SCOR
The Art & Science of Risk

Press Release
February 22, 2018 - N° 5

2017 Annual Results

In a year marked by exceptional events, SCOR demonstrates its shock-absorbing capacity, records a net income of EUR 286 million and proposes a dividend of EUR 1.65 per share

Following an exceptional series of major natural catastrophes, SCOR delivers strong results in 2017, once again demonstrating its shock-absorbing capacity. The Group's strong growth, balanced between its Life and P&C divisions, along with its active robust capital shield and its prudent asset management, enable SCOR to reaffirm all the targets of its "Vision in Action" strategic plan for the remainder of the plan.

- **Gross written premiums** reach EUR 14,789 million in 2017, up 8.6% at constant exchange rates compared to 2016 (+7.0% at current exchange rates). This growth is well balanced between the Life division (+8.5% at constant exchange rates), which has seen continued expansion in Asia-Pacific and Financial Solutions, and the P&C division (+8.8% at constant exchange rates), which has benefited in particular from continued development in the U.S.

- **SCOR Global P&C** achieves strong growth with sound underlying performance, in a year marked by an exceptional series of large nat cat losses such as Hurricanes Harvey, Irma and Maria in the U.S. and the Caribbean, and wildfires in California.

- **SCOR Global Life** continues to deepen its franchise, particularly in Asia-Pacific, while recording satisfactory profitability.

- **SCOR Global Investments** delivers a return on invested assets of 3.5%. The Group is well positioned to benefit from the current rising interest rate cycle.

- **The Group cost ratio** is stable at 5.0% of gross written premiums, in line with the "Vision in Action" plan.

- **Group net income** stands at EUR 286 million in 2017, despite the cost of the nat cat events which occurred in the third and fourth quarters. The annualized **return on equity** (ROE) for the year reaches 4.5%, or 380 bps above the risk-free rate[1]. The normalized[2] annualized return on equity stands at 10.1%, above the target of 800 bps above the 5-year risk-free rate.

- The business model delivers a high **operating cash flow** of EUR 1,144 million as of December 31, 2017. SCOR Global P&C provides strong cash flow in line with forecasts, having commenced but not completed payments on Q3 2017 events, while SCOR Global Life benefits from elevated technical business cash flow in Q4 2017 due to two large transactions.

- **Shareholders' equity** stands at EUR 6.2 billion at December 31, 2017, after the net income contribution of EUR 286 million, the payment in May 2017 of EUR 308 million of cash dividends for the year 2016 and a EUR 521 million negative impact from currency translation adjustments,

[1] Based on a 5-year rolling average of 5-year risk-free rates.
[2] Normalized for CAT ratio (6% YTD), change in Ogden rate, IBNR reserve release, Q3 CAT impact on ILS funds and tax one-offs. No normalization is undertaken for the exceptional investment income above the expected range.

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mainly due to the weakening of the U.S. dollar. This results in a book value per share of EUR 33.01 at December 31, 2017, compared to EUR 35.94 at December 31, 2016.

- SCOR's **financial leverage** stands at 25.7% at December 31, 2017.
- SCOR's **solvency ratio** at December 31, 2017, stands at 213%[3], in the upper part of the optimal solvency range of 185% - 220% as defined in the "Vision in Action" plan.

Confirming its active capital management policy, SCOR proposes to the Annual General Meeting a **dividend** of EUR 1.65 per share for 2017, unchanged from EUR 1.65 for 2016, representing a payout ratio of 108%. The ex-dividend date for 2017 will be set on April 30, 2018, and the dividend will be paid on May 3, 2018. The Group also pursues its share buy-back program, which expires mid-2019.

SCOR **reaffirms all its targets and assumptions** for the remainder of the "Vision in Action" strategic plan.

Full-Year and Q4 2017 key financial details

	YTD			QTD		
In EUR millions (rounded, at current exchange rates)	**2017**	**2016**	**Variation**	**Q4 2017**	**Q4 2016**	**Variation**
Gross written premiums	14,789	13,826	+7.0%	3,667	3,610	+1.6%
Group cost ratio	5.0%	5.0%	0.0 pts	5.2%	5.2%	0.0 pts
Annualized ROE	4.5%	9.5%	-5.0 pts	18.3%	10.4%	+7.9 pts
Net income*	286	603	-52.6%	261	165	+58.2%
Normalized[4] annualized ROE	10.1%	8.7%	+1.4 pts	17.5%	9.3%	+8.2 pts
Normalized[4] net income*	664	550	+20.8%	250	148	+69.1%
Shareholders' equity	6,225	6,695	-7.0%	6,225	6,695	-7.0%

** Consolidated net income, Group share.*

Denis Kessler, Chairman & Chief Executive Officer of SCOR, comments: *"2017 was marked by an exceptional series of major natural catastrophes. SCOR successfully passed this real-life stress test, once again demonstrating the resilience of its business model and its shock-absorbing capacity. This confirms the relevance of our strategy based on a controlled risk appetite, an optimized risk composition, a balanced business model between Life and P&C reinsurance, and a robust capital shield through retrocession and ILS. SCOR accomplished its mission in 2017, honoring all its commitments to its clients and contributing to the protection of hundreds of thousands of people severely affected by catastrophes, while managing to deliver a good set of results. SCOR*

[3] Solvency ratio based on Solvency II requirements. The Group solvency final results are to be filed to supervisory authorities by June 2018, and the final Solvency ratio may differ from this estimated ratio. This estimate was prepared on the basis of the business structure in existence at December 31, 2017 and tax assumptions consistent with those applied to the 2017 annual IFRS Group financial statements.

[4] Normalized for CAT ratio (6% YTD), change in Ogden rate, IBNR reserve release, Q3 CAT impact on ILS funds and tax one-offs. No normalization is undertaken for the exceptional investment income above the expected range.

is pursuing its active shareholder remuneration policy, with a dividend of EUR 1.65 per share, to be approved by the Annual General Meeting. The Group is fully mobilized to reach the strategic targets set out in "Vision in Action"."

SCOR Global P&C achieves strong growth, with sound underlying performance

SCOR Global P&C registers strong gross written premium growth in the upper end of the assumed range of the "Vision in Action" strategic plan. 2017 gross written premiums stand at EUR 6,025 million, growing by 8.8% at constant exchange rates compared to 2016 (+6.9% at current exchange rates). Growth is fueled by progress in the U.S., in line with "Vision in Action", and by Specialties.

SCOR Global P&C key figures:

	YTD			QTD		
In EUR millions (rounded, at current exchange rates)	**2017**	**2016**	**Variation**	**Q4 2017**	**Q4 2016**	**Variation**
Gross written premiums	6,025	5,639	+6.9%	1,403	1,405	-0.1%
Net combined ratio*	103.7%	93.1%	+10.6 pts	91.6%	93.3%	-1.7 pts

(*) The net combined ratio calculation has been refined to exclude some immaterial non-technical items that were previously included. Considering their potential growth, these items have been excluded to ensure they do not distort the combined ratio in the future. The impact on the previously reported ratio is +0.26% pts YTD (+0.30% pts QTD) as of December 31, 2016.

The 103.7% 2017 year-to-date net combined ratio includes:

- 14.9 pts from natural catastrophes: 1.7 pts on Q4 2017 losses from wildfires in California (net impact of EUR 91 million), 11.3 pts on the Harvey, Irma, Maria hurricanes and Mexican earthquakes (with a total net of retrocession pre-tax impact at year end marginally reduced from Q3 2017 at EUR 591 million);
- 1.4 pts year-to-date Ogden rate change impact (EUR 71 million), after a EUR 45 million reduction booked in Q4 2017 following year-end actuarial review.

Excluding the impact of the change in the Ogden rate, the net attritional loss plus commission ratio is slightly improving (80.6% in 2017 vs. 80.9% in 2016), confirming the solid profitability of the underlying portfolio.

The 2017 normalized[5] net combined ratio of 94.3% stands below the "Vision in Action" assumption.

SCOR Global Life grows its franchise, particularly in Asia-Pacific, while recording satisfactory profitability

SCOR Global Life records strong growth in 2017, with gross written premiums standing at EUR 8,764 million, up 7.0% at current exchange rates compared to 2016 (+8.5% at constant exchange rates). This is mainly driven by:

- robust new business Protection flow, mainly in the Americas and Asia-Pacific;

[5] See details of the calculation of the normalized combined ratio on page 39 of the Analysts' presentation.

- franchise expansion of Longevity business in the U.K.;
- significant increase in Financial Solutions, notably in Asia-Pacific.

SCOR Global Life key figures:

In EUR millions (rounded, at current exchange rates)	**YTD**			**QTD**		
	2017	**2016**	**Variation**	**Q4 2017**	**Q4 2016**	**Variation**
Gross written premiums	8,764	8,187	+7.0%	2,264	2,205	+2.7%
Life technical margin	7.1%	7.0%	+0.1 pts	7.0%	6.9%	+0.1 pts

SCOR Global Life records a robust technical margin of 7.1%, slightly above the "Vision in Action" assumption. This is driven by:

- profitability of new business in line with the Group's ROE target;
- underlying U.S. mortality claim experience higher than expected, not impacting the technical result thanks to active in-force management and a strong reserve position set up at the acquisition date[6].

SCOR Global Investments delivers a return on invested assets of 3.5% for 2017

In Q4 2017, SCOR continued its portfolio rebalancing in line with "Vision in Action" asset allocations:

- liquidity was decreased to 5% of invested assets vs. 8% in Q3 2017;
- the share of corporate bonds in the invested assets portfolio was increased (+3 pts vs. Q3 2017);
- the duration of the fixed income portfolio remained stable at 4.6 years[7].

The fixed income portfolio is of very high quality, with an average rating of A+.

SCOR's invested assets portfolio is well positioned to benefit from the current rising interest rate cycle:

- the portfolio benefits from a very diverse currency mix;
- financial cash flows will facilitate the capture of higher reinvestment rates, without selling assets;
- the current duration gap enables reinvestment at longer maturities;
- the rise in interest rates will lead to a recurrent enhancement of the financial contribution.

[6] Transamerica Re on August 10, 2011, and Generali US on October 1, 2013.
[7] 5.0-year duration on invested assets (vs. 4.9 years in Q3 2017, adjusted for methodological change – refer to p.135 of 2017 IR Day presentation).

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SCOR Global Investments key figures:

In EUR millions (rounded, at current exchange rates)	YTD 2017	YTD 2016	YTD Variation	QTD Q4 2017	QTD Q4 2016	QTD Variation
Total investments	27,081	27,731	-2.3%	27,081	27,731	-2.3%
▪ of which total invested assets	18,580	19,226	-3.4%	18,580	19,226	-3.4%
▪ of which total funds withheld by cedants and other deposits	8,501	8,505	0.0%	8,501	8,505	0.0%
Return on investments*	2.9%	2.5%	+0.4 pts	4.9%	2.5%	+2.4 pts
Return on invested assets**	3.5%	2.9%	+0.6 pts	6.5%	3.0%	+3.5 pts

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

SCOR Global Investments is benefiting from its liquid portfolio. As of December 31, 2017, the expected financial cash flows[8] over the next 24 months stand at EUR 5.4 billion (including cash, coupons and redemptions), which is optimal in a period of interest rate rises.

Investment income on invested assets stands at EUR 656 million for Q4 2017, benefiting from a EUR 192 million capital gain on a real estate sale realized in Q4 2017, generating a return on invested assets of 3.5%[9] for 2017, compared to 2.9% in 2016. Taking account of funds withheld by cedants and other deposits, the net rate of return on investments stands at 2.9% for the year. The reinvestment yield stands at 2.6%[10] as of December 31, 2017. Under current market conditions, the annualized return on invested assets is expected to be in the upper part of the "Vision in Action" 2.5% to 3.2% range for FY 2018 and over the entire strategic plan.

Invested assets (excluding funds withheld by cedants and other deposits) stand at EUR 18,580 million as of December 31, 2017, and are composed of: 5% cash, 81% fixed income, 4% loans, 3% equities, 4% real estate and 3% other investments. Total investments, including EUR 8,501 million of funds withheld and other deposits, stand at EUR 27,081 million as of December 31, 2017, compared to EUR 27,731 million on December 31, 2016. This decrease essentially reflects currency movements due to the weakening of the dollar and the pound.

[8] Investable cash: includes current cash balances, and future coupons and redemptions.
[9] 3.6% excluding Q3 cat impact on ILS funds.
[10] Corresponds to marginal reinvestment yields based on Q4 2017 asset allocation of asset yielding classes (i.e. fixed income, loans and real estate), according to current reinvestment duration assumptions and spreads. Yield curves as of December 31, 2017

U.S. Tax Reform

On December 22, 2017, the Tax Cuts and Jobs Act (the "TCJA") was enacted, reducing the statutory rate of U.S. federal corporate income tax to 21% effective January 1, 2018. This reduction resulted in a one-time non-cash loss for SCOR as its U.S. deferred taxes previously measured at 35% were re-measured at 21%. SCOR is currently reviewing the TCJA to assess its potential future implications, in particular with respect to certain complex provisions including the Base Erosion and Anti-Abuse Tax ("BEAT"). There is a high level of uncertainty surrounding the practical and technical applications of many of these provisions. The format, scope and timeframe in which future clarifications from the U.S. Treasury may be obtained are still unknown.

SCOR will monitor developments in the course of 2018. SCOR is currently exploring alternate business structures to adapt to the new environment.

The implementation process of certain potential business structures currently under consideration may result in a day one, non-recurring, tax expense during 2018 of approximately USD 0 to USD 350 million, and in a decline in SCOR's 2017 year-end solvency ratio, which, all other things being equal, is nevertheless expected to remain above 200%. External and/or internal uncertainties associated with the implementation of the TCJA and/or organizational changes, respectively, may not be fully resolved by year-end 2018.

Over the long term, SCOR is expected to benefit from the lower corporate income tax rates recently enacted within the United States and France.

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APPENDIX

1 - P&L key figures 2017 and Q4 2017 standalone

In EUR millions (rounded, at current exchange rates)	YTD			QTD		
	2017	**2016**	**Variation**	**Q4 2017**	**Q4 2016**	**Variation**
Gross written premiums	14,789	13,826	+7.0%	3,667	3,610	+1.6%
P&C gross written premiums	6,025	5,639	+6.9%	1,403	1,405	-0.1%
Life gross written premiums	8,764	8,187	+7.0%	2,264	2,205	+2.7%
Investment income	764	670	+14.1%	316	169	+86.9%
Operating results	491	951	-48.4%	394	241	+63.5%
Net income[1]	286	603	-52.6%	261	165	+58.2%
Earnings per share (EUR)	1.53	3.26	-52.9%	1.39	0.89	+56.3%
Operating cash flow	1,144	1,354	-15.5%	473	50	+846.0%

1: Consolidated net income, Group share.

2 - P&L key ratios for 2017 YTD and Q4 2017 standalone

	YTD			QTD		
	2017	**2016**	**Variation**	**Q4 2017**	**Q4 2016**	**Variation**
Return on investments[1]	2.9%	2.5%	+0.4 pts	4.9%	2.5%	+2.4 pts
Return on invested assets[1,2]	3.5%	2.9%	+0.6 pts	6.5%	3.0%	+3.5 pts
P&C net combined ratio[3]	103.7%	93.1%	+10.6 pts	91.6%	93.3%	-1.7 pts
Life technical margin[4]	7.1%	7.0%	+0.1 pts	7.0%	6.9%	+0.1 pts
Group cost ratio[5]	5.0%	5.0%	0.0 pts	5.2%	5.2%	0.0 pts
Annualized return on equity (ROE)	4.5%	9.5%	-5.0 pts	18.3%	10.4%	+7.9 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.*

3 - Balance sheet key figures as of December 31, 2017 (in EUR millions, at current exchange rates)

	As of December 31, 2017	As of December 31, 2016	Variation
Total investments [1,2]	27,081	27,731	-2.3%
Technical reserves (gross)	29,006	28,715	+1.0%
Shareholders' equity	6,225	6,695	-7.0%
Book value per share (EUR)	33.01	35.94	-8.1%
Financial leverage ratio	25.7%	24.4%	+1.3 pts
Total liquidity[3]	1,009	2,282	-55.8%

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.

4 - "Vision in Action" targets

	Targets
Profitability	ROE ≥ 800 bps above 5-year risk-free rate**[1]**, over 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 - "Vision in Action" assumptions

		Assumptions
P&C	Gross written premium growth	3% p.a. - 8% p.a.
	Combined ratio	~95% - 96%
Life	Gross written premium growth	5% p.a. - 6% p.a.
	Technical margin	6.8% - 7.0%
Investments	Return on invested assets	2.5% - 3.2%
Group	Gross written premium growth	~4% p.a. - 7% p.a.
	Cost ratio	4.9% - 5.1%
	Tax rate	22% - 24%

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General:

Numbers presented throughout this report 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 report 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 report 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. Information regarding risks and uncertainties that may affect SCOR’s business is set forth in the 2016 reference document filed on March 3, 2017, under number D.17-0123 with the French Autorité des marchés financiers (AMF) and posted on SCOR’s website www.scor.com, as may be updated in the 2017 reference document.

In addition, such forward-looking statements are not “profit forecasts” in the sense of Article 2 of Regulation (EC) 809/2004.

Financial information:

The Group's financial information contained in this report 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 Investor Relations presentation released on February 22, 2018 (see slide 24 of the presentation).

The financial results for the full year 2017 included in this report have been audited by SCOR's independent auditors.

Unless otherwise specified, all figures are presented in Euros.

Any figures for a period subsequent to December 31, 2017, 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 June 2018, and may differ from the estimates expressed or implied in this report.