

Press Release

April 29, 2020 - N° 10

First quarter 2020 results

SCOR delivers strong results in Q1 2020 with a net income of EUR 162 million

Throughout the past 50 years SCOR has built its reputation on being there for its clients, its employees and all its stakeholders in the most difficult times. The unprecedented crisis we are now facing is no different. On March 11, 2020, the World Health Organization declared the Covid-19 outbreak a global pandemic. The first quarter 2020 results of the SCOR group were not materially affected by the Covid-19 pandemic and the related economic and financial crisis, but this event is ongoing. The impact for the remainder of the financial year cannot be accurately assessed at this stage given the high uncertainty related to the magnitude and duration of the pandemic and of its wide-ranging social, economic and financial consequences on the one hand, and to the possible effects of ongoing and future governmental actions on the other hand. SCOR may see an increased level of claims in its Life and P&C businesses and an increased level of asset impairments during 2020.

As we go through this crisis, we will do everything in our power to support our business partners, employees and local communities throughout the world, while ensuring that our operations continue efficiently.

SCOR is doing its utmost to help stop the spread of the COVID-19 virus, starting within the company. Actively protecting the health of our employees and their loved ones is our top priority. This is why we adopted early and strict prevention measures, before fully activating our Business Continuity Plan and switching to working from home in all Group offices, a move that came before lockdown and social distancing measures were even implemented in most countries. But we are also acting outside the company. SCOR has launched a call to action with the “Spread knowledge, not the virus” campaign, which explains the importance of strict containment measures to combat the pandemic and calls on everyone to contribute to the fight against its spread. The Group is also sharing knowledge on the evolution of Covid-19 with the regular publication of appropriate epidemiological data.

The resilience of SCOR’s operational capability, supported by high-performance IT systems and applications, means that the Group can continue to serve its clients in this period of crisis and immediately respond to their reinsurance needs.

The coronavirus pandemic is being addressed by governments via lockdown policies and fiscal stimulus and by central banks via monetary policies to support financial markets and liquidity concerns. The outcome of these efforts, and notably the timetable at which the spread of the virus subsides, will become clearer over time.

SCOR delivers a strong set of results in the first quarter of 2020, combining disciplined growth, strong profitability and robust solvency.

- **Gross written premiums** total EUR 4,158 million in Q1 2020, up 2.2% at constant exchange rates compared with Q1 2019 (up 4.3% at current exchange rates).
- **SCOR Global P&C** gross written premiums are up 2.9% at constant exchange rates compared with Q1 2019 (up 4.8% at current exchange rates). SCOR Global P&C demonstrates solid technical profitability in Q1 2020 with a net combined ratio of 94.5% in line with “Quantum Leap” assumptions.

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- **SCOR Global Life** continues to successfully expand its franchise, with gross written premiums up 1.7% at constant exchange rates compared with Q1 2019 (up 4.0% at current exchange rates). SCOR Global Life delivers a strong level of technical profitability in Q1 2020 by recording a technical margin of 7.4%.
- **SCOR Global Investments** pursues a prudent asset management strategy and delivers a strong return on invested assets of 3.1% in Q1 2020, benefiting from capital gains.
- **The Group cost ratio**, which stands at 4.7% of gross written premiums, is better than the “Quantum Leap” assumption of ~5.0%.
- **The Group net income** stands at EUR 162 million for the quarter, up 23.7% compared to Q1 2019. The annualized **return on equity** (ROE) stands at 10.7%¹, 1007 bps above the risk-free rate², currently exceeding the profitability target of the strategic plan “Quantum Leap”.
- **Group net operating cash flows** stand at EUR 246 million in Q1 2020, with good contributions from both SCOR Global Life and SCOR Global P&C. The Group’s total liquidity is very strong, standing at EUR 2.7 billion at March 31, 2020.
- **Shareholders’ equity** stands at EUR 6,268 million at March 31, 2020, down by EUR 106 million compared with December 31, 2019. This variation is largely explained by the evolution of credit spreads and equity markets in Q1 2020. This results in a strong book value per share of EUR 33.41, compared to EUR 34.06 at December 31, 2019.
- **Financial leverage** stands at 26.6% on March 31, 2020, slightly increasing by 0.2% points compared to December 31, 2019. Allowing for the intended call of the debt³ callable on October 20, 2020, the adjusted financial leverage ratio would be at 25.5%.
- **The Group’s estimated solvency ratio** stands at 210% on March 31, 2020, in the upper part of the optimal solvency range of 185% - 220% as defined in the “Quantum Leap” strategic plan. The reduction in solvency compared to December 31, 2019 was driven by market movements.

SCOR group Q1 2020 key financial details

<i>In EUR millions (at current exchange rates)</i>	Q1 2020	Q1 2019	Variation
Gross written premiums	4,158	3,985	+4.3%
Group cost ratio	4.7%	4.9%	-0.2 pts
Annualized ROE	10.7%	9.0%	+1.7 pts
Net income*	162	131	+23.7%
Shareholders’ equity	6,268	6,282	-0.2%

* Consolidated net income, Group share.

¹ There is uncertainty on the potential negative impacts of the COVID-19 crisis stemming both from claim developments and the capital markets environment. The Q1 figures were not significantly impacted by the crisis and the Q1 financial information may not necessarily be indicative of the interim and full year financial results

² Based on a 5-year rolling average of 5-year risk-free rates (62 bps in Q1 2020)

³ CHF 125 million undated subordinated note lines, issued on October 20, 2014, and callable in October 2020

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SCOR's status on the exposures to the Covid-19 pandemic

SCOR benefits from a strong capital position, high solvency ratio and resilient global franchise. The Group's current status is the following:

- **On the Life side**, the current situation remains well-below the 1-in-200 year pandemic extreme scenario disclosed by SCOR:
 - The key exposure relates to mortality business, primarily in the U.S., where SCOR has a diversified portfolio predominantly exposed to younger age and higher socio-economic groups.
 - There is limited exposure to lines of business impacted by economic downturn, for example disability in France and Australia.
 - There are some potential positive offsetting impacts over time from our longevity and long-term care (France) portfolios.
- **On the P&C side**, SCOR is continuously monitoring its exposures to the Covid-19 outbreak in light of a rapidly changing environment, considering lines of business (LOBs) according to the degree of materiality of potential impacts:
 - Many LOBs are simply not loss impacted or have minimal loss exposure even if they may be affected in terms of volume due to the nature of their coverage;
 - SCOR Global P&C is not involved or has incidental and immaterial exposure in many of the LOBs most affected by the pandemic and the ensuing financial and economic crises, such as event cancellation or contingency business;
 - The Business Interruption development is being closely monitored, in all relevant jurisdictions;
 - Potential exposures could also arise within the Trade Credit, Surety and Political Risks portfolio, limited to ~7% of the SCOR Global P&C premium base.
- **On the investment side**, whilst SCOR may in the future see reduced investment income through lower yields and experience higher asset impairments, SCOR entered the Covid-19 crisis with a resilient and defensive investment portfolio:
 - SCOR has a prudent investment portfolio with limited appetite for asset risks;
 - Throughout 2019, SCOR voluntarily decreased the risk of the investment portfolio with a material reduction of the credit exposure and a stronger liquidity profile. SCOR's investment portfolio has a very limited exposure to listed equities (0.6% of invested assets);
 - At the end of Q1 2020, its fixed income portfolio, of very high quality with an average rating of A+, and highly liquid, has limited exposure to the oil and gas sectors (1.7% of invested assets), as well as to the airlines, retail, leisure, hotel and entertainment sectors (2.4% of invested assets);
 - The liquidity of the investment portfolio is very strong. The invested assets portfolio (EUR 20.3 billion) benefits from its short duration positioning, with a fixed income duration of 3.2 years (versus 4.3 years at the end of 2018), and with EUR 8.3 billion of financial cash-flows⁴ expected over the next 24 months, equivalent to 41% of invested assets.

⁴ Investable cash includes current cash balances, and future coupons and redemptions

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Denis Kessler, Chairman & Chief Executive Officer of SCOR, comments: *“The Covid-19 pandemic is a shock of historic severity. It has become a multifaceted crisis which is profoundly impacting the lives of billions of people worldwide. In this context, SCOR has been proactive in taking immediate actions to help stop the spread of the pandemic and to contribute more generally to the wellbeing and resilience of society, for the benefit of all its stakeholders. Our top priority has been to actively protect the health and safety of our employees, to continue operating efficiently and supporting our clients through this disruptive period, to share our knowledge on the evolution of the pandemic and to emphasize the importance of preventative and protective actions to help contain the virus. The current crisis is an ordeal for all of us. The Group is fully mobilized to anticipate, measure and manage the impacts of this major shock, just as it has done for other disasters in the past. We wish each and every one of you the best of health and safety during this very difficult period.”*

SCOR Global P&C delivers strong and profitable growth in Q1 2020

In Q1 2020, SCOR Global P&C delivers a growth of 2.9% at constant exchange rates (+4.8% at current exchange rates) with gross written premiums reaching EUR 1,801 million. This profitable growth is driven by robust renewals especially in H2 2019.

SCOR Global P&C key figures:

<i>In EUR millions (at current exchange rates)</i>	Q1 2020	Q1 2019	Variation
Gross written premiums	1,801	1,718	+4.8%
Net combined ratio	94.5%	94.6%	-0.1 pts

SCOR Global P&C delivers a robust combined ratio of 94.5% in Q1 2020 driven by a limited nat cat activity, with:

- A nat cat ratio of 5.4% below the 7% nat cat budget, mainly driven by Tornadoes in the U.S. (EUR 14 million net of retrocession and pre-tax), Hailstorms in Australia (EUR 13 million net of retrocession and pre-tax) and European windstorms Chiara and Sabine (EUR 12 million net of retrocession and pre-tax). The development in Q1 2020 of Typhoons Hagibis and Faxai is not material (EUR 4 million net of retrocession and pre-tax);
- A net attritional loss and commission ratio of 82.8% (versus 81.1% in Q1 2019) mainly due to a higher level of man-made claims compared to Q1 2019;
- A decreased management expense ratio.

The normalized net combined ratio stands at 96.1%⁵, very marginally above the 95% to 96% assumption of “Quantum Leap”⁶.

While Covid-19 was declared a pandemic during Q1 2020, SCOR Global P&C has received no material related claims for the period.

⁵ See page 33 of the Q1 2020 Earnings Presentation for the detailed calculation of normalized net combined ratio

⁶ See page 45 of the Q1 2020 Earnings Presentation for details

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SCOR Global Life delivers a positive set of results for Q1 2020

In Q1 2020, SCOR Global Life's gross written premiums stand at EUR 2,357 million, up 1.7% at constant exchange rates (up 4.0% at current exchange rates) compared to Q1 2019. Gross written premiums growth includes the reduction in volume due to the targeted exit from underperforming markets and treaties. Excluding these deals, gross written premium would have grown by 3.4% at constant exchange rates.

SCOR Global Life key figures:

<i>In EUR millions (at current exchange rates)</i>	Q1 2020	Q1 2019	Variation
Gross written premiums	2,357	2,267	+4.0%
Life technical margin	7.4%	7.2%	+0.2 pts

The net technical result stands at EUR 159 million in Q1 2020 (+4.4% at current exchange rates compared to Q1 2019).

The technical margin of 7.4% in Q1 2020 stands in line with “Quantum Leap” assumptions⁷ and is driven by both

- A solid technical result from in-force business profitability; and
- A profitability of new business in line with the Group's ROE target.

While Covid-19 was declared a pandemic during Q1 2020, SCOR Global Life has no material related claims for the period.

SCOR Global Investments delivers a strong return on invested assets of 3.1% in Q1 2020, benefitting from capital gains, whilst pursuing the de-risking of its portfolio started in 2019

Total investments reach EUR 28.4 billion, with total invested assets of EUR 20.3 billion and funds withheld⁸ of EUR 8.1 billion.

In the current financial environment, SCOR's prudent asset allocation reflects a cautious positioning of the fixed income portfolio and further measures to safeguard the portfolio value:

- Liquidity stands at 11% of total invested assets;
- Corporate bonds account for 41% (compared to 43% at Q4 2019) of total invested assets; and
- The fixed income portfolio is of very high quality, with an average rating of A+, and a duration of 3.2 years⁹.

⁷ See page 45 of the Q1 2020 Earnings Presentation for details

⁸ Funds withheld & other deposits

⁹ Compared to a duration on the fixed income portfolio of 3.4 years in Q4 2019 (duration on total invested assets of 3.3 years vs. 3.6 years in Q4 2019)

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SCOR Global Investments key figures:

<i>In EUR millions (at current exchange rates)</i>	Q1 2020	Q1 2019	Variation
Total investments	28,370	27,840	+1.9%
▪ of which total invested assets	20,274	19,645	+3.2%
▪ of which total funds withheld by cedants and other deposits	8,096	8,194	-1.2%
Return on investments ^(*)	2.5%	2.3%	+0.2 pts
Return on invested assets ^(**)	3.1%	2.8%	+0.3 pts

(^(*)) Annualized, including interest on deposits (i.e. interest on funds withheld).

(^(**)) Annualized, excluding interest on deposits (i.e. interest on funds withheld).

The investment income on invested assets stands at EUR 155 million in Q1 2020, driven by an income yield standing at 2.3% and by realized gains of EUR 52 million, largely coming from the real estate portfolio. This performance translates into a return on invested assets of 3.1% in Q1 2020.

The reinvestment yield stands at 2.4% at the end of Q1 2020¹⁰.

2020 Annual Shareholders' Meeting of SCOR SE

The Board of Directors of SCOR SE, which met yesterday, April 28, 2020, decided to set the date of the Annual Shareholders' Meeting to June 16, 2020, in lieu of the June 30 date announced through SCOR's press release of March 30, 2020.

It is reminded that the meeting notice relating to SCOR's Annual Shareholders' meeting was published in the BALO N° 32 on March 13, 2020.

The Board acknowledges the statements issued respectively by the European Insurance and Occupational Pensions Authority ("EIOPA") on April 2, 2020 and by the *Autorité de Contrôle Prudenciel et de Résolution* (ACPR) on April 3, 2020 and April 20, 2020, and it will take these into consideration in its final decisions in preparation for the forthcoming Annual Shareholders' Meeting.

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¹⁰ Corresponds to theoretical reinvestment yields based on Q1 2020 asset allocation of asset yielding classes (i.e. fixed income, loans and real estate), according to current reinvestment duration assumptions and spreads, currencies, yield curves as of March 31, 2020

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APPENDIX

1 - P&L key figures Q1 2020 (in EUR millions, at current exchange rates)

	Q1 2020	Q1 2019	Variation
Gross written premiums	4,158	3,985	+4.3%
P&C gross written premiums	1,801	1,718	+4.8%
Life gross written premiums	2,357	2,267	+4.0%
Investment income	175	156	+12.2%
Operating results	259	216	+19.9%
Net income¹	162	131	+23.7%
Earnings per share (EUR)	0.87	0.71	+22.4%
Operating cash flow	246	117	+110.3%

1: Consolidated net income, Group share.

2 - P&L key ratios Q1 2020

	Q1 2020	Q1 2019	Variation
Return on investments¹	2.5%	2.3%	+0.2 pts
Return on invested assets^{1,2}	3.1%	2.8%	+0.3 pts
P&C net combined ratio³	94.5%	94.6%	-0.1 pts
Life technical margin⁴	7.4%	7.2%	+0.2 pts
Group cost ratio⁵	4.7%	4.9%	-0.2 pts
Return on equity (ROE)	10.7%	9.0%	+1.7 pts

1: Annualized; 2: Excluding funds withheld by cedants; 3: The net combined ratio is the sum of the total claims, the total commissions and the total P&C management expenses, divided by the net earned premiums of SCOR Global P&C; 4: The technical margin for SCOR Global Life is the technical result divided by the net earned premiums of SCOR Global Life; 5: The cost ratio is the total management expenses divided by the gross written premiums.

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3 - Balance sheet key figures as on March 31, 2020 (in EUR millions, at current exchange rates)

	As on March 31, 2020	As on December 31, 2019	Variation
Total investments ^{1,2}	28,370	28,855	-1.7%
Technical reserves (gross)	31,085	31,236	-0.5%
Shareholders' equity	6,268	6,374	-1.7%
Book value per share (EUR)	33.41	34.06	-1.9%
Financial leverage ratio	26.6%	26.4%	+0.2 pts
Total liquidity ³	2,663	1,532	+73.8%

¹Total investment portfolio includes both invested assets and funds withheld by cedants and other deposits, accrued interest, cat bonds, mortality bonds and FX derivatives; ² Excluding 3rd party net insurance business investments; ³ Includes cash and cash equivalents.

4 - "Quantum Leap" targets

	Targets
Profitability	ROE > 800 bps above 5-year risk-free rate ¹ across the cycle
Solvency	Solvency ratio in the optimal 185% - 220% range

¹ Based on a 5-year rolling average of 5-year risk-free rates.

5 - "Quantum Leap" assumptions

		Assumptions
P&C	Gross written premium growth	~4% to 8% annual growth
	Net combined ratio	~95% to 96%
	Value of New Business ¹	~6% to 9% annual growth
Life	Gross written premium growth	~3% to 6% annual growth
	Net technical margin	~7.2% to 7.4%
	Value of New Business ¹	~6% to 9% annual growth
Investments	Annualized return on invested assets	~2.4% to 2.9% ²
Group	Gross written premium growth	~4% to 7% annual growth
	Leverage	~25%
	Value of New Business ¹	~6% to 9% annual growth
	Cost ratio	~5.0%
	Tax rate	~20% to 24%

¹ Value of New Business after risk margin and tax

² Annualized ROIA on average over "Quantum Leap" under Summer 2019 economic and financial environment

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General

Numbers presented throughout this release may not add up precisely to the totals in the tables and text. Percentages and percent changes are calculated on complete figures (including decimals); therefore the presentation might contain immaterial differences in sums and percentages due to rounding. Unless otherwise specified, the sources for the business ranking and market positions are internal.

Forward-looking statements

This release includes forward-looking statements and information about the objectives of SCOR, in particular, relating to its current or future projects. These statements are sometimes identified by the use of the future tense or conditional mode, as well as terms such as “estimate”, “believe”, “have the objective of”, “intend to”, “expect”, “result in”, “should” and other similar expressions. It should be noted that the achievement of these objectives and forward-looking statements is dependent on the circumstances and facts that arise in the future. Forward-looking statements and information about objectives may be affected by known and unknown risks, uncertainties and other factors that may significantly alter the future results, performance and accomplishments planned or expected by SCOR, and in particular by the impact of the Covid-19 crisis which cannot be accurately assessed at this stage given the high uncertainty related to the magnitude and duration of the Covid-19 pandemic, and to the possible effects of future governmental actions. Information regarding risks and uncertainties that may affect SCOR’s business is set forth in the 2019 reference document filed on March 13, 2020, under number D.20-0127 with the French *Autorité des marchés financiers* (AMF) posted on SCOR’s website www.scor.com. In addition, such forward-looking statements are not “profit forecasts” within the meaning of Article 1 of Commission Delegated Regulation (EU) 2019/980.

Financial information

The Group’s financial information contained in this release is prepared on the basis of IFRS and interpretations issued and approved by the European Union. Unless otherwise specified, prior-year balance sheet, income statement items and ratios have not been reclassified.

The calculation of financial ratios (such as book value per share, return on investments, return on invested assets, Group cost ratio, return on equity, combined ratio and life technical margin) are detailed in the Appendices of the Q1 2020 Investor Relations presentation released on April 29, 2020.

The financial information for the first quarter 2020 included in the presentation is unaudited.

Unless otherwise specified, all figures are presented in Euros.

Any figures for a period subsequent to March 31, 2020, should not be taken as a forecast of the expected financials for these periods.

The Group solvency final results are to be filed to supervisory authorities by May 2020, and may differ from the estimates expressed or implied in this report.