains)/losses immediately recognized in other comprehensive income (OCI)	17	11	(2)	8	5	-	5	-	14	15	(4)	3
Effect of foreign exchange	-	-	-	-	1	-	1	-	4	-	3	1
Accrued / (Prepaid) as at 31 December	**108**	**69**	**21**	**18**	**87**	**54**	**23**	**10**	**79**	**53**	**16**	**10**

(e) Plan assets

The following table includes the allocation of plan assets as at 31 December 2012 and 2011:

In EUR million	Europe	Switzerland	North America
2012			
Equities	34%	25%	49%
Bonds	10%	56%	28%
Other	56%	19%	23%
2011			
Equities	39%	20%	47%
Bonds	15%	60%	47%
Other	46%	20%	6%

As at 31 December 2012, employer contributions for the year ahead are expected to amount to EUR 11 million (2011: EUR 8 million).

1.1.5.18 NOTE 18 - STOCK OPTIONS AND SHARE AWARDS

The Group has established various free share and stock option plans for the benefit of some of its employees (the plans are equity settled only). The terms of these awards are defined and approved by its Board of Directors at the grant date.

The total expense for the year relating to share based payment is EUR 32 million (2011: EUR 29 million), with EUR 4 million (2011: EUR 5 million) relating to share options granted from 2008 to 2012 plans (2011: 2007 to 2011) and EUR 28 million (2011: EUR 24 million) relating to free shares granted from 2008 to 2012 plans (2011: 2006 to 2011). For 2011 and 2012 plans, amortization of the grant date fair value has been aligned to commence at the date of employee notification.

The share-based payment plans are described below. There have been no cancellations or modifications to any of the plans during 2012.

Stock option plans

The Group grants its employees options or share subscription plans under the following terms:

Plan	Date of award by the Board	Options exercisable on	Date of expiration of plan	Exercise price in EUR	New shares issued subject to option plans
2000	4 May 2000	5 May 2004	3 May 2010	185.1	13,286
2000	31 August 2000	1 September 2005	30 August 2010	173.5	62,461
2001	4 September 2001	4 September 2005	3 September 2011	185.1	93,462
2001	3 October 2001	4 October 2005	2 October 2011	131.1	31,148
2003	28 February 2003	28 February 2007	27 February 2013	27.3	111,034
2003	3 June 2003	3 June 2007	2 June 2013	37.6	143,233
2004	25 August 2004	26 August 2008	25 August 2014	10.9	486,251
2005	16 September 2005	16 September 2009	15 September 2015	15.9	623,269
2006	14 September 2006	15 September 2010	14 September 2016	18.3	795,771
2006	14 December 2006	15 December 2010	14 December 2016	21.73	394,500
2007	13 September 2007	13 September 2011	12 September 2017	17.58	1,417,000
2008	22 May 2008	22 May 2012	21 May 2018	15.63	279,000
2008	10 September 2008	11 September 2012	10 September 2018	15.63	1,199,000
2009	23 March 2009	23 March 2013	22 March 2019	14.92	1,403,500
2009	25 November 2009	25 November 2013	25 November 2019	17.117	88,500
2010	18 March 2010	19 March 2014	19 March 2020	18.40	1,378,000
2010	12 October 2010	13 October 2014	13 October 2020	17.79	37,710
2011	22 March 2011	23 March 2015	23 March 2021	19.71	701,500
2011	1 September 2011	2 September 2015	2 September 2021	15.71	308,500
2012	23 March 2012	24 March 2016	24 March 2022	20.17	938,000

The stock options are available after 4 or 5 years regardless of whether the employee is still actively employed by the Group.

The terms and conditions of the stock options plan of 23 March 2012, are similar to those previously decided by SCOR (notably as regards to the presence condition), provide that the options allocated to Partners can be exercised at the earliest 4 years after the grant date, if the presence condition is met in addition to the satisfaction of certain performance conditions.

The exercise of all of the stock options allocated in 2012 is subject to performance conditions. The performance conditions will be deemed satisfied if, in addition to the mandatory condition (5) below, at least three out of the four other conditions listed below are met:

(1) SCOR financial strength by S&P rating must be maintained (minimum) “A” in 2012 and 2013;

(2) SCOR Global P&C’s combined ratio must be less than or equal to 102% on average in 2012 and 2013;

(3) SCOR Global Life’s technical margin must be higher than or equal to 3% on average in 2012 and 2013;

(4) The SCOR group’s ROE for the financial years ending 31 December 2012 and 31 December 2013 must be higher than 300 points above the risk-free rate on average.

(5) Absolute appliance of Group’s ethical principles as described in the Code of Conduct of SCOR Group. These principles, as settlements to protect the interests of customers, are the pillars of sustainable development of SCOR and therefore its performance.

The table below presents the changes and the current stock option plans at the end of the year along with the average corresponding exercise price.

	2012		2011	
	Number of options	Average exercise price in EUR per share	Number of options	Average exercise price in EUR per share
Outstanding options at 1 January	7,996,804	17.41	7,373,264	19.63
Options granted during the period	938,000	20.17	1,010,000	18.49
Options exercised during the period	582,166	16.35	121,603	15.91
Options expired during the period	-	-	115,170	171.58
Options forfeited during the period	258,608	18.36	149,687	16.91
Outstanding options at 31 December	**8,094,030**	**17.77**	**7,996,804**	**17.41**
Exercisable at 31 December	**3,546,530**	**17.82**	**2,831,304**	**18.60**

The average remaining life of the options and the average exercise price for 2012 and 2011 are presented below.

	Outstanding options					
	2012			2011		
Range of exercise prices in EUR	Average weighted exercise price in EUR	Average weighted residual life	Number of outstanding options	Average weighted exercise price in EUR	Average weighted residual life	Number of outstanding options
from 10 to 50	17.77	6.12	8,094,030	17.41	6.65	7,996,804
from 51 to 100	-	-	-	-	-	-
from 101 to 150	-	-	-	-	-	-
from 151 to 200	-	-	-	-	-	-
from 201 to 250	-	-	-	-	-	-
from 10 to 250	**17.77**	**6.12**	**8,094,030**	**17.41**	**6.65**	**7,996,804**

The fair value of options is estimated by using the Black & Scholes method which takes into account the terms and conditions under which the options were granted. The following table lists the characteristics used at the end of 2012, 2011 and 2010:

	23 March 2012 Plan	1 September 2011 Plan	22 March 2011 Plan	12 October 2010 Plan	18 March 2010 Plan
Fair value at grant date (EUR)	3.10	2.39	2.61	2.40	3.10
Exercise price (EUR)	20.17	15.71	19.71	17.79	18.40
Expected life	4 years	4 years	4 years	4 years	4 years
Historical volatility [(1)]	29.11%	26.62%	25.69%	27.24%	28.71%
Dividend	5.58%	5.44%	5.28%	5.28%	5.28%
Risk-free interest rate	1.924%	1.74%	2.60%	1.50%	2%

(1) The historical volatility used to determine the fair value of stock options is based on an historical volatility over periods corresponding to the expected average maturity of the options granted, which is partially smoothed to eliminate extreme deviations and to better reflect long term trends.

Free share plans

The Group also awards free shares to its employees under the following terms:

Date of grant	Date of vesting	Number of shares originally granted	Estimated price on grant date
22 September 2004	10 January 2005	1,962,555	EUR 1.20
7 December 2004	10 January 2005	2,434,453	EUR 1.41
7 December 2004	10 November 2005	2,418,404	EUR 1.41
7 November 2005	1 September 2007	8,471,998	EUR 1.584
4 July 2006	5 July 2008	8,030,000	EUR 1.638
7 November 2006	8 November 2008	666,000	EUR 1.988
21 November 2006	22 November 2008	2,760,000	EUR 2.108
24 May 2007	24 May 2009	1,442,000	EUR 20.85
7 May 2008	8 May 2010	195,000	EUR 15.63
7 May 2008	8 May 2012	84,000	EUR 15.63
26 August 2008	27 August 2010	427,500	EUR 15.16
26 August 2008	27 August 2012	771,500	EUR 15.16
3 March 2009	4 March 2011	65,800	EUR 15.155
3 March 2009	4 March 2013	149,600	EUR 15.155
16 March 2009	17 March 2011	593,500	EUR 15.085
16 March 2009	17 March 2013	694,000	EUR 15.085
15 April 2009	16 April 2011	30,500	EUR 16.29
15 April 2009	16 April 2013	85,500	EUR 16.29
25 November 2009	26 November 2011	72,000	EUR 16.66
25 November 2009	26 November 2013	16,500	EUR 16.66
2 March 2010	3 March 2012	746,430	EUR 18.25
2 March 2010	3 March 2014	862,130	EUR 18.25
12 October 2010	13 October 2012	26,500	EUR 17.91
12 October 2010	13 October 2014	18,410	EUR 17.91
17 December 2010	18 December 2014	6,120	EUR 19.00
7 March 2011	8 March 2013	663,480	EUR 21.06
7 March 2011	8 March 2015	687,060	EUR 21.06
1 September 2011	2 September 2013	15,800	EUR 16.68
1 September 2011	2 September 2015	320,850	EUR 16.68
1 September 2011 (LTIP)	2 September 2017	415,500	EUR 16.68
1 September 2011 (LTIP)	2 September 2019	297,500	EUR 16.68
12 December 2011	13 December 2013	51,340	EUR 17.44
12 December 2011	13 December 2015	108,480	EUR 17.44
19 March 2012	20 March 2014	464,600	EUR 20.49
19 March 2012	20 March 2016	1,226,340	EUR 20.49
3 May 2012	4 May 2014	125,000	EUR 19.815
26 July 2012	27 July 2014	3,180	EUR 19.265
26 July 2012 (LTIP)	27 July 2018	57,500	EUR 19.265
26 July 2012 (LTIP)	27 July 2020	51,000	EUR 19.265
30 October 2012	31 October 2014	74,400	EUR 20.33
30 October 2012	31 October 2016	24,000	EUR 20.33

The terms and conditions of the performance share plan of 19 March 2012, 3 May 2012 and 30 October 2012, similar to those usually decided by SCOR (notably as regards to the presence conditions for the first two years) provide that after the vesting period of 2 years for beneficiaries tax resident in France (and an obligation to retain shares for a period of 2 years after the end of the vesting period) and of 4 years for beneficiaries not tax resident in France, the final acquisition of these shares will be subject to the condition of presence of 2 years for each non-Partner employee and to the satisfaction of performance conditions for Partners.

All the allocation of the performance and free share plan of 19 March 2012, 3 May 2012 and 30 October 2012 to the Chairman and Chief Executive Officer (and those allocated to the other members of the COMEX, to the Executive Global Partners and to the Senior Global Partners) and half of the allocation to the other Partner beneficiaries (more Junior Partners), are subject to performance conditions.

The performance conditions will be deemed satisfied if, in addition to the mandatory condition (5) below, at least three out of the four other conditions listed below are met:

(1) SCOR financial strength by S&P rating must be maintained (minimum) “A” in 2012 and 2013;

(2) SCOR Global P&C’s combined ratio must be less than or equal to 102% on average in 2012 and 2013;

(3) SCOR Global Life’s technical margin must be higher than or equal to 3% on average in 2012 and 2013;

(4) The SCOR group’s ROE for the financial years ending 31 December 2012 and 31 December 2013 must be higher than 300 points above the risk-free rate on average.

(5) Absolute appliance of Group’s ethical principles as described in the Code of Conduct of SCOR Group. These principles, as settlements to protect the interests of customers, are the pillars of sustainable development of SCOR and therefore its performance.

The terms and conditions of the performance share plan of 26 July 2012 (LTIP), provide that after the vesting period of 6 years for beneficiaries tax resident in France (and an obligation to retain shares for a period of 2 years after the end of the vesting period) and of 8 years for beneficiaries not tax resident in France, the final acquisition of these shares will be subject to the condition of presence of 6 years for each beneficiary and to the satisfaction of performance conditions.

All the shares made under the LTIP scheme are not only subject to the satisfaction of the same performance conditions as those set for the 19 March 2012 Plan (for the description of the performance conditions, refer above) and also to a market condition based on the comparison of the Total Shareholder Return (TSR) of SCOR with the ones of its main competitors over 2 periods of 3 and 6 years (respectively between 2012 and 2015 and between 2015 and 2018).

The collective plan of 26 July 2012 (except LTIP) is neither subject to performance conditions nor subject to presence conditions. The final acquisition of these shares is effective, with no condition, within 2 years for beneficiaries tax resident in France (and an obligation to retain shares for a period of 2 years after the end of the vesting period) and within 4 years for beneficiaries not tax resident in France.

The fair value of the free shares corresponds to the market value adjusted taking into account the dividends and non-transferability costs, estimated using a forward acquisition/disposal method. The following table lists the characteristics used at the end of 2012, 2011 and 2010:

		30 October 2012 Plan	26 July 2012 Plan	26 July 2012 Plan (LTIP)	3 May 2012 Plan	19 March 2012 Plan	12 December 2011 Plan
Fair value at grant date (EUR)	French residents	16.96	16.07	7.49	16.51	17.06	14.56
	Non-French residents	15.04	-	6.09	-	15.13	12.94
Vesting period	French residents	2 years	2 years	6 years	2 years	2 years	2 years
	Non-French residents	4 years	-	8 years	-	4 years	4 years
Dividend		5.58%	5.58%	5.58%	5.58%	5.58%	5.44%
Risk-free interest rate		0.78%	0.804%	1.51%	1.428%	1.613%	2.1%

		1 September 2011 Plan - LTIP	1 September 2011 Plan	7 March 2011 Plan	2 March 2010 Plan	12 October 2010 Plan	17 December 2010 Plan
Fair value at grant date (EUR)	French residents	6.64	13.93	17.63	15.3	15	15.9
	Non-French residents	5.36	12.39	15.73	13.6	13.4	-
Vesting period	French residents	6 years	2 years	2 years	2 years	2 years	2 years
	Non-French residents	8 years	4 years	4 years	4 years	4 years	-
Dividend		5.44%	5.44%	5.28%	5.28%	5.28%	5.28%
Risk-free interest rate		2.24%	1.74%	2.60%	2%	1.50%	2.10%

1.1.5.19 NOTE 19 – INCOME TAXES

INCOME TAX EXPENSE

The main components of income taxes for the years ended 31 December 2012, 2011 and 2010 are presented below:

In EUR million	2012	2011	2010
Amounts reported in the consolidated statements of income			
Current tax – current year	(152)	(74)	(114)
Current tax – prior years	14	(22)	18
Deferred taxes due to temporary differences	44	16	(5)
Deferred taxes from tax losses carried-forward	(16)	79	22
Changes in deferred taxes due to changes in tax rates or tax law	2	1	43
INCOME TAX (EXPENSE) / BENEFIT REPORTED IN STATEMENT OF INCOME	**(108)**	**-**	**(36)**
In consolidated reserves			
Revaluation of AFS assets	(98)	82	(1)
Other	25	1	6
INCOME TAX (EXPENSE) / BENEFIT REPORTED IN EQUITY	**(73)**	**83**	**5**

RECONCILIATION OF EXPECTED TO ACTUAL TAX EXPENSE

A reconciliation of the income tax expense, obtained by applying the French tax rate of 36.10% for 2012 and 2011 and 34.43% for 2010 to income before income taxes to the actual income tax expense recorded in the statement of income is presented in the table below. The effective rate in 2012 is 20.4% (2011: 0.0% and 2010: 7.8%).

The main reconciling items are due to the difference between local income tax rate of each taxable entity and the Group tax rate, permanent differences reported by each entity, reduced rates and specific items.

In EUR million	2012	2011	2010
Income before income tax	**526**	**330**	**455**
Theoretical income tax at 36.10% (for 2012 and 2011) and 34.43% (for 2010)	(190)	(119)	(157)
Reconciling items to actual income tax (expense) / benefit			
Differences between French and local tax rates	91	53	43
Tax-exempt income [(1)]	4	61	15
Non-deductible expenses	(15)	(16)	(6)
Recognition or utilization of tax losses for which no deferred tax assets have been recognized	-	-	5
Write-down and reversal of previous write-down of deferred tax assets	(3)	13	52
Changes in tax risk provision	(1)	(25)	(21)
Non creditable / refundable withholding tax	(3)	(4)	(1)
Changes in tax rates	2	3	43
Share based payments	(8)	2	(5)
Income taxes prior years	16	37	(4)
Others	(1)	(5)	-
ACTUAL TAX (EXPENSE) / BENEFIT	**(108)**	**-**	**(36)**

2011 included the recognition of tax-exempt gain from bargain purchase for the acquired Transamerica Re business resulting in a EUR 44 million reconciling item.The exceptional contribution on income tax has been renewed by the Finance Bill 2013 for two more years and therefore will be applicable for all fiscal years between 31 December 2012 and 31 December 2015. As a result, the income tax rate will remain at 36.10% for these fiscal years (against 34.43% for 2010) and will be 34.43% again from fiscal year 2016 onwards. This temporary tax rate change would have no material impact on the net deferred tax assets of the French tax group and, consequently, it has not been taken into account for the measurement of deferred taxes.

Income tax risk provisions have been reviewed and adjusted as part of the regular tax risk provisioning process.

The increased difference between French and local tax rates in 2012 reflects the beneficial tax rate mix composition for the Group and the increase of the pre-tax results compared to 2011.

The reduction of the tax-exempt income resulted from lower tax-exempt investment returns.

Due to the finalization of income tax returns and refinement of prior periods' income tax positions in 2011 and 2012, particularly in Germany and France, prior year tax benefits were recognized.

In 2010 the tax rate change impact resulted from a new tax law in France and the revaluation of deferred taxes for UK companies due to the change of the UK income tax rate from 28% to 27% effective April 2011.

In December 2010, the French Parliament enacted a new tax law regarding the taxation of the French capitalization reserve ("reserve de capitalization", a French insurance statutory provision). As a result French insurance companies have to pay a 10% exit tax on the capitalization reserve position as at 31 December 2009. In return any increase or release of the capitalization reserve is no longer taken into consideration in the calculation of income taxation from 1 January 2010 onwards. Therefore, there is no longer any deferred tax impacts to be considered.

The existing deferred tax liabilities related to this position measured at 34.43% were released, resulting in a net tax benefit of 24.43% of the capitalization reserve as at 31 December 2009. Therefore, the income tax expense for the year 2010 includes a benefit of EUR 42 million for the change in tax law.

In the Finance Bill 2013 an additional 7% exit tax on the capitalization reserve position as at 31 December 2009 was enacted resulting in an additional income tax expense in the year 2012 of EUR 12 million. Changes in tax risk provision are included within Other Liabilities.

The standard tax rates for the primary locations in which the Group has operations are as follows:

	2012	2011	2010
France	36.10%	36.10%	34.43%
Switzerland	21.17%	21.17%	21.17%
Germany	32.45%	32.45%	31.58%
United Kingdom	24.50%	25.50%	28.00%
United States	35.00%	35.00%	35.00%
Singapore	17.00%	17.00%	17.00%

INCOME TAX EFFECTS RELATING TO OTHER COMPREHENSIVE INCOME

	2012			2011			2010		
In EUR million	Before tax amount	Tax (expense) benefit	Net of tax amount	Before tax amount	Tax (expense) benefit	Net of tax amount	Before tax amount	Tax (expense) benefit	Net of tax amount
Effect of changes in foreign exchange rates	(20)	8	(12)	117	-	117	136	-	136
Revaluation of assets available for sale	331	(98)	233	(307)	82	(225)	87	(25)	62
Shadow accounting	8	3	11	(4)	(4)	(8)	(67)	24	(43)
Net gains / losses on cash flow hedge	(25)	6	(19)	(21)	3	(18)	-	-	-
Actuarial gains / losses not recognized in income	(17)	8	(9)	(5)	7	2	(14)	6	(8)
Other changes	2	-	2	1	(5)	(4)	2	-	2
TOTAL	**279**	**(73)**	**206**	**(219)**	**83**	**(136)**	**144**	**5**	**149**

DEFERRED TAX

Deferred tax assets and liabilities and the related expense or benefit as at and for the years ended 31 December 2012, 2011 and 2010 were generated by the following items:

	Balance sheet as at 31 December			Deferred taxes benefit (expense) for the period		
In EUR million	2012	2011	2010	2012	2011	2010
Deferred tax liabilities						
Deferred acquisition costs	(37)	(18)	(164)	(24)	21	(8)
Unrealized revaluations and temporary differences on investments	(117)	(63)	(119)	(5)	(45)	(21)
Equalization reserves	(101)	(13)	(29)	(9)	-	(17)
Value of business acquired	(190)	(190)	(111)	7	17	24
Financial instruments	(22)	(7)	(5)	(20)	(5)	(3)
Claims reserves	(110)	(145)	(33)	(14)	(27)	7
Capitalization reserve	-	-	-	-	-	62
Other temporary differences	(179)	(199)	(76)	10	(64)	(27)
Elimination of internal capital gains	(7)	(3)	(4)	(13)	-	-
TOTAL DEFERRED TAX LIABILITIES	**(763)**	**(638)**	**(541)**	**(68)**	**(103)**	**17**
Deferred tax assets						
Unrealized revaluations and temporary differences on investments	44	84	95	4	20	22
Retirement scheme	4	8	5	(6)	-	3
Net operating losses for carry forward	675	693	575	(8)	30	(34)
Financial instruments	5	8	4	(2)	7	3
Claims reserves	59	78	52	5	15	(10)
"Shadow accounting"	10	54	13	-	2	-
Other temporary differences	350	143	117	104	102	25
Elimination of internal capital gains	8	8	22	-	4	(1)
TOTAL DEFERRED TAX ASSETS	**1 155**	**1,076**	**883**	**97**	**179**	**8**
Valuation allowance	(36)	(39)	(59)	1	20	35
TOTAL	**356**	**399**	**283**	**30**	**96**	**60**

Applying the deferred tax netting methodologies in accordance with IFRS the amount of deferred tax liabilities and deferred tax assets stated in the balance sheet are as follows:

BALANCE SHEET AMOUNTS AS AT 31 DECEMBER	2012	2011	2010
Deferred tax liabilities	(332)	(254)	(192)
Deferred tax assets	688	653	475
NET DEFERRED TAX ASSETS (LIABILITIES)	356	399	283

EXPIRATION OF TAX LOSSES AVAILABLE FOR CARRY-FORWARD

As at 31 December 2012, the operating tax losses available for carry-forward expire as follows:

In EUR million	Available tax losses carried forward	Tax losses carried forward for which no DTA is recognized	At 31 December 2012 Deferred tax asset recognized	At 31 December 2011 Deferred tax asset recognized
2013	7	7	-	2
2014	94	14	6	30
2015	-	-	-	-
2016	-	-	-	-
Thereafter	614	6	203	160
Indefinite	1 356	92	430	461
TOTAL	2 071	119	639	653

Recognition of deferred tax assets on tax losses carried forward is assessed on the availability of sufficient future taxable income and local tax rules - i.e. unlimited carry forward in France, 20 years carry forward period in the United States and 7 years carry forward period in Switzerland. In 2011, a change in the French Tax Law on tax loss carry forward resulted in the utilization of tax losses being capped to EUR 1 million plus 60% of the remaining current year taxable result. The limitation of the tax loss utilization has been tightened by the Finance Bill 2013 and only 50% of the remaining current year taxable result above the EUR 1 million cap can be offset against tax losses carry forward. The forecast of taxable income are based on the main assumptions described in Note 1 - Accounting principles and methods. The result of their analysis is that SCOR expects to utilize all recognized tax loss carry forwards before expiry.

The operating losses which have not been activated as deferred tax assets relate primarily to the French tax Group and subsidiaries in Switzerland.

1.1.5.20 NOTE 20 - INVESTMENT INCOME

The tables below show the analysis by type of investment income and split by category of financial assets:

ANALYSIS BY TYPE

In EUR million	2012	2011	2010
Interest income on investments	247	240	314
Dividends	34	50	40
Rental income from real estate	38	40	29
Other income (including cash and cash equivalent)	13	29	37
Ordinary investment income	**332**	**359**	**420**
Realized gains and losses on investments	161	187	206
Unrealized gains and losses on investments	8	(7)	-
Investment impairment	(72)	(51)	(57)
Real estate amortization	(15)	(11)	(9)
Other investments expenses	(14)	(15)	(35)
Net investment income excluding deposit and currency items	**400**	**462**	**525**
Interest income on funds withheld and contract deposit	213	205	217
Interest expense on funds withheld and contract deposit	(11)	(15)	(19)
Currency gains (losses)	23	13	(15)
TOTAL INVESTMENT INCOME	**625**	**665**	**708**

ANALYSIS BY CATEGORY OF FINANCIAL ASSET

In EUR million	2012	2011	2010
Real estate investments	59	46	37
Available for sale investments	452	426	501
Investments at fair value through income	13	(1)	5
Loans and receivables	193	174	178
Derivative instruments	(4)	(8)	(1)
Other (including cash and cash equivalents), net of other investment expenses	(88)	28	(12)
TOTAL	**625**	**665**	**708**

1.1.5.21 NOTE 21 – NET RESULTS OF RETROCESSION

The table below shows the net results of retrocession for the years ended 31 December 2012, 2011 and 2010:

	2012			2011			2010		
In EUR million	SCOR Global Life	SCOR Global P&C	Total	SCOR Global Life	SCOR Global P&C	Total	SCOR Global Life	SCOR Global P&C	Total
Ceded written premiums	(531)	(445)	(976)	(345)	(391)	(736)	(286)	(265)	(551)
Change in ceded unearned premiums	-	8	8	(1)	32	31	1	7	8
Ceded earned premiums	**(531)**	**(437)**	**(968)**	**(346)**	**(359)**	**(705)**	**(285)**	**(258)**	**(543)**
Ceded claims [1]	458	177	635	137	402	539	204	63	267
Ceded commissions	95	49	144	126	32	158	101	15	116
Net results of retrocession	**22**	**(211)**	**(189)**	**(83)**	**75**	**(8)**	**20**	**(180)**	**(160)**

(1) Total of 2011 includes inter-segment recharges of expenses of EUR 1 million which are eliminated on consolidation (refer to Note 2 – Segment Information)

1.1.5.22 NOTE 22 - OTHER OPERATING AND ADMINISTRATIVE EXPENSES

Other operating and administrative expenses include expenses incurred by the Group, excluding gross commissions, as follows:

In EUR million	2012	2011	2010
Staff costs [1]	329	267	220
Taxes other than income taxes	18	12	17
Other costs	241	189	184
OTHER OPERATING AND ADMINISTRATIVE EXPENSES	**588**	**468**	**421**

(1) 2012 staff costs include the Transamerica Re staff costs over the full year 2012, while 2011 staff costs include them since August 2011, and an increase in staff headcount at SCOR mainly in Paris. Staff costs in 2010 were positively impacted by the release of the provision related to sundry employee benefits schemes of employees in Paris which were reformed or cancelled with an impact on 2010.

These expenses are further allocated into categories by function as follows:

In EUR million	2012	2011	2010
Acquisition and administrative expenses	349	292	263
Investment management expenses	30	26	24
Claims settlement expenses	32	30	29
Other current operating expenses	177	120	105
OTHER OPERATING AND ADMINISTRATIVE EXPENSES	**588**	**468**	**421**

Group audit fees for services rendered during the year are detailed below:

In EUR thousand	Ernst&Young Amount (excluding taxes)		Ernst&Young %		Mazars Amount (excluding taxes)		Mazars %		Total Amount (excluding taxes)		Total %	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Audit [1]	**4,870**	**3,813**	**91%**	**75%**	**3,921**	**3,415**	**97%**	**84%**	**8,791**	**7,229**	**94%**	**79%**
SCOR SE	868	538	16%	11%	815	528	20%	13%	1,683	1,067	18%	12%
Fully consolidated subsidiaries	4,002	3,275	75%	64%	3,106	2,887	77%	71%	7,108	6,162	76%	67%
Other audit related [2]	**75**	**1,216**	**2%**	**24%**	**95**	**650**	**3%**	**16%**	**170**	**1,866**	**2%**	**20%**
SCOR SE	55	1,150	1%	22%	74	569	2%	14%	129	1,719	1%	19%
Fully consolidated subsidiaries	20	66	1%	1%	21	81	1%	2%	41	147	1%	2%
Other [3]	**385**	**86**	**7%**	**2%**	**11**	**-**	**-**	**-**	**396**	**86**	**4%**	**1%**
Legal. tax. social security	162	86	3%	2%	8	-	-	-	170	86	2%	1%
Other	223	-	4%	-	3	-	-	-	226	-	2%	-
TOTAL	**5,330**	**5,115**	**100%**	**100%**	**4,027**	**4,065**	**100%**	**100%**	**9,357**	**9,181**	**100%**	**100%**

(1) Statutory audit and certification of local and consolidated financial statements
(2) Other specific audit assignment related to statutory audit
(3) Other services, rendered by the Auditors to the fully-consolidated companies and due diligence

1.1.5.23 NOTE 23 - EARNINGS PER SHARE

Basic and diluted earnings per share are calculated as follows for the years ended 31 December 2012, 2011 and 2010 respectively:

In EUR million	At 31 December 2012 Net income (numerator)	At 31 December 2012 Shares[1],[2] (denominator) (thousands)	At 31 December 2012 Net income per share (EUR)	At 31 December 2011 Net income (numerator)	At 31 December 2011 Shares[1],[2] (denominator) (thousands)	At 31 December 2011 Net income per share (EUR)	At 31 December 2010 Net income (numerator)	At 31 December 2010 Shares[1],[2] (denominator) (thousands)	At 31 December 2010 Net income per share (EUR)
Net income	418	-	-	330	-	-	418	-	-
Earnings per share									
Net income attributable to ordinary shareholders	418	183,841	2.28	330	183,379	1.80	418	180,125	2.32
Diluted earnings per share									
Dilutive effects	-	-	-	-	-	-	-	-	-
Stock options and share-based compensation[3]	-	3,070	-	-	3,475	-	-	4,034	-
Net income attributable to ordinary shareholders and estimated conversions	**418**	**186,911**	**2.24**	**330**	**186,854**	**1.77**	**418**	**184,159**	**2.27**

(1) Average number of shares during the period. See Note 1 of the consolidated financial statements

(2) After stock consolidation on 3 January 2007: 1 new share equals 10 old shares

(3) Calculated assuming all options are exercised where the average SCOR share price for the year exceeds the option exercise price

1.1.5.24 NOTE 24 - RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to directly or indirectly control the other party or exercise significant influence over the other party in making financial or operational decisions.

The Group's related parties include:

- Key management personnel, close family members of key management personnel, and entities which are controlled, significantly influenced by, or for which significant voting power is held by key management personnel or their close family members;
- Subsidiaries, joint ventures and associates; and
- Post-employment benefit plans for the benefit of the Group's employees.

The Group has several business relationships with related parties. Transactions with such parties are made in the ordinary course of business and on substantially the same terms and conditions including interest rates and collateral as those prevailing at the time for comparable transactions with other parties.

SCOR SE is the ultimate parent of the Group. As noted above transactions between SCOR SE and its subsidiaries meet the definition of related party transactions. Where these transactions are eliminated on consolidation they are not disclosed in the group's financial statements. A list of the Group's subsidiaries, associates and joint venture is shown below.

Transactions with key management personnel

Key management personnel are those individuals having responsibility and authority for planning directing and controlling the activities of the Group. The Group considers that the members of the Executive Committee and the Board constitute key management personnel for the purposes of IAS 24.

The total gross compensation of key management personnel, which include short-term employee benefits, post-employment benefits, other long-term benefits, termination benefits and share-based payments, for 2012, 2011, and 2010 financial years is outlined below.

(a) Cash compensation

The total gross cash compensation of key management personnel for 2012, 2011, and 2010 financial years is presented below:

In EUR	2012	2011	2010
Fixed compensation	5,378,043	5,142,595	4,512,763
Variable compensation	3,173,762	3,427,169	2,738,301
Profit sharing	28,534	59,333	74,039
Premiums/allowances	140,702	115,440	127,855
TOTAL CASH COMPENSATION	**8,721,041**	**8,744,538**	**7,452,958**

(b) Post-employment benefits

No retirement benefits (or commitments) have been paid to key management personnel during the period.

The total commitment of the Group for defined benefit retirement plans for the eligible members of the Executive Committee in France, Germany and Switzerland amounts to EUR 33 million as at 31 December 2012 (EUR 25 million as at 31 December 2011 and EUR 21 million as at 31 December 2010).

(c) Non-monetary benefits

The members of the Executive Committee also benefit from the use of a vehicle for business purposes; the Chairman and Chief Executive Officer has a company car with driver.

Certain members of the Executive Committee receive a housing allowance because of their dual duties in two geographically separated units.

(d) Other benefits

In the case of departure of the Chairman and Chief Executive Officer during financial current year:

- all the variable part of his compensation for prior year will be payable during current year as soon as the Company's financial statements for prior year are settled by the Board of Directors;
- in addition, in the case of dismissal, the amount of the variable part of his compensation for current year will be (i) determined on the basis of the variable compensation for prior year and prorated on the basis of the

departure date for the current year, and (ii) paid as soon as the Company's financial statements for prior year are settled by the Board of Directors.

In the event of termination of the Chairman and Chief Executive Officer, the benefits he may be allocated would be determined according to the following situations:

- In the event that the Chairman and Chief Executive Officer is dismissed for misconduct or following a notoriously negative performance of the Company (non-achievement of the performance condition (C_n) as described below, and for at least two years during the three previous) no compensation will be due;
- In case of his departure is imposed or a dismissal ad nutum mainly for typical difference of opinion regarding the Group's strategy, the Chairman and Chief Executive Officer will benefit from a cash payment equal to the amount of fixed and variable compensations paid to him by the Group for the two financial years prior to his departure. This payment is subject to the satisfaction of the performance condition (C_n) defined below for at least two out of the three years preceding the date of departure of the Chairman and Chief Executive Officer.

  In case of his departure is imposed or a dismissal resulting from the event of a hostile takeover bid leading to a change in control situation of the SCOR group, the Chairman and Chief Executive Officer will benefit from a cash payment equal to the amount of fixed and variable compensations paid to him by the Group for the two financial years prior to his departure. This payment is subject to the satisfaction of the performance condition (C_n) as defined below for at least two out of the three years preceding the date of his departure. Furthermore, the performance shares and stock-options which have been granted prior to his departure will be subject, in their entirety, only to performance conditions of each plan as approved by the Board of Directors at the time of the grant.

The performance condition (C_n), determined by the Board of Directors, upon the recommendation of the Compensation and Nomination Committee, will be met for the current year if at least 3 out of 4 criteria below are fulfilled.

(A). SCOR financial strength by S&P rating must be maintained (minimum) “A” on average over two prior years;

(B). SCOR Global P&C's net combined ratio must be less than or equal to 102% on average over two prior years;

(C). SCOR Global Life's operational margin must be higher than or equal to 3% on average over two prior years;

(D). The SCOR group's ROE must be higher than 300 points above the risk-free rate on average over two prior years.

The Board of Directors, upon the recommendation of the Compensation and Nomination Committee will observe whether or not the performance conditions have been met.

In the event of a change in the structure of the share capital of the Company, if a member of the Executive Committee is dismissed (except for reason of serious or gross misconduct) or if he decides to resign, he will benefit from (i) a cash payment equal to the amount of fixed and variable compensations paid to him by the Group for the one financial year prior to his departure, (ii) a cash payment compensating him for his inability to exercise stock options granted prior to his departure date and which he would otherwise be unable to exercise due to the vesting period conditions set forth in the applicable stock option plan, in an amount to be determined by an independent expert using the “Black-Scholes” pricing model, and (iii) a cash payment compensating him for his inability to definitively acquire Ordinary Shares granted to him for free prior to his departure and which he would otherwise be unable to acquire due to the terms and conditions of the applicable free share allocation plan. The amount of this cash payment is equal to the product of the number of shares concerned by the average value of the opening prices of the Ordinary Shares of SCOR SE in the Paris Stock exchange during the twenty trading days preceding the date of the change in the structure.

SCOR SE PROVIDES SERVICES AND BENEFITS TO ITS SUBSIDIARY COMPANIES OPERATING IN FRANCE AND WORLDWIDE AS FOLLOWS

Provision of services

Provision of technical support in relation to risk management information technology and reinsurance services. Services are charged for annually on an arms' length basis.

Provision of benefits

Issue of share options and share awards to employees of subsidiaries. Costs are charged for annually based on the underlying value of the awards granted calculated in accordance with the guidance set out in IFRS 2. See Note 18 - Stock options and share awards for further details.

Parent company guarantees

SCOR SE provides parental guarantees to a number of operating subsidiaries. Under the terms of these parental guarantees contracts of insurance or reinsurance between clients and the Group companies are covered so that clients benefit from the additional financial security of SCOR SE.

The subsidiaries which benefitted from the SCOR SE parent guarantee in 2012 are the following:

- In Europe : SCOR Global Life SE ; SCOR Global P&C SE ; SCOR Switzerland AG ; Prévoyance Ré SA ; SCOR Global P&C Ireland Ltd (previously Irish Reinsurance Partners Ltd) ; SCOR Channel Ltd ; SCOR Financial Services Ltd ; SCOR Global Life Ireland PLC, SCOR International Reinsurance Ireland PLC ; SCOR U.K. Company Ltd ; SCOR Perestrakhovaniye.
- In the United States and Canada : SCOR Reinsurance Company (U.S.) ; General Security Indemnity Company of Arizona ; General Security National Insurance Company ; SCOR Canada Reinsurance Company; SCOR Global Life Reinsurance Company of Texas ; SCOR Global Life Americas Reinsurance Company ; SCOR Life Reassurance Company.
- In Asia : SCOR Reinsurance Asia-Pacific Pte Ltd ; SCOR Reinsurance Company (Asia) Ltd.
- In Africa : SCOR Africa Ltd.
- In Australia : SCOR Global Life Australia Pty Ltd.

Loans

SCOR SE provides loans to Group companies in the normal course of business remunerated at market rates.

SIGNIFICANT SUBSIDIARIES, INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Significant subsidiaries, investments in associates and joint ventures are included in the table below where material to the Group.

	Country	2012 Percentage Control	2012 Percentage Interest	2011 Percentage Control	2011 Percentage Interest	Consolidation method
SCOR SE and its direct subsidiaries						
SCOR SE	France	100.00	100.00	100.00	100.00	Parent
General Security Indemnity Company of Arizona	United States	100.00	100.00	100.00	100.00	Full
General Security National Insurance Company	United States	100.00	100.00	100.00	100.00	Full
SCOR AFRICA Ltd	South Africa	100.00	100.00	100.00	100.00	Full
SCOR GIE Informatique	France	100.00	100.00	100.00	100.00	Full
SCOR Perestrakhovaniye	Russia	100.00	100.00	100.00	100.00	Full
SCOR Reinsurance Company	United States	100.00	100.00	100.00	100.00	Full
SCOR U.S. Corporation	United States	100.00	100.00	100.00	100.00	Full
SCOR Global Investment SE	France	100.00	100.00	100.00	100.00	Full
SCOR Alternative Investments SA	Luxemburg	100.00	100.00	100.00	100.00	Full
CAL Re Management Inc	United States	100.00	100.00	100.00	100.00	Full
SCOR Services Asia Pacific Pte Ltd	Singapore	100,00	100,00	100,00	100,00	Full
SCOR Reinsurance Escritório de Representação no Brasil Ltda	Brasil	100.00	100.00	100.00	100.00	Full
SCOR Global LIFE SE and its subsidiaries						
SCOR Global Life SE	France	100.00	100.00	100.00	100.00	Full
ReMark Group BV	Netherland	100.00	100.00	100.00	100.00	Full
ReMark International BV	Netherland	100.00	100.00	100.00	100.00	Full
Revios Canada Holding Corp. Ltd.	Canada	100.00	100.00	100.00	100.00	Full
Revios Canada Ltd	Canada	100.00	100.00	100.00	100.00	Full
SCOR Financial Services	Ireland	100.00	100.00	100.00	100.00	Full
SCOR Global Life Re Insurance Company of Texas	United States	100.00	100.00	100.00	100.00	Full
SCOR Global Life Reinsurance (Barbados) Ltd.	Barbados	100.00	100.00	100.00	100.00	Full
SCOR Global Life Reinsurance Company of America	United States	100.00	100.00	100.00	100.00	Full
SCOR Global Life Reinsurance International (Barbados) Ltd.	Barbados	100.00	100.00	100.00	100.00	Full
SCOR Global Life Reinsurance Ireland Ltd	Ireland	100.00	100.00	100.00	100.00	Full
SCOR Global Life Americas Reinsurance Company	United States	100.00	100.00	100.00	100.00	Full
Sweden Reinsurance Co. Ltd	Sweden	100.00	100.00	100.00	100.00	Full
SCOR Global Life Americas Holding Inc (1)	United States	100.00	100.00	100.00	100.00	Full
SCOR Life Insurance Company (SLAC)	United States	100.00	100.00	100.00	100.00	Full
SCOR Life Reassurance Company (SLRC)	United States	100.00	100.00	100.00	100.00	Full
SCOR International Reinsurance Ireland Ltd (SIRI)	Ireland	100.00	100.00	100.00	100.00	Full
SCOR Global Life Americas Reinsurance Company - Escritorio de representaçâo no Brasil Ltda.(2)	Brasil	100.00	100.00	100.00	100.00	Full
SCOR Global Life Australia Pty Ltd	Australia	100.00	100.00	100.00	100.00	Full
SCOR Global P&C SE and its subsidiaries						
SCOR Global P&C SE	France	99.99	99.99	100.00	100.00	Full
SCOR Reinsurance Asia Pacific Pte Ltd	Singapore	100.00	100.00	100.00	100.00	Full
SCOR Reinsurance Company (Asia) Ltd	Hong Kong	100.00	100.00	100.00	100.00	Full
SCOR (UK) Group Ltd	United Kingdom	100.00	100.00	100.00	100.00	Full

(1) 23 May 2012 the name of Revios US Holdings Inc. was changed to SCOR Global Life Americas Holding Inc. Additionnal cash contribution of SGL in the share capital of SGLAH, amounting USD 5M (SGL now holds 315 shares).

(2) 5 July 2012, SUSEP approved the change of name of “SCOR Global Life U.S. Re Insurance Company - Escritorio de representaçâo no Brasil Ltda.” into “SCOR Global Life Americas Reinsurance Company - Escritorio de representaçâo no Brasil Ltda.” (SGL Brasil).

	Country	2012 Percentage Control	2012 Percentage Interest	2011 Percentage Control	2011 Percentage Interest	Consolidation method
SCOR Canada Reinsurance Company	Canada	100.00	100.00	100.00	100.00	Full
SCOR Global P&C Ireland Ltd	Ireland	100.00	100.00	100.00	100.00	Full
SCOR Global South Africa (Pty) Ltd [3]	South Africa	-	-	100.00	100.00	Full
SCOR P&C Ireland Holding Limited	Ireland	100.00	100.00	100.00	100.00	Full
SCOR UK Company Limited	United Kingdom	100.00	100.00	100.00	100.00	Full
SCOR Underwriting Ltd	United Kingdom	100.00	100.00	100.00	100.00	Full
Blue Star Management Ltd	United Kingdom	100.00	100.00	100.00	100.00	Full
SCOR Services International Ltd	Hong Kong	100.00	100.00	100.00	100.00	Full
SCOR Services Japan Co	Japan	100.00	100.00	100.00	100.00	Full
SCOR Holding (Switzerland) AG and its subsidiaries						
SCOR Holding (Switzerland) AG	Switzerland	100.00	100.00	100.00	100.00	Full
SCOR Holding (UK) Ltd	United Kingdom	100.00	100.00	100.00	100.00	Full
SCOR Switzerland AG	Switzerland	100.00	100.00	100.00	100.00	Full
SCOR Services Switzerland AG	Switzerland	100.00	100.00	100.00	100.00	Full
PPG Lime Street Ltd	United Kingdom	100.00	100.00	100.00	100.00	Full
Real Estate Businesses						
Finimo Realty Pte Ltd	Singapore	100.00	100.00	100.00	100.00	Full
SCOR Auber	France	100.00	100.00	100.00	100.00	Full
SCOR Properties	France	100.00	100.00	100.00	100.00	Full
5 avenue Kléber SAS	France	100.00	100.00	100.00	100.00	Full
Société Immobilière Coligny SAS	France	100.00	100.00	-	-	Full
Société Immobilière Pershing SAS	France	100.00	100.00	-	-	Full
Financial Activity						
FCP SGI Euro Govies	France	100.00	100.00	100.00	100.00	Full
FCP Euro ABS AAA	France	100.00	100.00	100.00	100.00	Full
FCP Euro Corporate	France	100.00	100.00	100.00	100.00	Full
FCP Euro Covered AAA	France	100.00	100.00	100.00	100.00	Full
FCP Euro Equities	France	100.00	100.00	100.00	100.00	Full
FCP Euro High Yield	France	100.00	100.00	100.00	100.00	Full
FCP Scor Euro loans	France	100.00	100.00	100.00	100.00	Full
FCP Scor Credit opportunities	France	100.00	100.00	100.00	100.00	Full
FCP Scor Credit Special situation	France	100.00	100.00	-	-	Full
Associates and Joint Ventures						
ASEFA SA Seguros y reaseguros	Spain	39.97	39.97	39.97	39.97	Equity interest
MUTRE SA	France	33.33	33.33	33.33	33.33	Equity interest
SCOR Channel Limited	Guernsey	99.88	99.88	99.86	99.86	Equity interest
SCOR Gestion Financière	France	100.00	100.00	100.00	100.00	Equity interest
Cogedim Office Partners	France	43.54	43.54	43.54	43.54	Equity interest

([3]) 27 August 2012 SCOR Global South Africa (a 100% SCOR Global P&C subsidiary) was deregistered.

1.1.5.25 NOTE 25 - COMMITMENTS RECEIVED AND GRANTED

The general reinsurance regulatory environment requires that underwriting liabilities be collateralized by pledged assets, cash deposits or letters of credit.

Reinsurance commitments are recognized as liabilities within underwriting reserves and are offset by assets which are maintained for the settlement of claims. When the liabilities are not offset by cash deposited with the ceding companies, the underwriting reserves may be covered by pledged securities or letters of credit granted to ceding companies which are disclosed within off-balance sheet commitments.

In EUR million	2012	2011
Commitments received		
Unused lines of credit [1]	150	150
Letters of credit – retrocessionaires [2]	160	178
Endorsements, sureties	-	8
Other commitments received	-	8
TOTAL COMMITMENTS RECEIVED	**310**	**344**
Commitments given		
Letters of credit [3]	1,760	1,279
Pledged securities	4,286	3,965
Endorsements, surety	17	16
Other commitments given	25	53
TOTAL COMMITMENTS GIVEN	**6,088**	**5,313**
Collateral received from retrocessionaires		
TOTAL COLLATERAL RECEIVED FROM RETROCESSIONAIRES [4]	**1,269**	**1,007**

(1) Unused lines of credit represent those facilities available to the Group to enable it to meet its liquidity requirements. These include overdrafts and lines of credit, but exclude letter of credit facilities. The Group has total letter of credit facilities available to it of USD 1,146 million, composed of several syndicated and bilateral lines with international banks.

(2) Includes letters of credits received from external retrocessionaires.

(3) Represents the total amount of letter of credits granted by the Group in favor of its cedants, including those issued by banks on behalf of the Group.

(4) This is the total carrying amount of financial assets pledged as collateral for liabilities or contingent liabilities, including Securities pledged, deposits received and letters of credit from retrocessionaires detailed in Note 16.

Assets including investment securities, real estate and shares in associates for a total amount of EUR 4,286 million (2011: EUR 3,965 million) have been pledged to financial institutions, in order to guarantee the letters of credit granted to SCOR cedants.

Minimum payments under operating lease commitments, estimated minimum rental income amounts received by SCOR as part of its real estate investment activities and commitments to purchase properties are included within Note 5 – Tangible assets and Note 6 Insurance business investments.

Parental guarantees provided by SCOR SE to a number of operating subsidiaries have been presented within Note 24 – Related party transactions.

Minimum net worth under stand-by letter of credit facilities

In accordance with the terms of its stand by letter of credit facilities, the Group must meet certain minimum requirements relating to net worth. The Group currently meets all such requirements.

1.1.5.26 NOTE 26 - INSURANCE AND FINANCIAL RISK

Framework

The principal risk the Group faces under insurance and reinsurance contracts is that the actual amounts of claims and benefit payments, or the timing thereof, differ from expectations. The frequency of claims, severity of claims, actual benefits paid, subsequent development of long-tail claims and external factors beyond the Group's control, including inflation, legal developments and others have an influence on the principal risk faced by the Group. Additionally, the Group is subject to the quality of underwriting management for certain treaties and to claims management by ceding companies and other data provided by them. In spite of these uncertainties, the Group seeks to ensure that sufficient reserves are available to cover its liabilities.

Generally, SCOR's ability to increase or maintain its portfolios of reinsurance risks in its Non-Life and Life divisions may be subject to external factors such as economic risks and political risks.

NON-LIFE REINSURANCE RISKS

(a) Property

SCOR's property business underwritten by its property and casualty division, which it refers to in this Registration document as "SCOR Global P&C," "Non-Life" or its "Non-Life division," is exposed to multiple insured losses arising from a single or multiple events, which can be catastrophic, being either caused by nature (e.g. hurricane, typhoon, windstorm, flood, hail, severe winter storm, earthquake, etc.) or by the intervention of a man-made cause (e.g., explosion, fire at a major industrial facility, act of terrorism, etc.). Any such catastrophic event can generate insured losses in one or several of SCOR's lines of business.

The insured losses may be covered under various different lines of business within the Property business such as fire, engineering, aviation, space, marine, energy and agricultural.

(b) Casualty

For SCOR's casualty business, the frequency and severity of claims and the related indemnification payment amounts can be affected by several factors. The most significant factors are the changing legal and regulatory environment, including changes in civil liability law and jurisprudence. Additionally, due to the length of amicable, arbitral and court claims settlement procedures, the casualty business is exposed to inflation risks regarding the assessment of claim amounts. Additional exposure could arise from so-called emerging risks, which are risks considered to be new or subject to constant evolution, and thus particularly uncertain in their impact. Examples of such risks are electromagnetic fields or nanotechnology.

(c) Cyclicality of the business

Non-Life insurance and reinsurance businesses are cyclical. Historically, reinsurers have experienced significant fluctuations in operating income due to volatile and unpredictable developments, many of which are beyond the control of the reinsurer including primarily, frequency or severity of catastrophic events, levels of capacity offered by the market and general economic conditions and the price competition level.

The primary consequences of these structural factors are to reduce or increase the volume of Non-Life reinsurance premiums on the market, to make the reinsurance market more competitive, and also to favour the operators who are most attentive to the specific needs of the cedants. This could lead potentially to a loss of competitive advantage for SCOR.

Beyond the general trends, the premium rate cycle affects certain geographic markets and/or certain lines of business in a differentiated fashion and independently of each other.

(d) Risk management

Underwriting guidelines in place within SCOR Global P&C specify (i) the underwriting rules and principles to be complied with, (ii) underwriting capacities delegated to the underwriters and pricing actuaries in each of the markets and lines of business in which the Group operates, as well as (iii) the relevant maximum acceptable commitments per risk and per event. They are reviewed and updated annually by the Underwriting Management function and approved by the Chief Executive Officer and Chief Risk Officer of SCOR Global P&C. Any request for deviations from the underwriting guidelines is subject to special referral procedures at two key levels. At the first level, the request is submitted by the underwriting units to the Underwriting Management function, and where applicable, to the Legal Department. At the second level, for exposures exceeding certain thresholds or with specified characteristics, the request is submitted by the Underwriting Management function to the Group Risk Management function of SCOR SE.

Pricing guidelines and parameters are set to provide consistency and continuity across the organization but also to take into account differences between markets and lines of business as well as the geographical location of the client and the risks insured. Parameters are revised at least once a year to consider, as the case may be, the changing market conditions and environment. Contracts that meet certain risk thresholds are subject to mandatory peer reviews that have

to be performed and documented before the pricing is completed. SCOR Global P&C employs a data system which allows management to monitor and review the results from the pricing tools.

Underwriting cross-reviews are initiated by SCOR Global P&C Risk Management to evaluate the quality of underwriting of particular underwriting units or certain lines of business, to identify risks, to assess the appropriateness and effectiveness of controls and to propose risk-management measures, including mitigating actions.

(e) Risk assessment

Catastrophe management (Cat) is split into three sections under SCOR Global P&C: portfolio accumulation, optimization and procedures; research and development; and modeling in support of underwriting. Descriptive guidelines for each of the main business processes are available: 'catastrophe methodologies', 'data quality & modeling', 'accumulation control', , 'Cat pricing' and 'system & processes'. For Cat pricing, a matrix organization described in the guidelines has been implemented in each Hub, distributing the responsibility of Cat pricing to the Cat modelers, the pricing actuaries or the underwriter. In addition, a system of Cat referrals has been introduced in excess of a given threshold.

For all SCOR's property business, it evaluates the accumulations generated by potential natural events and other risks. Pursuant to the rules and procedures, Regional Managers from SCOR's natural catastrophes risks modeling team monitor the structure of the portfolio for each region or country and the data is consolidated under the supervision of the Head of natural catastrophes risks modeling.

The Group tracks natural catastrophe accumulation (earthquakes, wind and flood perils…) for all exposed countries worldwide. Depending on the region of the world and the peril in question, it uses a variety of techniques to evaluate and manage its total exposure. The Group quantifies this exposure in terms of a maximum commitment. It defines this maximum commitment, taking into account policy limits, as the potential maximum loss caused by a catastrophe affecting a geographic area, such as a storm, hurricane or earthquake, and occurring within a given return period. SCOR estimates that its potential maximum losses for catastrophes, before retrocession, come from windstorms in Europe, hurricanes in the U.S., typhoons in Japan or from earthquakes in Japan or the U.S.

The Group makes extensive use of proprietary external models from industry-leading catastrophe model suppliers, including Risk Management Solutions RiskLink® ("RMS") and AIR Worldwide Catrader® ("AIR"), and licenses all the region/peril combinations available from each vendor. In addition, it has access to local cat model expertise for Australia from Risk Frontiers, a commercial provider of tools developed at Macquarie University. Access to multiple external models allows the Group to better appreciate the strengths and limitations of each model and make adjustments where appropriate, and it is well equipped with alumni from AIR and RMS within the Natural Catastrophe Risk Modeling team.

In 2012 and 2011, SCOR has operationally used the RMS modeling results format as its common framework for assessing accumulations of natural catastrophe risk, including catastrophe risk management controls (Capacity Monitoring) and provision of data to its internal capital models, and retrocession department.

These tools enable the Group to quantify its exposure in terms of a probable maximum loss ("PML") at various levels of probability for each peril and geographic location. The overall aggregate annual PML per peril, allowing for potential multiple events, provides the information required to determine the level of retrocession and other alternative risk transfer solutions (e.g., catastrophe bonds) that are needed to ensure that the net aggregate exposure remains within predefined tolerance limits.

The probabilistic catastrophe modeling approach captures the uncertainty related to the likelihood of a given event occurring (frequency uncertainty) as well as the uncertainty associated with the amount of loss, given that a particular event has occurred (severity uncertainty). A sound understanding of the uncertainties associated with the model's key parameters is essential for the interpretation of the model outcome and thus for decision-making. The outcomes for each model describe a bandwidth of loss estimates and not a unique value. In order to identify and stress-test the key parameters, systematic sensitivity analyses are carried out.

For peril/zones where neither internal nor external models are available, the following approaches are used:

- Pricing is performed based on actuarial techniques using historical losses and other benchmarks.
- Accumulations are performed either on a notional basis (i.e. sum of event limits for underwritten share), or on a "manual PML" basis, applying a mean damage ratio to the peak zone aggregates.

This method is validated by the Research & Development Cat team, who performs comparative studies with other peril/zones of similar hazard and vulnerability characteristics.

(f) Concentration risks related to broker business

SCOR produces its Non-Life business both through brokers and through direct relationships with insurance company clients. For the year ended 31 December 2012, approximately 65% of Non-Life gross premiums were produced through brokers. In 2012, SCOR had two brokers that accounted for approximately 34% of its Non-Life gross premiums. The risk

of SCOR is mainly the significant concentration of premiums written thanks to a limited number of brockers. A significant reduction in the business generated through these brokers could potentially reduce premium volume and net income.

(g) Geographic concentration

Like other reinsurance companies, SCOR may be exposed to multiple insured losses to property or to the person arising from a single occurrence, whether a natural catastrophe such as a hurricane, typhoons, windstorm, flood, hail, severe winter storm, earthquake, heat wave, or a man-made catastrophe such as an explosion, fire at a major industrial facility or an act of terrorism. Any such catastrophic event may generate insured losses in one or more of the Group's lines of business.

The frequency and severity of such catastrophic events, particularly natural hazards, are by their nature unpredictable. The inherent unpredictability of these events makes forecasts and risk evaluations uncertain for any given year. As a result, SCOR's claims experience may vary significantly from one year to the next, which can have a significant impact on its profitability, and financial position. In addition, depending on the frequency and nature of losses, the speed with which claims are made and the terms of the policies affected, it may be required to make large claim payments within a short period. SCOR may be forced to fund those obligations by liquidating investments in distressed market conditions, or by raising funds under unfavorable conditions. In particular, its most significant exposure to natural catastrophes in Non-Life relates to earthquakes, storms, typhoons, hurricanes, floods and other weather-related phenomena like hail or tornados. The Group evaluates its natural catastrophe exposure by means of catastrophe modeling software.

The models it uses depend very much on the underlying parameters. Any future deviations in these parameters will produce varying results depending on the sensitivity of the model to each parameter. Furthermore, the models can only be applied to certain areas and must respect certain conditions. Catastrophic events could occur in areas not covered by the models and could therefore generate losses which exceed those predicted. Reality is always more complex than that reflected by the models and this represents a risk for SCOR.

Although the Group attempts to limit its exposure to acceptable levels, it is possible that multiple concurrent catastrophic events could have a material adverse effect on its business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of its securities.

(h) Other concentrations

Information on exposures to asbestos and environmental claims is included in Note 16 - Contract liabilities.

LIFE REINSURANCE

The main categories of risk for Life reinsurance underwritten by SCOR's Life division, which is referred to in this Registration document as "SCOR Global Life", "Life" or its "Life division", are biometric, behavioral and catastrophe risks as well as credit risk (see "Credit Risk" below), market risks and currency risks (see "Market Risk" below).

(a) Biometric risks

The assessment of biometric risks is at the centre of underwriting in life reinsurance. These are risks which result from adverse developments in mortality, morbidity, longevity or from epidemic/pandemic claims. These risks are evaluated by the actuaries, research centers and medical underwriters of SCOR Global Life, who analyze and use information from SCOR Global Life's own portfolio experience, from the ceding companies as well as relevant information available in the public domain, such as mortality or disability studies and tables as available from various sources, e.g., actuarial associations or medical research bodies.

(i) Mortality risk

Mortality risk is the risk of negative deviation from expected results due to higher than anticipated death rates resulting from either the inherent volatility, an adverse long-term trend or a mortality shock event in the reinsured portfolio.

(ii) Morbidity risk

Products such as critical illness, short-term and long-term disability and long term care, which all contain morbidity risk, are subject to the risk of negative trends in health, as well as to the consequences of improved medical diagnoses capabilities which increase the number of claims that otherwise would possibly have remained undetected. Medical progress may enable better treatment resulting in higher claims since certain diseases would have otherwise led to immediate death of insureds. Products providing cover for medical expenses are in particular subject to the risk of higher than anticipated frequency rates and inflation of medical costs.

(iii) Longevity risk

Longevity risk refers to the risk of a negative deviation from expected results due to the insured or annuitant living longer than assumed in the pricing of the insurance cover. This risk exists within annuity and long-term care covers and within other longevity protection products.

(iv) Pandemic

In Life reinsurance, a severe pandemic is a major risk.. In the past century, three major outbreaks of influenza occurred and claimed millions of lives. The occurrence of a similar event could cause large losses to SCOR, due to an increased mortality far beyond the usual volatility. Experts closely monitor current influenza virus strains and those of other infectious diseases. A lethal virus strain not only of influenza but of any other communicable disease could lead to a heavy increase in mortality rates and increased medical costs which could significantly affect SCOR's results.

The potential loss relating to a severe pandemic is estimated using models. However, the limited amount of available historical data, combined with the generic model risk, create a high degree of uncertainty in the results. The financial outcome of a severe pandemic could, therefore, differ considerably from that expected by the model, thus leading to a potentially significantly higher loss than expected.

(b) Behavioral risks

SCOR Global Life is also exposed to risks related to policyholder behaviour. This includes risks such as lapsation, anti-selection at policy issue, resale of policies, exercising of policy options by the policyholder different from expected, and fraudulent applications.

(i) Lapsation

Lapses refer to either non-payment of premium by the policyholder or to policies which are terminated by the policyholder before the maturity date of the policy. Depending on the product design, higher or lower policyholder lapses than assumed in the pricing may reduce SCOR Global Life's expected future income. Policyholder lapses may differ from expectations due to a changing economic environment or other reasons, such as changes in tax incentives for the insurance policies, tarnished reputation of the cedant or from the introduction of more attractive insurance products in the market. SCOR studies and closely monitors this risk.

(ii) Anti-selection

Anti-selection refers to the problem of asymmetry of information between the insured and the insurer. An individual applying for life or health insurance cover usually has better knowledge about his or her own state of health than the insurer. The risk to the (re)insurer is of policyholders deliberately deciding among other things to:

- take out a policy in the knowledge that either their chances of claiming is high or higher than average;
- terminate a policy in the knowledge that their chances of claiming are low or lower than average; or
- choose and exercise a policy option which allows to increase the policyholder's expected benefit.

This might lead to a portfolio composition which differs from the one assumed during pricing and might imply lower than expected profits for both the direct insurer and reinsurer.

(iii) Resale

In general, for most individual life covers, the policyholder and the insured person are identical. The pricing of these policies is based on this assumption. However, there is a trend, especially in the U.S., where policyholders who can no longer afford or for other reasons do not want to continue to pay the premiums, are selling their polices and the eventual death benefit to third parties who continue to pay the premium. These "stranger owned life insurance," or STOLI policies, lead to deviations between actual and expected lapse rates which can be a risk to the insurer and reinsurer of the cover.

(c) Catastrophe risks

As previously indicated, natural or man-made catastrophic events can cause very significant material damages affecting the Non-Life activities of the Group. In addition, such events could cause multiple deaths and serious injuries which could potentially seriously impact the Life activities of SCOR, particularly under contracts covering groups of employees working at the same location.

(d) Risks linked to the types of guarantees

Certain life insurance products include guarantees, most frequently with respect to premium rates, insurance benefits, and surrender or maturity values, or guarantees with regard to interest accrued on reserves or policyholder funds. Other guarantees may exist, for example, with regard to automatic adjustments of benefits or options applied in annuity policies.

Such guarantees may be explicitly or implicitly covered by the reinsurer under the reinsurance contract and if so expose the reinsurer to the risk of adverse developments which increase the value of the guarantee and thereby necessitate respective increases in benefit reserves.

(e) Risks linked to collateral requirements

The availability and cost of collateral, including letters of credit to represent the Group commitments, asset trusts and other credit facilities, could adversely affect SCOR's operations and financial condition.

Regulatory reserve requirements in various jurisdictions in which SCOR operates may be significantly higher than the reserves required under IFRS. A regulation in the U.S. (NAIC Model Regulation XXX or Valuation of Life Insurance Policies Model Regulation), commonly referred to as Regulation XXX (or Triple X) and adopted by most U.S. states as at 1 January 2000, requires a relatively higher level of regulatory, or statutory, reserves that U.S. life insurance and life reinsurance companies must hold on their statutory financial statements for various types of life insurance business, primarily certain level premium term life products. The reserve requirements under Regulation XXX increase over time and are normally in excess of reserves required under IFRS in other jurisdictions. The increase and the ultimate level of XXX reserves will depend upon the mix of business and future production levels in the U.S.

SCOR might overtime retrocede certain XXX-related cash flows and reserves to such affiliated or unaffiliated reinsurers that are authorized in company's domicile or provide collateral of an amount equal to the reinsured reserves. Such collateral must be provided in the form of withheld funds, NAIC (National Association of Insurance Commissioners) approved commercial bank letters of credit, the placement of assets in trust for the ceding company's benefit, or by other means pre-approved by the ceding company's regulator.

Based on the assumed rate of growth in SCOR's current U.S. business plan, and the increasing level of XXX reserves associated with this business, it expects the amount of required XXX reserves, retrocession and required collateral to grow significantly. With regard to retrocession to affiliates, SCOR would be required to secure such collateral.

In connection with these reserve requirements, SCOR faces the following risks:

- The availability of collateral and the related cost of such collateral in the future could affect the type and volume of business it reinsures and could increase costs.
- The Group may need to raise additional capital to support higher regulatory reserves, which could increase the overall cost of capital.
- If its affiliated or not affiliated retrocessionaires, are unable to obtain or provide sufficient collateral to support their statutory ceded reserves or if regulatory changes lead to change to the current retrocession structures, it may be required to increase regulatory reserves. In turn, this reserve increase could significantly reduce statutory capital levels and adversely affect SCOR's ability to satisfy required regulatory capital levels that apply, unless it is able to raise additional capital to contribute to its operating subsidiaries.
- Because term life insurance is a particularly price-sensitive product, any increase in insurance premiums charged on these products by life insurance companies, in order to compensate them for the increased statutory reserve requirements or higher costs of insurance they face, may result in a significant loss of volume in their life insurance operations, which could, in turn, adversely affect life reinsurance operations.

SCOR cannot assure investors that it will be able to implement actions to mitigate the effect of increasing regulatory reserve requirements.

(f) Recapture risk

Under certain long term reinsurance treaties, ceding companies have the right to totally or partially recapture the book of business ceded under the reinsurance treaty after a pre-defined number of years after the inception of the treaty. The exercise of such recapture options may reduce SCOR Global Life's expected future income.

(g) SCOR is exposed to Guaranteed Minimum Death Benefit (GMDB) products

In connection with its October 2007 acquisition of Converium Holdings AG ("Converium"), SCOR Global Life inherited certain retrocession liabilities with regard to Guaranteed Minimum Death Benefit ("GMDB") rider options attached to variable annuity policies written in the U.S. Its GMDB business indirectly exposes SCOR Global Life to asset risk on the variable annuity policyholders' funds. SCOR Global Life must pay, in the event of death, the excess of the GMDB over the account balance or the excess of the GMDB over the cash surrender value, depending on the definition of the underlying reinsurance agreements. A fall in the value of the variable annuity policies' funds therefore leads to higher expected claims amounts. The variable annuity policyholders invest their funds in a wide variety of U.S. equity, other equity, fixed interest, money market, balanced and other funds. Hence SCOR Global Life is exposed to losses, through higher death claims, if these funds fall in value. These funds are not held by SCOR Global Life. The assets remain with the originating ceding companies.

Business of this type which contains a specific economic risk in case of financial crisis is not within the usual scope of the SCOR Global Life underwriting policy. These treaties are all in run-off and, as at 31 December 2012, cover in total approximately 0.6 million policies written by two cedants. These treaties were issued mainly in the late 1990's and incorporate various benefit types.

Different types of GMDBs are covered, including return of premium, ratchet, roll-up and reset. Guarantees that increase over time are, for a majority of the assumed business, only applied up to a certain age. This implies that SCOR Global Life will be released from the risk when the beneficiary reaches this age limit. See Note 16 – Contract Liabilities."

There are some risks which are specific to the GMDB portfolio. Due to the nature of the product, the remaining liability is influenced by developments on the financial markets, particularly changes in the price of equities and fixed income securities, fluctuations in interest rates, and the implied volatility on equity options. The liability is also dependent on policyholder behavior, particularly on the exercise of partial withdrawal options, but also on other aspects, such as lapse behavior and the use of options to choose the underlying funds. As a retrocessionaire, SCOR Global Life is exposed to uncertainties concerning data received from its retrocedants and the original ceding companies and also due to the inherent reporting lag. SCOR Global Life is also exposed to risks inherent to the model used for the assessment of the liability under its portfolio. More information about GMDB appears in Note 16 – Contract Liabilities."

There can be no assurance that SCOR's GMDB portfolios will not deteriorate in the future, which could have a material adverse effect on SCOR's business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of its securities.

See "Section 20 – Notes 16 – Contract Liabilities – A. Guaranteed Minimum Death Benefit for more information about the mechanisms related to the management of this risk.

(h) Risk control

Mandates for underwriting life reinsurance business are assigned to teams on a mutually exclusive geographic basis. Life reinsurance treaties are underwritten by life reinsurance experts familiar with the specific features of their markets, on the basis of underwriting and pricing guidelines.

Underwriting and pricing guidelines defined by SCOR Global Life specify the underwriting rules and principles to be complied with, underwriting capacities delegated to the underwriters and pricing actuaries in each of the markets in which the Group operates, as well as maximum acceptable commitments per risk and per event. In particular, these guidelines specify the terms and conditions under which business is considered as acceptable. Furthermore, they set out the retention of SCOR Global Life for various risks and types of covers. They are approved by the Chief Executive Officer, the Chief Risk Officer and the Chief Actuary of SCOR Global Life. Business opportunities going beyond the stipulations of these guidelines are subject to a special referral procedure at two key levels in order to ensure that the business respects defined risk-adjusted return criteria and risk tolerance limits. These cases are examined at the SCOR Global Life level by the Central Actuarial and Underwriting Department and by the Risk Management Department and, where applicable, the Finance Department. These departments are located in Charlotte, Cologne, Paris and Zurich. Cases which may have a significant impact on the balance sheet of the Group are additionally reviewed by the Group Risk Management function. Thresholds or conditions for a referral to Group Risk Management are defined in a specific guideline.

(i) Risk assessment

In order to ensure that SCOR Global Life is continually kept up-to-date with biometric trends and scientific developments, SCOR Global Life uses the expertise of four dedicated technical research centers within the Life Central Actuarial and Underwriting Department to analyze and assess the key factors underlying mortality/longevity, Long-Term Care and disability risks. The SCOR Global Life Research Centers provide recommendations for the implementation of the research results into the pricing, underwriting control and determination of exposure limits.

In order to reduce potential behavioral risk, SCOR Global Life carries out a thorough assessment of the client, the client's target clientele, the market in which the client operates and the design of the insurance product.

Anti-selection risks are mitigated through careful product design and a well-defined medical and financial underwriting selection process. SCOR mitigates lapse risk through appropriate reinsurance treaty clauses, as well as product, client and market diversification in which the lapse risk exposure is variable.

Biometric risks are diversified on a geographic and a product basis.

A significant part of the reinsured business in respect of Disability, Long Term Care (LTC) and Critical Illness (CI) products includes premium adjustment clauses. In the case of LTC, the premium adjustments are designed to offset potentially improving longevity. In the case of CI, premium adjustments mitigate potential negative impacts on future claims patterns due to a general deterioration in health and improved medical diagnosis.

Peak mortality, disability and critical illness risks are covered either by surplus per life retrocession programs, or, in some cases, by excess of loss per life covers. Risks from accumulation in catastrophic events are covered by per event retrocessional coverage.

INTERDEPENDENCE OF THE NON-LIFE AND LIFE REINSURANCE BUSINESSES

The Group takes into account the effect of the diversification between its two divisions: Life and Non-Life, in its internal model, by setting parameters for the interdependence of the various lines of business.

Non-Life and Life reinsurance activities take place in two different market environments. They are subject to heterogeneous external constraints, which generally have only very limited correlation with each other. The diversification and the overall balance between these two business areas provide stability. However, in some cases evolutions of the Non-Life and Life activities are linked together as well as to those of the financial market risks. This exposes SCOR to accumulation and/or correlation risks which are difficult to quantify.

Unforeseen events, such as natural catastrophes or terrorist attacks, can cause significant damage. These types of risk primarily affect Non-Life business areas. However, in cases where SCOR faces a large number of casualties, the possibility of the losses also affecting its Life lines of business as well cannot be excluded.

In the event of a very large natural catastrophe with many victims, the losses generated in Life and Non-Life could potentially accumulate, with losses on financial assets related to the potential reaction of markets (e.g., interest rates, exchange rates and equity market prices). In the same way, a major pandemic event may cause financial market turmoil or business interruptions.

SCOR's ability to grow or maintain its portfolios in the Life and Non-Life reinsurance divisions may be subject to correlated external factors, such as economic and political risks.

Economic risks are related to slowdowns in economic growth or recessions in the major markets. This may lead households and companies to take out less insurance, to suspend certain premium payments, or to terminate the insurance policies underlying the existing Life and Non-Life treaties earlier than anticipated.

Political risks, which are characterized by social and political instability in certain countries, are particularly significant in emerging markets. These risks could lead to significantly reduced business growth in the Group's markets.

There is no guarantee that SCOR is protected from unexpected changes in Life or Non-Life claims frequency or severity or erroneous assumptions in the underwriting and pricing that could have a material adverse impact on its business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of its securities.

SCOR manages its exposure to catastrophes through careful business selection, limiting its exposure to certain geographic areas, monitoring the aggregation of risks per geographic area, and retroceding part of these risks to other reinsurers selected on the basis of public information on their financial strength, or to financial markets.

CREDIT RISK

Credit risk is the risk that one party to a financial instrument or other asset (such as retrocessionaires) will cause a financial loss to the other party by failing to discharge an obligation. SCOR is mainly exposed to the following credit risks:

(a) Fixed income portfolios

Credit risks on fixed and variable income securities cover two areas at risk.

Firstly, a deterioration in the financial situation of an issuer (sovereign, public or private) may result in an increase in the relative cost of refinancing and a reduction in the liquidity of the securities issued leading to a reduction in the value of such securities. Secondly, the borrower's financial situation can cause it to become insolvent and lead to the partial or total loss of coupons and of the principal the Group invested.

The risk of losing all or part of bonds the Group owns could have a material adverse impact on its business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of its securities.

SCOR mitigates these risks by implementing a policy of geographic and sector diversification. Limits by counterparty exposure and by rating are also defined. An a posteriori quarterly analysis by segment (business sector, geographical area, counterparty, rating) enables critical risks to be identified and evaluated in order to take appropriate actions.

The Group has a prudent investment policy and puts great importance on several selection criteria including internal assessments, the rating provided by the rating agencies to the issuer and the liquidity of the securities purchased.

Fixed income investments are managed by SCOR Global Investments SE or by external managers. In all cases, investment guidelines are provided to managers and strict monitoring is carried out over the global portfolio by the respective Group entities. Whether managed internally or externally, each entity monitors, either directly or via an intermediary, the changes in value of the investment assets. In general, the tactical allocation of the global portfolio is defined by the Group Investment Committee which meets each quarter. It is chaired by the Group's Chief Executive Officer and is composed of the Group Chief Financial Officer, the Group Chief Risk Officer, the Chief Economist, the Chief Executive Officer of SCOR Global P&C and the Chief Executive Officer of SCOR Global Life, the Chief Executive Officer of SCOR Global Investments SE and other representatives of SCOR Global Investments.

(b) Receivables from retrocessionaires

SCOR transfers part of its risks to retrocessionaires via retrocession programs. The retrocessionaires then assume, in exchange for the payment of premiums by SCOR, the losses related to claims covered by the retrocession contracts. In the event of default of a retrocessionaire, SCOR would be liable to lose the coverage provided by its retrocessionaires whereas it would retain liability to the cedant for the payment of all claims covered under the reinsurance contract.

Moreover, the Group is exposed to a credit risk in the event of a payment default by the retrocessionaires of the balance of the profit and loss retrocession account due in respect of its cession.

The policy for the management of retrocessionaire credit risk is entrusted to the Security Committee who is responsible for analyzing the financial security of each retrocessionaire and defining the terms and conditions and limits of amounts ceded per retrocessionaire, per rating and per geographical area. The Security Committee meets regularly and pays particular attention to the retrocessionaires' default risk in the treaty renewal period.

Several actions taken by the Security Committee to quantify the risk are:

- the analysis of the financial ratings of the retrocessionaires;
- the analysis of external studies prepared by the security departments of the main reinsurance brokers; in this regard SCOR meets the security departments of two large reinsurance brokers at least twice a year to analyze the security of its retrocessionaires.

Furthermore, to reduce the credit risk arising from its retrocessionaires, SCOR:

- requests that certain of its retrocessionaires provide that all or a portion of the receivables from its retrocession contracts be guaranteed by collateral (cash deposits, letters of credit, pledging of securities etc.) in favor of SCOR;
- carries out an active commutation policy in Non-Life.

The Group's retrocession department regularly monitors its exposure to retrocessionaires by taking into account all relevant accounting balances (estimated and actual claims, premiums, reserves and deposits, pledges and security deposits).

SCOR seeks to reduce its dependence on its traditional retrocessions by using alternative risk transfer solutions such as the multi-year securitization of catastrophic risk in the form of ILS or mortality swaps or the issuance of contingent capital securities. The credit risk that SCOR may be exposed to, through these alternative risk transfer solutions, can be more limited than the credit risk related to traditional retrocession arrangements.

The retrocessionaires' part in the reserves split by retrocessionaires' financial rating is included in Note 16 – Contract Liabilities."

In spite of the measures to control and reduce the risk of defaults of its retrocessionaires, the occurrence of one or more of such default could have a material adverse impact on SCOR's business, its present and future premium income, its net income, its cash flows, its financial position, and potentially on the price of its securities.

(c) Receivables and deposits with cedants

There are three aspects of credit risk related to contracts with cedants.

Firstly, SCOR may be exposed to credit risk in relation to amounts deposited with ceding companies in respect of reserves which cover its current and future liabilities. Depositing these amounts does not a priori discharge the Group of its liability towards cedants in case it is not able to recover these amounts in the event of default of cedants.

Secondly, SCOR is exposed to a credit risk in the event of a payment default by the cedants of the balance of the profit and loss reinsurance account due under its acceptance of a portion of their risks.

Thirdly, SCOR is exposed to a credit risk in the event of a payment default by the cedants of the premiums due under its acceptance of a portion of their risks. In cases where such an event does not lead to termination of the reinsurance contract, any offset between contractual obligations between the two parties is dependent on court decisions, and it is possible that the Group will remain liable for paying claims without being able to offset the unpaid premiums.

Thus, the inability of its cedants to fulfill their financial obligations could affect SCOR's current and future revenues, net income, cash flow, financial position, and potentially the price of its securities.

Credit risks related to contracts with cedants are mitigated through a quarterly examination of exposure and associated risks. Depending on the financial situation of the principal cedants, actions aimed at reducing or limiting exposure or mitigating the risk through guarantees on deposits (for example, via offset clauses) may be carried out. Moreover, should their financial strength deteriorate between the time their financial commitment is made and the time it must be honored,

an appropriate financial provision is established in the Group's accounts corresponding to the liability for which a loss is considered probable.

(d) Receivables from non-(re)insurance debtors

SCOR is exposed to a credit risk in the event of a payment default by a debtor not linked to the Group by a reinsurance or retrocession treaty. This can be, for instance, advances to providers, social security contribution collection agencies or states, or loans to employees, etc.

The risk of losing all or part of receivables the Group owns could have a material adverse impact on its business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of its securities.

(e) Cash deposits at banks

SCOR is exposed to the risk of losing all or part of any cash deposited with a retail bank in the event such a bank is no longer able to honor its commitments (e.g., following liquidation).

The current main risk for the Group is the significant concentration of deposits in a small number of banks. This risk is a direct result of the selection of the most stable banks.

The inability of one or several banks to return its deposits to SCOR could have a material adverse impact on its business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of its securities.

Concentration risk is mitigated by defining counterparty exposure limits. Furthermore, SCOR selects bank counterparties according to their rating and quality of their credit. SCOR also considers the public assistance (e.g., loans, guarantees of deposits, nationalizations) certain banks may benefit from during the financial crisis, as they are important in the economy of their country.

(f) Deposits with custodians

As part of the management of its investment portfolio, SCOR deposits the securities it owns with a number of approved custodians. In the case of default of a custodian, depending on the local regulation applicable to the custodian, all or part of these securities could become blocked.

The risk of losing all or part of securities the Group owns could have a material adverse impact on its business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of its securities.

(g) Credit & surety

SCOR is exposed to credit risk through its Credit & Surety portfolio. By reinsuring the liabilities of its clients, which are insurers providing surety bonds and/or credit insurance policies, the Group must indemnify its ceding companies, for the portion that it reinsures, in the event of the default of companies on which its ceding companies are exposed.

This business is situated in many countries, and across a diverse range of risks, cedants and activity sectors.

SCOR's Credit & Surety business does not cover either credit default swaps (CDS) or real estate loans, notably in the U.S., nor is it exposed to the various U.S. credit "monoliners" or "guarantors."

SCOR's underwriting policy is particularly prudent in this area. SCOR specifically monitors its main exposures in this sector. In addition, SCOR benefits from the expertise of its specialized cedants in terms of risk prevention, since the cedants continuously adjust their own exposure levels based on changes in the financial strength of the debtors they are insuring.

Multiple defaults of companies (or in the event of the default of a major company) on which the ceding companies are exposed could have a material adverse impact on SCOR's business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of its securities.

(h) Future profits of Life reinsurance treaties

Credit risk on future profits from Life reinsurance policies arises from two risk factors.

First of all, the payment of future profits expected under Life reinsurance contracts necessarily implies that the cedant is solvent: for this reason, SCOR risks a reduction in the value of its portfolio of Life contracts in the event of a deterioration in the financial strength of the cedant. In such a case, it is possible that the VOBA and deferred acquisition costs ("DAC") may as a consequence need to be written down and as a consequence, its shareholders' equity would be reduced accordingly.

In particular this affects the US book of business acquired in the course of the Transamerica Re acquisition. The majority of the former Transamerica Re's reinsurance contracts flow into SCOR via retrocession from Aegon companies. An

AEGON insolvency might lead to premiums from clients no longer being passed on to SCOR, and thus potentially impair the value of business acquired ("VOBA").

Secondly, a reduction in the value of future profits could arise from a massive unexpected lapsation of policies following a deterioration of the cedant's financial rating or an event which has a negative effect on SCOR's image.

The Group, therefore, has exposure to a credit risk linked to the insolvency and to the image of its cedants, which, if this were to occur, could have an adverse impact upon its business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of its securities.

(i) Default of pool members

SCOR participates, for certain risk categories that are material (particularly terrorist risks), in various groups of insurers and reinsurers ("pools") aimed at pooling the relevant risks among the members of each group. In the event of a total or partial default by one of the members of a group, it could be required to assume, in the event of joint liability of the members, all or part of the liabilities of the defaulting member. In such a case, its business, present and future revenues, net income, cash flows, financial position, and potentially, the price of its securities could be adversely impacted.

In the context of its business, SCOR may be exposed to claims arising from the consequences of terrorist acts. These risks, the potential significance of which can be illustrated by 11 September 2001 attack on the World Trade Center ("WTC") in the U.S., can affect both individuals and property.

Certain countries do not permit the exclusion of terrorist risks from insurance policies. Due to these regulatory constraints, the Group has actively supported the creation of insurance and reinsurance pools involving insurance and reinsurance companies as well as public authorities in order to spread the risks of terrorist activity among the members of these pools. It participates in pools created in certain countries, such as France (GAREAT), Germany (Extremus), the Netherlands (NHT) and Belgium (TRIP), which allows the Group to have limited and known commitments. In the U.S., the Terrorism Risk Insurance Act passed in November 2002 for a period of three years, which was extended to 31 December 2007 by the Terrorism Risk Insurance Extension Act, was renewed for seven years, until 31 December 2014 by the Terrorism Risk Insurance Program Reauthorization Act ("TRIPRA"). It established a federal assistance program to help insurance companies cover claims related to terrorist acts. TRIPRA requires that terrorist acts be covered by insurers. Despite TRIPRA, and the federal aid that it provides, the U.S. insurance market is still exposed to some significant risks in this area. Therefore, SCOR monitors very closely its exposure to the U.S. market, primarily because of the insurance obligation created by the law. In addition to the commitments described above, SCOR does reinsure, from time to time, terrorist risks, usually limiting, by event and by year of insurance the coverage that ceding companies receive for damage caused by terrorist acts.

Beyond the potential impact on its Non-Life book, a terror event could also affect the Group's Life portfolio. Although the insured losses from past events have been comparatively small in relation to the Non-Life losses, a future terrorist act, such as a "dirty bomb", could claim a substantial amount of insured lives.

After the attack of 11 September 2001, the Group adopted underwriting rules designed to exclude or limit its exposure to risks related to terrorism in its reinsurance contracts, in particular in those countries and/or for the risks expected to be most exposed to terrorism. However, it has not always been possible to implement these measures, particularly in its principal markets. For example, certain European countries do not permit the exclusion of terrorist risks from insurance policies.

As a result, future terrorist acts, whether in the U.S. or elsewhere, could cause SCOR significant claims payments, and could have a significant effect on its business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of its securities.

(j) Risk of accumulation of the above risks

The aforementioned risks could accumulate in either a single counterparty, in the same sector of activity or the same country. SCOR attaches particular importance to the establishment of and respect of counterparty exposure limits. The annual examination of its exposure enables the Group to identify and quantify the risks and, in case of accumulations, formulate appropriate responses.

(k) Concentration

The carrying amounts of the Group's financial assets exposed to credit risk by counterparty credit quality, excluding consideration of collateral held or other credit enhancements is included in Note 6 - Insurance business investments (for fixed income securities) and Note 16 - Contract liabilities (for the share of retrocessionaires in insurance and financial liabilities).

SCOR maintains its investment policy in high-quality assets and in countries with the lowest sovereign risk. SCOR has no assets linked to sovereign risk in Greece, Ireland, Portugal or Spain.

(l) Aging of financial assets

The following table provides an overall analysis of the aging of financial assets as at 31 December 2012:

In EUR million	Current	1-12 months	12-24 months	24-36 months	> 36 months	Total
Available-for-sale investments	10,667	-	-	-	-	10,667
Fair value through income	216	-	-	-	-	216
Derivative instruments	112	-	-	-	-	112
Loans and receivables	9,535		-	-	-	9,535
Reinsurance assets	1,322	-	-	-	-	1,322
Insurance receivables	3,850	335	17	32	47	4,281
Taxes receivable	92	-	-	-	-	92
Other accounts receivable	251	-	-	-	-	251
Cash and cash equivalents	1,466	-	-	-	-	1,466
TOTAL	**27,511**	**335**	**17**	**32**	**47**	**27,942**

The following table provides an overall analysis of the aging of financial assets as at 31 December 2011:

In EUR million	Current	1-12 months	12-24 months	24-36 months	> 36 months	Total
Available-for-sale investments	9,492	-	-	-	-	9,492
Fair value through income	127	-	-	-	-	127
Derivative instruments	158	-	-	-	-	158
Loans and receivables	9,872	-	-	-	-	9,872
Reinsurance assets	1,251	-	-	-	-	1,251
Insurance receivables	3,886	253	62	17	41	4,259
Taxes receivable	47	-	-	-	-	47
Other accounts receivable	391	-	-	-	-	391
Cash and cash equivalents	1,281	-	-	-	-	1,281
TOTAL	**26,505**	**253**	**62**	**17**	**41**	**26,878**

Financial assets have been aged within the above aging analysis according to their original due date. The due date for each of these instruments may vary dependent on the nature of the asset. Reinsurance assets and insurance receivables business credit terms are typically based on normal terms of trade, as specified within contracts. Insurance receivables include estimates, which are presented as current. The available-for-sale investments and fair value through income categories presented above include fixed income securities and equity securities. For fixed income securities, amounts are only presented as non-current if the security has not been redeemed on the date of maturity and therefore the amount receivable is past due. For equity securities, due to the absence of a contractual date of redemption, these instruments are presented as current. Other assets presented in the above aging analysis, including derivative instruments, loans and receivables, cash and cash equivalents and other accounts receivable, are presented in a similar manner as those instruments described above, dependent on the existence of a redemption date.

Impairment information relating to financial assets is included in Note 6 - Investments, Note 7 - Loans and receivables, and Note 10 - Accounts receivables and debts with cedants and retrocessionaires and Note 20 - Investment income.

LIQUIDITY RISK

SCOR needs liquidity to pay its operating expenses, interest on its debt and dividends on its capital stock, and replace certain maturing liabilities. Without sufficient liquidity, the Group may be forced to curtail its operations, and business will suffer. The principal internal sources of the Group's liquidity are insurance premiums, cash flow from its investment portfolio and other assets, consisting mainly of cash or assets that are readily convertible into cash.

Liquidity risk is increased in situations of market disruption as SCOR may need to sell a significant portion of its assets quickly and at unfavorable terms. Additional information on the Group's liquid assets is included in Note 6 – Insurance Business Investments.

Some facilities SCOR uses to grant letters of credit to cedants require a 100% collateral in case of non-compliance with financial covenants or in case of a decrease in the Group's financial strength rating. Significant changes in the Group's solvency or rating could force it to collateralize these facilities at 100%, which would thus result in a deterioration of its liquidity level. Additional information on SCOR's letter of credit facilities is included in Note 25 – Commitments Received and Granted.

Considering the above, SCOR is exposed to risks of short-term or medium-term payouts, and it cannot be guaranteed that it will not be exposed to such risks in the future, which could have a material adverse impact on its business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of its securities.

Additional information on the timing of repayments is included in this note.

(a) Maturity profiles

(i) SCOR Global P&C

The technical reserves of SCOR Global P&C are established on an undiscounted basis (except workers compensation). The table below includes the estimated maturity profiles of the Non-Life insurance liabilities based on payment patterns derived from historical data.

Non-Life insurance liabilities In EUR million	0-1 year	1-3 years	3-7 years	> 7 years	Total
As at 31 December 2012	**3,624**	**3,584**	**2,729**	**2,602**	**12,539**
As at 31 December 2011	3,598	3,223	2,716	2,581	12,118

The analysis of the balance sheet reserve movements, including net paid losses is included in Note 16 - Contract liabilities.

(ii) SCOR Global Life

The projections for insurance liabilities of the Life segment have been prepared on a best estimate basis. The amounts below represent the estimated maturity profile of the gross liabilities. For long term life reinsurance, benefit payments are typically settled net of premiums (for treaties with periodic premium payments). Where liabilities are deposited with the client, the settlement normally also includes certain other account items, primarily the release of the deposits. For contracts where funds held are used to offset the amounts settled between SCOR and its cedants, funds held to cover the life insurance liabilities in the table below mature at the same date as the respective life insurance liabilities.

Life claim reserves are predominantly paid out within zero to five years.

The table below reflects gross cash outflows.

Life insurance liabilities In EUR million	< 1 year	1-5 years	6-10 years	> 10 years	Total
As at 31 December 2012	**1,883**	**962**	**1,071**	**7,237**	**11,153**
As at 31 December 2011	1,864	953	1,061	7,166	11,044

(b) Financial debt

Maturity profiles have been prepared based on undiscounted contractual maturities and include contractual interest payments. In the case of perpetual debt, or debt which is subject to multiple optional reimbursement dates, the analysis below has been prepared based on the assumption that the Company does not make use of any of the early optional reimbursement dates. Perpetual debt is classified within the column "more than 5 years" due to an absence of a maturity date. Of the amounts below, EUR 179 million [(1)] (2011: EUR 253 million) relates to variable rate debt.

At 31 December 2012		Debt maturity profiles			
In EUR million	Interest rate ranges	Less than 1 year	Between 1 to 5 years	Greater than 5 years[(2)]	TOTAL
Subordinated debt	2.11% - 6.98%	70	244	1,257	1,571
Other financial debt	3.43% - 4.47%	72	159	269	500
TOTAL		**142**	**403**	**1,526**	**2,071**

At 31 December 2011		Debt maturity profiles			
In EUR million	Interest rate ranges	Less than 1 year	Between 1 to 5 years	Greater than 5 years [(2)]	TOTAL
Subordinated debt	2.38% - 6.98%	57	222	1,022	1,301
Other financial debt	3.43% - 4.57%	32	192	291	515
TOTAL		**89**	**414**	**1,313**	**1,816**

(1) This amount excludes subordinated perpetual debt which has been swapped from variable interest rate to fixed interest rate
(2) The interests for perpetual debt as at 31 December 2012 represent EUR 41 on a yearly basis (2011: EUR 33 million)

Maturity analyses of financial assets that are held for managing liquidity risk are presented within Note 6 - Insurance business investments.

The Group holds a finance lease which contains an option to purchase an investment property at the end of the lease term. The amount of the minimum payments and their discounted values are presented within Note 5 - Tangible assets and real estate investments. In addition, various entities in the Group rent their office headquarters. The minimum payments relating to these operating leases are presented within Note 5 - Tangible assets and real estate investments.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and macroeconomic variables. Market risk comprises three types of risk: currency risk, interest rate risk and valuation risk.

(a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument or balance sheet amount will fluctuate because of changes in foreign exchange rates. The following types of foreign exchange risk have been identified by SCOR:

(i) Transaction risk

Fluctuations in exchange rates can have consequences on SCOR's reported net income because of the conversion results of transactions expressed in foreign currencies, the settlement of balances denominated in foreign currencies and the lack of perfect matching between monetary assets and liabilities in foreign currencies.

(ii) Translation risk

SCOR publishes its consolidated financial statements in Euros, but a significant part of its income and expenses, as well as its assets and liabilities, are denominated in currencies other than the Euro. Consequently, fluctuations in the exchange rates used to convert these currencies into Euros may have a significant impact on its reported net income and net equity from year to year.

SCOR's main non-French legal entities are located in Switzerland, the Americas, the U.K. and Asia Pacific. The shareholders' equity of these entities is denominated mainly in Euros, U.S. dollars, Canadian dollars or British pounds.

As a result, changes in the exchange rates used to convert foreign currencies into Euros, particularly the fluctuation of the U.S. dollar against the Euro, have had and may have in the future, an adverse effect on the Group's consolidated shareholders' equity. SCOR does not fully hedge its exposure to this risk. The impact of the fluctuation in the exchange rates used to translate foreign currencies into Euros on its consolidated shareholders' equity is described in "Section 20.1.5 – Consolidated Statements of Changes in Shareholders' Equity."

SCOR has issued debt instruments in currencies other than the Euro, currently U.S. dollars and Swiss Francs, and to the extent that these are not used as a hedge against foreign currency investments, it is similarly exposed to fluctuations in exchange rates.

Forward sales and purchases of currencies are included in Note 8 – Derivative Instruments.

Some events, such as catastrophes, can have an impact on the matching of assets and liabilities in a currency, which can generate a temporary unmatched position which is not covered by currency contracts or hedges.

In spite of the measures to control and reduce SCOR's exposure to fluctuations of exchange rates of major currencies, such fluctuation could have a material adverse impact on its business, present and future revenues, net income, cash flows, financial position, and potentially, on the price of its securities.

(b) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate fluctuations have direct consequences on the market value of SCOR's fixed-income investments and therefore on the level of unrealized capital gains or losses of the fixed-income securities held in the Group's portfolio. The return on the securities held also depends on changes in interest rates. Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk.

(i) Interest rate risks on investments

The Group's objective is to maintain an appropriate mix of fixed and variable rate instruments. It also manages the maturities of interest bearing financial assets.

Interest rate fluctuations have direct consequences on the market value of SCOR's fixed-income securities and therefore on the level of unrealized capital gains or losses of the fixed-income securities held in the Group's portfolio. The return on the securities held also depends on changes in interest rates. Interest rates are very sensitive to a number of external factors, including monetary and budgetary policies, the national and international economic and political environment, and the risk aversion of economic agents.

During periods of declining interest rates, income from investments is likely to fall due to investment of net cash flows at rates lower than those of the existing portfolio (dilutive effect of new investments). During such periods, there is therefore a risk that the Group's return on equity objectives are not met. In addition, in these periods of declining interest rates, SCOR's fixed-income securities are more likely to be redeemed early in cases where bond issuers benefit from an early

redemption option and can borrow at lower interest rates. Consequently the probability of needing to reinvest the proceeds at lower interest rates is increased.

On the other hand, an increase in interest rates and/or fluctuations in the capital markets could lead to a fall in the market value of fixed income securities SCOR holds. In the case of a need for cash the Group may be obliged to sell fixed income securities, possibly resulting in capital losses to the Group.

SCOR analyzes the impact of a major change in interest rates on each of its portfolios and at the global level and identifies the unrealized capital loss that would result from a rise in interest rates. The instantaneous unrealized capital loss is measured for a uniform increase of 100 basis points in rates or in the event of a distortion of the structure of the yield curve. Portfolio sensitivity analysis to interest rate changes is an important risk measurement and management tool which may lead to decisions for reallocation or hedging.

However, there can be no assurance that its risk management measures and sensitivity analysis will be sufficient to protect the Group against all the risks related to variations in interest rates.

(ii) Interest rate risks on financial debt

Financial debt is not carried at fair value. For the Group, interest rate risk is limited to the interest paid on variable rate debt.

(iii) Interest rate risks on insurance liabilities

The Group has certain life insurance contracts which are sensitive to fluctuations in interest rates.

Life

Although in general all long term liabilities are discounted, in most cases there is no immediate accounting impact from a 100 basis point change in interest for the following reasons:

- For the German, Italian, Swiss and Austrian markets, valuation interest rates are typically locked-in at the minimum interest rate guaranteed by the ceding companies on the deposited assets covering the liabilities.
- For the business written in the U.K., Scandinavia, U.S. (traditional, non-savings products), and France (excluding Long Term Care), valuation interest rates are locked-in based on a prudent estimate of the expected rate earned on assets held less a provision for adverse deviation.

There is no requirement for a material change in reserves for life products with guaranteed minimum death benefit (GMDB) in the event of a 100 basis point change in interest rates.

For Long Term Care products in France, ceding companies use valuation rates established by French regulators which are based on a prudent proportion of the moving average of long-term government rates. The bulk of the reserves are deposited. The interests on these deposits are often linked to the assets of the ceding companies and minimum interest rates on deposits are at least the valuation rate. Ceding companies are usually doing a proper matching of assets and liabilities. Hence a 100 basis point decrease in interest rates would have no significant impact.

Non-Life

There are no material amounts of discounted reserves in the Non-Life portfolio which would result in interest sensitivities. Additionally, for lines of business where there are interest sensitivities at the level of the ceding company and for which no direct information on these sensitivities is submitted to SCOR level (e.g., the bodily injury portion of automobile), SCOR considers that the information provided by the ceding company is not necessarily representative of the evolution in interest rates. The IBNR calculations performed by SCOR using methods other than the loss ratio method do not represent a material portion of the recorded reserves and therefore the sensitivity is not considered material.

(c) Valuation risk

Valuation risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group's valuation exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices, principally investments in equity securities.

(i) Valuation risk on investments

The majority of the Group's investments are in debt securities. For investments made in equity securities, the Group's objective is to develop and manage a high-quality diversified portfolio. The equity portfolio is regularly monitored.

All investments, whether held directly or in mutual funds, are aggregated and valued on a regular basis. This approach allows for the monitoring of changes in the portfolio and the identification of investments with higher than average volatility. The Group's exposure is reviewed at regular Investment Committee meetings.

SCOR is also exposed to equity price risk. A widespread and sustained decline in the equity markets could result in an impairment of SCOR's equity portfolio. Such impairment could affect the Group's net income.

SCOR's exposure to the equity market results both from direct purchases and through certain (re)insurance products including Guaranteed Minimum Death Benefit (GMDB) business.

Equity prices are likely to be affected by risks which affect all of the market (uncertainty on economic conditions in general, such as changes in GDP, inflation, interest rates, sovereign risk, etc.) and/or by risks which influence a single asset or a small number of assets (specific or idiosyncratic risk).

SCOR is, therefore, exposed to a risk of capital losses on equity exposures - if it were to occur - which could adversely impact the Company's net income, cash flows, financial position and potentially, the price of its securities.

(ii) Valuation risk on insurance liabilities

Life

In general, equity movements have no impact on the reported liabilities of the Life business as the underlying policies and reinsurance contracts are typically unrelated to equity prices. For some risk premium treaties (where the underlying insurance policies are unit-linked or universal life) the sums at risk and thus the expected claims, vary with the movement of the underlying assets. However, under almost all reinsurance programs, premiums are also linked to the sums at risk such that the liability would not materially change.

The premiums on the Guaranteed Minimum Death Benefit (GMDB) business underwritten by the SCOR Group in the U.S. market vary with the value of the underlying assets rather than the sum at risk. Thus, premiums would decrease under a decline of the equity values whereas the expected claims would increase thus leading to an increase in the liability. However, included in the reserve calculation is a prudent margin for this fluctuation. Accordingly, there is no requirement for a material change in reserves in the event of a 10% change in equity values.

Non-Life

The Non-Life business is not sensitive to equity price risk.

(d) Sensitivity to market risk

The following table summarizes the accounting sensitivity of the Group's consolidated income and consolidated equity to market risks based on reasonably possible movements in key variables with all other variables held constant. The assumptions included are:

(i) Interest rate risk

The interest sensitivities for equity presented in the table below include the movements on the debt security portfolio, cash and cash equivalents, structured notes, the impact of changes in interest rates on variable rate financial debt and the GMDB business. The annuity business of the Life operation in the U.S. was sold in 2011 and had no effect on the sensitivities as at 31 December 2011.

The interest sensitivities for profit & loss presented in the table below shows the impact of changes in fair value of financial assets at fair value through P&L held at closing date, and change in income on variable rate financial assets held at closing date, following an increase/decrease of interests of 100 basis points. An estimate of the impact on the future profit & loss following a change of 100bps is therefore included. However, SCOR does not include in this analysis the impact that changes in interest rates might have on the reinvestment of future cash flows, as future cash flows of our business are difficult to predict and asset allocations might change over time.

(ii) Equity price risk

SCOR conducted an analysis of the sensitivity of the impairment of equity securities, by applying the accounting policy and application guidance set out in Note 1 (H) to theoretical future market value changes. SCOR estimates that, excluding any impairment arising to duration, a further uniform decline of 10% from 31 December 2012 market values would generate a future further impairment of equity securities of EUR 12 million (2011: EUR (7) million; 2010: nil). It should be noted that this figure should not be scaled up or down as the impairment rules are not a linear function of market value. For example a scenario with a market value decline of 20% would not double the potential further equity impairment.

As previously mentioned, the Life and Non-Life business have minimal sensitivity to equity price movements.

The market sensitivities of the Group are estimated as follows:

In EUR million	31 December 2012 Income [2] [3]	31 December 2012 Equity [2] [3]	31 December 2011 Income [2] [3]	31 December 2011 Equity [2] [3]	31 December 2010 Income [2] [3]	31 December 2010 Equity [2] [3]
Interest +100 basis point	10	(203)	9	(187)	8	(198)
% of Equity	0.2%	(4.2)%	0.2%	(4.3)%	0.2%	(4.6)%
Interest – 100 basis points	(10)	144	(9)	154	(8)	174
% of Equity	(0.2)%	3.0%	(0.2)%	3.5%	(0.2)%	4.0%
Equity markets +10% [1]	4	54	-	50	-	75
% of Equity	0.1%	1.1%	-	1.1%	-	1.7%
Equity markets -10% [1]	(15)	(54)	(7)	(50)	-	(70)
% of Equity	(0.3)%	(1.1)%	(0.2)%	(1.1)%	-	(1.6)%

(1) Excludes investments in hedge funds which normally do not have a uniform correlation to equity markets and securities where SCOR has a strategic investment including where the Group has a substantial shareholding but does not meet the "significant influence" criteria in IAS 28.

(2) The reduction in equity represents the estimated net asset impact independently to the amount of impairment recognized in the profit and loss account.

(3) Net of tax at an estimated average rate of 30% in 2012 (27% in 2011 and 28% in 2010).

(iii) Currency risk

SCOR has a balance sheet hedging approach whereby there is an objective to match monetary assets and liabilities in each foreign currency so that the fluctuation in the exchange rate has no material impact to the reported net income. The policy is to closely monitor the net monetary currency positions and, where appropriate, execute either cash arbitrages or forward hedges.

In addition, since 2009 the Group entered into net investment hedges to reduce its exposure to variations in the net assets of USD functional currency subsidiaries. These hedges resulted in a total negative foreign exchange impact of EUR 13 million within equity in 2012 (2011: EUR 13 million and 2010: EUR 22 million). As at 31 December 2012, the Group does have one hedge of net investment remaining in place. See Note 8 - Derivatives instruments.

The Group recognized a net foreign exchange gain of EUR 23 million for the year ended 31 December 2012 (2011: gain of EUR 13 million and 2010: loss of EUR (15) million).

For currency translation risk [1], the following sensitivity analysis considers the impact in equity of a 10% movement in the exchange rates of the Group's two largest translation risk currency exposures, USD and GBP relative to EUR.

In EUR million	Currency movement	Equity impact 2012	Equity impact 2011	Equity impact 2010
USD/EUR	+10%	211	213	132
% of Equity		4.4%	4.8%	3.1%
USD/EUR	-10%	(211)	(213)	(132)
% of Equity		(4.4)%	(4.8)%	(3.1)%
GBP/EUR	+10%	33	28	31
% of Equity		0.7%	0.6%	0.7%
GBP/EUR	-10%	(33)	(28)	(31)
% of Equity		(0.7)%	(0.6)%	(0.7)%

(1) This analysis excludes the impact of hedging activity.

1.1.5.27 NOTE 27 - LITIGATION

Converium Class Action Settlement:

Following the approval of the settlement agreements by the competent jurisdictions in the United States and Europe (see Reference Document 2011 for more information) and at the expiration of the deadlines for opposition by the parties, these agreements have become final and will allow for stipulated distributions by the parties, withdrawn from a sequestered bank account in place at the time of the signing of the settlement agreements. The matter is therefore concluded for SCOR and has no further supplementary financial impact for SCOR.

In Europe:

On 12 November 2009, and following an administrative sanctioning procedure, the Spanish competition authority (*Comisión Nacional de la Competencia*, or the "CNC") sanctioned SCOR Global P&C SE Ibérica Sucursal, a branch of SCOR Global P&C, and a number of other insurance and reinsurance companies for an alleged infringement of Article 1 of Law 15/2007, of 3 July 2007, on Competition (the "Competition Act" which prohibits agreements and concerted practices that may have as an object or effect the restriction of competition in the market). The infraction would have consisted in an agreement to set the minimum price and other commercial conditions applied to customers in the market for decennial insurance for construction in Spain. Pursuant to such decision, SCOR was required to pay a fine of EUR 18.6 million. Other insurers and reinsurers were also fined in relation to the same matter.

On 21 December 2009 SCOR filed an appeal to the sanctioning decision before the Administrative Chamber of the National Audience (*Audiencia Nacional*, or the "NA").

On 28 December 2012, the NA issued its judgment on the appeal, annulling the decision of the NCC. The NA accepted SCOR's grounds and declared that the company did not infringe the Competition Act. Consequently, the economic sanction impose on SCOR by the CNC has been annulled.

The State Attorney (*Abogado del Estado*) representing the NCC has appealed the NA judgment to the Supreme Court (*Tribunal Supremo*). SCOR's lawyers are studying the arguments set forth in the appeal

On 18 June 2009, SCOR commenced an action before the Commercial Court of Nanterre against an insurance company with respect to the recovery of the attorneys fees and costs arising from the Highfields Capital LTD, Highfields Capital I LP and Highfields Capital II LP litigation covered by the directors and officers insurance policy. The proceedings were dismissed on 24 October 2012. On 23 November 2012, SCOR filed an appeal before the Court of Appeal of Versailles. On the basis of the two directors and officers insurance policies in excess coverage, SCOR also commenced two distinct procedures on 10 January 2012 and 22 June 2012 before the Commercial Court of Nanterre and the Commercial Court of Paris against two insurance companies with respect to the recovery of the attorneys' fees and costs and a portion of the settlement amount relating to the litigation with Highfields Capital LTD, Highfields Capital I LP and Highfields Capital II LP covered by its excess policies. All of the proceedings are ongoing.

SCOR and its subsidiaries are involved in legal and arbitration proceedings from time to time in the ordinary course of their business.

Litigation matters give rise to an accrual when they meet the recognition requirements of a provision under IAS 37 provision, contingent liabilities and contingent assets. See note 15 – Contingency reserves for the detail of accruals booked. In certain instances, in accordance with IAS 37.92, some required information, in particular the amount of accruals, are not disclosed as they are expected to prejudice seriously the position of SCOR in a dispute with other parties.

1.1.5.28 NOTE 28 – SUBSEQUENT EVENTS

None