

## Press Release

November 6, 2020 - N° 23

### First Nine Months 2020 results

#### SCOR delivers solid results in the first nine months of 2020

SCOR continues to demonstrate its ability to absorb shocks, delivering positive results in the first nine months of 2020. On the P&C side, there has been no material change in the claims assessment of the Group's exposure to the Covid-19 pandemic since the H1 2020 results presentation on July 23, 2020. On the Life side, Covid-19 claims received by the Group are emerging better than expected for the U.S. reinsured portfolio.

- **Gross written premiums** total EUR 12,283 million in Q3 2020 YTD, up 2.3% at constant exchange rates compared with Q3 2019 YTD (up 1.9% at current exchange rates).
- **SCOR Global P&C** gross written premiums are up 2.9% at constant exchange rates compared with Q3 2019 YTD (up 1.9% at current exchange rates). SCOR Global P&C's Q3 2020 YTD technical profitability is impacted by Covid-19 and a series of natural catastrophes with a net combined ratio of 100.7%.
- **SCOR Global Life** gross written premiums are up 1.9% at constant exchange rates compared with Q3 2019 YTD (up 1.9% at current exchange rates). SCOR Global Life records a technical margin of 5.8% in Q3 2020 YTD, including the impact of the Covid-19 pandemic.
- **SCOR Global Investments** delivers a return on invested assets of 2.6% in Q3 2020 YTD
- **The Group cost ratio**, which stands at 4.4% of gross written premiums, is better than the "Quantum Leap" assumption of ~5.0%.
- **The Group net income** stands at EUR 135 million for Q3 2020 YTD. The annualized **return on equity** (ROE) stands at 2.9%, 235 bps above the risk-free rate<sup>1</sup>. The normalized<sup>2</sup> return on equity stands at 10.6%, 1 004 bps above the risk-free rate<sup>3</sup>.
- The Group generates **high cash flows** with operating cash flows standing at EUR 661 million in Q3 2020 YTD. The Group's total liquidity is very strong, standing at EUR 2.4 billion at September 30, 2020.
- **The Group shareholders' equity** stands at EUR 6,249 million at September 30, 2020, down by EUR 125 million compared with December 31, 2019 mainly due to the weakening of the USD. This results in a strong book value per share of EUR 33.51, compared to EUR 34.06 at December 31, 2019.
- **The Group financial leverage** stands at 29.0% on September 30, 2020, +2.6% points compared to December 31, 2019. Allowing for the subordinated debt<sup>4</sup> called on October 20, 2020, the adjusted financial leverage ratio stands at 28.0%.

<sup>1</sup> Based on a 5-year rolling average of 5-year risk-free rates (54 bps in the third quarter of 2020)

<sup>2</sup> Normalized for natural catastrophes (7% budget cat ratio) and the cost of Covid-19 (excluding equity impairments)

<sup>3</sup> Based on a 5-year rolling average of 5-year risk-free rates (54 bps in the third quarter of 2020)

<sup>4</sup> CHF 125 million undated subordinated note lines, issued on October 20, 2014, and called in October 2020

## Press Release

November 6, 2020 - N° 23

- **The estimated Group solvency ratio** stands at 215% on September 30, 2020, in the upper part of the optimal solvency range of 185% - 220% defined in “Quantum Leap”. The increase compared to June 30, 2020 when it stood at 205%, is mainly related to strong operating capital generation in the third quarter of 2020 and the successful placement of a Tier 2 subordinated note in the amount of EUR 300 million<sup>5</sup>.

**Denis Kessler, Chairman & Chief Executive Officer of SCOR, comments:** “SCOR continues to demonstrate the relevance of its strategy and the resilience of its business model in the first 9 months of 2020. The Group continues to expand its franchise and delivers positive results despite major shocks the industry has had to face since the beginning of the year, which include the Covid-19 pandemic as well as a series of natural catastrophes and very large scale man-made events. The Group continues to enjoy a very strong capital position, which has been recently recognized by all four major rating agencies - A.M. Best, Fitch, Moody’s and Standard & Poor’s - confirming SCOR’s AA- financial strength credit rating. Leveraging its optimal solvency position and its Tier 1 franchise, the Group enters the renewal season in a very strong position to reap the benefits of the hardening pricing environment and the improvement of terms and conditions in the P&C market.”

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### Update on the Covid-19 pandemic

The estimated cost of the Covid-19 pandemic booked in Q3 2020 YTD reaches EUR 256 million (net of retrocession, reinstatement premiums and before tax) on the P&C side<sup>6</sup> and EUR 251 million (net of retrocession and before tax) on the Life side<sup>7</sup>, of which EUR 233 million<sup>8</sup> relates to claims from the U.S. mortality portfolio and EUR 18 million for claims received in all other markets.

- **On the P&C side**, there has been no material change in the overall assessment of the Group’s exposure to the Covid-19 pandemic since the H1 2020 results presentation on July 23, 2020, which confirms SCOR’s prudent booking approach. As of September 30, 2020, the actual claims received related to the pandemic stand at a total of EUR 92 million, with only EUR 8 million paid at that date.
  - Contingency business (event cancelation): SCOR does not underwrite this line of business on a standalone basis. The Group’s exposure to this risk is very limited and comes from multi-line treaties. As a result, the impact of a “second wave” is also expected to be very limited;
  - Credit, Surety & Political risks: Claims related to the Covid-19 pandemic are developing in line with expectations;
  - Property Business Interruption (B.I.) risks: SCOR’s exposures to Property Business Interruption relate to a very small amount of affirmative pandemic coverage and non-damage Business Interruption, mostly in Western Europe, with non-damage Business Interruption scarce in the U.S. and largely sub-limited in APAC. Several court decisions confirm strict adherence to clauses and contract wordings. Regarding the Financial Conduct Authority (FCA) case in the UK, there is a limited impact from the decision taken by the UK High Court in favor of policyholders, due to SCOR’s limited exposure

<sup>5</sup> Press release of September 10, 2020

<sup>6</sup> Compared to EUR 248 million in the First Half 2020 financial statements

<sup>7</sup> Compared to EUR 194 million in the First Half 2020 financial statements

<sup>8</sup> Includes an estimate of Incurred but not reported (IBNR) claims for deaths prior to September 30, 2020

## Press Release

November 6, 2020 - N° 23

in that market.

- **On the Life side**, the Covid-19 claims in the U.S. continue to emerge better than expected and the assessment of SCOR Global Life's exposure to the Covid-19 pandemic is unchanged:
  - The impact of Covid-19 on the portfolio reinsured by the Group continues to be significantly less severe than on the general population;
  - In Q3 2020 YTD, the incurred Covid-19 claims received by the Group in the U.S. portfolio continue to emerge at an amount lower than expected, with an actual over expected<sup>9</sup> ratio of 67% (as at September 30, 2020);
  - The U.S. Covid-19 mortality impact is projected to reduce significantly over 2021 as one or more vaccines are anticipated to become available;
  - The Technical Margin is expected to return to the "Quantum Leap" assumption range in H2 2021.

### SCOR group nine months and Q3 2020 key financial details

In EUR millions (at current exchange rates)	YTD			QTD		
	Nine months 2020	Nine months 2019	Variation	Q3 2020	Q3 2019	Variation
Gross written premiums	12,283	12,055	+1.9%	4,088	4,045	+1.1%
Group cost ratio	4.4%	4.7%	-0.3 pts	3.7%	4.7%	-1.0 pts
Annualized ROE	2.9%	8.8%	-5.9 pts	7.1%	7.5%	-0.4 pts
Net income*	135	401	-66.3%	109	115	-5.2%
Shareholders' equity	6,249	6,491	-3.7%	6,249	6,491	-3.7%

\* Consolidated net income, Group share.

### Despite the Covid-19 pandemic, SCOR Global P&C underlying fundamentals remain strong over 2020, in line with "Quantum Leap" assumptions

In Q3 2020 YTD, SCOR Global P&C delivers growth of 2.9% at constant exchange rates (+1.9% at current exchange rates) with gross written premiums reaching EUR 5,365 million. Excluding the negative impact of Covid-19 on premiums<sup>10</sup>, growth would stand at 5.7% (at constant exchange rates), in line with "Quantum Leap" assumptions<sup>11</sup>.

<sup>9</sup> The "actual over expected ratio" as of September 30, 2020, measures the relationship between (i) Covid-19 total paid claims (US only) as of September 30, 2020 (amounting to EUR 111 million), and (ii) The portion of incurred claims related to the Covid-19 pandemic (US only) in the first nine months of 2020 that was expected to have been paid by September 30, 2020 (amounting to EUR 167 million). This amount reflects assumptions made regarding the expected level of Incurred But Not Reported claims and expected claim payment patterns.

<sup>10</sup> The GWP have decreased by EUR 147 million as at Q3 2020 YTD due to Covid-19, essentially on Global Lines (Aviation, Marine and Credit, Surety & Political risks) and MGA business

<sup>11</sup> See page 42 of the Q3 2020 Earnings Presentation for details

## Press Release

November 6, 2020 - N° 23

SCOR Global P&C key figures:

In EUR millions (at current exchange rates)	YTD			QTD		
	Nine months 2020	Nine months 2019	Variation	Q3 2020	Q3 2019	Variation
Gross written premiums	5,365	5,264	+1.9%	1,847	1,818	+1.5%
Net combined ratio	100.7%	95.7%	+5.0 pts	97.5%	99.4%	-1.9 pts

SCOR Global P&C delivers a combined ratio of 100.7% in Q3 2020 YTD, including an impact of 5.5% related to Covid-19 claims.

- The nat cat ratio stands at 6.5% in Q3 2020 YTD. This is below the 7% budget assumption despite high Q3 cat activity mainly in the U.S. (Hurricane Laura, Midwest Derecho).
- The net attritional loss and commission ratio stands at 88.3% in Q3 2020 YTD. In addition to Covid-19 claims, the net attritional ratio was also impacted by the Beirut port explosion (EUR 44 million net of retrocession). Excluding the impact of Covid-19-related claims, the net attritional loss and commission ratio would stand at 82.8% YTD, 1.5 points above 2019 which benefited from reserve releases of EUR 60 million before tax (1.4 points)
- The management expense ratio stands at 5.9% in Q3 2020 YTD, down 0.9 point compared with last year (6.8%).

The normalized net combined ratio for nat cat and Covid-19-related impacts stands at 95.7%, in line with "Quantum Leap" assumptions<sup>12</sup> and improving compared to Q3 2019 YTD when it stood at 96.2%.

### SCOR Global Life absorbs the shock of Covid-19 and demonstrates the resilience of its business model

In Q3 2020 YTD, SCOR Global Life's gross written premiums stand at EUR 6,918 million, up 1.9% at constant exchange rates (up 1.9% at current exchange rates) compared to Q3 2019 YTD. This volume increase is driven by continued strategic franchise development, particularly in Asian markets. The growth has been achieved despite targeted market exits and Covid-related delays in completing large transactions.

SCOR Global Life key figures:

In EUR millions (at current exchange rates)	YTD			QTD		
	Nine months 2020	Nine months 2019	Variation	Q3 2020	Q3 2019	Variation
Gross written premiums	6,918	6,791	+1.9%	2,241	2,227	+0.6%
Life technical margin	5.8%	7.2%	-1.4 pts	6.7%	7.3%	-0.6 pts

<sup>12</sup> See page 42 of the Q3 2020 Earnings Presentation for details

## Press Release

November 6, 2020 - N° 23

The net technical result reaches EUR 361 million in Q3 2020 YTD (-20.3% at current exchange rates compared to Q3 2019 YTD), benefitting from active portfolio management and a strong reserving position

The Q3 2020 YTD booked Covid-19 claims (including IBNR<sup>13</sup>) stand at EUR 251 million (net of retrocession, before tax) of which:

- EUR 233 million for booked and estimated incurred mortality claims in the U.S.;
- EUR 18 million for claims in all other markets.

The current claims outlook for Q4 2020 is expected to translate into a technical margin estimated at between 5.5% and 6.0% for FY 2020

### SCOR Global Investments delivers a return on invested assets of 2.6% in Q3 2020 YTD

Total investments reach EUR 28.4 billion, with total invested assets of EUR 20.4 billion and funds withheld<sup>14</sup> of EUR 8.0 billion.

Following a freeze of its reinvestment between March and May 2020, SCOR's investment strategy was resumed in June 2020.

The prudent asset allocation reflects the current environment and a cautious positioning of the fixed income portfolio:

- Liquidity stands at 11% (compared to 13% at Q2 2020) of total invested assets;
- Corporate bonds account for 43% (compared to 41% at Q2 2020) of total invested assets; and
- The fixed income portfolio is of very high quality, with an average rating of A+, and a duration of 3.4 years<sup>15</sup>.

The investment portfolio remains highly liquid, with financial cash flows<sup>16</sup> of EUR 8.4 billion expected over the next 24 months

### SCOR Global Investments key figures:

In EUR millions (at current exchange rates)	YTD			QTD		
	Nine months 2020	Nine months 2019	Variation	Q3 2020	Q3 2019	Variation
Total investments	28,440	28,540	-0.4%	28,440	28,540	-0.4%
▪ of which total invested assets	20,414	20,347	+0.3%	20,414	20,347	+0.3%
▪ of which total funds withheld by cedants and other deposits	8,026	8,193	-2.0%	8,026	8,193	-2.0%
Return on investments*	2.2%	2.4%	-0.2 pts	2.3%	2.7%	-0.4 pts
Return on invested assets**	2.6%	3.0%	-0.4 pts	2.6%	3.4%	-0.8 pts

<sup>13</sup> Due to typical reporting delays with claims, this amount includes an estimate in respect of incurred-but-not-reported (IBNR) claims for US deaths prior to September 30, 2020. The ultimate cost of the IBNR claims may differ from the Q3 estimated IBNR for various reasons, including: the extent to which mortality rates from Covid-19 in SGL's US portfolio are lighter than among the general US population; volatility in the profile of claims amounts per death

<sup>14</sup> Funds withheld & other deposits

<sup>15</sup> Compared to a duration on the fixed income portfolio of 3.1 years in Q2 2020 (duration on total invested assets of 3.4 years vs. 3.2 years in Q2 2020)

<sup>16</sup> As of September 30, 2020. Investable cash includes current cash balances, and future coupons and redemptions

## Press Release

November 6, 2020 - N° 23

(<sup>(\*)</sup>) Annualized, including interest on deposits (i.e. interest on funds withheld).

(<sup>(\*\*)</sup>) Annualized, excluding interest on deposits (i.e. interest on funds withheld).

The investment income on invested assets stands at EUR 394 million in Q3 2020 YTD, with realized gains of EUR 116 million, largely coming from the real estate portfolio in Q1 2020, and from the fixed income portfolio in Q3 2020. This translates into a return on invested assets of 2.6% in Q3 2020 YTD.

The income yield stands at 2.1% in Q3 2020 YTD with limited impairments of -0.3%<sup>17</sup>.

The reinvestment yield stands at 1.4% at the end of Q3 2020 YTD<sup>18</sup>, reflecting the lower interest rate environment (notably in the U.S.) and the normalization of credit spreads.

Based on the current market conditions, the return on invested assets is expected to reach ~2.3% for the full year 2020, including allowance for impairments.

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<sup>17</sup> Impairment charge excluding regular IFRS amortization of real estate assets

<sup>18</sup> Corresponds to theoretical reinvestment yields based on Q3 2020 asset allocation of asset yielding classes (i.e. fixed income, loans and real estate), according to current reinvestment duration assumptions and spreads, currencies, yield curves as of September 30, 2020

## Press Release

November 6, 2020 - N° 23

### APPENDIX

#### 1 - P&L key figures Q3 2020 YTD and Q3 2020 standalone

In EUR millions (rounded, at current exchange rates)	YTD			QTD		
	Nine months 2020	Nine months 2019	Variation	Q3 2020	Q3 2019	Variation
<b>Gross written premiums</b>	12,283	12,055	+1.9%	4,088	4,045	+1.1%
P&C gross written premiums	5,365	5,264	+1.9%	1,847	1,818	+1.5%
Life gross written premiums	6,918	6,791	+1.9%	2,241	2,227	+0.6%
<b>Investment income</b>	462	496	-6.9%	160	187	-14.4%
<b>Operating results</b>	308	667	-53.8%	180	186	-3.2%
<b>Net income<sup>1</sup></b>	135	401	-66.3%	109	115	-5.2%
<b>Earnings per share (EUR)</b>	0.73	2.16	-66.3%	0.59	0.62	-4.7%
<b>Operating cash flow</b>	661	573	+15.4%	317	540	-41.3%

1: Consolidated net income, Group share.

#### 2 - P&L key ratios 2020 YTD and Q3 2020 standalone

	YTD			QTD		
	Nine months 2020	Nine months 2019	Variation	Q3 2020	Q3 2019	Variation
<b>Return on investments<sup>1</sup></b>	2.2%	2.4%	-0.2 pts	2.3%	2.7%	-0.4 pts
<b>Return on invested assets<sup>1,2</sup></b>	2.6%	3.0%	-0.4 pts	2.6%	3.4%	-0.8 pts
<b>P&amp;C net combined ratio<sup>3</sup></b>	100.7%	95.7%	+5.0 pts	97.5%	99.4%	-1.9 pts
<b>Life technical margin<sup>4</sup></b>	5.8%	7.2%	-1.4 pts	6.7%	7.3%	-0.6 pts
<b>Group cost ratio<sup>5</sup></b>	4.4%	4.7%	-0.3 pts	3.7%	4.7%	-1.0 pts
<b>Return on equity (ROE)</b>	2.9%	8.8%	-5.9 pts	7.1%	7.5%	-0.4 pts

1: Annualized; 2: Excluding funds withheld by cedants; 3: The net combined ratio is the sum of the total claims, the total commissions and the total P&C management expenses, divided by the net earned premiums of SCOR Global P&C; 4: The technical margin for SCOR Global Life is the technical result divided by the net earned premiums of SCOR Global Life; 5: The cost ratio is the total management expenses divided by the gross written premiums.

## Press Release

November 6, 2020 - N° 23

### 3 - Balance sheet key figures as on September 30, 2020 (in EUR millions, at current exchange rates)

	As on September 30, 2020	As on December 31, 2019	Variation
Total investments <sup>1,2</sup>	28,440	28,854	-1.4%
Technical reserves (gross)	30,430	31,236	-2.6%
Shareholders' equity	6,249	6,374	-2.0%
Book value per share (EUR)	33.51	34.06	-1.6%
Financial leverage ratio	29.0%	26.4%	+2.6 pts
Total liquidity <sup>3</sup>	2,404	1,532	+56.9%

<sup>1</sup> Total investment portfolio includes both invested assets and funds withheld by cedants and other deposits, accrued interest, cat bonds, mortality bonds and FX derivatives; <sup>2</sup> Excluding 3rd party net insurance business investments; <sup>3</sup> Includes cash and cash equivalents.

### 4 - "Quantum Leap" targets

	Targets
Profitability	ROE > 800 bps above 5-year risk-free rate <sup>1</sup> across the cycle
Solvency	Solvency ratio in the optimal 185% - 220% range

<sup>1</sup> Based on a 5-year rolling average of 5-year risk-free rates.

### 5 - "Quantum Leap" assumptions

		Assumptions
P&C	Gross written premium growth	~4% to 8% annual growth
	Net combined ratio	~95% to 96%
	Value of New Business <sup>1</sup>	~6% to 9% annual growth
Life	Gross written premium growth	~3% to 6% annual growth
	Net technical margin	~7.2% to 7.4%
	Value of New Business <sup>1</sup>	~6% to 9% annual growth
Investments	Annualized return on invested assets	~2.4% to 2.9% <sup>2</sup>
Group	Gross written premium growth	~4% to 7% annual growth
	Leverage	~25%
	Value of New Business <sup>1</sup>	~6% to 9% annual growth
	Cost ratio	~5.0%
	Tax rate	~20% to 24%

<sup>1</sup> Value of New Business after risk margin and tax

<sup>2</sup> Annualized ROIA on average over "Quantum Leap" under Summer 2019 economic and financial environment

## Press Release

November 6, 2020 - N° 23

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### General

Numbers presented throughout this document may not add up precisely to the totals in the tables and text. Percentages and percent changes are calculated on complete figures (including decimals); therefore the document might contain immaterial differences in sums and percentages due to rounding. Unless otherwise specified, the sources for the business ranking and market positions are internal.

### Forward-looking statements

This document includes forward-looking statements and information about the objectives of SCOR, in particular, relating to its current or future projects. These statements are sometimes identified by the use of the future tense or conditional mode, as well as terms such as “estimate”, “believe”, “have the objective of”, “intend to”, “expect”, “result in”, “should” and other similar expressions. It should be noted that the achievement of these objectives and forward-looking statements is dependent on the circumstances and facts that arise in the future.

Forward-looking statements and information about objectives may be impacted by known and unknown risks, uncertainties and other factors that may significantly alter the future results, performance and accomplishments planned or expected by SCOR, and in particular by the impact of the Covid-19 crisis which cannot be accurately assessed at this stage, given the uncertainty related to the magnitude and duration of the Covid-19 pandemic and to the possible effects of future governmental actions and/or legal developments.

Information regarding risks and uncertainties that may affect SCOR’s business is set forth in the 2019 universal registration document filed on March 13, 2020, under number D.20-0127 with the French Autorité des marchés financiers (AMF) and in the SCOR SE interim financial report for the six months ended June 30, 2020 posted on SCOR’s website [www.scor.com](http://www.scor.com).

In addition, such forward-looking statements are not “profit forecasts” within the meaning of Article 1 of Commission Delegated Regulation (EU) 2019/980.

### Financial information

The Group’s financial information contained in this document is prepared on the basis of IFRS and interpretations issued and approved by the European Union.

Unless otherwise specified, prior-year balance sheet, income statement items and ratios have not been reclassified. The calculation of financial ratios (such as book value per share, return on investments, return on invested assets, Group cost ratio, return on equity, combined ratio and life technical margin) are detailed in the Appendices of the Q3 2020 presentation (see page 15).

The third quarter 2020 financial information included in this document is unaudited. Unless otherwise specified, all figures are presented in Euros. Any figures for a period subsequent to September 30, 2020 should not be taken as a forecast of the expected financials for these periods.