

Press Release

July 23, 2020 - N° 16

Half-year 2020 results

In H1 2020, SCOR absorbs the impact of the Covid-19 crisis and demonstrates its resilience

SCOR is demonstrating its capacity to absorb the impact of the Covid-19 crisis, both operationally and financially. SCOR has been proactive in taking immediate actions to help stop the spread of the pandemic.

The Group adopted early and strict prevention measures to protect the health of its employees and has been active in regularly sharing its knowledge and expertise on the pandemic. Thanks to the resilience of its operational capability, the Group has been able to continuously serve its clients during this crisis.

SCOR has applied its modeling expertise to conduct a thorough assessment of its exposures to the health, economic and financial impact of the Covid-19 pandemic. Based on data currently available, information received from cedants to date and the results of the models used, the total estimated cost of the Covid-19 pandemic booked in Q2 2020 reaches EUR 248 million on the P&C side, EUR 194 million on the Life side and EUR 14 million on the investment side, i.e. a total estimated cost of EUR 456 million net of retrocession, net of reinstatement premiums and before tax, fully booked in the second quarter. The situation is as follows:

- **On the P&C side**, the Group's exposure comes mainly from Credit, Surety & Political risks and from Property Business Interruption. The actual Covid-19-related claims received are limited, standing at a total of EUR 74 million¹. The Group has estimated the "ultimate" cost of this pandemic at EUR 248 million, net of retrocession and reinstatement premium, and before tax. It is this estimated amount that has been fully booked in the Q2 accounts.
 - Regarding Credit, Surety and Political Risks, limited cedant and insured information has been received to date, and the assessment is based upon models calibrated for forecasts of the impact of Covid-19 on growth and for the extensive intervention measures from governments and central banks. This estimate will be refined during H2 2020.
 - Regarding Property Business Interruption, SCOR has estimated that its exposures relate to a very small amount of affirmative pandemic coverage and non-damage Business Interruption, mostly in Western Europe, with non-damage Business Interruption scarce in the U.S. and largely sub-limited in APAC. Uncertainty in terms of estimating the cost of this business interruption arises from aggregation for this very small amount of affirmative coverage. Confirmation of these estimates will have to wait until H2 2020.
 - SCOR Global P&C has very limited Covid-19-related exposure to other P&C business lines. On casualty lines, there is very limited exposure to Directors & Officers (D&O), General Liability (GL) and medical malpractice lines, and no exposure to standalone workers compensation. SCOR has no exposure to event cancellation, postponement or

¹ Gross of retrocession

Press Release

July 23, 2020 - N° 16

relocation on a standalone basis, and very limited exposure from multi-line treaties.

- **On the Life side**, the actual Covid-19-related claims received as at June 30, 2020 are limited, standing at a total of EUR 63 million². SCOR has estimated its exposure to the pandemic at June 30, 2020. The Group estimates the impact of the Covid-19 pandemic on its Protection book at EUR 194 million (net of retrocession and before tax). It is this estimated amount that has been fully booked in the Q2 accounts.
 - The main exposure arises in the United States. SCOR has booked a claim reserve provision of EUR 182 million³ (net of retrocession and before tax) to cover Covid-19 related claims, incurred in the United States up to June 30, 2020. The Covid-19 impact on the SCOR Global Life U.S. book reflects strong differences between the U.S. general population and the population reinsured by SCOR Global Life. The impact on the population reinsured by the Group is significantly lower than observed for the general population, due to healthier lives related to the underwriting selection process, higher socio-economic groups which benefit from better healthcare and better ability to adhere to containment measures, and a lower proportion of older lives. Estimated impacts rely heavily on expert judgment as each month of claims takes on average 6 calendar months to be fully reported.
 - A further EUR 12 million of Covid-19-related claims have been booked in Europe and Asia Pacific in Q2 2020.
 - The evolution of the Covid-19 pandemic is still subject to a high level of uncertainty. SCOR monitors the situation continually thanks to a detailed proprietary epidemiological model. At this point the pandemic is estimated to have a manageable impact on SCOR Global Life's portfolio over the next 12 months. The ultimate outcome of the pandemic is still subject to significant variation, due to compliance with containment measures in the U.S., the progress in medical treatments, and potential viral mutations.
- **On the investment side**, SCOR benefited from the defensive nature and very high quality of its investment portfolio when the Covid-19 pandemic started. The level of impairment charge⁴ remains limited in Q2 2020 at EUR 14 million before tax. The level of unrealized gains has increased by EUR 172 million between December 31, 2019 and June 30, 2020, despite EUR 62 million of realized gains largely coming from the real estate portfolio in Q1 2020.

The recent affirmations from Moody's, Fitch and S&P regarding SCOR's rating position, its solvency position well within the optimal 185% to 220% range and its ability to grow in the current crisis, highlight the Group's financial strength and the resilience of its global franchise. SCOR considers the Covid-19 pandemic to be a fully manageable earnings event for the Group, impacting its annual results without eroding its capital position.

In H1 2020 SCOR absorbs the impact of the Covid-19 crisis and demonstrates its resilience.

- **Gross written premiums** total EUR 8,195 million in H1 2020, up 1.0% at constant exchange

² Gross of retrocession

³ Based upon 163k population deaths in the U.S.

⁴ Impairment charge excluding regular IFRS amortization of real estate assets. Excludes third-parties interest.

Press Release

July 23, 2020 - N° 16

rates compared with H1 2019 (up 2.3% at current exchange rates).

- **SCOR Global P&C** gross written premiums are up 0.9% at constant exchange rates compared with H1 2019 (up 2.1% at current exchange rates). SCOR Global P&C's H1 2020 technical profitability is impacted by Covid-19 with a combined ratio of 102.3%.
- **SCOR Global Life** gross written premiums are up 1.0% at constant exchange rates compared with H1 2019 (up 2.5% at current exchange rates). SCOR Global Life records a technical margin of 5.4% in H1 2020, including the impact of the Covid-19 pandemic.
- **SCOR Global Investments** delivers a strong return on invested assets of 2.6% in H1 2020, benefiting from capital gains and commencing the progressive redeployment of Group liquidity.
- **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 26 million for H1 2020. The annualized **return on equity** (ROE) stands at 0.8%, 23 bps above the risk-free rate⁵.
- **Group net operating cash flows** stand at EUR 343 million in H1 2020, with contributions from both SCOR Global Life and SCOR Global P&C. The Group's total liquidity is very strong, standing at EUR 2.8 billion at June 30, 2020.
- **Shareholders' equity** stands at EUR 6,392 million at June 30, 2020, up by EUR 18 million compared with December 31, 2019. This results in a strong book value per share of EUR 34.19, compared to EUR 34.06 at December 31, 2019.
- **Financial leverage** stands at 25.9% on June 30, 2020, improving by 0.5% points compared to December 31, 2019. Allowing for the intended call of a subordinated debt⁶ callable on October 20, 2020, the adjusted financial leverage ratio would be 24.9%.
- **The Group's estimated solvency ratio** stands at 205% on June 30, 2020, well within the optimal solvency range of 185% - 220% as defined in the "Quantum Leap" strategic plan. The fall in this ratio compared to December 31, 2019 was mainly driven by market movements (changes in interest rates, exchange rates and credit spreads), and to a lesser extent by the estimated impact of Covid-19.

SCOR group H1 2020 and Q2 2020 key financial details

In EUR millions (at current exchange rates)	YTD			QTD		
	H1 2020	H1 2019	Variation	Q2 2020	Q2 2019	Variation
Gross written premiums	8,195	8,010	+2.3%	4,037	4,025	+0.3%
Group cost ratio	4.7%	4.9%	-0.2 pts	4.8%	4.9%	-0.1 pts
Annualized ROE	0.8%	9.8%	-9.0 pts	-8.4%	10.5%	-18.9 pts
Net income*	26	286	-90.9%	-136	155	-187.7%
Shareholders' equity	6,392	6,088	+5.0%	6,392	6,088	+5.0%

* Consolidated net income, Group share.

⁵ Based on a 5-year rolling average of 5-year risk-free rates (59 bps in H1 2020)

⁶ CHF 125 million undated subordinated note lines, issued on October 20, 2014, and callable in October 2020

Press Release

July 23, 2020 - N° 16

Denis Kessler, Chairman & Chief Executive Officer of SCOR, comments: *“In the face of the Covid-19 pandemic, SCOR has once again demonstrated both its capacity to absorb major shocks and the resilience of its business model. With its AA- credit rating, which matches that of other Tier 1 reinsurers and has been recently confirmed by Moody’s, Standard & Poor’s and Fitch, the Group is in a very strong position to benefit from the hardening of the pricing environment and improved terms and conditions in the P&C market. SCOR continues to execute its strategic plan “Quantum Leap” combining growth, profitability and solvency, with no change in risk appetite, capital shield policy or capital management policy.”*

*

* *

SCOR Global P&C continues to grow in an improving market environment

In H1 2020, SCOR Global P&C delivers growth of 0.9% at constant exchange rates (+2.1% at current exchange rates) with gross written premiums reaching EUR 3,518 million. Excluding the negative impact of Covid-19 on premiums, growth would be 5.3% (at current exchange rates) versus H1 2019, in line with “Quantum Leap” assumptions⁷.

SCOR Global P&C key figures:

In EUR millions (at current exchange rates)	YTD			QTD		
	H1 2020	H1 2019	Variation	Q2 2020	Q2 2019	Variation
Gross written premiums	3,518	3,446	+2.1%	1,717	1,728	-0.6%
Net combined ratio	102.3%	93.7%	+8.6 pts	109.9%	92.9%	+17.0 pts

SCOR Global P&C delivers a combined ratio of 102.3% in H1 2020, including an impact of 8.2%⁸ related to Covid-19 claims (EUR 248 million, pre-tax, net of retrocession and reinstatement premiums).

The nat cat ratio stands at 5.1% in H1 2020, mainly driven by tornadoes in the U.S., storms in Italy, hailstorms in Australia (New South Wales) and cyclone Amphan in India.

Excluding the impact of Covid-19-related claims, the net attritional loss and commission ratio would stand at 82.8% (versus 81.4% in H1 2019), mainly due to a higher level of man-made claims compared to H1 2019.

The normalized net combined ratio for nat cat and Covid-19-related impacts stands at 96.0%, in line with “Quantum Leap” assumptions⁹.

At the June-July renewals, SCOR Global P&C took advantage of the hardening market to continue the active management of its portfolio, along the lines of the January and April renewals. The overall

⁷ See page 50 of the H1 2020 Earnings Presentation for details

⁸ Including an impact of EUR 11 million on the technical results related to a decrease in earned premiums

⁹ See page 50 of the H1 2020 Earnings Presentation for details

Press Release

July 23, 2020 - N° 16

market dynamics continued to shift in favor of reinsurers, with Covid-19 acting as a catalyst for market hardening, as evidenced through price increases of 8.2% for June-July. YTD price improvement now stands at 4.1%. SCOR Global P&C took advantage of the market environment to selectively grow its reinsurance book to EUR 717 million of renewed premium (growth of 1.3% at constant exchange rates), which reflects differentiated dynamics across markets:

- SCOR Global P&C grew its CAT portfolio by 13%. This is the risk category where market dynamics were the most favorable for reinsurers across the globe.
- In EMEA, SCOR Global P&C grew through both new business and share increases on existing programs. Similarly, in APAC SCOR Global P&C grew thanks to share increases & new business, especially in Australia. In the U.S., SCOR Global P&C continued to actively manage its risk portfolio, with growth centered on treaties where pricing improvements more than compensated for expected loss cost increases.
- Overall renewed premium estimates were directly affected by the Covid-19 pandemic, especially for proportional treaties covering Credit & Surety and Motor risks.

Following these June-July renewals, which account for slightly less than 15% of SCOR Global P&C's reinsurance book, roughly 95% of reinsurance premiums have now been renewed.

SCOR Global Life demonstrates the resilience of its business model in H1 2020

In H1 2020, SCOR Global Life's gross written premiums stand at EUR 4,677 million, up 1.0% at constant exchange rates (up 2.5% at current exchange rates) compared to H1 2019. Gross written premium growth is driven by continued franchise developments, particularly in Asian markets.

SCOR Global Life key figures:

In EUR millions (at current exchange rates)	YTD			QTD		
	H1 2020	H1 2019	Variation	Q2 2020	Q2 2019	Variation
Gross written premiums	4,677	4,564	+2.5%	2,320	2,297	+1.0%
Life technical margin	5.4%	7.2%	-1.8 pts	3.4%	7.2%	-3.8 pts

The net technical result stands at EUR 230 million in H1 2020 (-24.3% at current exchange rates compared to H1 2019).

The total Covid-19-related claims booked in Q2 2020 (including IBNR¹⁰) stand at EUR 194 million (net of retrocession and before tax), broken down as follows:

- Incurred claims of EUR 182 million (net of retrocession and before tax) from the U.S. mortality portfolio;
- All other markets account for the remaining EUR 12 million of claims (net of retrocession and

¹⁰ Due to typical reporting delays with claims, this amount includes an estimate in respect of incurred-but-not-reported (IBNR) claims for deaths prior to June 30, 2020. The ultimate cost of the IBNR claims may differ from the Q2 calculation for various reasons, including the extent to which mortality rates from Covid-19 in SCOR Global Life's U.S. portfolio are lighter than among the general U.S. population and volatility in the profile of Face Amounts on individual deaths within the reinsured population.

Press Release

July 23, 2020 - N° 16

before tax).

The technical margin of 5.4% in H1 2020 is impacted by -4.6 points due to the Covid-19 pandemic, and benefits from active portfolio management and a strong reserving position.

SCOR Global Investments delivers a strong return on invested assets of 2.6% in H1 2020, benefiting from capital gains

Total investments reach EUR 28.8 billion, with total invested assets of EUR 20.7 billion and funds withheld¹¹ of EUR 8.1 billion.

In the current financial environment, SCOR's prudent asset allocation reflects a cautious positioning of the fixed income portfolio:

- Liquidity stands at 13% 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 3.1 years¹².

The investment portfolio remains highly liquid, with financial cash flows¹³ of EUR 8.7 billion expected over the next 24 months

SCOR Global Investments key figures:

In EUR millions (at current exchange rates)	YTD			QTD		
	H1 2020	H1 2019	Variation	Q2 2020	Q2 2019	Variation
Total investments	28,826	27,552	+4.6%	28,826	27,552	+4.6%
▪ of which total invested assets	20,709	19,496	+6.2%	20,709	19,496	+6.2%
▪ of which total funds withheld by cedants and other deposits	8,117	8,056	+0.7%	8,117	8,056	+0.7%
Return on investments ^(*)	2.2%	2.3%	-0.1 pts	1.8%	2.3%	-0.5 pts
Return on invested assets ^(**)	2.6%	2.8%	-0.2 pts	2.0%	2.7%	-0.7 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 260 million in H1 2020 with realized gains of EUR 62 million, largely coming from the real estate portfolio in Q1 2020, generating a return on invested assets of 2.6% in H1 2020.

The income yield stands at 2.1% in H1 2020 with limited impairments of -0.1%¹⁴.

¹¹ Funds withheld & other deposits

¹² Compared to a duration on the fixed income portfolio of 3.2 years in Q1 2020 (duration on total invested assets of 3.2 years vs. 3.3 years in Q1 2020)

¹³ Investable cash: includes current cash balances, and future coupons and redemptions

¹⁴ Impairment charge excluding regular IFRS amortization of real estate assets



The Art & Science of Risk

Press Release

July 23, 2020 - N° 16

The reinvestment yield stands at 1.5% at the end of H1 2020¹⁵, reflecting the lower interest rate environment (notably in the U.S.) and the normalization of credit spreads

Having demonstrated the resilience of its invested assets throughout the Covid-19 outbreak, SCOR commences a progressive and selective redeployment of liquidity.

*

* *

¹⁵ Corresponds to theoretical reinvestment yields based on H1 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 June 30, 2020

Press Release

July 23, 2020 - N° 16

APPENDIX

1 - P&L key figures H1 and Q2 2020 standalone

In EUR millions (rounded, at current exchange rates)	YTD			QTD		
	H1 2020	H1 2019	Variation	Q2 2020	Q2 2019	Variation
Gross written premiums	8,195	8,010	+2.3%	4,037	4,025	+0.3%
P&C gross written premiums	3,518	3,446	+2.1%	1,717	1,728	-0.6%
Life gross written premiums	4,677	4,564	+2.5%	2,320	2,297	1.0%
Investment income	302	309	-2.4%	127	153	-17.2%
Operating results	128	480	-73.3%	-131	264	-149.6%
Net income¹	26	286	-90.9%	-136	155	-187.7%
Earnings per share (EUR)	0.14	1.54	-91.0%	-0.73	0.83	-187.6%
Operating cash flow	343	33	939.4%	97	-84	n.a.

1: Consolidated net income, Group share.

2 - P&L key ratios H1 and Q2 2020 standalone

	YTD			QTD		
	H1 2020	H1 2019	Variation	Q2 2020	Q2 2019	Variation
Return on investments¹	2.2%	2.3%	-0.1 pts	1.8%	2.3%	-0.5 pts
Return on invested assets^{1,2}	2.6%	2.8%	-0.2 pts	2.0%	2.7%	-0.7 pts
P&C net combined ratio³	102.3%	93.7%	+8.6 pts	109.9%	92.9%	17.0 pts
Life technical margin⁴	5.4%	7.2%	-1.8 pts	3.4%	7.2%	-3.8 pts
Group cost ratio⁵	4.7%	4.9%	-0.2 pts	4.8%	4.9%	-0.1 pts
Return on equity (ROE)	0.8%	9.8%	-9.0 pts	-8.4%	10.5%	-18.9 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.

Press Release

July 23, 2020 - N° 16

3 - Balance sheet key figures as on June 30, 2020 (in EUR millions, at current exchange rates)

	As on June 30, 2020	As on December 31, 2019	Variation
Total investments ^{1,2}	28,826	28,854	-0.1%
Technical reserves (gross)	31,085	31,236	-0.5%
Shareholders' equity	6,392	6,374	+0.3%
Book value per share (EUR)	34.19	34.06	+0.4%
Financial leverage ratio	25.9%	26.4%	-0.5 pts
Total liquidity ³	2,831	1,532	+84.8%

¹ Total 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.

Press Release

July 23, 2020 - N° 16

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

*

* *

Contact details

Media

+33 (0)1 58 44 76 62

media@scor.com

Investor Relations

Ian Kelly

+44 (0)203 207 8561

ikelly@scor.com

www.scor.com

LinkedIn: [SCOR](#) | Twitter: [@SCOR_SE](#)

Press Release

July 23, 2020 - N° 16

General

Numbers presented throughout this document 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 document 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 document 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 impacted 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 uncertainty related to the magnitude and duration of the Covid-19 pandemic and to the possible effects of future governmental actions and/or legal developments.

Information regarding risks and uncertainties that may affect SCOR's business is set forth in the 2019 universal registration 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 document 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 H1 2020 presentation (see page 22).

The first half 2020 financial information included in this document has been subject to the completion of a limited review by SCOR's independent auditors. Unless otherwise specified, all figures are presented in Euros. Any figures for a period subsequent to June 30, 2020 should not be taken as a forecast of the expected financials for these periods.