INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED JUNE 30, 2018

SCOR
The Art & Science of Risk

CONTENTS

WARNING: 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 report should not be held as corresponding to such profit forecasts. Information in this report 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 to differ from any results expressed or implied by the present communication.

Please refer to SCOR's Document de Référence filed with the AMF on February 23, 2018 under number D. 18-0072 (the "Registration Document"), 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.

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BUSINESS REVIEW

1.1. SELECTED FINANCIAL INFORMATION

1.1.1. GROUP KEY FIGURES

SCOR SE ("the Company") and its consolidated subsidiaries (referred collectively as "SCOR" or the "Group"), form the world's fourth largest reinsurer[1] serving more than 4,000 clients from its three regional management platforms, or organizational Hubs (the "Hubs"): the EMEA Hub, the Americas Hub and the Asia-Pacific Hub.

At the end of the first half of 2018, SCOR remains in line with the 2016-2019 strategic plan "Vision in Action". The solid 2018 half year results and strength of the balance sheet demonstrate the effectiveness of SCOR's strategy, based on high business and geographical diversification and focused on traditional reinsurance activity.

In EUR millions	**Six months ended June 30, 2018 (unaudited)**	**Year ended** December 31, 2017	**Six months ended June 30, 2017 (unaudited)**
Consolidated SCOR Group			
Gross written premiums	7,537	14,789	7,523
Net earned premiums	6,795	13,281	6,761
Operating result	508	491	462
Consolidated net income – Group share	262	286	292
Consolidation net income – Group share – before U.S. tax reform impact(1)	324	286	292
Net investment income(2)	279	764	312
Group cost ratio(2)	5.0%	5.0%	4.9%
Return on invested assets(2)	2.5%	3.5%	2.7%
Return on equity(2)	8.8%	4.5%	9.1%
Return on equity – before U.S. tax reform impact(1)	10.9%	4.5%	9.1%
Basic earnings per share *(in EUR)*(3)	1.39	1.53	1.57
Book value per share *(in EUR)*(2)	32.08	33.01	34.09
Share price *(in EUR)*(4)	31.82	33.55	34.71
Operating cash flow	253	1,144	328
Total shareholders' equity	6,048	6,225	6,406
SCOR Global P&C			
Gross written premiums	3,026	6,025	3,120
Net combined ratio(2)	91.4%	103.7%	93.5%
SCOR Global Life			
Gross written premiums	4,511	8,764	4,403
Life technical margin(2)	6.9%	7.1%	7.1%

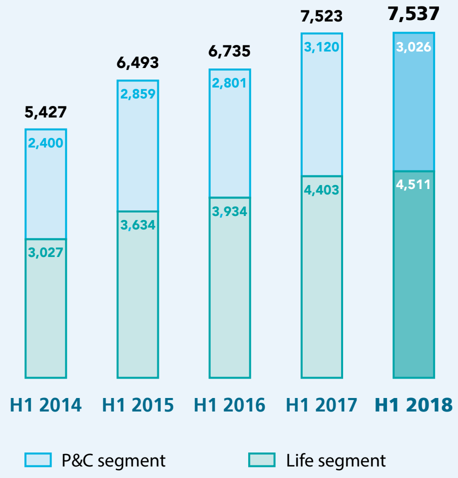
(1) Refer to Section 1.2.7 – Significant events for detailed information on the U.S. tax reform (Tax Cuts and Jobs Act, the "TCJA").
(2) Refer to Appendix – Calculation of financial ratios.
(3) Refer to Note 3.7 – Earnings per share, for detailed calculation.
(4) Closing stock price on June 29, 2018 (December 29, 2017, June 30, 2017).

(1) By net reinsurance premiums written, source: "AM Best Special Report Global Reinsurance 2017".

1.1.2. OVERVIEW

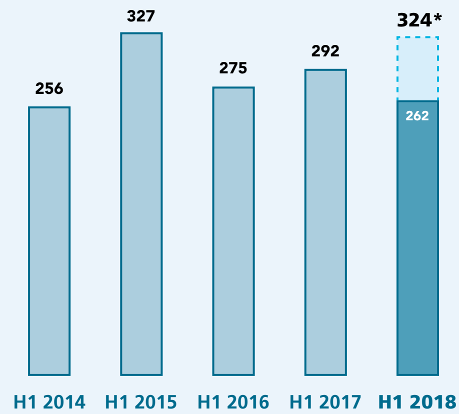
GROSS WRITTEN PREMIUM (unaudited)

In EUR millions



CONSOLIDATED NET INCOME – GROUP SHARE (unaudited)

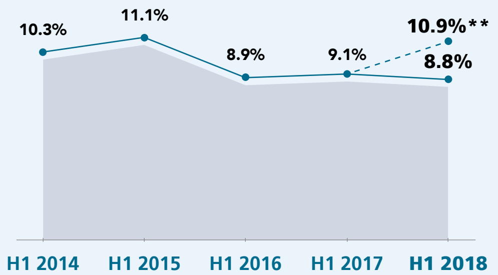
In EUR millions



* *Excluding the impact of U.S. tax reform.*

RETURN ON EQUITY* (unaudited)

In %

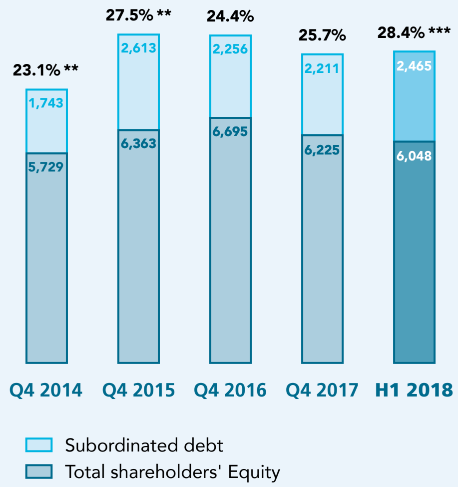


* *Return on equity is based on the Group's share of net income divided by average shareholders' equity (calculated as shareholders' equity at the beginning of the period adjusted for the effect of all movements during the period using a prorata temporis method).*

** *Excluding the impact of U.S. tax reform, return on equity would have been 10.9%.*

SHAREHOLDERS' EQUITY, DEBT AND LEVERAGE RATIO* (unaudited as at June 30, 2018)

In % – In EUR millions



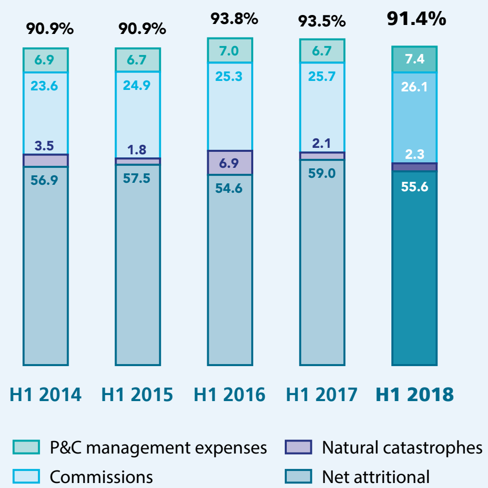
* *The leverage ratio is calculated by dividing the subordinated debt by the sum of shareholders' equity and subordinated debt. The calculation excludes accrued interest and includes the impact of swaps related to subordinated debt issuances. This ratio is expressed as a percentage. It is used to determine how much lenders are financing the Group's activities over shareholders.*

** *In September 2014 and December 2015, SCOR issued two subordinated notes for EUR 250 million and EUR 600 million, respectively, with the intention to refinance through the proceeds of these two notes the optional redemptions of the outstanding balance of the 6.154% undated deeply subordinated EUR 350 million notes callable in July 2016 and of the 5.375% fixed to floating-rate undated subordinated CHF 650 million notes callable in August 2016. The proceeds of these notes were also meant to be used for general corporate purposes. Had these redemptions been effective on December 31, 2015, the leverage ratio would have amounted to 20.6%. These redemptions occurred on the expected dates.*

*** *In March 2018, SCOR placed a perpetual note in the amount of USD 625 million. In June 2018, SCOR redeemed the CHF 315 million undated subordinated note line, using the proceeds of the new instrument.*
It is currently SCOR's intention to redeem the CHF 250 million undated subordinated note line, callable in November 2018. The financial leverage adjusted for the expected redemption of the CHF 250 million undated subordinated note would stand at 26.6%.

NET COMBINED RATIO* (unaudited)

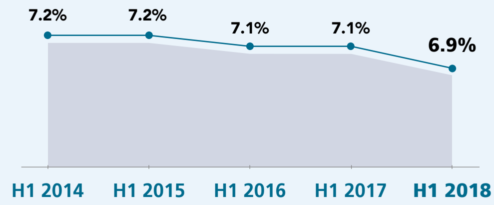
In %



* *The net combined ratio is calculated by taking the sum of incurred losses, commissions and management expenses net of retrocession, divided by earned premiums net of retrocession. The combined ratio calculation has been refined in 2017 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 +0.25% pt as at June 30, 2016.*

LIFE TECHNICAL MARGIN* (unaudited)

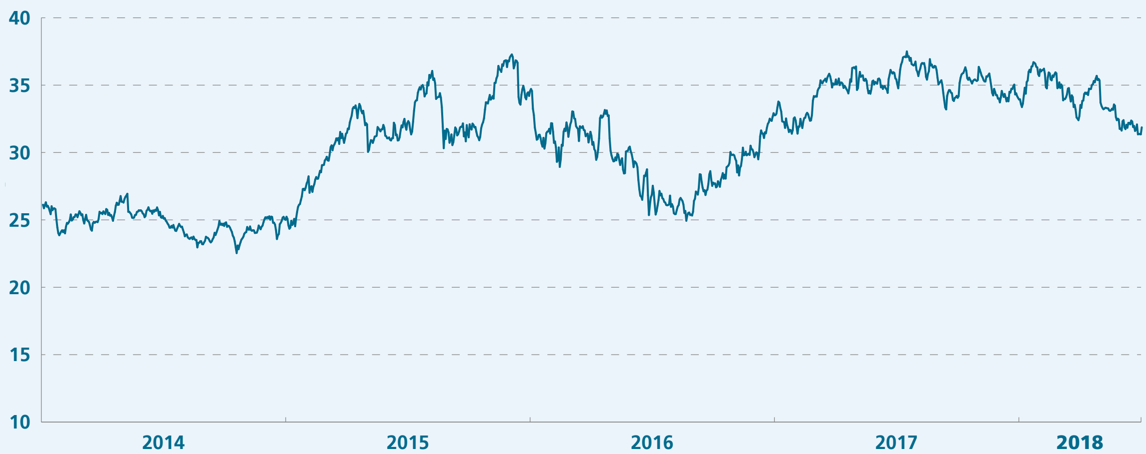
In %



* *The Life technical margin is calculated as the percentage of net technical result plus income from funds held by ceding companies and the net of gross and ceded earned premiums. The net technical result represents the result of the net reinsurance operations of SCOR Global Life division including income and expenses either implied in the reinsurance and retrocession arrangements or fully related to these arrangements.*

SHARE PRICE

In EUR



1.1.3. RATINGS INFORMATION

The Company and some of its insurance subsidiaries are rated by recognized rating agencies.

At June 30, 2018, the relevant ratings for the Company were as follows[1]:

	Financial Strength	Senior Debt	Subordinated Debt
A.M. Best	A+ stable outlook	aa-	a
Fitch Ratings	AA- stable outlook	A+	A-
Moody's	Aa3 stable outlook	N/A	A2 (hyb)
S&P Global	AA- stable outlook	AA-	A

1.2. CONSOLIDATED NET INCOME

1.2.1. GROSS WRITTEN PREMIUMS

Gross written premiums for the six months ended June 30, 2018 amounted to EUR 7,537 million, an increase of 0.2% compared to EUR 7,523 million for the same period in 2017. The growth at constant exchange rates is 8.2%. The overall increase in gross written premiums of EUR 14 million in the six-month period in 2018 compared to the same period in 2017 is due to an increase for SCOR Global Life of EUR 108 million (corresponding to an increase of 2.5% at current exchange rates and of 10.5% at constant exchange rates), offsetting the decrease for SCOR Global P&C of EUR 94 million (corresponding to a decrease of 3.0% at current exchange rates and an increase of 4.9% at constant exchange rates).

1.2.2. NET EARNED PREMIUMS

Net earned premiums for the six months ended June 30, 2018 amounted to EUR 6,795 million, an increase of 0.5% compared to EUR 6,761 million for the same period in 2017. The growth at constant exchange rates is 8.3%. The overall increase of EUR 34 million is due to an increase of EUR 143 million in net earned premiums for SCOR Global Life offsetting the decrease of EUR 109 million in net earned premiums for SCOR Global P&C.

1.2.3. NET INVESTMENT INCOME

Net investment income[2] for the six-month period ended June 30, 2018 amounted to EUR 279 million compared to EUR 312 million for the same period in 2017. Investment revenues on invested assets[2] increased to EUR 216 million in the first half of 2018, compared to EUR 206 million in the same period in 2017. In the first half of 2018, SCOR Global Investments generated EUR 19 million gains from the equity portfolio as well as EUR 6 million gains from the sale of real estate buildings (EUR 0 million and EUR 0 million respectively for the same period in 2017). The contribution from fair value through income on invested assets stands at EUR (1) million for the six months ended June 30, 2018 (EUR 7 million for the six months ended June 30, 2017).

The Group had average invested assets of EUR 18.8 billion in the first half-year 2018 as compared to EUR 19.0 billion in the first half-year 2017. The return on invested assets for the six months ended June 30, 2018 was 2.5% compared to 2.7% for the same period in 2017.

1.2.4. CONSOLIDATED NET INCOME – GROUP SHARE

SCOR's group net income was EUR 262 million for the first six months of 2018, compared to EUR 292 million for the six-month period ended June 30, 2017.

The decrease in the net income is mainly due to the impact of U.S. tax reform of EUR 62 million resulting from the implementation of an alternate business structure which adapts to the new environment created by the Tax Cuts and Jobs Act (the "TCJA"). Excluding the impact of U.S. tax reform, SCOR's group net income for the first six months of 2018 would have amounted to EUR 324 million.

(1) Sources: www.standardandpoors.com; www.ambest.com; www.moodys.com and www.fitchratings.com.
(2) Refer to Appendix – Calculation of financial ratios, for detailed calculation.

1.2.5. RETURN ON EQUITY

Return on equity was 8.8% and 9.1% for the six-month periods ended June 30, 2018 and June 30, 2017 respectively. Excluding the impact of U.S. tax reform, return on equity would have been 10.9%.

Basic earnings per share was EUR 1.39 for the first six months of 2018 and EUR 1.57 for the same period in 2017.

1.2.6. OPERATING CASH FLOWS

Operating cash flows for the Group amounted to EUR 253 million for the six month-period ended June 30, 2018, compared to EUR 328 million for the same period in 2017.

Operating cash flows of SCOR Global P&C amounted to EUR 87 million for the six months ended June 30, 2018. Operating cash flows for the same period in 2017 amounted to EUR 269 million.

The decrease is mainly explained by the payments on 2017 cat events.

Operating cash flows of SCOR Global Life amounted to EUR 166 million for the six months ended June 30, 2018. Operating cash flows for the same period in 2017 amounted to EUR 59 million.

1.2.7. SIGNIFICANT EVENTS

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 remeasured at 21%.

During the first six months of 2018, SCOR continued to review the TCJA to assess its potential implications, in particular with respect to certain complex provisions including the Base Erosion and Anti-Abuse Tax ("BEAT"). A high level of uncertainty surrounding the practical and technical applications of many of these provisions remains. SCOR will continue to monitor future developments in the following months, in particular as certain clarifications may become available.

SCOR is currently in the process of implementing an alternate business structure to adapt to the new environment. The execution of this implementation is subject to certain standard regulatory approvals. The estimated tax impact of this implementation amounts to USD 75 million (EUR 62 million) and has been recognized in the period ended June 30, 2018.

ACQUISITION OF MUTRÉ S.A.

SCOR has been a 33% shareholder and a major technical and commercial partner of MutRé S.A. since the company was created in 1998. In January 2018, SCOR completed the increase of its stake in MutRé S.A. to 100%. The consideration paid by SCOR for the additional 67% share at January 3, 2018, is EUR 70 million. The control of MutRé S.A. by SCOR was obtained on the same date. Subsequently, a purchase price adjustment of EUR (2) million was agreed.

The acquisition of MutRé S.A., which will have an accretive impact on SCOR's return on equity and earnings per share, is in line with the strategic plan "Vision in Action" and its profitability and solvency targets. This acquisition fully respects SCOR's close historical relationships with its mutual insurance partners. The acquisition of MutRé S.A. will enable SCOR to strengthen its Life & Health reinsurance offering to the French mutual insurance industry.

ISSUANCE OF AN INNOVATIVE DEEPLY SUBORDINATED TIER 1 NOTES

On March 6, 2018, SCOR placed a perpetual deeply subordinated notes issue on the "Regulation S" USD market in the amount of USD 625 million. This was the first transaction for a restricted Tier 1 instrument with a principal write-down feature in USD, which provides the Group with the greatest financial flexibility and strongest quality of capital for a debt instrument.

It is currently SCOR's intention to use the proceeds of the issuance for general corporate purposes.

The coupon for this new USD placement has been set at 5.25%, until the first call date of March 13, 2029, and resets every 5 years thereafter at the prevailing 5-year U.S. Treasury yield plus 2.37% (no step-up). The notes were swapped into EUR for a 11-year period providing an effective yield cost to SCOR of 2.95%, corresponding to a 177 basis point spread over the 11-year EUR mid-swap rate.

The proceeds from the notes are expected to be eligible for inclusion in SCOR's Tier 1 regulatory capital, in accordance with applicable rules and regulatory standards, and as equity credit in the rating agency capital models.

REDEMPTION OF CHF 315 MILLION UNDATED SUBORDINATED NOTES

In June 2018, SCOR redeemed the CHF 315 million undated subordinated notes, using the proceeds of the newly issued deeply subordinated Tier 1 Notes.

SCOR also confirms its current intention, subject to market conditions and regulatory approval, to redeem the CHF 250 million undated subordinated notes callable in November 2018, using the proceeds of the new instrument.

NEW CATASTROPHE BOND ATLAS CAPITAL UK 2018 PLC

On June 1, 2018, as part of its policy of diversifying its capital protection tools, SCOR sponsored a new catastrophe bond ("cat bond"), Atlas Capital UK 2018 PLC, which provides the Group with multi-year risk transfer capacity of USD 300 million to protect itself against named storms in the U.S., earthquakes in the U.S. and Canada, and windstorms in Europe. The risk period for Atlas Capital UK 2018 will run from June 1, 2018, to May 31, 2022.

With this transaction, SCOR became the first reinsurer to use the new UK "ILS" (*"Insurance-Linked Securities"*) regime to issue a cat bond. This transaction received the approval of the PRA and the UK regulatory authorities.

The contract has been accounted for as a reinsurance contract, in accordance with IFRS 4 – Insurance Contracts.

1.3. GROUP FINANCIAL POSITION

1.3.1. SHAREHOLDERS' EQUITY

Total shareholders' equity decreased by 3% from EUR 6,225 million as at December 31, 2017 to EUR 6,048 million as at June 30, 2018. The decrease is mainly driven by the distribution of a EUR 312 million dividend and the decrease of revaluation reserve for financial instruments (EUR (199) million), partially offset by EUR 265 million net income (including the share attributable to non-controlling interests) and the strengthening of the US dollar (EUR 106 million).

SCOR's Combined General Meeting of April 26, 2018 resolved to distribute, for the 2017 fiscal year, a dividend of one euro and sixty-five cents (EUR 1.65) per share, being an aggregate amount of dividend paid of EUR 312 million, calculated on the basis of the number of shares eligible for dividend on the payment date.

1.3.2. ASSETS AND LIQUIDITY MANAGEMENT

The trade war rhetoric drove volatility slightly higher while economic growth momentum appeared less synchronized. On the one hand, the US economy is still firmly growing, with raising concerns regarding inflation materialization, which leads the Federal reserve to persist in its tightening monetary policy. On the other hand, despite some economic improvements, the European situation remained fragile with higher political uncertainties (Italy, Brexit) which left the ECB in an easing monetary policy stance although the end of its quantitative easing should take place at the end of this year. This divergence created a multi-decade high spread between short term rates, with the Libor USD 3-month at 2.33% while the Euribor 3-month stands at -0.32%. This difference in the level and the dynamic of rates pushed the USD stronger versus all other currencies with the EUR/USD at 1.16 versus 1.20 at the end of 2017. Consequently, the cost of hedging the US dollar to the euro or to the yen was on the rise, at respectively 2.7% and 2.5%.

With trade war rhetoric associated with lower growth and higher inflation, the flattening trend in interest rates curves did continue. At the end of June, the US 10-year rate was at 2.87% only 0.32% above the US 2-year rates while the Euro 10-year rates was at 0.30%, with a 2-year rate at -0.66%.

In this context, the credit markets suffered a spread widening all along the rating scale with an imbalance between an increased offer to finance M&A activity and a more muted demand created by a higher volatility regime.

Despite this accumulation of adverse factors, equity markets were resilient thanks to a good set of earnings in the first quarter and to high expectations for the second one. Hence the S&P 500 total return was at +2.65% for the first half of the year compared with -0.47% for the Euro Stoxx 50. Emerging markets were more impacted with the CSI 300 (Shanghai-Shenzhen) returning a negative -12.02%.

In this context, SCOR almost finalized the rebalancing of its investment portfolio towards "Vision in Action" Strategic Asset Allocation during the first six months of 2018. The allocation to high quality corporate bonds was increased from 46% as at December 31, 2017 to 49% as at June 30, 2018, while keeping its cash and short-term investments level around the minimum defined for the strategic plan at 5%. The duration of SCOR's fixed income portfolio stands at 4.6 years as at June 30, 2018, stable against December 31, 2017 levels.

With financial cash flows expected from the investment portfolio over the next 24 months standing at EUR 5.1 billion (including cash and cash-equivalents, short-term investments, coupons and redemptions), SCOR maintains a high level of flexibility to actively manage its portfolio and consequently to capture higher yields in a rising interest rates cycle.

The quality of the Group's fixed income portfolio remains high with a "A+" average rating, in line with "Vision in Action" risk framework, and strong diversification in terms of sectors and geographical exposure. In the Eurozone, SCOR has no exposure to public debt issued by Greece, Ireland, Italy and Portugal.

As at June 30, 2018, SCOR's total investments and cash and cash equivalents amounted to EUR 29.8 billion, comprising real estate investments of EUR 679 million, equities of EUR 1,941 million, debt instruments of EUR 16,790 million, loans and receivables of EUR 9,168 million, derivative instruments of EUR 107 million, and cash and cash equivalents of EUR 1,149 million.

As at June 30, 2018, the debt instruments were invested as follows: government bonds and assimilated EUR 4,247 million, covered bonds and agency MBS EUR 1,746 million, corporate bonds EUR 9,479 million, and structured and securitized products EUR 1,318 million.

For further detail on the investment portfolio as at June 30, 2018 see Section 3.5 – Other financial assets and financial liabilities.

The Group maintains a policy of hedging its net monetary assets and liabilities denominated in foreign currencies to minimize income volatility from currency rate fluctuations. Moreover, the Group has set up a strict policy of currency congruency to protect its capital implying the investment of financial assets using a similar currency mix to the one of net written premiums and reinsurance liabilities.

1.3.3. FINANCIAL DEBT LEVERAGE

As at June 30, 2018, the Group has a financial debt leverage position of 28.4% (compared to 25.7% at December 31, 2017).

This ratio is calculated by dividing subordinated debt by the sum of total shareholders' equity and subordinated debt. The calculation of the leverage ratio excludes accrued interest and includes the impact of swaps related to same subordinated debt issuances.

On March 6, 2018, SCOR placed a perpetual deeply subordinated note issue on the "Regulation S" USD market in the amount of USD 625 million. On June 2018, SCOR redeemed the CHF 315 million undated subordinated note line (issued in 2012), using the proceeds of the new instrument.

It is currently SCOR's intention, subject to market conditions and regulatory approval, to redeem the CHF 250 million undated subordinated note line, callable in November 2018. The financial leverage adjusted for the expected redemption of the CHF 250 million undated subordinated note would stand at 26.6%.

1.4. SOLVENCY

SCOR's internal model and risk management system under the Solvency II regime is described in Section 1.3.7 of the 2017 Registration Document.

SCOR's estimated solvency ratio at 30 June 2018 stands at 221%(1), marginally above the optimal solvency range of 185%-220% as defined in the "Vision in Action" plan.

(1) Solvency ratio based on Solvency II requirements. The Group solvency final results are to be filed to supervisory authorities by September 21, 2018, and may differ from the estimates expressed or implied in this Interim Financial Report. The overall impact of the Tax Cuts and Jobs Acts enacted in United States on the Group's solvency ratio is expected to be limited.

1.5. SCOR GLOBAL P&C

1.5.1. GROSS WRITTEN PREMIUMS

Gross written premiums of EUR 3,026 million for the first six months ended June 30, 2018 represent a decrease of 3.0% compared to EUR 3,120 million for the same period in 2017.

At constant exchange rates, gross written premiums increased by 4.9%.

1.5.2. NET COMBINED RATIO

SCOR Global P&C achieved a net combined ratio[(1)] of 91.4% for the six months ended June 30, 2018, compared to a net combined ratio of 93.5% for the same period last year. Natural catastrophes had a 2.3% impact on the Group net combined ratio for the six months ended June 30, 2018 compared to 2.1% for the same period last year.

The net combined ratio for the six months ended June 30, 2017 was negatively impacted by 4.3 percentage points (EUR 116 million) due to the change in the Ogden discount rate, partially balanced by a 1.7 percentage point of reserve releases (EUR 45 million).

1.5.3. IMPACT OF NATURAL CATASTROPHES

During the six months ended June 30, 2018, SCOR Global P&C was impacted by storms in Europe and in the U.S., earthquakes in Papua New Guinea, a volcanic eruption in Hawaii and heavy rains in Colombia.

The total net losses due to catastrophes amounted to EUR 61 million for the six months ended June 30, 2018, stable in comparison to the same period in 2017 when total net losses due to catastrophes amounted to EUR 58 million.

1.6. SCOR GLOBAL LIFE

1.6.1. GROSS WRITTEN PREMIUMS

For the six months ended June 30, 2018, SCOR Global Life's gross written premiums were EUR 4,511 million compared to EUR 4,403 million for the same period in 2017, representing an increase of 2.5%. At constant exchange rates the growth of gross written premiums is 10.5%, supported by new business across all regions and product lines and good persistency of the in-force business.

1.6.2. SCOR GLOBAL LIFE TECHNICAL MARGIN

SCOR Global Life achieved a technical margin[(1)] for the six months ended June 30, 2018 of 6.9%, compared to 7.1% for the same period in 2017, thanks to both the profitability of new business in line with the Group ROE targets and the healthy overall performance of the in-force portfolio in line with expectations.

1.7. RELATED PARTY TRANSACTIONS

During the six months ended June 30, 2018, there were no material changes to the related-party transactions as described in Section 2.3.2 of the 2017 Registration Document, or new related party transactions, which had a material effect on the financial position or on the performance of SCOR.

(1) Refer to Appendix – Calculation of financial ratios.

1.8. RISK FACTORS

The main risks and uncertainties the Group faced as at December 31, 2017 are described in Section 3 of the 2017 Registration Document.

The first half of 2018 has seen an increase in geopolitical uncertainty worldwide. The trend in policies that promote protectionism and isolationism continues, with the risk of a global trade war due to the recently announced increases in US trade tariffs. In the EU, Italy's populist government threatens additional political uncertainties. Elsewhere, the Middle East crisis shows no sign of abating and tensions continue to surround the international political relationship with North Korea.

Uncertainty regarding Brexit negotiations remain significant.

The uncertainties surrounding changes resulting from the Tax Cuts and Jobs Acts enacted in United States on SCOR's financial results and business model are being closely monitored. Refer to Section 1.2.7 – Significant events.

SCOR has not identified any additional material risk or uncertainty arising in the six months ended June 30, 2018.

1.9. RISKS RELATED TO FUTURE MACROECONOMIC DEVELOPMENTS

Globally, the recovery is robust, but several sources of risk remain that could potentially affect the performance of the Group's asset portfolio in 2018.

The global economy is growing thanks to the long-awaited upturn in investment and world trade. However, an escalation of the ongoing trade war could undermine these foundations for growth; in such a case, asset markets would react negatively with every political announcement of new barriers to trade.

Many Eurozone governments face large public debts that would become difficult to finance were the interest rate spreads to rise sharply. Managing a potential insolvency of a Eurozone country could also be a test for the solidity of the Eurozone, generating market volatility.

Emerging countries are facing an unstable future, as volatile commodity prices and financial imbalances could become a source of market and economic turmoil.

Moreover, due to the exceptionally accommodating monetary policies pursued by most central banks, the prices of many assets might become biased, with the possibility of asset bubbles developing and then bursting on some markets.

In the long term, the above-mentioned unprecedented monetary policies lack a credible exit strategy, with the risk of not being able to contain inflation in the case of an inflationary shock.

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INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2018 (unaudited)

2.1. INTERIM CONSOLIDATED BALANCE SHEET

ASSETS

In EUR millions		As at June 30, 2018 (unaudited)	As at December 31, 2017
Goodwill arising from insurance activities		**788**	**788**
Goodwill arising from non insurance activities		**71**	**71**
Value of business acquired		**1,503**	**1,412**
Insurance business investments	**Note 3.5.1**	**28,685**	**28,360**
Real estate investments		679	701
Available-for-sale financial assets		17,502	17,089
Investments at fair value through income		1,229	1,157
Loans and receivables		9,168	9,299
Derivative instruments		107	114
Investments in associates		**16**	**75**
Share of retrocessionaires in insurance and investment contract liabilities		**1,976**	**2,037**
Other assets		**10,304**	**9,490**
Accounts receivable from assumed insurance and reinsurance transactions		6,504	5,875
Accounts receivable from ceded reinsurance transactions		313	146
Deferred tax assets		486	533
Tax receivables		176	193
Miscellaneous assets		1,310	1,328
Deferred acquisition costs		1,515	1,415
Cash and cash equivalents		**1,149**	**1,001**
TOTAL ASSETS		**44,492**	**43,234**

SHAREHOLDERS' EQUITY AND LIABILITIES

In EUR millions		As at June 30, 2018 (unaudited)	As at December 31, 2017
Shareholders' equity – Group share		**6,017**	**6,195**
Share capital		1,516	1,524
Additional paid-in capital		809	839
Revaluation reserves		(43)	156
Consolidated reserves		3,578	3,508
Treasury shares		(152)	(179)
Net Income for the year		262	286
Share-based payments		47	61
Non-controlling interests		**31**	**30**
TOTAL SHAREHOLDERS' EQUITY		**6,048**	**6,225**
Financial liabilities	**Notes 3.5.5 and 3.5.6**	**3,010**	**2,702**
Subordinated debt		2,465	2,211
Real estate financing		513	479
Other financial liabilities		32	12
Employee benefits and other provisions		**198**	**204**
Contract liabilities		**29,682**	**29,006**
Insurance contract liabilities		29,365	28,751
Investment and financial reinsurance contract liabilities		317	255
Other liabilities		**5,554**	**5,097**
Derivative instruments		53	28
Accounts payable on assumed insurance and reinsurance transactions		749	757
Accounts payable on ceded reinsurance transactions		1,397	1,215
Deferred tax liabilities		329	338
Tax payables		81	100
Miscellaneous liabilities		2,945	2,659
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**44,492**	**43,234**

2.2. INTERIM CONSOLIDATED STATEMENT OF INCOME

		Six months ended June 30	
In EUR millions		2018 (unaudited)	2017 (unaudited)
Gross written premiums		7,537	7,523
Change in unearned premiums reserves		(127)	(158)
Gross earned premiums		**7,410**	**7,365**
Other income and expenses		(37)	(24)
Investment income		314	334
Total income from ordinary activities		**7,687**	**7,675**
Gross benefits and claims paid		(5,152)	(5,468)
Gross commissions on earned premiums		(1,338)	(1,261)
Net retrocession result		(297)	(76)
Investment management expenses		(35)	(34)
Acquisition and administrative expenses		(266)	(267)
Other current operating expenses		(107)	(97)
Total other current operating income and expenses		**(7,195)**	**(7,203)**
CURRENT OPERATING RESULT		**492**	**472**
Other operating expenses		(13)	(12)
Other operating income		3	2
OPERATING RESULT (BEFORE IMPACT OF ACQUISITIONS)		**482**	**462**
Acquisition related expenses		-	-
Gain from bargain purchase		26	-
OPERATING RESULT		**508**	**462**
Financing expenses		(78)	(78)
Share in results of associates		(2)	2
CONSOLIDATED INCOME, BEFORE TAX		**428**	**386**
Corporate income tax	Note 3.6	(101)	(95)
Impact from U.S. tax reform	Note 3.6	(62)	-
Total income tax		**(163)**	**(95)**
CONSOLIDATED NET INCOME		**265**	**291**
Attributable to:			
Non-controlling interests		3	(1)
GROUP SHARE		**262**	**292**
In EUR			
Earnings per share (Basic)	Note 3.7	1.39	1.57
Earnings per share (Diluted)	Note 3.7	1.36	1.55

2.3. INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended June 30	
In EUR millions	**2018 (unaudited)**	**2017 (unaudited)**
Consolidated net income	**265**	**291**
Other comprehensive income	**(103)**	**(299)**
Items that will not be reclassified subsequently to income	**7**	**13**
Remeasurements of post-employment benefits	9	17
Taxes recorded directly in equity	(2)	(4)
Items that will be reclassified subsequently to income	**(110)**	**(312)**
Revaluation – Available-for-sale financial assets	(379)	60
Shadow accounting	126	(30)
Effect of changes in foreign exchange rates	94	(333)
Net gains/(losses) on cash flow hedges	(5)	1
Taxes recorded directly in equity	57	(10)
Other changes	(3)	-
COMPREHENSIVE INCOME, NET OF TAX	**162**	**(8)**
Attributable to:		
Non-controlling interests	3	(1)
Group share	159	(7)

2.4. INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended June 30	
In EUR millions	2018 (unaudited)	2017 (unaudited)
Net cash flows provided by/(used in) SCOR Global Life operations	166	59
Net cash flows provided by/(used in) SCOR Global P&C operations	87	269
Net cash flows provided by/(used in) operations	**253**	**328**
Acquisitions of consolidated entities	(75)[(1)]	-
Disposals of consolidated entities, net of cash disposed of	4[(2)]	3[(2)]
Change in scope of consolidation (cash and cash equivalent of acquired/disposed companies)	80[(1)]	-
Acquisitions of real estate investments	(16)	(16)
Disposals of real estate investments	37	-
Acquisitions of other insurance business investments	(4,160)[(3)]	(5,535)[(3)]
Disposals of other insurance business investments	4,200[(3)]	5,702[(3)]
Acquisitions of tangible and intangible assets	(40)	(24)
Disposals of tangible and intangible assets	-	-
Net cash flows provided by/(used in) investing activities	**30**	**130**
Issuance of equity instruments	11	18
Treasury share transactions	(61)	(4)
Dividends paid	(314)	(310)
Cash generated by issuance of financial liabilities	724[(4)]	4
Cash used to redeem financial liabilities	(432)[(5)]	(7)
Interest paid on financial liabilities	(78)	(84)
Other cash flows from financing activities	(3)	(11)
Net cash flows provided by/(used in) financing activities	**(153)**	**(394)**
Effect of change in foreign exchange rates on cash and cash equivalents	18	(35)
TOTAL CASH FLOW	**148**	**29**
Cash and cash equivalents at January 1	**1,001**	**1,688**
Net cash flows by/(used in) operations	253	328
Net cash flows by/(used in) investing activities	30	130
Net cash flows by/(used in) financing activities	(153)	(394)
Effect of change in foreign exchange rates on cash and cash equivalents	18	(35)
CASH AND CASH EQUIVALENTS AT JUNE 30	**1,149**	**1,717**

(1) Cash related to the acquisition of the capital and voting rights of MutRé and Essor Seguros, see Note 3.3 – Business combination.
(2) Partial disposal of Asefa in 2018 for EUR 4 million (2017: EUR 3 million).
(3) Acquisitions and disposals of other insurance business investments also include movements related to bonds and other short-term investments which have a maturity date of less than three months and are classified as cash equivalents. As at June 2017, they also included the consideration paid for Château Mondot SAS that was reclassified in 'Acquisition of consolidated entities' after finalization of the operation (SAFER approval obtained on July 6, 2017).
(4) Cash generated by issuance of financial liabilities includes net proceeds from deeply subordinated notes issuance of USD 625 million. See Note 3.5.6 – Financial debt and capital.
(5) Cash used to redeem financial liabilities includes the redemption of debt (CHF 315 million). See Note 3.5.6 – Financial debt and capital.

2.5. INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

In EUR millions	Share capital	Additional paid-in capital	Revaluation reserves	Consolidated reserves	Treasury shares	Net income	Share-based payments	Non controlling interests	Total consolidated
Shareholders' equity at January 1, 2018	**1,524**	**839**	**156**	**3,508**	**(179)**	**286**	**61**	**30**	**6,225**
Allocation of prior year net income	**-**	**-**	**-**	**286**	**-**	**(286)**	**-**	**-**	**-**
Consolidated net income	**-**	**-**	**-**	**-**	**-**	**262**	**-**	**3**	**265**
Other comprehensive income net of tax	**-**	**-**	**(199)**	**96**	**-**	**-**	**-**	**-**	**(103)**
Revaluation – Assets available for sale	-	-	(379)	-	-	-	-	-	(379)
Shadow accounting	-	-	126	-	-	-	-	-	126
Effect of changes in foreign exchange rates	-	-	-	94	-	-	-	-	94
Net gains/(losses) on cash flow hedges	-	-	-	(5)	-	-	-	-	(5)
Taxes recorded directly in equity	-	-	54	1	-	-	-	-	55
Remeasurements of post-employment benefits	-	-	-	9	-	-	-	-	9
Other changes	-	-	-	(3)	-	-	-	-	(3)
Comprehensive income net of tax	**-**	**-**	**(199)**	**96**	**-**	**262**	**-**	**3**	**162**
Share-based payments	-	-	-	-	27	-	(14)	-	13
Other changes	-	-	-	-	-	-	-	-	-
Capital transactions[1]	(8)	(30)	-	-	-	-	-	-	(38)
Dividends paid	-	-	-	(312)	-	-	-	(2)	(314)
SHAREHOLDERS' EQUITY AT JUNE 30, 2018	**1,516**	**809**	**(43)**	**3,578**	**(152)**	**262**	**47**	**31**	**6,048**

(1) Movements presented above relate to the issuance of shares on the exercise of stock-options for EUR 11 million (EUR 5 million in share-capital and EUR 6 million in additional paid-in capital). This resulted in the creation of 652,170 new shares during the six months ended June 30, 2018. These movements were offset by a reduction in group capital by cancellation of 1,692,602 treasury shares for EUR (49) million (EUR (13) million in share-capital and EUR (36) million in additional paid-in capital).

In EUR millions	Share capital	Additional paid-in capital	Revaluation reserves	Consolidated reserves	Treasury shares	Net income	Share-based payments	Non controlling interests	Total consolidated
Shareholders' equity at January 1, 2017	**1,517**	**833**	**134**	**3,761**	**(224)**	**603**	**37**	**34**	**6,695**
Allocation of prior year net income	**-**	**-**	**-**	**603**	**-**	**(603)**	**-**	**-**	**-**
Consolidated net income	**-**	**-**	**-**	**-**	**-**	**292**	**-**	**(1)**	**291**
Other comprehensive income net of tax	**-**	**-**	**16**	**(315)**	**-**	**-**	**-**	**-**	**(299)**
Revaluation – Assets available for sale	-	-	60	-	-	-	-	-	60
Shadow accounting	-	-	(30)	-	-	-	-	-	(30)
Effect of changes in foreign exchange rates	-	-	-	(333)	-	-	-	-	(333)
Net gains/(losses) on cash flow hedges	-	-	-	1	-	-	-	-	1
Taxes recorded directly in equity	-	-	(9)	(5)	-	-	-	-	(14)
Remeasurements of post-employment benefits	-	-	-	17	-	-	-	-	17
Other changes	-	-	(5)	5	-	-	-	-	-
Comprehensive income net of tax	**-**	**-**	**16**	**(315)**	**-**	**292**	**-**	**(1)**	**(8)**
Share-based payments	-	-	-	-	23	-	3	-	26
Other changes	-	-	-	-	-	-	(1)	(1)	(2)
Capital transactions[(1)]	3	-	-	-	-	-	-	-	3
Dividends paid	-	-	-	(308)	-	-	-	-	(308)
SHAREHOLDERS' EQUITY AT JUNE 30, 2017	**1,520**	**833**	**150**	**3,741**	**(201)**	**292**	**39**	**32**	**6,406**

(1) Movements presented above relate to the issuance of shares on the exercise of stock-options for EUR 17 million (EUR 7 million in share-capital and EUR 10 million in additional paid-in capital). This resulted in the creation of 1,021,691 new shares during the six months ended June 30, 2017. These movements were offset by a reduction in group capital by cancellation of 554,112 treasury shares for EUR (14) million (EUR (4) million in share-capital and EUR (10) million in additional paid-in capital).

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2018 (unaudited)

3.1. GENERAL INFORMATION

The unaudited interim condensed consolidated financial statements (the "Financial Statements") reflect the financial position of SCOR and its consolidated subsidiaries (the "Group") as well as the interest in associated companies for the six months ended June 30, 2018.

Information about the SCOR Group and the principal activities of the Group are disclosed in Section 1.2 of the 2017 Registration Document.

The Board of Directors approved the Financial Statements on July 25, 2018.

3.2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

3.2.1. BASIS OF PREPARATION

The Group's Financial Statements for the six months ended June 30, 2018 have been prepared in accordance with IAS 34 – Interim Financial Reporting, and with applicable standards adopted by the European Union as at June 30, 2018.

The Group's Financial Statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements included in Section 4 of the 2017 Registration Document. The accounting policies, principles and methods applied in the preparation of the Financial Statements are consistent with those applied for the consolidated financial statements for the year ended December 31, 2017 unless otherwise stated.

In preparing these Financial Statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenue, expenses, assets and liabilities, as well as the disclosure of contingent assets and liabilities at the reporting date. The actual outcome and results could differ substantially from estimates and assumptions made. Interim results are not indicative of full year results.

The Group's Financial Statements are presented in Euros (EUR) and all values are rounded to the nearest EUR million except where otherwise stated. The other key currencies in which the Group conducts business and the exchange rates used for the preparation of the Financial Statements are as follows:

	Closing rate		Average rate			
EUR per foreign currency unit	**As at June 30, 2018**	**As at December 31, 2017**	**Q2 2018**	**Q1 2018**	**Q2 2017**	**Q1 2017**
USD	0.8559	0.8330	0.8393	0.8134	0.9078	0.9386
GBP	1.1303	1.1260	1.1415	1.1323	1.1615	1.1629
CNY	0.1294	0.1282	0.1315	0.1280	0.1323	0.1362

3.2.2. IFRS STANDARDS APPLIED FOR THE FIRST TIME

The amended International Financial Reporting Standards and Interpretations as adopted by the European Union applicable during the six months ended June 30, 2018 did not materially impact the Financial Statements.

On January 1, 2018, IFRS 15 – Revenue from contracts with customers became applicable. The IASB issued the Standard in May 2014 and deferred the effective date to January 1, 2018 in September 2015. The EU endorsed IFRS 15 and the amended effective date on September 22, 2016. Clarifications to IFRS 15 were issued in April 2016. This amendment was endorsed by the European Union on October 31, 2017. IFRS 15 replaces IAS 11 – Construction contracts, IAS 18 – Revenue and related interpretations. The new Standard provides a comprehensive framework for recognizing revenue from contracts with customers. Revenues resulting from insurance contracts, financial instruments and leasing contracts are not in scope of IFRS 15 and consequently the impact of IFRS 15 on SCOR is only limited. Based on the Group's analysis of the limited scope of customer contracts to which IFRS 15 must be applied, the implementation of this standard did not have a material impact on the Group's financial position or performance.

On September 12, 2016, the IASB published an Amendment to IFRS 4 – Insurance contracts, in order to address the temporary consequences of different effective dates of IFRS 9 and IFRS 17. The EU endorsed this amendment on November 3, 2017. Applying IFRS 9 before IFRS 17 would potentially increase volatility in profit or loss. The amendment introduces two independent options to address such additional accounting volatility: a temporary exemption from applying IFRS 9 ("Deferral Approach"), and reclassifying the increased volatility from profit or loss to other comprehensive income ("Overlay Approach"). The Deferral Approach would result in continued application of IAS 39 and some additional disclosures about the fair value of assets not meeting the "solely payment of principal and interest" criterion and information about their credit risk exposure until IFRS 17 becomes effective (January 1, 2021). This option is restricted to companies whose predominant activity is to issue insurance contracts. SCOR has assessed it would meet the predominance criteria and will defer the application of IFRS 9. SCOR's predominant activity is issuing (re)insurance contracts, which is reflected in the significance of liabilities arising of (re)insurance activities representing more than 90% of total liabilities. Liabilities related to (re)insurance activities amounted to EUR 32.9 billion compared to total liabilities of EUR 35.2 billion as at December 31, 2015. For calculating the predominance ratio, subordinated debt, accounts payable on assumed and ceded reinsurance transactions, pension liabilities and deferred tax liabilities have been considered in addition to the contract liabilities in scope of IFRS 4.

3.2.3. IFRS STANDARDS PUBLISHED BUT NOT YET EFFECTIVE

The following standards relevant to SCOR and expected to have a significant impact on its consolidated financial statements have been issued by the International Accounting Standards Board but are not yet effective or have not been adopted by the European Union:

On July 24, 2014, the IASB published IFRS 9 – Financial Instruments. The final version of IFRS 9 replaces the previously published versions of IFRS 9 on classification and measurement and hedge accounting. It also replaces IAS 39 – Financial Instruments: Recognition and Measurement and covers classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with earlier application permitted.

IFRS 9 requires financial assets to be classified based on the business model for managing the financial assets and their contractual cash flows characteristics. Based on their classification, financial assets will be measured at amortized cost, fair value through other comprehensive income (OCI) or fair value through P&L. The new impairment model requires recognition of expected credit losses based on available historical, current and forecast information. The hedging model included in IFRS 9 aligns hedge accounting more closely with risk management but does not fundamentally change the types of hedging relationships or the requirements to measure and recognize hedge effectiveness.

On November 29, 2016, the European Union endorsed IFRS 9. The adoption of IFRS 9 will affect the classification and measurement of the Group's financial assets as more financial assets are expected to be accounted for at fair value through profit or loss. SCOR's impairment policies will also be affected as impairments will be recognized based on expected credit losses and no longer based on incurred credit losses only. There are no significant changes expected for the hedge accounting as applied by SCOR. The Group is in the process of determining the impacts of IFRS 9 on its financial position and performance as well as on disclosures in more detail.

On January 13, 2016, the IASB published IFRS 16 – Leases. The Standard will replace the current guidance in IAS 17 – Leases, and is applicable from January 1, 2019. IFRS 16 will significantly change the accounting by lessees, who will recognize a lease liability reflecting the present value of future lease payments and a 'right-of-use asset' for lease contracts on the balance sheet. Exemptions are optional for certain short-term leases and leases of low-value assets. Lessees will recognize depreciation of the right-of use asset and interest expense in accordance with the effective interest rate method on the lease liability in their income statement. The accounting for lessors remains broadly unchanged from IAS 17. Transition to the new principles for lease accounting can be done either fully retrospectively or by adopting a simplified approach that includes specified reliefs related to the measurement of the right-of use asset and the lease liability and would not require a restatement of comparative amounts. SCOR is assessing the impacts of IFRS 16 on its financial position and performance as well as on disclosures in detail. The main impact is expected to result from leased office space used by the Group.

On May 18, 2017, the IASB published IFRS 17 – Insurance Contracts. The Standard will replace the current guidance in IFRS 4 – Insurance Contracts, and is applicable from January 1, 2021. Earlier application is permitted, subject to endorsement by the EU and provided that IFRS 9 – Financial Instruments and IFRS 15 – Revenue from contracts with customers are applied at the same time. IFRS 17 will significantly change the accounting for insurance contracts as currently applied. IFRS 17 introduces a current fulfilment measurement approach as the general model for all insurance and reinsurance contracts. Insurance obligations will be the sum of current fulfilment cash flows and the unearned profit for a contract or group of contracts. Current fulfilment cashflows comprise the discounted expected future cash in- and outflows in the boundary of a contract or group of contracts, including a risk adjustment. The unearned profit is called CSM (Contractual Service Margin). Contracts that are onerous on initial recognition require an immediate loss recognition. Insurance contracts will be re-measured based on current market information at each reporting date. Under IFRS 17, the performance of the Group will mainly be depicted through the insurance service result (the profit earned from providing (re)insurance coverage) and the financial result (investment income from managing insurance assets and insurance finance expense from discounting insurance obligations). Gross written premiums will no longer be presented on the face of the income statement. Presentation of balance sheet and income statement will change under IFRS 17 compared to current practice. The new Standard also requires additional disclosures and reconciliations to enable users of the Financial Statements to understand the amounts recognized on the balance sheet and in total comprehensive income as well as the risks embedded in insurance contracts that the Group issues. IFRS 17 is expected to require significant changes in systems and processes at potentially substantial cost. SCOR has completed an impact study including financial modelling exercises to prepare the implementation roadmap for IFRS 17 and has recently started the implementation phase to enable further information on the expected impacts of the new accounting standard for insurance contracts on the SCOR Group.

3.3. BUSINESS COMBINATIONS

MUTRÉ

On July 17, 2017, SCOR signed an agreement with the Fédération Nationale de la Mutualité Française and Matmut with a view to the acquisition of 100% of the shares of MutRé S.A. The ratification of the agreement by MutRé's other shareholders (which represent approximately 15% of MutRé's capital) was finalised during October 2017.

The transaction, which was subject to the authorization of the ACPR and the relevant competition authorities, received approval from all regulatory bodies.

SCOR has been a 33% shareholder and a major technical and commercial partner of MutRé since the company was created in 1998. Until December 31, 2017, MutRé was accounted for as an equity method investee. It has been fully consolidated in the SCOR Group financial statements since January 1, 2018.

The consideration paid by SCOR for the additional 67% share on January 3, 2018 amounted to EUR 70 million. The control was obtained on the same date. Following agreement between the seller and the buyer, SCOR received from the buyer a purchase price adjustment of EUR 2 million reducing the total consideration paid to EUR 68 million.

The purchase price has been allocated based on a provisional estimate of the fair value of assets acquired and liabilities assumed at the date of acquisition. The accounting of the acquisition of MutRé must be finalized within 12 months of the effective acquisition date. The assets acquired and liabilities assumed are recorded at their fair values for purposes of the opening balance sheet and included in the consolidated accounts of SCOR using the Group's accounting principles in accordance with IFRS from January 1, 2018. The accounting for the acquisition of MutRé resulted in a gain from bargain purchase of EUR 26 million as the fair value of net assets acquired exceeds the consideration transferred after reassessment of the acquired assets and assumed liabilities. The revaluation of shares previously held (the step acquisition) resulted in an additional gain of EUR 2 million.

On February 13, 2018, the Boards of Directors of SCOR Global Life SE and MutRé approved the merger of the two entities with a retroactive effect on January 1, 2018. The merger was approved by the ACPR on March 20, 2018.

The provisional fair value of the assets acquired and liabilities assumed as of January 3, 2018 is as follows:

In EUR millions	**Provisional allocation**
ASSETS	
Value of business acquired	6
Insurance business investments	376
Share of retrocessionaires in insurance contracts	19
Other assets	140
Total assets	**541**
LIABILITIES	
Contract liabilities	374
Other liabilities	26
Total liabilities	**400**
Fair Value of net assets	141
Consideration paid	68
Fair Value of the 33% previously held	47
GAIN FROM BARGAIN PURCHASE (BADWILL)	**26**
STEP ACQUISITION – P&L GAIN/(LOSS)	**2**
TOTAL P&L IMPACT GAIN/(LOSS)	**28**

VALUE OF BUSINESS ACQUIRED (VOBA)

The VOBA has been estimated based on the best estimate of expected future profits using a discount rate including an appropriate risk premium. This intangible asset will be amortized over the lifetime of the underlying treaties, in line with expected emergence of profits.

INVESTMENTS

Fair values have been determined for investments based mainly on quoted market prices. If quoted market prices were not available, valuation models were applied.

SHARE OF RETROCESSIONAIRES IN CONTRACT LIABILITIES AND CONTRACT LIABILITIES

Mathematical reserves, claims reserves and share of retrocessionaires in contract liabilities have been recorded based on best estimate assumptions at the time of acquisition.

OTHER ASSETS AND LIABILITIES

Other assets and liabilities have been recorded at their estimated fair value.

Deferred tax has been recognized on the timing differences arising from the purchase price allocation. These balances represent payable and recoverable amounts which the Group expects to realize.

PRO FORMA INFORMATION

No pro forma information is required since the financial situation of the Group will not be significantly impacted by the consolidation of MutRé.

IMPACT OF MUTRÉ ACQUISITION ON CONSOLIDATED STATEMENT OF CASH FLOWS

The main impact results from the consideration paid (EUR 68 million) and is presented in investment activities.

M&S/ESSOR

On July 18, 2017, SCOR Global P&C SE acquired the remaining 51% share of M&S Brazil Participações Ltda ("M&S Brazil"), holding company of Essor Seguros S.A ("ESSOR", a direct insurance company in Brazil) held by La Mutuelle des Architectes Français Assurances ("MAF") and the single share of ESSOR also held by MAF.

This transaction was subject to SUSEP (Brazilian regulatory body) prior and final approvals, respectively received on September 18, 2017 and on January 2, 2018, which led to the effective control of M&S Brazil by the Group.

The company was initially created in 2011 by SCOR and MAF and started its insurance operations in December 2012. The Group held 49% of the company since 2011. Until December 31, 2017 M&S Brazil was accounted for as an equity method investee. It has been fully consolidated in the SCOR Group financial statements since January 1, 2018.

The consideration paid by SCOR for the additional 51% share was BRL 28 million (EUR 7.3 million).

The identifiable assets acquired and liabilities assumed have been recorded at their fair values for purposes of the opening balance sheet and included in the consolidated accounts of SCOR using the Group's accounting principles in accordance with IFRS during the first quarter of 2018. The net assets amounted to BRL 63.8 million (EUR 16.2 million, based on the EUR/BRL exchange rate at the acquisition date).

The purchase price was allocated based on the fair value of assets acquired and liabilities assumed at the date of acquisition, determined in accordance with IFRS 3 – Business Combinations. This resulted in overall loss impact of EUR (1.9) million recognized in the income statement on the acquisition date, including a gain from bargain purchase of EUR 0.9 million, and the revaluation of shares previously held (the step acquisition) of EUR (2.8) million.

3.4. SEGMENT INFORMATION

The primary activities of the Group are described in Section 1.2 of the 2017 Registration Document.

For management purposes the Group is organized into three divisions (SCOR Global P&C, SCOR Global Life and SCOR Global Investments), of which two are reportable operating segments, and one corporate cost center referred to as "Group Functions". The reportable operating segments for purposes of IFRS 8 – Operating segments, are: the SCOR Global P&C segment, with responsibility for SCOR's property and casualty insurance and reinsurance (also referred to as "SCOR Global P&C"); and the SCOR Global Life segment, with responsibility for SCOR's Life reinsurance (also referred to as "SCOR Global Life"). Each operating segment underwrites different types of risks and offers different products and services which are marketed via separate channels. Responsibilities and reporting within the Group are established on the basis of this structure.

Management reviews the operating results of the SCOR Global P&C and SCOR Global Life segments individually for the purpose of assessing the operational performance of the businesses and to allocate resources. No operating segments have been aggregated to form the SCOR Global P&C and SCOR Global Life reportable operating segments.

3.4.1. OPERATING SEGMENTS

The following table sets forth the operating results for the Group's operating segments and its corporate cost center for the six months ended June 30, 2018 and 2017[(1)].

	For the six months ended June 30 (unaudited)							
	2018				2017			
In EUR millions	SCOR Global Life	SCOR Global P&C	Group Functions	Total	SCOR Global Life	SCOR Global P&C	Group Functions	Total
Gross written premiums	4,511	3,026	-	7,537	4,403	3,120	-	7,523
Change in gross unearned premiums reserves	(32)	(95)	-	(127)	(29)	(129)	-	(158)
Gross earned premiums	**4,479**	**2,931**	**-**	**7,410**	**4,374**	**2,991**	**-**	**7,365**
Revenues associated with financial reinsurance contracts	4	-	-	4	3	-	-	3
Gross benefits and claims paid	(3,568)	(1,584)	-	(5,152)	(3,673)	(1,795)	-	(5,468)
Gross commissions on earned premiums	(617)	(721)	-	(1,338)	(531)	(730)	-	(1,261)
GROSS TECHNICAL RESULT[(1)]	**298**	**626**	**-**	**924**	**173**	**466**	**-**	**639**
Ceded written premiums	(273)	(396)	-	(669)	(311)	(319)	-	(630)
Change in ceded unearned premiums reserves	-	54	-	54	-	26	-	26
Ceded earned premiums	**(273)**	**(342)**	**-**	**(615)**	**(311)**	**(293)**	**-**	**(604)**
Ceded claims	153	86	-	239	325	147	-	472
Ceded commissions	35	44	-	79	21	35	-	56
Net retrocession result	**(85)**	**(212)**	**-**	**(297)**	**35**	**(111)**	**-**	**(76)**
NET TECHNICAL RESULT[(1)]	**213**	**414**	**-**	**627**	**208**	**355**	**-**	**563**
Other income and expense excl. Revenues associated with financial reinsurance contracts	**(12)**	**(29)**	**-**	**(41)**	**(5)**	**(22)**	**-**	**(27)**
Investment revenues	74	143	-	217	69	138	-	207
Interests on deposits	79	5	-	84	81	7	-	88
Capital gains/(losses) on the sale of investments	-	32	-	32	17	38	-	55
Change in fair value of investments	-	2	-	2	-	10	-	10
Change in impairment and amortization of investments	(1)	(11)	-	(12)	-	(12)	-	(12)
Foreign exchange gains/(losses)	(1)	(8)	-	(9)	(10)	(4)	-	(14)
Investment income	**151**	**163**	**-**	**314**	**157**	**177**	**-**	**334**
Investment management expenses	(9)	(20)	(6)	(35)	(9)	(21)	(4)	(34)
Acquisition and administrative expenses	(125)	(131)	(10)	(266)	(129)	(128)	(10)	(267)
Other current operating expenses	(40)	(25)	(42)	(107)	(32)	(22)	(43)	(97)
CURRENT OPERATING RESULT	**178**	**372**	**(58)**	**492**	**190**	**339**	**(57)**	**472**
Other operating expenses	-	(13)	-	(13)	(1)	(11)	-	(12)
Other operating income	2	1	-	3	2	-	-	2
OPERATING RESULT (before impact of acquisitions)	**180**	**360**	**(58)**	**482**	**191**	**328**	**(57)**	**462**

(1) Technical results are the balance of income and expenses allocated to the insurance and reinsurance business.

(1) Inter-segment recharges of expenses are eliminated at consolidation level.

3.4.2. GROSS WRITTEN PREMIUMS AND INSURANCE CONTRACT LIABILITIES BY GEOGRAPHIC REGION

The distribution of gross written premiums by geographic region for SCOR Global Life, based on market responsibility, is as follows:

In EUR millions		For the six months ended June 30 (unaudited) 2018	2017
SCOR Global Life			
34%	EMEA	1,511	1,370
47%	Americas	2,129	2,330
19%	Asia-Pacific	871	703
TOTAL GROSS WRITTEN PREMIUMS		**4,511**	**4,403**

Contract liabilities and share of retrocessionaires in contract liabilities for SCOR Global Life, allocated on the same basis as gross written premiums, are as follows:

	As at June 30, 2018 (unaudited)		As at December 31, 2017	
In EUR millions	Contract liabilities	Share of retrocessionaires in contract liabilities	Contract liabilities	Share of retrocessionaires in contract liabilities
SCOR Global Life				
EMEA	9,290	369	8,871	391
Americas	4,532	187	4,456	229
Asia-Pacific	1,010	74	836	82
TOTAL	**14,832**	**630**	**14,163**	**702**

The distribution of gross written premiums by geographic region for SCOR Global P&C, based on the country in which the ceding company operates for treaty business and localization of the insured for facultative business, is as follows:

In EUR millions		For the six months ended June 30 (unaudited) 2018	2017
SCOR Global P&C			
47%	EMEA	1,415	1,470
35%	Americas	1,076	1,092
18%	Asia-Pacific	535	558
TOTAL GROSS WRITTEN PREMIUMS		**3,026**	**3,120**

For SCOR Global P&C, contract liabilities, allocated on the same basis as gross written premiums, and share of retrocessionaires in contract liabilities, allocated based on the location of the retrocessionaire, are as follows:

	As at June 30, 2018 (unaudited)		As at December 31, 2017	
In EUR millions	Contract liabilities	Share of retrocessionaires in contract liabilities	Contract liabilities	Share of retrocessionaires in contract liabilities
SCOR Global P&C				
EMEA	8,896	842	8,881	878
Americas	4,120	448	4,194	404
Asia-Pacific	1,834	56	1,768	53
TOTAL	**14,850**	**1,346**	**14,843**	**1,335**

3.4.3. ASSETS AND LIABILITIES BY OPERATING SEGMENT

Key balance sheet captions by operating segment, as reviewed by management, are broken down as follows:

	As at June 30, 2018 (unaudited)			As at December 31, 2017		
In EUR millions	SCOR Global Life	SCOR Global P&C	Total	SCOR Global Life	SCOR Global P&C	Total
Goodwill arising from insurance activities	45	743	788	49	739	788
Value of business acquired	1,503	-	1,503	1,412	-	1,412
Insurance business investments	12,994	15,691	28,685	12,730	15,630	28,360
Share of retrocessionaires in insurance and investment contract liabilities	630	1,346	1,976	702	1,335	2,037
Cash and cash equivalents[(1)]	647	502	1,149	509	492	1,001
TOTAL ASSETS	**21,449**	**23,042**	**44,492**	**20,022**	**23,212**	**43,234**
Contract liabilities	(14,832)	(14,850)	(29,682)	(14,163)	(14,843)	(29,006)

(1) Cash and cash equivalent include cash held by the Group on behalf of third parties as part of its asset management activity for a total amount of EUR 181 million on June 30, 2018 (December 31, 2017: EUR 145 million).

3.4.4. CASH FLOW BY OPERATING SEGMENT

Operating cash flow by segment is disclosed on the face of the interim condensed consolidated statements of cash flows.

3.5. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

3.5.1. INSURANCE BUSINESS INVESTMENTS

The Group's insurance business investments by category and valuation technique are presented in the following table:

		Investments and cash as at June 30, 2018 (unaudited				
In EUR millions		Total	Level 1	Level 2	Level 3	Cost or amortized cost
Real estate investments		**679**	**-**	**-**	**-**	**679**
Equity securities	Note 3.5.4	712	102	539	-	71
Debt securities	Notes 3.5.3 & 3.5.4	16,790	15,415	1,375	-	-
Available-for-sale financial assets		**17,502**	**15,517**	**1,914**	**-**	**71**
Equity securities	Note 3.5.4	1,229	282	947	-	-
Debt securities	Notes 3.5.3 & 3.5.4	-	-	-	-	-
Investments at fair value through income		**1,229**	**282**	**947**	**-**	**-**
Loans and receivables		**9,168**	**74**	**-**	**-**	**9,094**
Derivative instruments[(1)]		**107**	**-**	**70**	**37**	**-**
TOTAL INSURANCE BUSINESS INVESTMENTS		**28,685**	**15,873**	**2,931**	**37**	**9,844**
Cash and cash equivalents[(2)]		**1,149**	**1,149**	**-**	**-**	**-**
INVESTMENTS AND CASH		**29,834**	**17,022**	**2,931**	**37**	**9,844**
Percentage		**100%**	**57%**	**10%**	**0%**	**33%**

		Investments and cash as at December 31, 2017				
In EUR millions		Total	Level 1	Level 2	Level 3	Cost or amortized cost
Real estate investments		**701**	**-**	**-**	**-**	**701**
Equity securities	Note 3.5.4	787	167	561	-	59
Debt securities	Notes 3.5.3 & 3.5.4	16,302	15,003	1,299	-	-
Available-for-sale financial assets		**17,089**	**15,170**	**1,860**	**-**	**59**
Equity securities	Note 3.5.4	1,157	266	891	-	-
Debt securities	Notes 3.5.3 & 3.5.4	-	-	-	-	-
Investments at fair value through income		**1,157**	**266**	**891**	**-**	**-**
Loans and receivables		**9,299**	**8**	**-**	**-**	**9,291**
Derivative instruments[(1)]		**114**	**-**	**70**	**44**	**-**
TOTAL INSURANCE BUSINESS INVESTMENTS		**28,360**	**15,444**	**2,821**	**44**	**10,051**
Cash and cash equivalents[(2)]		**1,001**	**1,001**	**-**	**-**	**-**
INVESTMENTS AND CASH		**29,361**	**16,445**	**2,821**	**44**	**10,051**
Percentage		**100%**	**56%**	**10%**	**0%**	**34%**

(1) Liabilities of EUR 53 million arising from derivative financial instruments are disclosed in the liability section of the consolidated balance sheet (as at December 31, 2017: EUR 28 million).
(2) Cash and cash equivalents include cash held by the Group on behalf of third parties as part of its asset management activity for a total amount of EUR 181 million on June 30, 2018 (December 31, 2017: EUR 145 million).

Classification, valuation and impairment methods are presented in Section 4.6 – Notes to the consolidated financial statements, Note 7 of the 2017 Registration Document.

The Group provides disclosures on the measurements of financial instruments held at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The level in the fair value hierarchy is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement. Assessing the significance of a particular input to the fair value measurement requires judgment, considering factors specific to the asset or liability. At each end of a reporting period, the Group considers the classification relevancy of financial instruments that are measured at fair value. The valuation methodology of financial instruments is monitored to identify potential reclassifications. The fair value hierarchy has the following levels:

LEVEL 1: QUOTED PRICES (UNADJUSTED) IN ACTIVE MARKETS FOR IDENTICAL ASSETS OR LIABILITIES

Included in this level are financial instruments for which quoted prices or rates represent actual and regularly occurring transactions that are available from a stock exchange, dealer or broker. Such instruments comprise listed equities, government, covered and agency bonds, as well as short-term investments. For units in unit-inked trusts, shares, open-ended investment companies and derivative financial instruments (including real estate, interest rate and mortality swaps, options etc.), fair value is determined by reference to published bid values.

LEVEL 2: MODELS PREPARED BY INTERNAL AND EXTERNAL EXPERTS USING OBSERVABLE MARKET INPUTS

The Group has certain investments which are valued based on models prepared by internal and external experts using observable market inputs. These primarily comprise structured products, other than securities issued by government agencies for which the market is considered active, hybrid and tier 1 and tier 2 corporate debt, private placements, inflation linked government assimilated bonds, specific alternative investments and derivative instruments.

LEVEL 3: VALUATION INPUTS FOR THE ASSET OR LIABILITY WHICH ARE NOT BASED ON OBSERVABLE MARKET DATA (UNOBSERVABLE INPUTS)

The value of these instruments is neither supported by prices from observable current market transactions in the same instrument nor is it based on available market data. If a fair value measurement uses inputs based significantly on unobservable inputs it is classified as a Level 3 measurement. Level 3 instruments consist mainly of derivative instruments primarily relating to the Atlas catastrophe and mortality bonds.

Further details on the valuation of these derivative instruments are included within Section 4.6, Notes to the consolidated financial statements, Note 7.9 – Derivative Instruments in the 2017 Registration Document.

Atlas catastrophe bonds (level 3)

Atlas IX Series 2015-1 provides the Group with multi-year risk cover capacity of USD 150 million for US Named Storm and US and Canada Earthquake events. The risk period for Atlas IX 2015-1 extends from February 11, 2015 to December 31, 2018.

Atlas IX Series 2016-1 provides the Group with multi-year risk transfer capacity of USD 300 million to protect itself against US Named Storm and US and Canada Earthquake events. The risk period for Atlas IX 2016-1 runs from January 13, 2016 to December 31, 2019.

These instruments are recognized as derivatives and valued using a cumulated expected loss model that is based on a combination of market inputs to the extent that trades in this instrument are active and catastrophe modelling tools developed by a third-party service provider (AIR).

The significant unobservable inputs used in the valuation model are:

Unobservable inputs	Atlas IX Series 2015-1	Atlas IX Series 2016-1
Expected loss US Named Storm based on AIR model:	1.87%	3.03%
Expected loss US and Canadian earthquake based on AIR model:	1.19%	1.98%

A significant catastrophic event (US or Canadian Earthquake or a US Named Storm) covered by Atlas IX Series 2015-1 or Atlas IX Series 2016-1 and occurring during the coverage period of the respective bonds would lead to an increase in the fair value of the derivative instrument.

Available-for-sale financial assets measured at cost

Available-for-sale financial assets include EUR 71 million of investments which are measured at cost (December 31, 2017: EUR 59 million). These investments include primarily equity securities and funds which are not listed.

During the six-month periods ended June 30, 2018 and 2017, there were no material gains or losses realized on the disposal of available-for-sale financial assets which were previously carried at cost.

Transfers and classification of investments

There have been no material transfers between Level 1 and Level 2 fair value categories during the six-month periods ended June 30, 2018 and 2017.

Real estate investments

During the six months ended June 30, 2018, SCOR sold a building with EUR 9 million gain on sale (during the six months ended June 30, 2017, SCOR sold a building with no significant gain on sale). From this gain, the Group share amounts to EUR 6 million.

3.5.2. MOVEMENTS IN FINANCIAL INSTRUMENTS CATEGORIZED WITHIN LEVEL 3 OF THE FAIR VALUE HIERARCHY

During the six months ended June 30, 2018, there was no transfer into/out of the Level 3 fair value measurement category.

In EUR millions	Equity securities	Debt securities	Loans and receivables	Derivative instruments	Total
Net book value at January 1, 2018	**-**	**-**	**-**	**44**	**44**
Change in FX	-	-	-	-	-
Income and expense recognized in statement of income	-	-	-	(7)[(1)]	(7)
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers into level 3	-	-	-	-	-
Transfers out of level 3	-	-	-	-	-
Change in fair value through OCI	-	-	-	-	-
Change in scope of consolidation	-	-	-	-	-
NET BOOK VALUE AT JUNE 30, 2018	**-**	**-**	**-**	**37**	**37**

(1) Movements in derivative instruments are due to the change in fair value of Atlas IX Series 2015-1, Atlas IX Series 2016-1, derivatives recorded in other operating expenses and contingent capital facilities.

During the six months ended June 30, 2017, there was no transfer into/out of the Level 3 fair value measurement category.

In EUR millions	Equity securities	Debt securities	Loans and receivables	Derivative instruments	Total
Net book value at January 1, 2017	**-**	**-**	**-**	**91**	**91**
Change in FX	-	-	-	(3)	(3)
Income and expense recognized in statement of income	-	-	-	(9)[(1)]	(9)
Additions	-	-	-	3[(2)]	3
Disposals	-	-	-	-	-
Transfers into level 3	-	-	-	-	-
Transfers out of level 3	-	-	-	-	-
Change in fair value through OCI	-	-	-	-	-
Change in scope of consolidation	-	-	-	-	-
NET BOOK VALUE AT JUNE 30, 2017	**-**	**-**	**-**	**82**	**82**

(1) Movements in derivative instruments are due to the change in fair value of Atlas IX Series 2015-1, Atlas IX Series 2016-1 and Atlas IX Series 2013-1 (Extreme Mortality Risk Transfer Contract) derivatives recorded in other operating expenses.
(2) Additions to derivatives include the new contingent capital facility.

3.5.3. DEBT SECURITIES CREDIT RATING STRUCTURE

An analysis of the credit ratings of debt securities is as follows:

In EUR millions		As at June 30, 2018 (unaudited)		As at December 31, 2017	
16%	AAA	2,753	16%	2,917	18%
21%	AA	3,616	21%	3,981	24%
31%	A	5,208	31%	4,935	30%
19%	BBB	3,108	19%	2,538	16%
7%	<BBB	1,112	7%	977	6%
6%	Not Rated	993	6%	954	6%
TOTAL DEBT SECURITIES		**16,790**	**100%**	**16,302**	**100%**

3.5.4. BREAKDOWN OF SECURITIES AVAILABLE FOR SALE AND AT FAIR VALUE THROUGH INCOME

The following table summarizes the debt and equity securities and unrealized gains/(losses) by class of securities classified as available for sale and at fair value through income:

	As at June 30, 2018 (unaudited)		As at December 31, 2017	
In EUR millions	Net book value	Net unrealized gains/(losses)	Net book value	Net unrealized gains/(losses)
Government bonds & similar				
France	128	(1)	106	(2)
Germany	105	-	148	1
Netherlands	22	-	25	-
United Kingdom	247	(1)	209	(1)
Other EU	195	(1)	161	(3)
United States	1,525	(28)	1,965	(20)
Canada	280	9	293	11
Japan	23	-	32	-
China	551	(1)	512	(6)
Supranational	169	-	172	1
Other	1,002	(11)	883	(2)
Total government bonds & similar	**4,247**	**(34)**	**4,506**	**(21)**
Covered bonds & Agency MBS	**1,746**	**(32)**	**1,824**	**(14)**
Corporate bonds	**9,479**	**(254)**	**8,730**	**48**
Structured & securitized products	**1,318**	**(1)**	**1,242**	**2**
TOTAL DEBT SECURITIES	**16,790**	**(321)**	**16,302**	**15**
Equity securities	**1,941**	**148**	**1,944**	**196**
TOTAL AVAILABLE FOR SALE AND FAIR VALUE THROUGH INCOME	**18,731**	**(173)**	**18,246**	**211**

IMPAIRMENT

During the six months ended June 30, 2018, the Group recorded EUR 0 million impairment expenses on debt securities (same period in 2017: EUR 0 million) and EUR 2 million impairment expenses on equity securities (same period in 2017: EUR 3 million), in accordance with its impairment policies as defined in Section 4.6 – Notes to the consolidated financial statements, Note 7.2 of the 2017 Registration Document.

3.5.5. FINANCIAL LIABILITIES

The following table sets out an overview of the debt issued by the Group:

		As at June 30, 2018 (unaudited)		As at December 31, 2017	
In EUR millions	Maturity	Net book value	Fair value	Net book value	Fair value
Subordinated debt					
CHF 315 million	Perpetual	-	-	277	282
CHF 250 million	Perpetual	222	226	215	223
CHF 125 million	Perpetual	110	117	107	113
EUR 250 million	Perpetual	255	271	250	285
USD 625 million	Perpetual	538	480	-	-
EUR 250 million	06/05/2047	248	255	252	279
EUR 600 million	06/08/2046	593	604	602	663
EUR 500 million	05/27/2048	499	526	508	576
Total subordinated debt(1)		**2,465**	**2,479**	**2,211**	**2,421**
Investments properties financing		252	252	258	258
Own-use properties financing		261	261	221	221
Total real estate financing(2)		**513**	**513**	**479**	**479**
Other financial debt(2)		**32**	**32**	**12**	**12**
TOTAL FINANCIAL DEBT		**3,010**	**3,024**	**2,702**	**2,912**

(1) The balance includes EUR 28 million accrued interests (as at December 31, 2017: EUR 38 million).
(2) These debts are not publicly traded. Therefore, the carrying amounts are reflective of their fair value.

3.5.6. FINANCIAL DEBT AND CAPITAL

SUBORDINATED DEBTS

On March 13, 2018, SCOR issued perpetual deeply subordinated notes on the "Regulation S" USD market in the amount of USD 625 million. The coupon has been set at 5.25%, until the first call date of March 13, 2029, and resets every 5 years thereafter at the prevailing 5-year U.S. Treasury yield plus 2.37% (no step-up).

On June 8, SCOR redeemed the CHF 315 million undated subordinated debt.

CASH-FLOW HEDGE ON PERPETUAL SUBORDINATED DEBTS

During 2012 and 2013, in order to hedge the foreign exchange risk associated with the debts issued in CHF (CHF 315 million issued in 2012 and redeemed in June 2018, and CHF 250 million issued in 2013), SCOR entered into cross-currency swaps which exchange the principals and the coupons on the notes into Euro, and mature on June 8, 2018 and November 30, 2018 respectively.

In March 2018, in order to hedge the foreign exchange risk associated with the new debts issued in USD (USD 625 million issued March 13, 2018), SCOR entered into cross-currency swaps which exchange the principals and the coupons on the notes into Euro, and mature on March 13, 2029.

Cash-flow hedge accounting is applied. The fair value of the swaps is obtained from the banking counterparty using market inputs. As part of the usual analysis of accounts processes, these third-party valuations are checked for reasonableness. The total relating notional amount is CHF 250 million and USD 625 million as at June 30, 2018 (December 31, 2017: CHF 565 million). As at June 30, 2018, the balance sheet amount of these swaps is an asset of EUR 41 million (as at December 31, 2017: asset of EUR 20 million). No inefficiency was identified on these hedges during the first half of 2018.

REAL ESTATE FINANCING

Real estate financing relates to the acquisition of investment properties and own-use properties through property-related bank loans of EUR 513 million (EUR 479 million as at December 31, 2017), of which EUR 73 million related to real estate financing at MRM S.A. (EUR 74 million as at December 31, 2017).

Certain real estate financing contracts contain accelerated repayment clauses and other debt covenants. Such covenants define certain ratios to comply with, among which loan to value ratios (LTV), defined as the relation between the carrying amount of the financing and the market value of the real estate being financed, interest coverage rates (ICR), representing the percentage at which interest charges are covered by rental income, and debt service coverage ratios (DSCR), representing the percentage at which debt amortization and interest expense are covered by rental income. Under existing financing contracts LTV ratios vary between 50% and 70% and ICR/DSCR between 100% and 300%.

As of June 30, 2018, the increase in debt relates to the refinancing of the Kleber building. There is no interest rate swap entered into for the new debt contrary to the old debt.

CASH-FLOW HEDGE ON REAL ESTATE FINANCING

SCOR has entered into interest rates swaps to cover its exposure to financial debt with variable interest rates relating to real estate investments. Cash-flow hedge accounting is applied. The fair value of these swaps is obtained from the banking counterparty using market inputs. As part of the usual analysis of accounts processes, these third-party valuations are checked for reasonableness. The total notional amount relating to these swaps is EUR 102 million as at June 30, 2018 (December 31, 2017: EUR 263 million). As at June 30, 2018, the balance sheet amount of these swaps is a liability of EUR 2 million (as at December 31, 2017: liability of EUR 5 million). No inefficiency was identified on these hedges during the first half of 2018.

CONTINGENT CAPITAL FACILITY

In the context of its capital shield management policy, on December 14, 2016, SCOR arranged a contingent capital facility with BNP Paribas taking the form of a contingent equity line, providing the group with EUR 300 million coverage in case of extreme natural catastrophes or life events impacting mortality. Under this arrangement, SCOR issued 9,599,022 warrants in favor of BNP Paribas; each warrant giving the right to subscribe to two new SCOR shares being specified that BNP Paribas has undertaken to exercise accordingly the number of warrants necessary for the subscription of up to EUR 300 million (issuing premium included) of new shares, without exceeding 10% of SCOR's share capital, when the aggregate amount of (i) the estimated ultimate net losses resulting from eligible natural catastrophes incurred by the Group (in its capacity as an insurer/reinsurer) between January 1, 2017 and December 31, 2019 or (ii) the ultimate net claims amount recorded by SCOR Group Life segment (in its capacity as an insurer/reinsurer) over two consecutive semesters over the period from July 1, 2016 and December 31, 2019 reaches certain contractual thresholds as reviewed by SCOR's Statutory Auditors. In addition, subject to no drawdown having already been conducted under the facility, if SCOR's daily volume-weighted average share price falls below EUR 10 an individual tranche of EUR 150 million will be drawn down out of the EUR 300 million facility.

On June 29, 2018 BNP Paribas transferred all the warrants to UBS in agreement with SCOR. UBS has thus fully substituted BNP Paribas in relation to all the rights and obligations arising from the contingent capital facility.

UBS is now committed, in lieu of BNP Paribas, to subscribing to the new shares, in case of exercise of the warrants, but does not intend to become a long-term shareholder of SCOR and would therefore resell the shares by way of private placements and/or sales on the open market. In this respect, UBS has also substituted BNP Paribas with respect to the profit sharing arrangement put in place in December 2016, whereby 75% of the gain generated by the resale of the new shares, if any, would be retroceded to SCOR. If the resale of the new shares occurs immediately upon exercise through an off-market transaction, the profit share owed to SCOR will be paid in the form of SCOR shares in order to limit the dilutive impact of the transaction for SCOR's shareholders.

In the absence of any extreme triggering event, no shares would be issued under the facility and this facility would therefore remain without any dilutive impact for the shareholders.

The accounting treatment is detailed in Section 4.6 – Notes to the consolidated financial statements, Note 12 in the 2017 Registration Document.

SHARE BUY-BACK PROGRAM

On July 27, 2017, SCOR announced its intention to buy back own shares on the basis of robust underlying fundamentals and strong solvency. From that date, SCOR started buying back its own shares with an amount up to EUR 200 million over the next 24 months, subject to market conditions. SCOR intends to cancel all repurchased shares. The buy-back is conducted within the framework approved by the Annual Shareholders' Meeting held on April 27, 2017, which authorizes a share buy-back program capped at 10% of the Group's share capital, and if necessary, in the event of renewal, of the authorizations expected to be given by the 2018 Annual Ordinary and Extraordinary Shareholders' Meeting.

During 2018, SCOR purchased 1,912,531 shares at an average purchase price of EUR 31.90 for an aggregated amount of EUR 61 million with the intention to cancel these shares.

2017 DIVIDEND PAID

SCOR's Annual General Meeting of April 26, 2018 resolved to distribute, for the 2017 fiscal year, a dividend of one euro and sixty-five cents (EUR 1.65) per share, being an aggregate amount of dividend paid of EUR 312 million, calculated on the basis of the number of shares eligible for dividend as of the payment date. The ex-dividend date was April 30, 2018 and the dividend was paid on May 3, 2018.

3.6. INCOME TAX

For the six months ended June 30, 2018 corporate income tax was an expense of EUR 163 million (EUR 95 million for the six months ended June 30, 2017). The increase of EUR 68 million is mainly due to the increase in pre-tax income from EUR 386 million in 2017 to EUR 428 million in 2018 and to the impact of the U.S. tax reform.

SCOR continued to review the Tax Cuts and Jobs Act ("TCJA") to assess its potential implications, in particular with respect to other complex provisions including the Base Erosion and Anti-Abuse Tax ("BEAT").

SCOR is currently in the process of implementing an alternate business structure to adapt to the new environment. The execution of this implementation is subject to certain standard regulatory approvals. The estimated tax impact of this implementation amounts to USD 75 million (EUR 62 milllion) and has been recognized in the period ended June 30, 2018.

3.7. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated as follows for the six-month period ended June 30, 2018 and 2017:

	As at June 30, 2018 (unaudited)			As at June 30, 2017 (unaudited)		
In EUR millions	**Net income (numerator)**	**Shares, (denominator)** *(thousands)*[1]	**Net income per share** *(EUR)*	**Net income (numerator)**	**Shares, (denominator)** *(thousands)*[1]	**Net income per share** *(EUR)*
Basic earnings per share						
Net income – Group share	262	188,703	1.39	292	186,416	1.57
Diluted earnings per share						
Dilutive effects	-	-	-	-	-	-
Stock options and share-based compensation[2]	-	3,063	-	-	2,567	-
NET INCOME ATTRIBUTABLE TO ORDINARY SHAREHOLDERS AND ESTIMATED CONVERSIONS	**262**	**191,766**	**1.36**	**292**	**188,983**	**1.55**

(1) Average number of shares during the period, excluding treasury shares.
(2) Calculated assuming all options are exercised when the average SCOR share price for the year exceeds the option exercise price.

The exercise of stock-options has consistently led to treasury shares being cancelled as decided by the General Meeting of the Company in order to avoid any dilutive effect of such exercise upon the share capital.

3.8. LITIGATION MATTERS

The Group describes the litigation matters in more detail in Section 4.6 Note 25 of the 2017 Registration Document.

COMISIÓN NACIONAL DE LA COMPETENCIA

On November 12, 2009, and following an administrative sanctioning procedure, the Spanish competition authority (Comisión Nacional de la Competencia, or the "CNC") sanctioned SCOR Global P&C SE Ibérica Sucursal, a branch of SCOR Global P&C, and a number of other insurance and reinsurance companies for an alleged infringement of Article 1 of Law 15/2007, of July 3, 2007, on Competition (the "Competition Act" which prohibits agreements and concerted practices that may have as an object or effect the restriction of competition in the market). The infraction would have consisted in an agreement to set the minimum price and other commercial conditions applied to customers in the market for decennial insurance for constructions in Spain. Pursuant to such decision, SCOR was sentenced to pay a fine of EUR 18.6 million. Other insurers and reinsurers were also fined in relation to the same matter.

On December 21, 2009 SCOR filed an appeal to the sanctioning decision before the Administrative Chamber of the National Audience (Audiencia Nacional, or the "AN").

On December 28, 2012, the AN issued its judgment on the appeal, annulling the decision of the CNC. The AN accepted SCOR's grounds and declared that the company had not infringed the Competition Act. Consequently, the economic sanction imposed on SCOR by the CNC was annulled.

The State Attorney (Abogado del Estado) representing the CNC has appealed the AN judgment to the Supreme Court (Tribunal Supremo) in January 2013. The Supreme Court has accepted the State attorney's appeal on October 10, 2013.

On June 2, 2015, SCOR received the decision from the Spanish Supreme Court on the State Attorney's appeal. In its decision, the Supreme Court confirmed that SCOR together with certain other market participants, were part of an antitrust violation. However, the Supreme Court canceled the fine imposed by the Agency and requested it to be recalculated. On July 2, 2015, SCOR filed an action for annulment of the Supreme Court decision. On September 15, 2015, this action was dismissed by the Supreme Court. On November 3, 2015, SCOR filed an appeal against the Supreme Court's decision in front of the Spanish Constitutional Court. This action was dismissed on February 26, 2016.

In March 2016, the CNMC (Comisión Nacional de los Mercados y la Competencia, former CNC) has commenced the reevaluation procedure of SCOR's fine imposed in 2009.

On March 9, 2017, the CNMC issued a resolution in which it confirmed SCOR's fine at the amount of EUR 18.6 million. SCOR has appealed the CNMC's resolution in front of the AN and on June 16, 2017 the court has accepted SCOR's appeal. In this appeal procedure SCOR's fine is capped to the amount of EUR 18.6 million.

3.9. SUBSEQUENT EVENTS

None.

04

STATUTORY AUDITORS' REPORT ON THE HALF-YEARLY FINANCIAL STATEMENTS

This is a free translation into English of the Statutory Auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting and in accordance with the requirements of article L. 451-1-2 III of the French monetary and Financial code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of SCOR SE, for the period from January 1 to June 30, 2018; and
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of your board of directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared in all material respects in accordance with IAS 34 – standard of the IFRS as adopted by the European Union applicable to interim financial information.

2. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements it being reminded that it is not our responsibility to conclude on the fair presentation and consistency with the condensed half-yearly consolidated financial statements of the solvency related information disclosed in paragraph 1.4 of half-yearly management report.

Paris-La Défense, on July 25, 2018

The Statutory Auditors

French original signed by

MAZARS		ERNST & YOUNG Audit	
Jean-Claude Pauly	Guillaume Wadoux	Isabelle Santenac	Patrick Menard

05

STATEMENT BY THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

I declare that, to the best of my knowledge, the condensed half-year consolidated financial statements have been prepared in accordance with applicable accounting standards and provide a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company and of all consolidated companies, and that the business review presented on pages 3 to 11 gives a true and fair view of the significant developments during the period and their impact on the financial statements, of the main related party transactions as well as a description of the main risks and uncertainties faced by all of these entities for the six remaining months of the fiscal year.

Paris, July 25 ,2018

Denis Kessler
Chairman and Chief Executive Officer

06

APPENDIX – CALCULATION OF FINANCIAL RATIOS

6.1. APPENDIX – CALCULATION OF FINANCIAL RATIOS

6.1.1. BOOK VALUE PER SHARE

In EUR millions	As at June 30, 2018 (unaudited)	As at December 31, 2017	As at June 30, 2017 (unaudited)
Group shareholders' equity	**6,017**	**6,195**	**6,374**
Shares issued as at closing date	192,459,885	193,500,317	193,002,148
Treasury shares as at closing date	(4,894,548)	(5,866,249)	(5,984,541)
Basic number of shares	**187,565,337**	**187,634,068**	**187,017,607**
BASIC BOOK VALUE PER SHARE	**32.08**	**33.01**	**34.09**

6.1.2. RETURN ON INVESTMENTS AND RETURN ON INVESTED ASSETS

The return on investments (ROI) is used to assess the profitability of the Group's investments, including funds withheld by cedants and other deposits less cash deposits. This percentage return is calculated by dividing the total net investment income by the average investments (calculated as the quarterly averages of the total investments).

In EUR millions	As at June 30, 2018 (unaudited)	As at December 31, 2017	As at June 30, 2017 (unaudited)
Average investments[1]	26,691	26,468	26,858
Total net investment income	279	764	312
RETURN ON INVESTMENTS (ROI)	**2.1%**	**2.9%**	**2.3%**

(1) Average of quarterly "Total Investments" disclosed in Note 6.1.4 of this appendix, adjusted for ceded funds withheld.

The return on invested assets (ROIA) is used to assess the return on the Group's invested assets excluding funds withheld by cedants. This percentage return is calculated by dividing the total investment income on invested assets by the average invested assets (calculated as the quarterly averages of the total invested assets).

In EUR millions	As at June 30, 2018 (unaudited)	As at December 31, 2017	As at June 30, 2017 (unaudited)
Average invested assets[1]	18,836	18,757	19,080
Total investment income on invested assets	230	656	258
RETURN ON INVESTED ASSETS (ROIA)	**2.5%**	**3.5%**	**2.7%**

(1) Average of quarterly "Total Invested Assets" disclosed in Note 6.1.4 of this appendix.

6.1.3. INVESTMENT INCOME ON INVESTED ASSETS AND NET INVESTMENT INCOME

In EUR millions	As at June 30, 2018 (unaudited)	As at December 31, 2017	As at June 30, 2017 (unaudited)
Investment revenues on invested assets[1]	**216**	**403**	**206**
Realized gains/(losses) on fixed income	1	66	46
Realized gains/(losses) on loans	-	-	-
Realized gains/(losses) on equities	19	-	-
Realized gains/(losses) on real estate[2]	6	192	-
Realized gains/(losses) on other investments	2	14	12
Realized gains/(losses) on invested assets[2]	**28**	**272**	**58**
Impairment of fixed income	-	-	-
Impairment of loans	-	(1)	(1)
Impairment of equities	-	-	-
Impairment/depreciation of real estate[3]	(10)	(20)	(9)
Impairment of other investments	(1)	(5)	(1)
Impairment/amortization on invested assets[3]	**(11)**	**(26)**	**(11)**
Fair value through income on invested assets[4]	(1)	11	7
Financing costs on real estate[5]	(2)	(4)	(2)
TOTAL INVESTMENT INCOME ON INVESTED ASSETS	**230**	**656**	**258**
Net interest income on funds withheld and contract deposits	84	177	88
Investment management expenses	(35)	(69)	(34)
TOTAL NET INVESTMENT INCOME	**279**	**764**	**312**
Foreign exchange gains/(losses)	(9)	(27)	(14)
Income from other consolidated entities[6]	4	(12)	-
Income/(expenses) on technical items[7]	3	(1)	-
Financing costs on real estate	2	4	2
IFRS INVESTMENT INCOME NET OF INVESTMENT MANAGEMENT EXPENSES	**279**	**728**	**300**

(1) Investment revenues on invested assets are presented net of EUR 1 million real estate revenues attributable to third parties.
(2) Realized gains/(losses) on invested assets is net of EUR 4 million realized gain attributable to third parties, included in realized capital gains/losses on investments under IFRS.
(3) Impairment/depreciation of real estate is presented net of EUR 1 million depreciation attributable to third parties.
(4) Fair value through income on invested assets includes EUR (4) million investment income from other consolidated entities.
(5) Real estate financing expenses relate to real estate investments (buildings owned for investment purposes) only, net of financing expenses attributable to third parties.
(6) Includes (4).
(7) Income/(expenses) on technical items include (1), (2) and (3) amongst other technical items.

6.1.4. INVESTED ASSETS, MANAGEMENT CLASSIFICATION VS IFRS CLASSIFICATION

Management Classification / IFRS Classification *In EUR millions*	June 30, 2018 (unaudited)											
	Cash	Fixed income	Loans	Equi-ties	Real estate	Other invest-ments	Total invested assets	Funds with-held by cedants and other[7]	Total invest-ments	Accrued inte-rests	Tech-nical items[1]	Total IFRS classifi-cation
Real estate investments	**-**	**-**	**-**	**-**	**679**	**-**	**679**	**-**	**679**	**-**	**-**	**679**
Equity securities	-	57	50	331	134	127	699	13	712	-	-	712
Debt securities	-	15,568	1,089	3	-	-	16,660	-	16,660	130	-	16,790
Available-for-sale financial assets	**-**	**15,625**	**1,139**	**334**	**134**	**127**	**17,359**	**13**	**17,372**	**130**	**-**	**17,502**
Equity securities	-	-	-	282	-	947	1,229	-	1,229	-	-	1,229
Debt securities	-	-	-	-	-	-	-	-	-	-	-	-
Investments at fair value through income	**-**	**-**	**-**	**282**	**-**	**947**	**1,229**	**-**	**1,229**	**-**	**-**	**1,229**
Loans and receivables[2]	**-**	**73**	**815**	**-**	**3**	**3**	**894**	**8,271**	**9,165**	**3**	**-**	**9,168**
Derivative instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**107**	**107**
TOTAL INSURANCE BUSINESS INVESTMENTS	**-**	**15,698**	**1,954**	**616**	**816**	**1,077**	**20,161**	**8,284**	**28,445**	**133**	**107**	**28,685**
Cash and cash equivalents	1,149	-	-	-	-	-	1,149	-	1,149	-	-	1,149
TOTAL INSURANCE INVESTMENTS AND CASH AND CASH EQUIVALENTS	**1,149**	**15,698**	**1,954**	**616**	**816**	**1,077**	**21,310**	**8,284**	**29,594**	**133**	**107**	**29,834**
Less third parties' interests[3]	(181)	(123)	(1,190)	(52)	(63)	(849)	(2,458)	-	(2,458)	-	-	-
Other consolidated entities[4]	-	3	-	-	-	282	285	-	285	-	-	-
Direct real estate unrealized gains and losses[5]	-	-	-	-	150	-	150	-	150	-	-	-
Direct real estate debt[6]	-	-	-	-	(222)	-	(222)	-	(222)	-	-	-
Cash (payable)/ receivable	(24)	-	-	-	-	-	(24)	-	(24)	-	-	-
TOTAL MANAGEMENT CLASSIFICATION	**944**	**15,578**	**764**	**564**	**681**	**510**	**19,041**	**8,284**	**27,325**	**-**	**-**	**-**

(1) Including Atlas CAT bonds and foreign exchange derivatives.
(2) Loans and receivables excluded from invested assets are certificates of deposit (CDs) maturing in more than three months and less than twelve months.
(3) Assets invested by third parties in mutual funds and non-controlling real estate investments fully consolidated by SCOR.
(4) Certain consolidated entities held for investment purposes have been included in the scope of Invested Assets in Q3 2017.
(5) Fair value less carrying amount of real estate investments excluding EUR 4 million attributable to third-party investors.
(6) Real estate financing related to real estate investments (buildings owned for investment purposes) excluding EUR 29 million attributable to third-party investors.
(7) Certain types of equity securities not held for investment purposes have been excluded from the Invested Assets scope.

Management Classification / IFRS Classification *In EUR millions*	As at December 31, 2017 Cash	Fixed income	Loans	Equities	Real estate	Other investments	Total invested assets	Funds withheld by cedants and other	Total investments	Accrued interests	Technical items[1]	Total IFRS classification
Real estate investments	**-**	**-**	**-**	**-**	**701**	**-**	**701**	**-**	**701**	**-**	**-**	**701**
Equity securities	-	58	45	430	125	129	787	-	787	-	-	787
Debt securities	-	15,141	1,043	-	-	-	16,184	-	16,184	118	-	16,302
Available-for-sale financial assets	**-**	**15,199**	**1,088**	**430**	**125**	**129**	**16,971**	**-**	**16,971**	**118**	**-**	**17,089**
Equity securities	-	-	-	266	-	891	1,157	-	1,157	-	-	1,157
Debt securities	-	-	-	-	-	-	-	-	-	-	-	-
Investments at fair value through income	**-**	**-**	**-**	**266**	**-**	**891**	**1,157**	**-**	**1,157**	**-**	**-**	**1,157**
Loans and receivables[2]	**-**	**8**	**782**	**-**	**3**	**3**	**796**	**8,501**	**9,297**	**2**	**-**	**9,299**
Derivative instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**114**	**114**
TOTAL INSURANCE BUSINESS INVESTMENTS	**-**	**15,207**	**1,870**	**696**	**829**	**1,023**	**19,625**	**8,501**	**28,126**	**120**	**114**	**28,360**
Cash and cash equivalents	1,001	-	-	-	-	-	1,001	-	1,001	-	-	1,001
TOTAL INSURANCE INVESTMENTS AND CASH AND CASH EQUIVALENTS	**1,001**	**15,207**	**1,870**	**696**	**829**	**1,023**	**20,626**	**8,501**	**29,127**	**120**	**114**	**29,361**
Less third parties' interests[3]	(145)	(132)	(1,146)	(51)	(73)	(768)	(2,315)	-	(2,315)	-	-	-
Other consolidated entities[4]	-	45	-	-	-	239	284	-	284	-	-	-
Direct real estate unrealized gains and losses[5]	-	-	-	-	152	-	152	-	152	-	-	-
Direct real estate debt	-	-	-	-	(228)	-	(228)	-	(228)	-	-	-
Cash (payable)/ receivable[6]	61	-	-	-	-	-	61	-	61	-	-	-
TOTAL MANAGEMENT CLASSIFICATION	**917**	**15,120**	**724**	**645**	**680**	**494**	**18,580**	**8,501**	**27,081**	**-**	**-**	**-**

(1) Including Atlas CAT bonds and foreign exchange derivatives.
(2) Loans and receivables excluded from invested assets are certificates of deposit (CDs) maturing in more than three months and less than twelve months.
(3) Assets invested by third parties in mutual funds and non-controlling real estate investments fully consolidated by SCOR.
(4) Certain consolidated entities held for investment purposes have been included in the scope of Invested Assets in Q3 2017.
(5) Fair value less carrying amount of real estate investments excluding EUR 9 million attributable to third-party investors.
(6) Real estate financing related to real estate investments (buildings owned for investment purposes) excluding EUR 30 million attributable to third-party investors.

6.1.5. GROUP COST RATIO

In EUR millions	As at June 30, 2018 (unaudited)	As at December 31, 2017	As at June 30, 2017 (unaudited)
Total expenses as per profit & loss account(1)	(408)	(801)	(398)
Unallocated loss adjustment expenses (ULAE)(2)	(30)	(57)	(28)
Total management expenses	**(438)**	**(858)**	**(426)**
Investment management expenses	35	69	34
Total expense base	**(403)**	**(789)**	**(392)**
Corporate finance	-	2	1
Amortization	20	42	20
Non controllable expenses	8	10	5
Total management expenses (for cost ratio calculation)	**(375)**	**(735)**	**(366)**
Gross written premiums	**7,537**	**14,789**	**7,523**
GROUP COST RATIO	**5.0%**	**5.0%**	**4.9%**

(1) Total expenses are investment management expenses, acquisition and administrative expenses and other current operating expenses as presented in Section 2.2 – Interim condensed consolidated statements of income.
(2) ULAE are part of gross benefits and claims paid.

6.1.6. RETURN ON EQUITY

Return on equity (ROE) is based on the Group's share of net income divided by average shareholders' equity (calculated as time weighted average shareholders' equity). This return is annualized when calculated quarterly.

In EUR millions	As at June 30, 2018 (unaudited)	As at December 31, 2017	As at June 30, 2017 (unaudited)
Consolidated net income – Group share	**262**	**286**	**292**
Consolidated net income – Group share – before U.S. tax reform impact(1)	**324**	**286**	**292**
Opening shareholders' equity – Group share	6,195	6,661	6,661
Weighted consolidated net income(2)	131	143	146
Payment of dividends(3)	(102)	(204)	(99)
Weighted increase in capital(3)	(11)	5	3
Effect of changes in foreign exchange rates(4)	(33)	(261)	(166)
Revaluation of assets available-for-sale and others(2)	(91)	32	29
Weighted average shareholders' equity	**6,089**	**6,376**	**6,574**
Weighted average shareholders' equity – before U.S. tax reform impact(1)	**6,120**	**6,376**	**6,574**
ROE	**8.8%**	**4.5%**	**9.1%**
ROE – BEFORE U.S. TAX REFORM IMPACT(1)	**10.9%**	**4.5%**	**9.1%**

(1) Refer to Section 1.2.7 – Significant events for detailed information on the U.S. tax reform (Tax Cuts and Jobs Act, the "TCJA").
(2) Pro-rata of 50%: linear acquisition throughout the period in 2017 and 2018.
(3) Considers time weighted transactions based on transactions dates.
(4) A daily weighted average is used for the currency or currencies that experienced material foreign exchange rates movements, and simple weighted average is used for the other currencies.

6.1.7. NET COMBINED RATIO

The commission ratios is calculated by dividing Non-Life reinsurance commissions by Non-Life premiums earned. This ratio is net of retrocession.

The technical ratio is a P&C indicator and is calculated as the sum of the loss ratio and commission ratio. This ratio is net of retrocession and is used to assess the net performance of reinsurance transactions excluding P&C management expenses.

The P&C management expense ratio is calculated by dividing management expenses incurred for Non-Life reinsurance operations by Non-Life premiums earned. This ratio is net of retrocession.

In EUR millions	As at June 30, 2018 (unaudited)	As at December 31, 2017	As at June 30, 2017 (unaudited)
Gross earned premiums	2,931	5,860	2,991
Ceded earned premiums	(342)	(618)	(293)
Net earned premiums	**2,589**	**5,242**	**2,698**
Gross benefits and claims paid	(1,584)	(4,564)	(1,795)
Ceded claims	86	844	147
Total Net claims	(1,498)	(3,720)	(1,648)
Loss ratio	**57.9%**	**71.0%**	**61.1%**
Gross commissions on earned premiums	(721)	(1,422)	(730)
Ceded commissions	44	62	35
Total Net commissions	(677)	(1,360)	(695)
Commission ratio	**26.1%**	**25.9%**	**25.7%**
Total technical ratio	**84.0%**	**96.9%**	**86.8%**
Acquisition and administrative expenses	(131)	(256)	(128)
Other current operating expenses	(25)	(45)	(22)
Other income and expense from reinsurance operations	(36)	(54)	(30)
Total P&C management expenses	**(192)**	**(355)**	**(180)**
Total P&C management expense ratio	**7.4%**	**6.8%**	**6.7%**
TOTAL NET COMBINED RATIO	**91.4%**	**103.7%**	**93.5%**

6.1.8. LIFE TECHNICAL MARGIN

The Life technical margin is calculated as a percentage of the net technical result plus income from funds held by ceding companies and the net of gross and ceded earned premiums.

In EUR millions	As at June 30, 2018 (unaudited)	As at December 31, 2017	As at June 30, 2017 (unaudited)
Gross earned premiums	4,479	8,738	4,374
Ceded earned premiums	(273)	(699)	(311)
Net earned premiums	**4,206**	**8,039**	**4,063**
Net technical result	**213**	**406**	**208**
Interest on deposits	79	162	81
Technical result	**292**	**568**	**289**
LIFE TECHNICAL MARGIN	**6.9%**	**7.1%**	**7.1%**

The Art & Science of Risk

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