

Press Release

5 March 2015 - N°05

2014 Annual Results

SCOR publishes a net income of EUR 512 million along with a 15% increase in shareholders' equity, and proposes a dividend of EUR 1.40, up 8%

Over the course of 2014, the Group has continuously and consistently delivered high quality results, improving its competitive position. Thanks to a well-diversified global franchise, a strong worldwide presence and a solid financial performance, SCOR once again delivers a strong level of profitability and achieves a solvency level in line with its strategic objectives in 2014.

- **Gross written premiums** reach EUR 11,316 million, up 10.4%¹ compared to 2013 (10.8% at constant exchange rates). This is driven by the Generali US contribution following its acquisition by the Group in October 2013, and by the growth of both SCOR Global Life in Asia and Financial Solutions & Longevity, and SCOR Global P&C:
 - SCOR Global P&C gross written premiums increase by 2.7% at constant exchange rates (+1.8% at current exchange rates) to EUR 4,935 million;
 - SCOR Global Life gross written premiums reach EUR 6,381 million, up by 5.5% at both constant and current exchange rates on a pro-forma basis.
- **SCOR Global P&C** delivers excellent 2014 technical profitability with a net combined ratio of 91.4%, compared to 93.9% in 2013.
- **SCOR Global Life's** 2014 technical margin stands at 7.1%, compared to 7.4% on pro-forma basis in 2013, reflecting the ongoing evolution of the underlying mix, as disclosed in "Optimal Dynamics".
- **SCOR Global Investments** achieves a 2.9% return on invested assets thanks to its active portfolio management and the evolution of its investment portfolio.
- In 2014, the Group generates a strong **operating cashflow** of EUR 894 million, with strong contributions from both SCOR Global P&C and SCOR Global Life.
- **Net income** stands at EUR 512 million in 2014, an increase of 40% compared to 2013, excluding an exceptional gain on purchase of EUR 183 million linked to Generali US. Return on equity (ROE) stands at 9.9%².

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¹ On a published basis; on a pro-forma basis gross written premium growth is 3.8% (4.2% at constant exchange rates).

² The ROE calculation method was adjusted to take into account material foreign exchange rate movements that do not occur evenly through the reporting period. A daily weighted average is applied for the currency or currencies that experienced such movements and a simple weighted average is applied for the other currencies.

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- **Shareholders' equity** reaches EUR 5,729 million at 31 December 2014, compared to EUR 4,980 million at 31 December 2013. After distribution of EUR 243 million in cash dividends, book value per share increases by 15% to EUR 30.60 as at 31 December 2014, compared to EUR 26.64 as at 31 December 2013.
- SCOR's **solvency ratio**, as defined by the 2014 internal model³, remains marginally above the optimal range.
- **SCOR's financial leverage** stands at 23.1% as at 31 December 2014. The placement of two perpetual subordinated debts of EUR 250 million and CHF 125 million⁴ in 2014 demonstrates the Group's active management of its liabilities.
- SCOR will propose to the Annual General Meeting an **increased dividend** of EUR 1.40 per share for 2014, up from EUR 1.30 for 2013, representing a payout ratio of 51%. The proposed ex-dividend for 2014 will be set at EUR 1.40 on 5 May 2015 and the dividend will be paid on 7 May 2015.

SCOR Group 2014 results key financial details:

In EUR millions (rounded, at current exchange rates)	Full year results		
	2014	2013	Variation
Gross written premiums	11,316	10,253	10.4%
Group cost ratio	4.98%	5.07%	-0.1 pts
Net return on invested assets	2.9%	2.6%	0.3 pts
Annualized ROE [*]	9.9%	11.4%	-1.5 pts
Net income ^{**}	512	549	-6.7%
Shareholders' equity	5,729	4,980	15.0%
P&C Combined ratio	91.4%	93.9%	-2.5 pts
Life technical margin ^{***}	7.1%	7.4%	-0.3 pts

(*) The ROE calculation method was adjusted to take into account material foreign exchange rate movements that do not occur evenly through the reporting period. A daily weighted average is applied for the currency or currencies that experienced such movements and a simple weighted average is applied for the other currencies. (**) Consolidated net income, Group share; 2013 net income included an exceptional gain on purchase of EUR 183 million linked to Generali US. (***) The technical result calculation method was adjusted to include revenues from Life reinsurance contracts that do not meet the risk transfer criteria (which had been presented in the investment income line of the consolidated statements of income of the 2013 DDR). The ratio reported in 2013 was 7.3%.

³ This estimate is based on the 2014 internal model taking into account the estimated available capital at year-end 2014 divided by the estimated SCR as at that date, allowing for planned business in 2015. The internal model will be subject to a review and approval process conducted by the ACPR over the coming months. The estimate based on the 2015 model will be provided with the Q1 2015 publication.

⁴ See press releases of 25 September 2014 and 24 September 2014 respectively.

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Denis Kessler, Chairman & CEO of SCOR, comments: “*The Group delivers high quality results in 2014. It has continued to grow and expand its franchise. The technical profitability of SCOR Global P&C – which delivers a combined ratio of 91.4 % –, and that of SCOR Global Life – which records a technical margin of 7.1 % –, are highly satisfactory. Despite the weakness of interest rates, SCOR Global Investments records a return on assets of 2.9 %. SCOR once again delivers solid profitability, and achieves a solvency level in line with its strategic targets. Having invested in new underwriting and risk modelling tools, the SCOR group has prepared for the new prudential regime, Solvency II, which will come into force on 1 January 2016. It is confident in its ability to meet the challenges of a difficult financial environment, a heightened competitive situation and a demanding new prudential regime.*”

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In 2014, SCOR Global P&C delivers excellent technical profitability, with a net combined ratio of 91.4%

SCOR Global P&C key figures:

In EUR millions (rounded, at current exchange rates)	Full year results		
	Full year 2014	Full year 2013	Variation
Gross written premiums	4,935	4,848	1.8% at current FX / 2.7% at constant FX
Combined ratio	91.4%	93.9%	-2.5 pts

SCOR Global P&C posts **gross written premium growth of +2.7% at constant exchange rates** (+1.8% at current exchange rates) to EUR 4,935 million in 2014, with expected profitability on target.

In 2014, SCOR Global P&C records **excellent technical profitability** with a net combined ratio of 91.4%, driven by:

- a net attritional loss ratio of 56.9%, with a year-on-year improvement of 0.8 pts (improvement of 1.5 pts excluding reserve releases conducted in 2013), fully in line with the assumed trend towards 57% over the three years of the “Optimal Dynamics” plan.
- a low level of nat cat losses of 4.2% in 2014.

For the full year 2014, the normalized net combined ratio (with a natural catastrophe budget of 7%) stands at 94.2%.

At 1/1/2015, retrocession efficiency was further improved, leading to more comfort in the budgeted 7% natural catastrophe ratio and to the confirmation of the 94% net combined ratio assumption for the second year of “Optimal Dynamics”.

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In an environment that remains challenging, SCOR Global P&C delivered premium growth of 2.4% at its 1 January 2015 renewals⁵ while maintaining expected profitability, thereby reflecting the strength of its business model.

For the full year 2015, SCOR Global P&C expects to achieve approximately EUR 5.3 billion in gross written premiums.

SCOR Global Life continues to combine strong technical performance with steady franchise growth in 2014

SCOR Global Life key figures:

In EUR millions (rounded, at current exchange rates)	Full year results				
	Full year 2014	Full year 2013	Full year 2013 pro-forma	Published Variation	Pro-forma Variation
Gross written premiums	6,381	5,405	6,050	18.1%	5.5%
Life technical margin*	7.1%	7.4%	7.4%	-0.3 pts	-0.3 pts

(*) The technical result calculation method was adjusted to include revenues from Life reinsurance contracts that do not meet the risk transfer criteria (which had been presented in the investment income line of the consolidated statements of income of the 2013 DDR). The ratio reported in 2013 was 7.3%.

SCOR Global Life gross written premiums stand at EUR 6,381 million in 2014, representing growth of 18.1% compared to 2013 at both current and constant exchange rates, and of 5.5% at current and constant exchange rates on a pro-forma basis.

In 2014, SCOR Global Life's franchise continued to expand with:

- Protection expanding strongly in Asia while leadership positions are successfully maintained in the US and in key European markets,
- Strong increase in Financial Solutions, with new business growth in Asia and Latin America, and
- Longevity leveraging its strong UK market position (two new transactions in the UK) to develop its global offering.

Over 2014, SCOR Global Life records a strong business flow across all markets, with new business profitability confirmed at or above the return target of 1,000 bps above the risk-free rate.

The profitability of new business, coupled with the performance by the in-force book, have contributed to SCOR Global Life's robust technical margin of 7.1%, which is in line with the "Optimal Dynamics" plan assumption of 7%.

⁵ See press release of 10 February 2015

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SCOR Global Investments delivers a return on invested assets of 2.9%, at the top of its early 2014 assumption, in an exceptionally low yield environment

SCOR Global Investments key figures:

In EUR millions (rounded, at current exchange rates)	Full year results		
	Full year 2014	Full year 2013	Variation
Total investments	24,854	23,086	7.7%
• of which total invested assets*	16,247	14,905	9.0%
• of which total funds withheld by cedants	8,607	8,181	5.2%
Return on investments**	2.5%	2.4%	0.1 pts
Return on invested assets***	2.9%	2.6%	0.3 pts

(*) Restated for third party insurance business investments managed by SCOR Global Investments.

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

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

In a still difficult financial context with an exceptionally low yield environment, SCOR Global Investments continues its policy of progressively reducing its liquidity in the fourth quarter 2014, while selectively increasing the duration of the fixed income portfolio, in line with “Optimal Dynamics”.

Cash and short-term investments represent 5% of invested assets at 31 December 2014 (excluding funds withheld by cedants), down five percentage points compared to 30 September 2014 and nine points compared to 31 December 2013. The duration of the fixed income portfolio stands at 4.0 years (excluding cash) at 31 December 2014, compared to 3.4 years at 31 December 2013. This increase in duration is mainly due to the USD-denominated portfolios, with a 4.2-year effective duration at 31 December 2014, compares to a 3.6-year duration for the EUR-denominated fixed income portfolio at the same date.

The quality of the fixed income portfolio has been maintained with a stable average rating of AA-. As at 31 December 2014, expected cash flow on the fixed income portfolio over the next 24 months stands at EUR 5.1 billion (including cash and short-term investments), facilitating dynamic management of the reinvestment policy.

During 2014, invested assets generated a financial contribution of EUR 436 million. The active management policy employed by SCOR Global Investments has enabled the Group to record capital gains of EUR 135 million in 2014.

The return on invested assets stands at 2.9% in 2014 and at 3.0% for the fourth quarter of 2014. Taking account of funds withheld by cedants, the net rate of return on investments is 2.5% in 2014 and 2.7% for the fourth quarter of 2014.

Invested assets (excluding funds withheld by cedants) stand at EUR 16,247 million as at 31 December

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2014, and are composed as follows: 5% cash, 81% fixed income (of which 1% are short-term investments), 3% loans, 3% equities, 5% real estate and 3% other investments. Total investments, including EUR 8,607 million of funds withheld, stand at EUR 24,854 million as at 31 December 2014, compared to EUR 23,086 million at 31 December 2013.

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APPENDIX

In the 2014 annual results presentation and in this press release, two sets of financial data are used: published accounts & pro-forma information. Unless otherwise indicated, press release figures relate to the published accounts.

2013 Audited published accounts: Full year and 4th quarter accounts

- Reflect Q4 2013 figures for Generali US from acquisition date, (01/10-31/12) i.e. three months of full consolidation
- Audited annual accounts have been prepared reflecting the Generali US from acquisition date

Unaudited pro-forma information: Full year information

- Following IFRS 3 guidance – an acquirer shall disclose information that enables users of its financial statements to evaluate the nature and financial impact of business combinations that were effected during the period. In addition, in accordance with AMF rules, pro-forma financial information can be provided on a voluntary basis

The unaudited pro-forma financial information as of 31 December 2013 is presented to illustrate the effects on SCOR's income statement of the Generali US acquisition as if the acquisition had taken place on 1 January 2013 and does not purport to be indicative of the results that actually would have been obtained if the operations had been combined during this period

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1 - P&L Key figures FY 2014 and Q4 2014 (in EUR millions, at current exchange rates)

	YTD			QTD		
	FY 2014	FY 2013	Variation	Q4 2014	Q4 2013	Variation
Gross written premiums	11,316	10,253	10.4%	2,934	2,714	8.1%
P&C gross written premiums	4,935	4,848	1.8%	1,256	1,201	4.6%
Life gross written premiums	6,381	5,405	18.1%	1,678	1,513	10.9%
Net investment income	576	509	13.2%	155	127	22.0%
Operating results	825	783	5.4%	231	329	-29.8%
Net income¹	512	549	-6.7%	135	247	-45.3%
Earnings per share (EUR)	2.75	2.96	-7.0%	0.73	1.32	-45.0%
Operating cash flow	894	897	-0.3%	424	175	142.6%

(1) Consolidated net income, Group share; 2013 net income included an exceptional gain on purchase of EUR 183 million linked to the Generali US acquisition.

2 - P&L Key ratios FY 2014 and Q4 2014

	YTD			QTD		
	FY 2014	FY 2013	Variation	Q4 2014	Q4 2013	Variation
Return on investments¹	2.5%	2.4%	0.1 pts	2.7%	2.3%	0.4 pts
Return on invested assets^{1,2}	2.9%	2.6%	0.3 pts	3.0%	2.6%	0.4 pts
P&C net combined ratio³	91.4%	93.9%	-2.5 pts	91.1%	93.3%	-2.2 pts
Life technical margin⁴	7.1%	7.4%	-0.3 pts	7.0%	7.6%	-0.6 pts
Group cost ratio⁵	4.98%	5.07%	-0.1 pts	5.22%	5.35%	-0.1 pts
Return on equity (ROE)⁶	9.9%	11.4%	-1.5 pts	10.1%	21.5%	-11.4 pts

1: Annualised; 2: Excluding funds withheld by cedants; 3: The 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; the technical result calculation method was adjusted to include revenues from Life reinsurance contracts that do not meet the risk transfer criteria (which had been presented in the investment income line of the consolidated statements of income of the 2013 DDR). The ratio reported in 2013 was 7.3%; 5: The cost ratio is the total management expenses divided by the gross written premiums; 6: Annualised. The ROE calculation method was adjusted to take into account material foreign exchange rate movements that do not occur evenly through the reporting period. A daily weighted average is applied for the currency or currencies that experienced such movements and a simple weighted average is applied for the other currencies.

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3 - Balance sheet Key figures as at 31 December 2014 (in EUR millions, at current exchange rates)

	Key Figures		
	As at 31 December 2014	As at 31 December 2013	Variation
Total investments ^{1,2}	24,854	23,086	7.7%
Technical reserves (gross)	25,839	24,337	6.2%
Shareholders' equity	5,729	4,980	15.0%
Book value per share (EUR)	30.60	26.64	14.9%
Financial leverage ratio	23.1%	21.2%	1.9 pts
Total liquidity	940	2,120	-55.6%

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

4 - Key financial details by entity for the fourth quarter 2014

In EUR millions (rounded, at current exchange rates)	SCOR Global P&C Quarterly results		
	Q4 2014	Q4 2013	Variation
Gross written premiums	1,256	1,201	4.6%
Combined ratio	91.1%	93.3%	-2.2 pts

In EUR millions (rounded, at current exchange rates)	SCOR Global Life Quarterly results				
	Q4 2014	Q4 2013	Q4 2013 pro-forma	Published Variation	Pro-forma Variation
Gross written premiums	1,678	1,513	1,513	10.9%	10.9%
Life technical margin	7.0%	7.6%	7.6%	-0.6 pts	-0.6 pts

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<i>In EUR millions (rounded, at current exchange rates)</i>	SCOR Global Investments Quarterly results		
	Q4 2014	Q4 2013	Variation
Total investments	24,854	23,086	7.7%
• of which total invested assets ¹	16,247	14,905	9.0%
• of which total funds withheld by cedants	8,607	8,181	5.2%
Return on investments ²	2.7%	2.3%	0.4 pts
Return on invested assets ³	3.0%	2.6%	0.4 pts

¹ Restated for third party insurance business investments managed by SCOR Global Investments.

² Annualised, including interest on deposits (i.e. interest on funds withheld).

³ Annualised, excluding interest on deposits (i.e. interest on funds withheld).

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Forward-looking statements

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

Please refer to SCOR's Document de référence filed with the AMF on 05 March 2014 under number D. 14-0117 (the "Document de référence"), for a description of certain important factors, risks and uncertainties that may affect the business of the SCOR Group. As a result of the extreme and unprecedented volatility and disruption of the current global financial crisis, SCOR is exposed to significant financial, capital market and other risks, including movements in interest rates, credit spreads, equity prices, and currency movements, changes in rating agency policies or practices, and the lowering or loss of financial strength or other ratings.

The Group's financial information is prepared on the basis of IFRS and interpretations issued and approved by the European Union. This financial information does not constitute a set of financial statements for an interim period as defined by IAS 34 "Interim Financial Reporting".