Embedded Value of SCOR VIE
as at 31 December 2004

5 July 2005

London
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)

SCOR Vie Canadian Branch

100%

SFS (Ireland)

100%

SCOR Life Re (USA)
Plan

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Methodology

Net Asset Value

Value of portfolio of treaties in force +

Cost of locking-in a solvency margin -

Embedded Value
Methodology

- **Net Asset Value**
  - Capital and surplus
  - Retreatment for participation 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 for the embedded value calculation
Methodology

Net Asset Value

Value of portfolio of treaties in force

Cost of locking-in a solvency margin

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:

  \textit{Premiums}
  
  + \textit{Investment return}
  - \textit{Claims}
  - \textit{Change in reserves}
  - \textit{Operating expenses}
  - \textit{Commissions}
  - \textit{Tax}
Methodology

**Business in force and new business**

- Prudent definition of the business in force:

```
Premiums
n
New treaties

New business on in force treaties

Premiums from business in force as at n-1
```
Methodology

Future investment return rate

- Asset investment return rate determined:
  - On the basis of the asset mix as at 31/12/2004 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: 2004 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 holding 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 fiscal integration of SCOR VIE into 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

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…
  - that are items, which would reduce this cost
  - … are not taken into account
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Economic Assumptions

- Risk free rate (Europe, USA, Canada) : 10 year Government Bonds
- A spread on bond portfolio is taken into account
- Stocks: Risk free rate + 350 bp = discount rate
- Cash Europe : EONIA
- Cash US : 6 month Treasury Bills 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>3.70 %</td>
<td>4.30 %</td>
<td>4.24 %</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>3.90 %</td>
<td>4.60 %</td>
<td>4.54 %</td>
</tr>
<tr>
<td>Cash et short term investment</td>
<td>2.11 %</td>
<td>2.50 %</td>
<td>2.59 %</td>
</tr>
<tr>
<td>Stocks</td>
<td>7.20 %</td>
<td>7.80 %</td>
<td>7.74 %</td>
</tr>
<tr>
<td>Discount rate</td>
<td>7.20 %</td>
<td>7.80 %</td>
<td>7.74 %</td>
</tr>
<tr>
<td>Net investment rate projected</td>
<td>3.71 %</td>
<td>4.24 % (*)</td>
<td>4.53 % (*)</td>
</tr>
</tbody>
</table>

(*) excluding dedicated asset portfolios
Plan

- Introduction
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## Results

### Consolidated Embedded Value

<table>
<thead>
<tr>
<th>EUR million</th>
<th>EV SCOR VIE 31/12/2003</th>
<th>EV SCOR VIE 31/12/2004</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Adjusted net asset value (after tax)</strong></td>
<td>230.7</td>
<td>266.9</td>
</tr>
<tr>
<td><strong>Value of business in force before cost of locking-in (after tax)</strong></td>
<td>457.6</td>
<td>432.8</td>
</tr>
<tr>
<td><strong>Cost of locking-in the solvency margin (after tax)</strong></td>
<td>(85.8)</td>
<td>(80.8)</td>
</tr>
<tr>
<td><strong>Value of business in force after cost of locking-in (after tax)</strong></td>
<td>371.8</td>
<td>352.0</td>
</tr>
<tr>
<td><strong>Embedded Value after tax</strong></td>
<td>602.5</td>
<td>618.9</td>
</tr>
</tbody>
</table>
## Results

**Adjusted net asset value as at 31/12/2004 after tax**

<table>
<thead>
<tr>
<th>Description</th>
<th>EUR million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholders’ equity of SCOR Vie (Paris)</td>
<td>392.0</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>(19.2)</td>
</tr>
<tr>
<td>Retreatment of participation in subsidiaries</td>
<td>(109.3)</td>
</tr>
<tr>
<td>Shareholders’ interest in unrealised capital gains</td>
<td>3.4</td>
</tr>
<tr>
<td>Total net adjusted value</td>
<td>266.9</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>EUR million</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Embedded value as at 31/12/2003 before tax</strong></td>
<td><strong>827.7</strong></td>
</tr>
<tr>
<td>Operating activity of SCOR Vie (before tax)</td>
<td>24.5</td>
</tr>
<tr>
<td>Change due to the economic environment (before tax)</td>
<td>18.3</td>
</tr>
<tr>
<td><strong>Embedded value as at 31/12/2004 before tax (constant euro)</strong></td>
<td><strong>870.6</strong></td>
</tr>
<tr>
<td>Impact of exchange rate</td>
<td>(12.9)</td>
</tr>
<tr>
<td><strong>Embedded value as at 31/12/2004 before tax (current euro)</strong></td>
<td><strong>857.6</strong></td>
</tr>
<tr>
<td>Tax</td>
<td>(238.6)</td>
</tr>
<tr>
<td><strong>Embedded value as at 31/12/2004 after tax (current euro)</strong></td>
<td><strong>618.9</strong></td>
</tr>
</tbody>
</table>
Analysis of Value Creation

EUR million

827.7
+78.9
-70.3
+34.2
-12.9
857.6

Embedded value* as at 31/12/2003
Effect of moving forward**
Experience deviation and change of assumptions
Value of New Business
Impact of exchange rate
Embedded value as at 31/12/2004

* After cost of locking-in and before tax
** removing 1 year discount

+ 3.6 %
### Analysis of Changes

#### Analysis of operating activity

<table>
<thead>
<tr>
<th>Description</th>
<th>Value (EUR million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effect of moving forward</td>
<td>78.9</td>
</tr>
<tr>
<td>Experience deviation during the year</td>
<td>(48.0)</td>
</tr>
<tr>
<td>Impact of change in non economic assumptions</td>
<td>(40.6)</td>
</tr>
<tr>
<td>Value of new treaties (before tax)</td>
<td>5.8</td>
</tr>
<tr>
<td>Value of new business on in force treaties (before tax)</td>
<td>28.4</td>
</tr>
<tr>
<td>Operating activity of SCOR Vie (before tax)</td>
<td>24.5</td>
</tr>
</tbody>
</table>
Analysis of Changes

Analysis of operating activity (continued):

- Non economic assumptions: change in mortality assumptions and lapses assumptions on two blocks of business
- New treaties: significant decrease from 2003 (EUR 5.8 M compared to 19.1 M), due to reduced activity in writing business
- New business on in force treaties: stability on 2003 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>4.1</td>
</tr>
<tr>
<td>Changes in economic assumptions</td>
<td>14.2</td>
</tr>
<tr>
<td><strong>Changes due to the economic environment (before tax)</strong></td>
<td><strong>18.3</strong></td>
</tr>
</tbody>
</table>
Analysis of Changes

- Impact of exchange rate: (12.9) Million EUR
  - Negative 20.6 M EUR impact mainly due to the strengthening of EUR against USD
  - Partially offset by 7.7 M EUR gains from currency hedging.
### Sensitivity Analysis for Business in Force

<table>
<thead>
<tr>
<th>Factor</th>
<th>EUR million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value of business as at 31/12/2004 (after tax)</td>
<td>352.0</td>
</tr>
<tr>
<td>Discount rate – 0.50%</td>
<td>19.8</td>
</tr>
<tr>
<td>Discount rate + 0.50%</td>
<td>(18.8)</td>
</tr>
<tr>
<td>Claims reduction by 5%</td>
<td>82.6</td>
</tr>
<tr>
<td>Expenses reduction by 10 %</td>
<td>7.8</td>
</tr>
<tr>
<td>Increase in lapses by 10 %</td>
<td>(9.5)</td>
</tr>
<tr>
<td>Future investment return + 0.50 %</td>
<td>19.3</td>
</tr>
<tr>
<td>Increase in solvency margin by 10 %</td>
<td>(8.1)</td>
</tr>
</tbody>
</table>
Embedded Value and consolidated balance sheet of SCOR VIE

EUR million

<table>
<thead>
<tr>
<th></th>
<th>Consolidated Capital</th>
<th>Embedded Value SCOR VIE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>533.2</td>
<td>618.9</td>
</tr>
<tr>
<td>Part of value</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-recognized</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value</td>
<td>85.7</td>
<td></td>
</tr>
</tbody>
</table>

Part of embedded value non-recognized in consolidated balance sheet of SCOR VIE
Conclusion

- Embedded value 2004
  - stability compared to 2003
  - Confirms the solidity of SCOR VIE’s portfolio
  - Despite a decrease in new business