

## Press Release

27 October 2016 - N° 26

### First nine months 2016 results

## SCOR records net income of EUR 438 million for the first nine months of 2016, confirming the strength of its business

In the first nine months of 2016, SCOR continues to deliver high quality results in terms of earnings, profitability and cash flow generation. During the third quarter of 2016, both targets of the new strategic plan "Vision in Action" - profitability and solvency - have been achieved.

- **Gross written premiums** reach EUR 10,216 million at the end of the first nine months of 2016, up 4.4% at constant exchange rates compared to the first nine months of 2015 (+2.2% at current exchange rates), with:
  - a strong contribution from SCOR Global Life, with gross written premiums reaching EUR 5,982 million over the period (+7.8% at constant exchange rates and +6.1% at current exchange rates);
  - stable SCOR Global P&C gross written premiums at constant exchange rates (-0.1% at constant exchange rates, -2.8% at current exchange rates), standing at EUR 4,234 million in the first nine months of 2016.
- **SCOR Global P&C** records strong technical profitability in the first nine months of 2016 with a net combined ratio of 93.0%.
- **SCOR Global Life** records a robust technical margin of 7.1% in the first nine months of 2016.
- **SCOR Global Investments** achieves a solid return on invested assets of 2.9% in the first nine months of 2016, while implementing the normalization of the asset management policy.
- **Group net income** reaches EUR 438 million in the first nine months of 2016, down 11.0% compared to the first nine months of 2015 due to a higher number of natural catastrophes and a challenging macroeconomic environment. The annualized **return on equity** (ROE) stands at 9.3% in the first nine months of 2016, or 855 basis points above the risk-free rate<sup>1</sup>.
- The business model delivers a **robust operating cash flow** of EUR 1.3 billion as at 30 September 2016, compared to EUR 558 million for the same period in 2015. This results from the generation of strong recurring cash flows in 2016 and two exceptional items: SCOR Global P&C received a non-recurring fund withheld payment of around EUR 300 million, and SCOR Global Life benefitted from a timing difference in claims payments, which is expected to normalize by the end of 2016.
- **Shareholders' equity** stands at EUR 6,436 million at 30 September 2016, compared to EUR 6,363 million at 31 December 2015 after the payment of EUR 278 million of dividends for the year 2015. This translates into a book value per share of EUR 34.65 at 30 September 2016.

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<sup>1</sup> Based on a 5-year rolling average of 5-year risk-free rates over the cycle, according to the new methodology disclosed with the "Vision in Action" strategic plan.

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- **SCOR's financial leverage** stands at 25.1% at 30 September 2016.
- SCOR's **estimated solvency ratio** at 30 September 2016 stands at 212%, within the optimal solvency range of 185%-220% as defined in the "Vision in Action" plan.

### SCOR Group 2016 YTD and Q3 2016 standalone key financial details:

In EUR millions (unaudited, rounded, at current exchange rates)	YTD			QTD		
	9 months 2016	9 months 2015	Variation	Q3 2016	Q3 2015	Variation
Gross written premiums	10,216	9,996	+2.2%	3,481	3,503	-0.6%
Group Cost Ratio	5.0%	5.0%	0.0 pts	4.8%	4.8%	0.0 pts
Return on invested assets	2.9%	3.1%	-0.2 pts	2.6%	2.6%	0.0 pts
Annualized ROE	9.3%	11.1%	-1.8 pts	10.7%	11.4%	-0.7 pts
Net income*	438	492	-11.0%	163	165	-1.2%
Shareholders' equity	6,436	6,104	+5.4%	6,436	6,104	+5.4%
P&C Combined ratio	93.0%	90.8%	+2.2 pts	91.4%	90.6%	+0.8 pts
Life technical margin	7.1%	7.2%	-0.1 pts	7.1%	7.2%	-0.1 pts

(\*) Consolidated net income, Group share.

During the third quarter of 2016, SCOR launched **its new strategic plan "Vision in Action"**<sup>2</sup>, after having fully achieved the targets of its previous plan, "Optimal Dynamics". "Vision in Action" relies on three dynamics to enhance its profitability and its solvency: build on the continuity and the consistency of previous plans, expand and deepen the franchise and normalize the asset management policy.

During the quarter, **the successful redemption of two debts** (EUR 350 million and CHF 650 million undated subordinated note lines), and the fact that their prefinancing benefitted from exceptional market conditions demonstrate both SCOR's capacity to actively manage its financing and the quality of the Group's franchise on the financial markets.

In September, **SCOR's insurance financial strength rating was upgraded by Moody's to Aa3 from A1**, with a stable outlook<sup>3</sup>. This upgrade reflects (i) SCOR's improved franchise, (ii) its diversified business profile and lower exposure than peers to the segments currently under the most pricing pressure, (iii) the high stability of its profits and (iv) its strong and stable capitalisation. Taking all sectors into consideration and excluding government-related entities, **SCOR is now the only company to have three "AA" ratings**<sup>4</sup> in France.

<sup>2</sup> See the press release distributed on 7 September 2016.

<sup>3</sup> See the press release distributed on 23 September 2016.

<sup>4</sup> SCOR is rated AA- by Standard & Poor's and Fitch, and Aa3 by Moody's with a stable outlook. SCOR is rated A by AM Best, with a positive outlook.

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In October, for the second consecutive year, SCOR was named “**North American Life Reinsurer of the Year 2016**” by Reactions Magazine<sup>5</sup>, confirming the Group’s reinforced leadership in the US individual Life market.

A few days later, SCOR was named “**Life Reinsurer of the Year 2016**” by Asia Insurance Review<sup>6</sup>. This prestigious award is a recognition of SCOR’s success story in Asia-Pacific, where the Group has built a strong Life reinsurance platform to service its customers, with strong local presence and expertise.

**Denis Kessler, Chairman & CEO of SCOR**, comments: “*Considering the extremely low interest rate environment, SCOR has delivered strong results since the beginning of 2016, in terms of profitability, solvency and cash flow generation. In the third quarter of 2016, the first quarter in which our plan “Vision in Action” has been implemented, the profitability and solvency targets have both been achieved. During the quarter, and following the upgrades to AA- in 2015 by Standard & Poor’s and Fitch, the upgrade of SCOR’s financial strength rating to Aa3 by Moody’s underscored the relevance of the Group’s strategy and business model. Finally, SCOR was recently named “Life Reinsurer of the Year 2016” in both the US and Asia. SCOR is well positioned to meet the needs of its clients throughout the world, and actively implementing its new strategic plan and is preparing the year-end renewals.*”

### **In the first nine months of 2016, SCOR Global P&C achieves strong technical profitability with a net combined ratio of 93.0%**

In the first nine months of 2016, SCOR Global P&C gross written premiums stand at EUR 4,234 million. At constant exchange rates, gross written premiums were stable year-on-year (-0.1% at constant exchange rates; -2.8% at current exchange rates).

This evolution was driven by:

- Latest revisions of 2015-16 premium estimates recently communicated by ceding companies and affecting business lines particularly sensitive to the macro-economic environment (e.g. Engineering, Marine & Offshore) ;
- More pronounced reduction than anticipated in the activity of some aviation accounts, driven by the re-underwriting and rebalancing of the airlines portfolio;
- Increased selectivity in very competitive market environments, particularly on large corporate accounts and in Latin America.

The above elements are either non-recurring or impact limited parts of business. SCOR Global P&C is working on a promising pipeline of new business between now and the end of the year. Therefore and in accordance with the “Vision in Action” plan, SCOR Global P&C confirms the assumption of annual gross written premium growth of between 3% and 8% from 2016 to 2019.

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<sup>5</sup> See the press release distributed on 6 October 2016.

<sup>6</sup> See the press release distributed on 17 October 2016.

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### SCOR Global P&C key figures:

In EUR millions (unaudited, rounded, at current exchange rates)	YTD			QTD		
	9 months 2016	9 months 2015	Variation	Q3 2016	Q3 2015	Variation
Gross written premiums	4,234	4,356	-2.8%	1,433	1,497	-4.3%
Combined ratio	93.0%	90.8%	+2.2 pts	91.4%	90.6%	+0.8 pts

In the first nine months of 2016, SCOR Global P&C records resilient technical profitability with a net combined ratio of 93.0%, including:

- A 5.7% net nat cat ratio in the first nine months of 2016, coming from a series of mid-size events: mainly Fort McMurray wildfires, earthquakes in Japan (Kumatomo), Taiwan and Ecuador, Netherlands and Texas hailstorms and Europe and Louisiana floods;
- A net attritional and commission ratio of 80.5% for the first nine months of 2016, compared to 82.5% in the first nine months of 2015.

The “normalized” net combined ratio (with a natural catastrophe budget of 6% and without the 1.1 point of reserve releases in the second quarter) stands at 94.4% in the first nine months of 2016, in line with the latest assumptions communicated during the 2016 Investor Day<sup>7</sup>.

### SCOR Global Life combines growth and strong profitability in the first nine months of 2016

SCOR Global Life records strong growth in the first nine months of 2016, with gross written premiums standing at EUR 5,982 million, up 7.8% at constant exchange rates compared to the same period last year (+6.1% at current exchange rates), thanks to:

- A strong new business inflow in Protection and Financial Solutions in Asia-Pacific;
- Continued positive new business trends across all product lines in EMEA and the Americas;
- Overall positive development on the in-force book.

### SCOR Global Life key figures:

In EUR millions (unaudited, rounded, at current exchange rates)	YTD			QTD		
	9 months 2016	9 months 2015	Variation	Q3 2016	Q3 2015	Variation
Gross written premiums	5,982	5,641	+6.1%	2,048	2,007	+2.1%
Life technical margin	7.1%	7.2%	-0.1 pts	7.1%	7.2%	-0.1 pts

<sup>7</sup> See Press Release distributed on 7 September 2016.

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Full-year 2016 growth is expected to normalize at around +6% vs. 2015, in line with the assumptions made for “Vision in Action”, with a strong Longevity deal pipeline providing a potential upside.

In the first nine months of 2016, SCOR Global Life delivers a robust technical margin of 7.1%, above the “Vision in Action” assumption, benefitting from:

- Profitable new business, with an increased share of Longevity business in the product mix;
- Healthy performance of the in-force portfolio, with results in line with expectations.

### SCOR Global Investments delivers a return on invested assets of 2.9% in the first nine months of 2016

During the third quarter of 2016, SCOR Global Investments began the normalization of its asset management policy, in line with “Vision in Action”. Liquidity was reduced by 4 points, the proportion of high quality corporate bonds increased by 5 points and duration of the fixed income portfolio was increased from 4.0 to 4.5 years, compared to 30 June 2016 levels.

#### SCOR Global Investments key figures:

In EUR millions (unaudited, rounded, at current exchange rates)	YTD			QTD		
	9 months 2016	9 months 2015	Variation	Q3 2016	Q3 2015	Variation
Total investments	27,568	26,315	+4.8%	27,568	26,315	+4.8%
• of which total invested assets	19,154	17,355	+10.4%	19,154	17,355	+10.4%
• of which total funds withheld by cedants	8,414	8,960	-6.1%	8,414	8,960	-6.1%
Return on investments*	2.5%	2.6%	-0.1 pts	2.3%	2.2%	+0.1 pts
Return on invested assets**	2.9%	3.1%	-0.2 pts	2.6%	2.6%	0.0 pts

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

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

As at 30 September 2016, the expected financial cash flow over the next 24 months stands at EUR 6.4 billion (including cash, coupons and redemptions).

In the first nine months of 2016, SCOR Global Investments delivers a strong and recurring financial contribution of EUR 409 million. The active asset management policy executed by SCOR Global Investments has enabled the Group to record capital gains of EUR 168 million over the period, coming mainly from the fixed income and real estate portfolios.

The return on invested assets stands at 2.9% for the first nine months of 2016, in an extremely low yield, compared to 3.1% over the same period in 2015. Taking account of funds withheld by cedants, the net

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rate of return on investments stands at 2.5% in the first nine months of 2016. The reinvestment yield stands at 1.9%<sup>8</sup> at 30 September 2016.

Invested assets (excluding funds withheld by cedants) stand at EUR 19,154 million as at 30 September 2016, and are composed as follows: 9% cash, 78% fixed income (of which 1% are short-term investments), 4% loans, 2% equities, 4% real estate and 3% other investments. Total investments, including EUR 8,414 million of funds withheld, stand at EUR 27,568 million at 30 September 2016, compared to EUR 27,552 million at 31 December 2015.

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<sup>8</sup> Corresponds to marginal reinvestment yields based on Q3 2016 asset allocation of yielding asset classes (i.e. fixed income, loans and real estate), according to current reinvestment duration assumptions and spreads. Yield curves as at 30/09/2016.

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### APPENDIX

#### 1 - P&L key figures 2016 YTD and Q3 2016 standalone

In EUR millions (unaudited, rounded, at current exchange rates)	YTD			QTD		
	9 months 2016	9 months 2015	Variation	Q3 2016	Q3 2015	Variation
<b>Gross written premiums</b>	10,216	9,996	+2.2%	3,481	3,503	-0.6%
P&C gross written premiums	4,234	4,356	-2.8%	1,433	1,497	-4.3%
Life gross written premiums	5,982	5,641	+6.1%	2,048	2,007	+2.1%
<b>Investment income</b>	501	505	-0.9%	156	140	+11.1%
<b>Operating results</b>	710	802	-11.5%	244	262	-6.9%
<b>Net income<sup>1</sup></b>	438	492	-11.0%	163	165	-1.2%
<b>Earnings per share (EUR)</b>	2.37	2.65	-10.8%	0.88	0.89	-1.0%
<b>Operating cash flow</b>	1,304	558	+133.7%	854	428	+99.5%

1: Consolidated net income, Group share.

#### 2 - P&L key ratios 2016 YTD and Q3 2016 standalone

(Unaudited)	YTD			QTD		
	9 months 2016	9 months 2015	Variation	Q3 2016	Q3 2015	Variation
<b>Return on investments<sup>1</sup></b>	2.5%	2.6%	-0.1 pts	2.3%	2.2%	+0.1 pts
<b>Return on invested assets<sup>1,2</sup></b>	2.9%	3.1%	-0.2 pts	2.6%	2.6%	0.0 pts
<b>P&amp;C net combined ratio<sup>3</sup></b>	93.0%	90.8%	+2.2 pts	91.4%	90.6%	+0.8 pts
<b>Life technical margin<sup>4</sup></b>	7.1%	7.2%	-0.1 pts	7.1%	7.2%	-0.1 pts
<b>Group cost ratio<sup>5</sup></b>	5.0%	5.0%	0.0 pts	4.8%	4.8%	0.0 pts
<b>Return on equity (ROE)</b>	9.3%	11.1%	-1.8 pts	10.7%	11.4%	-0.7 pts

1: Annualized; 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; 5: The cost ratio is the total management expenses divided by the gross written premiums.

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### **3 - Balance sheet key figures as at 30 September 2016 (in EUR millions, at current exchange rates)**

	As at 30 September 2016	As at 31 December 2015	Variation
<b>Total investments<sup>1,2</sup></b>	27,568	27,552	+0.1%
<b>Technical reserves (gross)</b>	28,035	27,839	+0.7%
<b>Shareholders' equity</b>	6,436	6,363	+1.1%
<b>Book value per share (EUR)</b>	34.65	34.03	+1.8%
<b>Financial leverage ratio</b>	25.1%	27.5%	-2.4 pts
<b>Total liquidity<sup>3</sup></b>	1,899	2,034	-6.6%

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. 3: Total liquidity of EUR 1.9 billion decreased compared to the first half of 2016 (EUR 2.8 billion), following the debt repayments of ~EUR 850 million which took place in July and August 2016 and the start of the asset allocation normalization.

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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 presentation 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 2015 reference document filed on 4 March 2016 under number D.16-0108 with the French Autorité des marchés financiers (AMF) and posted on SCOR’s website [www.scor.com](http://www.scor.com).

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 third quarter 2016 financial information included in this presentation is unaudited.

Unless otherwise specified, all figures are presented in Euros.

Any figures for a period subsequent to 30 September 2016 should not be taken as a forecast of the expected financials for these periods.