SCOR records net income of EUR 189 million in the first half 2013, despite high Nat Cat activity, a continued low yield environment and equity impairments

In this first half 2013, SCOR has demonstrated its ability to generate robust results and to cope with major natural catastrophes in the second quarter, in an economic environment that remains highly uncertain.

- Gross written premiums stand at EUR 4,984 million, up 7.5% at current exchange rates, driven by very healthy SCOR Global P&C renewals and business growth in Asia and Latin America, and by the signing of major new contracts by SCOR Global Life, particularly with BBVA in Spain and Longevity contracts concluded in the UK:
    - SCOR Global P&C records gross written premium growth of 5.5% at current exchange rates to EUR 2,378 million;
    - SCOR Global Life records gross written premium growth of 9.5% at current exchange rates to EUR 2,606 million.

  SCOR expects premium income to cross the EUR 10 billion threshold in 2013.

- SCOR Global P&C's net combined ratio stands at 94.3% in the first half 2013, i.e. at a better level than the assumptions set out in the Strong Momentum V1.1 strategic plan.

- SCOR Global Life's technical margin stands at 7.3%, in line with the assumptions of the Strong Momentum V1.1 strategic plan.

- SCOR Global Investments maintains its prudent asset management policy and records an on-going return on invested assets of 3.4% (excluding equity impairments). This quarter should mark the last significant round of equity impairments impacting the Profit & Loss statement (under current market conditions).

- Operating cash flow is up sharply to EUR 319 million (+33.5%) with robust contributions from both business engines, once again highlighting the relevance of the Group's strategy.

- The cost ratio of 5.0% is in line with the assumptions of the Strong Momentum V1.1 strategic plan.

- Shareholders' equity reaches EUR 4,737 million at 30 June 2013, with a net book value per share of EUR 25.21 (compared to EUR 26.16 at 31 December 2012)[1] after distribution of EUR 1.2 of dividends per share.

- SCOR's net income stands at EUR 189 million, compared to EUR 206 million in the first half 2012. ROE stands at 8.1% (9.9% excluding equity impairments).

[1] 2012 shareholders' equity has been adjusted due to the retrospective application of IAS 19 "revised": (i) Q4 2012 published shareholders' equity amounted to EUR 4 810 million; (ii) shown book value per share has been recalculated – published figure for book value per share was EUR 26.18 at 31 December 2012.

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The Group is strengthening its position in the US Life reinsurance market through the successful acquisition of Generali US. This will give SCOR Global Life Americas (SGLA) the unique opportunity of becoming the leader in the US Life reinsurance market[2], with a portfolio centred on mortality risks. This acquisition is fully in line with the targets and requirements defined by the Group in its strategic plan. The total cash consideration for this transaction stands at EUR 579 million[3], plus the 2013 earnings through the closing date, representing a discount of approximately 35% to SCOR's preliminary Embedded Value estimate of the Generali US in-force portfolio. This transaction is expected to close during the fourth quarter 2013. No results for Generali US are included in the SCOR 2013 first half results.

This first half 2013 has been rich in terms of developments for the Group, with the strengthening of its position on new markets and lines of business - for example the purchase of the BBVA mortality and disability portfolio in Spain and the acquisition of a controlling stake in the real estate company MRM. SCOR has also continued to reinforce its image as a top-tier reinsurer that is recognised on the global reinsurance market, as demonstrated by prestigious new awards (Denis Kessler was elected "Reinsurance Company CEO of the Year" at the Reactions London Market Awards, while SCOR was elected "Most Popular Foreign-Capital Insurance Company" 2013 at the fifth China International Insurance Summit).

Denis Kessler, Chairman and Chief Executive Officer of SCOR, comments: *"SCOR's positive results in the first half 2013 and its ability to absorb major natural catastrophes demonstrate, once again, the relevance and robustness of its business model based on four strategic pillars, namely a strong and diversified franchise, a mid-level risk appetite combined with a very comprehensive and solid Enterprise Risk Management policy, high diversification between Life and Non-Life business and an effective capital shield policy. All of SCOR's teams are now mobilised to define the main objectives of the Group's new strategic plan, which will be announced at the Investors' Day on 4 September 2013".*

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In the first half 2013, SCOR Global P&C (SGPC) continues to deliver healthy growth, with technical profitability exceeding the assumptions of the Strong Momentum V1.1 plan

SGPC records a very good first half 2013 with gross written premiums up by 5.5% at current exchange rates (7.8% at constant exchange rates) to EUR 2,378 million, in line with growth expectations (of around 6% over the year) and premium income forecasts (of approximately EUR 4.9 billion for the year).

SGPC records a solid combined ratio of 94.3% thanks to:

- A further improved net attritional loss ratio, in line with the 60% assumption set out in the Strong Momentum V1.1 strategic plan, excluding the 1.5 point impact in the second quarter 2013 of EUR 31 million reserve releases;

[2] In terms of new business and in-force, source Preliminary 2012 SOA Munich Re Life reinsurance survey.

[3] FX rate as of 31/05/2013: 1 EUR = 1.2960 USD.

- A net Nat Cat loss ratio of 6.9 points in the first half 2013. For the second quarter 2013 alone, this ratio stands at 12.2%, including EUR 80 million linked to floods in Europe, EUR 42 million for floods in the State of Alberta, Canada and EUR 6 million relating to tornadoes in Oklahoma, USA.

The normalized net combined ratio[4] stands at 94.9% (compared to 95.3% in the first half 2012), i.e. slightly below the net combined ratio assumption set out in the Strong Momentum V1.1 plan (95 - 96%), thus confirming positive full-year 2013 perspectives.

The dynamic management of SGPC's portfolios has led to robust June-July renewals, with premium volume growth of around 8.5% to EUR 436 million for renewals involving around 10% of renewable Treaty premiums. This growth mainly comes from the US, in regional and E&S[5] business lines (excluding natural catastrophe coverage), and from emerging countries in Latin America and Africa.

The conditions of these renewals reflect growing market fragmentation. Thus, the growth rates recorded in P&C and Specialty Treaties, of around 7% and 11% respectively, show a marked difference that also appears in pricing developments. Indeed, while risk-adjusted prices have fallen by 2.8% overall for renewed business, a concentration of decreases can be observed for non-proportional Nat Cat portfolio covers in the US (more pronounced for Florida risks and averaging -14%), and in the UK for considerably lower volumes. Due to the composition of its US Nat Cat Treaty portfolio, with exposure in Florida being relatively lower, SGPC is less impacted by price reductions and by the reduction of shares of business.

Outside the Nat Cat cover segment, prices remain stable overall and the average weighted decrease stands at a marginal 0.4%, with Non-Proportional Motor lines in the UK, as well as Credit & Surety and Engineering lines, benefitting from significant price increases.

Although the underwriting of renewed and new business in June and July demonstrates an overall slight deterioration in expected underwriting ratios[6] (of around one point on average compared to 2012), the average underwriting ratio expected for all portfolios underwritten over the first half is improving by around one point compared to 2012, while the return on risk-adjusted capital remains higher than the target rate, despite the impact of low interest rates.

SCOR Global Life (SGL) delivers strong growth while maintaining a robust technical margin

In the first half 2013, SGL gross written premiums reach EUR 2,606 million compared to EUR 2,380 million in the first half 2012, up by 9.5% (+11.6% at constant exchange rates), thanks notably to double-digit business growth in the UK (mainly Longevity business), in Asia and in Spain (following the purchase of BBVA's traditional mortality portfolio), thereby offsetting the negative impact of exchange rates and selective decreases, primarily in the Middle East and the Nordic countries, and to a lesser extent in France and Latin America. Due to the impact of seasonality, SGL records robust growth of 17.5% in the second quarter 2013 compared to the second quarter 2012.

The Longevity, Personal Accident, Long-Term Care and Life Financing reinsurance lines record double-digit growth, partly offset by slight decreases in Disability and Critical Illness.

[4] The normalized net combined ratio is calculated by removing 0.9 pts (the difference between 6.0 pts of cat budget and the actual level of 6.9 pts) and adding 1.5 pts of reserve releases (EUR 31 million in Q2 2013), to the actual net combined ratio of 94.3%.

[5] Excess of Loss and Surplus.

[6] The underwriting ratios correspond to the sums of the loss ratios and the commission ratios.

SGL continues a policy of robust new business production with the underwriting of around EUR 404 million of new business in the UK, Spain, North America and Asia-Pacific (especially in India, South Korea and Japan).

SGL's business model, with its biometric focus and low sensitivity to financial market risk, has once again demonstrated its effectiveness and its ability to record very strong technical results in a very low yield environment. SGL records a high technical margin of 7.3% in the first half 2013, in line with the assumptions set out in the strategic plan Strong Momentum V1.1.

SCOR Global Investments (SGI) delivers a strong on-going return on invested assets of 3.4% (excluding equity impairments) in the first half 2013

In an environment marked by historically and durably low interest rates in the major currency zones, as well as by strong macroeconomic uncertainty, SGI maintains a prudent investment strategy, particularly through its so-called "rollover" strategy. This investment strategy consists of maintaining a relatively short duration on the fixed income portfolio and generating recurring financial cash flows, whilst actively managing the invested assets portfolio. At 30 June 2013, expected cash flow on the fixed income portfolio over the next 24 months stands at EUR 5.8 billion (including cash and short-term investments).

The quality of the fixed income portfolio has been maintained, with a stable average rating of AA- and no exposure to the sovereign debt of Greece, Ireland, Italy, Portugal or Spain, nor to any debts issued by US States or municipalities. Its duration remains relatively short at 2.9 years (excluding cash).

On 29 May 2013, SCOR acquired a 59.9% stake in the capital of MRM, a listed real estate company subject to the French REIT regime ("*régime des sociétés d'investissements immobiliers cotées*" or "SIIC"), as part of a cash capital increase. The transaction was accompanied by a restructuring of the MRM group's banking and bond debts, thereby enabling SCOR to invest in a company with a stabilised balance sheet and a restored cash flow situation. Given the 100% conversion rate of the bonds issued by the MRM group into MRM shares, SCOR's investment stands at EUR 53.3 million. This transaction generated badwill of EUR 27 million (net of acquisition costs).

For the first half 2013, the invested assets portfolio generates a financial contribution of EUR 171 million. The active management policy practised by SGI has enabled the Group to record capital gains of EUR 60 million over the semester. The Group has rigorously applied an unchanged amortization and impairment policy to its investment portfolio, for a total amount of EUR 74 million in the first half of 2013, of which EUR 62 million applied to equities which are net asset value neutral. This quarter should mark the last round of significant equity impairments impacting the Profit & Loss statement (under current market conditions). Excluding equity impairments, the on-going return on invested assets reaches 3.4% for the first half 2013 (2.5% including equity impairments). Taking account of funds withheld by cedants, the net rate of return on investments is 2.2% over the period.

Invested assets (excluding funds withheld by cedants) stand at EUR 13,587 million at 30 June 2013, composed as follows: 11% cash, 76% fixed income (of which 5% are short-term investments), 4% equities, 6% real estate and 3% other investments. Total investments, including EUR 7,933 million of funds withheld, stand at EUR 21.520 billion at 30 June 2013, compared to EUR 22.248 billion at 31 December 2012.

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P&L Key figures (in EUR millions)

	H1 2013 (unaudited)	H1 2012 (unaudited)	Variation (%)
Gross written premiums	4,984	4,635	7.5%
P&C gross written premiums	2,378	2,255	5.5%
Life gross written premiums	2,606	2,380	9.5%
Investment income	232	278	(16.5%)
Operating results	295	320	(7.8%)
Net income	189	206	(8.3%)
Earnings Per Share (EUR)	1.02	1.12	(8.9%)

P&L Key ratios

	H1 2013 (unaudited)	H1 2012 (unaudited)
Net return on investments [1]	2.2%	2.7%
Return on invested assets [1,2]	2.5%	3.0%
Return on invested assets w/o impairments [1,2]	3.4%	3.4%
P&C net combined ratio [3]	94.3%	93.8%
Life operating margin [4]	4.6%	5.4%
Life technical margin [5]	7.3%	7.4%
Group cost ratio [6]	5.0%	5.3%
Return on equity (ROE)	8.1%	9.3%
Return on equity (ROE) w/o impairments	9.9%	10.2%

1: Annualised; 2: Excluding funds withheld by cedants; 3: The combined ratio is the sum of the total commissions and the total P&C management expenses, divided by the net earned premiums of SGPC; 4: The Life operating margin is the sum of the technical results, the total investment income from SGL and the total SGL expenses, divided by the net earned premium of SGL; 5: The technical margin for SGL is the technical result including interests on deposit divided by the net earned premiums of SGL; 6: The cost ratio is the total management expenses less certain corporate and other costs divided by the gross written premiums.

Balance sheet Key figures (in EUR millions)

	H1 2013 (unaudited)	H1 2012 (unaudited)	Variation (%)
Total investments [1]	22,013	22,026	(0.1%)
Technical reserves (gross)	23,346	23,813	(2.0%)
Shareholders' equity [2]	4,737	4,585	3.3%
Book value per share (EUR) [2]	25.21	24.99	0.9%

1: Total investment portfolio includes both invested assets and funds withheld by cedants, accrued interest, cat bonds and FX derivatives;
2: Shown shareholders' equity has been adjusted due to the retrospective application of IAS 19 "revised". Q2 2012 published shareholders' equity amounts to EUR 4,588 million and Q2 2012 published BVPS amounts to EUR 25.01.

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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 6 March 2013 under number D.13-0106 (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.