Embedded Value of SCOR VIE
as at 31 December 2005

26 June 2006
Notice

- Certain statements contained in this presentation are forward-looking statements, of necessity provisional, that are based on risks and uncertainties that could cause actual results, performance or events to differ materially from those in such statements.

- Additional information regarding risks and uncertainties is set forth in the current annual report of the company.
Plan

- Introduction
- Embedded Value – Methodology
- Economic Assumptions
- Results
- Analysis of Changes
Introduction

Scope

SCOR VIE
Including Branches (except Canada)

100%

SCOR VIE Canadian Branch

100%

SFS (Ireland)

100%

SCOR Life Re (USA)
## Plan

- Introduction
- **Embedded Value – Methodology**
- Economic Assumptions
- Results
- Analysis of Changes
Methodology

- As at 31/12/2005, SCOR Vie has adopted CFO Forum principles for the calculation of European Embedded Value (EEV).

- The impact of the application of these principles to SCOR VIE’s traditional EV is as follows:

<table>
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<th>Principle 7: Cost of Financial Options and Guarantees</th>
</tr>
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<td>Principle 10: Economic Assumptions</td>
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<tr>
<td>Principle 5: Required Capital</td>
<td>Principle 11: Profit Sharing</td>
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<td>Principle 6: PVFP</td>
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</tr>
</tbody>
</table>

**Major impact**

**Minor impact**
Methodology

Net Asset Value

Value of portfolio of treaties in force

Cost of locking-in a solvency margin

Cost of FOGs

Embedded Value
Methodology

Net Asset Value

- Capital and surplus
- Adjustment for investment in subsidiaries
- Removing the intangible assets
- Adding the part of the unrealised capital gains that is attributable to the shareholders and that is not taken into account in the value of business in force

This is not a typical accounting net asset value: the adjustments are specific to the Embedded Value calculation
Methodology

Net Asset Value

Value of portfolio of treaties in force

Cost of locking-in a solvency margin

Cost of FOGs

Embedded Value
Methodology

Value of the portfolio

Value of the portfolio of treaties in force = Present value of future profits, net of tax, generated by the portfolio of treaties in force as at the valuation date.

Projection of the profit and loss account:

Premiums
- Investment return
- Claims
- Change in reserves
- Operating expenses
- Commissions
- Tax
Methodology

Business in force and new business

Prudent definition of the business in force:

- Premiums from business in force as at n-1
- New business on in force treaties
- New treaties

Preniums

n
Methodology

Future investment return rate

- Asset investment return rate determined:
  - On the basis of the asset mix as at 31/12/2005 for each entity
  - For SCOR VIE Paris, with constant market return assumptions for each type of asset (stocks, bonds, cash)
  - For the portfolios of SCOR Life Re and of the Canadian branch that have dedicated assets: projection of these dedicated portfolios of assets

- For interest on reinsurance deposits: 2005 rate extracted from the accounting information system
Methodology

- **Modeling of operating expenses**
  - Direct expenses of SCOR VIE, internal billing for common services from SCOR to SCOR VIE, SCOR expenses allocated to SCOR VIE

- **Split administration / acquisition expenses**
  - Based on an internal study

- **Projection: only administration expenses**
  - Assumption: constant % of premiums and/or % of reserves

- **Acquisition expenses**
  - Allocated to the value of new business (new treaties and new business on existing treaties)
Methodology

 Approach for tax

- Valuation before and after tax
- The effect of the tax consolidation of SCOR VIE into the SCOR Group has not been taken into account
Methodology

Net Asset Value

+ Value of portfolio of treaties in force

- Cost of locking-in a solvency margin

- Cost of FOGs

Embedded Value
Methodology

Cost of locking-in a solvency margin

- **Solvency margin:**
  - minimum European regulatory margin for insurers (used for SCOR VIE and SFS), because European reinsurance directive not yet in force
  - 200% of NAIC Risk Based Capital (SLRe)

- **The cost of locking-in reflects the spread between:**
  - The return expected by the shareholders (discount rate)
  - And the actual investment return of the assets backing the capital

- **Prudent approach:**
  - intangible assets (DAC, VOBA), or subordinated debt…
  - being items that would reduce this cost
  - … are not taken into account
Methodology

Net Asset Value

Value of portfolio of treaties in force

Cost of locking-in a solvency margin

Cost of FOGs

Embedded Value
Financial Options and Guarantees

Description and nature of FOGs

- No FOGs in the books of SCOR VIE and its branches

- FOGs identified in SCOR Life RE (USA):
  - mainly in Annuities: Equity Indexed Annuities, Fixed Deferred Annuities
  - to a lesser extent in Universal Life

- The identified FOGs are:
  - Guaranteed rates
  - Guaranteed equity index returns
  - Minimum death benefit guarantees
  - Surrender options (withdrawal)
  - Guaranteed annuitization options
Valuation of Financial Options and Guarantees

Methodology (1/2)

- Principle 7 of the CFO Forum stipulates that the cost of FOGs must be explicitly valued. The time value of FOGs is deducted from the deterministic EV.

- For FOGs that are not annuitization options:
  - Stochastic simulation of neutral-risk economic scenarios (yield curve and S&P500 index)
  - Time value = difference between
    - Mean PVFP derived from projections based on the various scenarios used
    - PVFP derived from projection based on mean scenario
  - The time value reflects the risk of financial deviation from the mean scenario.
Valuation of Financial Options and Guarantees

Methodology (2/2)

- For annuitization options, valuation made through a closed formula based on the same interest rate model

- For Universal Life policies:
  - low amount of reserves
  - derived proportionally (based on reserves) from Fixed Deferred Annuities FOGs calculation
Plan

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Economic Assumptions

- Risk free rate: 10 year Government Bonds (Europe, USA, Canada)
- A spread on bond portfolio is taken into account
- Stocks: Risk free rate + 350 bp
- Cash Europe: EONIA (interbank rate)
- Cash US: 6 month Treasury Bill rate
- Cash Canada: overnight target rate
### Economic Assumptions

#### Basis of economic assumptions

<table>
<thead>
<tr>
<th></th>
<th>Euro Zone</th>
<th>Canada</th>
<th>USA</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 year Government Bond</td>
<td>3.30 %</td>
<td>3.98 %</td>
<td>4.39 %</td>
</tr>
<tr>
<td>Spread</td>
<td>20 bp</td>
<td>30 bp</td>
<td>30 bp</td>
</tr>
<tr>
<td>Bond yield</td>
<td>3.50 %</td>
<td>4.28 %</td>
<td>4.69 %</td>
</tr>
<tr>
<td>Cash and short term investments</td>
<td>2.42 %</td>
<td>3.25 %</td>
<td>4.37 %</td>
</tr>
<tr>
<td>Stocks</td>
<td>6.80 %</td>
<td>7.48 %</td>
<td>7.89 %</td>
</tr>
<tr>
<td>Net investment rate projected</td>
<td>3.80 %</td>
<td>3.94 % (*)</td>
<td>4.66 % (*)</td>
</tr>
</tbody>
</table>

(*) excluding dedicated asset portfolios
Methodology

Determination of discount rate

- Top Down approach
- Discount rate derived from CAPM formula

\[ r_e = r_f + \beta \cdot (r_M - r_f) \]

- \( r_e \) return expected by shareholder (discount rate)
- \( \beta \) correlation between reinsurance stocks and stock market
- \( r_M - r_f \) risk premium on stock market,
- \( r_f \) risk free rate.
Methodology

Assumptions:

- Risk premium for stock markets is consistent with the one used for stock return in projections of cash flows (350 bp)

- Risk free rate is the 10 year Government Bond for each geographical zone

- The beta factor has been estimated on a 2 year period using a sample of 7 international reinsurance stocks
# Methodology

## Discount rate per geographical zone

<table>
<thead>
<tr>
<th>Zone</th>
<th>Europe</th>
<th>Canada</th>
<th>USA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk free rate</td>
<td>3.30 %</td>
<td>3.98 %</td>
<td>4.39 %</td>
</tr>
<tr>
<td>Stock risk premium</td>
<td>350 bp</td>
<td>350 bp</td>
<td>350 bp</td>
</tr>
<tr>
<td>Beta</td>
<td>1.08</td>
<td>1.08</td>
<td>1.08</td>
</tr>
<tr>
<td>Discount rate</td>
<td>7.08 %</td>
<td>7.76 %</td>
<td>8.17 %</td>
</tr>
</tbody>
</table>
Plan

- Introduction
- Embedded Value – Methodology
- Economic Assumptions
- Results
- Analysis of Changes
## Results: Consolidated Embedded Value

### EUR million

<table>
<thead>
<tr>
<th></th>
<th>EV SCOR Vie 31/12/2004</th>
<th>European EV SCOR Vie 31/12/2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted Net Asset Value (after tax)</td>
<td>266.9</td>
<td>309.6</td>
</tr>
<tr>
<td>Value of business in force before cost of locking-in (after tax)</td>
<td>432.8</td>
<td>481.6</td>
</tr>
<tr>
<td>Cost of locking-in the solvency margin (after tax)</td>
<td>(80.8)</td>
<td>(96.4)</td>
</tr>
<tr>
<td>Value of business in force after cost of locking-in (after tax)</td>
<td>352.0</td>
<td>385.2</td>
</tr>
<tr>
<td>Consolidated Embedded Value after tax, before cost of FOGs</td>
<td>618.9</td>
<td>694.8</td>
</tr>
<tr>
<td>Cost of FOGs</td>
<td>na</td>
<td>(2.0)</td>
</tr>
<tr>
<td>Consolidated European Embedded Value after tax</td>
<td>na</td>
<td>692.8</td>
</tr>
</tbody>
</table>
Valuation of Financial Options and Guarantees

Results

- In the financial environment as at 31/12/2005 (US rates above 4%), the largest part of the cost of FOGs is linked to equity risk on Equity Indexed Annuities.

<table>
<thead>
<tr>
<th>Time value of FOGs, EUR million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity Indexed Annuities</td>
</tr>
<tr>
<td>Other FOGs in SCOR Life Re</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>
## Results

### Adjusted Net Asset Value as at 31/12/2005 after tax

<table>
<thead>
<tr>
<th>EUR million</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholders’ equity of SCOR VIE (Paris)</td>
<td>424.8</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>(28.1)</td>
</tr>
<tr>
<td>Adjustment for investment in subsidiaries</td>
<td>(187.5)</td>
</tr>
<tr>
<td>Shareholders’ interest in unrealised capital gains</td>
<td>4.6</td>
</tr>
<tr>
<td>Total adjusted Net Asset Value of SCOR VIE</td>
<td>213.9</td>
</tr>
<tr>
<td>Adjusted Net Asset Value of SLRe and SFS</td>
<td>95.8</td>
</tr>
<tr>
<td><strong>Total adjusted Net Asset Value</strong></td>
<td>309.6</td>
</tr>
</tbody>
</table>
Plan

- Introduction
- Embedded Value – Methodology
- Economic Assumptions
- Results
- Analysis of Changes
# Analysis of Changes

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Embedded Value as at 31/12/2004 before tax</td>
<td>857.6</td>
</tr>
<tr>
<td>Dividend and tax paid on 2004 income</td>
<td>(25.4)</td>
</tr>
<tr>
<td>Change due to operating activity of SCOR VIE before tax</td>
<td>92.3</td>
</tr>
<tr>
<td>Change due to the economic environment before tax</td>
<td>(5.4)</td>
</tr>
<tr>
<td><strong>Embedded Value as at 31/12/2005 before tax (constant exchange rate)</strong></td>
<td>919.1</td>
</tr>
<tr>
<td>Impact of exchange rate</td>
<td>54.5</td>
</tr>
<tr>
<td><strong>Embedded Value as at 31/12/2005 before tax (current exchange rate)</strong></td>
<td>973.6</td>
</tr>
<tr>
<td>Tax</td>
<td>(278.8)</td>
</tr>
<tr>
<td><strong>Embedded Value as at 31/12/2005 after tax (current exchange rate)</strong></td>
<td>694.8</td>
</tr>
</tbody>
</table>

*EUR million*
## Analysis of Changes

### Analysis of change due to operating activity

<table>
<thead>
<tr>
<th>EUR million</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Effect of unwinding of the discount rate</td>
<td>67.0</td>
</tr>
<tr>
<td>Experience deviation during the year</td>
<td>(2.1)</td>
</tr>
<tr>
<td>Impact of change in non economic assumptions</td>
<td>(9.7)</td>
</tr>
<tr>
<td>Value of new business (before tax)</td>
<td>37.1</td>
</tr>
<tr>
<td><strong>Operating activity of SCOR VIE (before tax)</strong></td>
<td><strong>92.3</strong></td>
</tr>
</tbody>
</table>
Analysis of Changes

Change due to operating activity (continued)

- Experience deviation during the year: close to zero in total
- Non economic assumptions: improvements / refinements in modeling and adjustments of parameters, in line with Principle 9 of CFO Forum
- New business: + 8.5 % on 2004 level
### Analysis of Changes

#### Economic environment

<table>
<thead>
<tr>
<th>Description</th>
<th>EUR million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial deviation from expected to actual during current year</td>
<td>(5.9)</td>
</tr>
<tr>
<td>Changes in economic assumptions</td>
<td>0.5</td>
</tr>
<tr>
<td><strong>Changes due to the economic environment (before tax)</strong></td>
<td><strong>(5.4)</strong></td>
</tr>
</tbody>
</table>

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**SCOR Vie EV as at December 31, 2005**  
**June 26, 2006**
Analysis of Changes

Impact of exchange rate: EUR 54.5 Million before tax
mainly due to the strengthening of USD against EUR from 31/12/2004 to 31/12/2005
Analysis of Value Creation: +13.5 %

Figures before tax, EUR million

857.6

-25.4

+67.0

-17.2

+37.1

+54.5

973.6

+ 13.5 %

Embedded Value * as at 31/12/2004
Dividend and tax paid on 2004 income
Effect of moving forward**
Experience deviation and change of assumptions
Value of New Business
Impact of exchange rate
Embedded Value * as at 31/12/2005

* After cost of locking-in and before tax
** Removing 1 year discount
### Sensitivity Analysis for Business in Force

<table>
<thead>
<tr>
<th>Factor</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value of business as at 31/12/2005 (after tax)</td>
<td>385.2</td>
</tr>
<tr>
<td>Discount rate – 100 bp</td>
<td>47.0</td>
</tr>
<tr>
<td>Discount rate + 100 bp</td>
<td>(42.3)</td>
</tr>
<tr>
<td>Claims - 5%</td>
<td>115.0</td>
</tr>
<tr>
<td>Expenses - 10%</td>
<td>7.9</td>
</tr>
<tr>
<td>Lapses + 10%</td>
<td>(10.9)</td>
</tr>
<tr>
<td>Lapses - 10%</td>
<td>12.9</td>
</tr>
<tr>
<td>Interest rates (as well as return on deposits and discount rate) – 100 bp</td>
<td>(43.3)</td>
</tr>
<tr>
<td>Equity risk premium + 100 bp</td>
<td>1.9</td>
</tr>
<tr>
<td>Solvency margin + 10 %</td>
<td>(9.6)</td>
</tr>
<tr>
<td>Impact of Application of European Directive on Reinsurers’ Solvency margin</td>
<td>13.1</td>
</tr>
</tbody>
</table>
Embedded Value and Consolidated Balance Sheet of SCOR VIE

EUR million

- Consolidated Capital: 612 EUR million
- Embedded Value SCOR VIE: 693 EUR million

Part of Embedded Value not recognized in Consolidated Balance Sheet of SCOR VIE
<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Embedded Value after tax as at 31/12/2005</td>
<td>693</td>
</tr>
<tr>
<td>- Adjusted Net Asset Value as at 31/12/2005</td>
<td>310</td>
</tr>
<tr>
<td>- DACs (Scor Vie and subsidiaries)</td>
<td>419</td>
</tr>
<tr>
<td>- deferred tax</td>
<td>(108)</td>
</tr>
<tr>
<td>+ other adjustments (URCG, others)</td>
<td>9</td>
</tr>
<tr>
<td>Total</td>
<td>81</td>
</tr>
</tbody>
</table>
Conclusion

Embedded Value 2005

- significant growth compared to 2004: +12 %
- confirms the strength and the dynamism of SCOR VIE’s portfolio