

## Press Release

April 28, 2021 - N° 10

### First quarter 2021 results

## SCOR demonstrates its shock-absorbing capacity once again in Q1 2021

In Q1 2021, SCOR's financial results have been impacted by the unique combination of known and modelled Covid-19 claims development and a series of large natural catastrophes, driven by a polar vortex causing Texas Winter Storm Uri.

Covid-19 claims are manageable, developing as expected and tracking closely in line with what was previously communicated<sup>1</sup>. In Q1 2021, Covid-19 impact stands on the Life side at EUR 162 million<sup>2</sup>, of which EUR 145 million comes from the U.S. mortality portfolio, and overall has been stable on the P&C side since December 31, 2020.

The SCOR group continues to grow and to absorb shocks. SCOR records a net income of EUR 45 million in Q1 2021 and delivers a very high solvency of 232%, which reflects all expected future Covid-19 impacts and is above the optimal solvency range of 185% to 220% defined in "Quantum Leap".

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- **Group gross written premiums** of EUR 4,125 million in Q1 2021, are up 5.6% at constant exchange rates compared with Q1 2020 (down -0.8% at current exchange rates).
- **SCOR Global P&C** gross written premiums are up by a robust 10.3% at constant exchange rates compared with Q1 2020 (up 2.9% at current exchange rates). SCOR Global P&C delivers excellent normalized technical profitability in Q1 2021. The net combined ratio stands at 97.1%, including 12.6% of natural catastrophes. Normalized for natural catastrophes, the net combined ratio stands at 91.4% far better than the "Quantum Leap" assumption.
- **SCOR Global Life** gross written premiums are up 2.1% at constant exchange rates compared with Q1 2020 (down 3.6% at current exchange rates). SCOR Global Life delivers a technical margin of 1.6% in Q1 2021, with Covid-19 claims development standing in line with expectations.
- **SCOR Global Investments** seizes opportunities in the fixed income market on the back of a reflation dynamic and delivers a solid return on invested assets of 3.0% in Q1 2021 driven by EUR 77 million of realized gains.
- **The Group cost ratio**, which stands at 4.5% of gross written premiums, is 10% better than the "Quantum Leap" assumption of ~5.0%.
- **The Group net income** stands at EUR 45 million in Q1 2021. The annualized **return on equity** (ROE) stands at 2.9%, 247 bps above the risk-free rate<sup>3</sup>.
- The Group generates **high operating cash flows** of EUR 514 million in Q1 2021. The Group's total liquidity is very strong, standing at EUR 3.3 billion at March 31, 2021.
- **The Group shareholders' equity** stands at EUR 6,277 million as at March 31, 2021, up by EUR 100 million compared with December 31, 2020. This results in a book value per share of EUR 33.61, compared to EUR 33.01 as at December 31, 2020.

<sup>1</sup> Please refer to the FY 2020 results press release published on February 24, 2021

<sup>2</sup> Net of reduced flu claims in the U.S., net of retrocession and before tax, including IBNR

<sup>3</sup> Based on a 5-year rolling average of 5-year risk-free rates (45 bps in Q1 2021)

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- **The Group financial leverage** stands at 28.3% as at March 31, 2021, slightly improving by 0.2% points compared to December 31, 2020.
- **The estimated Group solvency ratio** stands at 232% on March 31, 2021, above the optimal solvency range of 185% - 220% as defined in the “Quantum Leap” strategic plan. The increase in solvency compared to December 31, 2020, was driven by an increase in interest rates and positive operating performance.

**Denis Kessler, Chairman & Chief Executive Officer of SCOR, comments:** *“More than a year into the Covid-19 crisis, with its deep human, economic and financial impact, SCOR once again demonstrates the strength of its business model and the relevance of its strategy. SCOR relies on its expertise in risk and epidemiological modelling capabilities to predict and monitor the Covid-19 development and to estimate its foreseeable impacts on the Group. As expected, SCOR’s Q1 2021 results are significantly impacted by Covid-19, in particular on the Life side. In addition, on the P&C side, SCOR had to face in Q1 2021 a series of natural catastrophes driven by a polar vortex causing Winter Storm Uri in Texas, a remote tail risk event in this region of the United States. The probability of a polar vortex and a pandemic occurring in the same quarter is extremely low but is nonetheless one of the extreme scenarios within our risk appetite. On the investment side, SCOR was able to successfully seize opportunities in the fixed income market on the back of a reflation dynamic to crystallize value. SCOR is profitable in Q1 2021, delivers a very high level of liquidity and records a solvency level above its optimal range. As demonstrated by the successful January and April renewals, SCOR is very well positioned to benefit from improvements in pricing and terms and conditions in particular on the P&C (re)insurance market which should continue.”*

### SCOR group Q1 2021 key financial details

| <i>In EUR millions<br/>(at current exchange rates)</i> | <b>Q1 2021</b> | <b>Q1 2020</b> | <b>Variation</b> |
|--|----------------|----------------|------------------|
| Gross written premiums                                 | 4,125          | 4,158          | -0.8%            |
| Group cost ratio                                       | 4.5%           | 4.7%           | -0.2 pts         |
| Annualized ROE   | 2.9%           | 10.7%          | -7.8 pts         |
| Net income*  | 45             | 162            | -72.2%           |
| Shareholders' equity                                   | 6,277          | 6,268          | +0.1%            |

\* Consolidated net income, Group share.

### SCOR Global P&C delivers strong growth and excellent normalized technical profitability in Q1 2021

In Q1 2021, SCOR Global P&C delivers a growth of 10.3% at constant exchange rates with gross written premiums reaching EUR 1,854 million (+2.9% at current exchange rates). For 2021, gross written premiums growth is expected to stand at 11%, at constant exchange rates.

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SCOR Global P&C key figures:

| <i>In EUR millions<br/>(at current exchange rates)</i> | Q1 2021 | Q1 2020 | Variation |
|--|---------|---------|-----------|
| Gross written premiums                                 | 1,854   | 1,801   | +2.9%     |
| Net combined ratio                                     | 97.1%   | 94.5%   | +2.6 pts  |

SCOR Global P&C delivers resilient strong technical results in Q1 2021 with a net combined ratio of 97.1%, including the impact of nat cat activity.

- The nat cat ratio stands at 12.6%, above the budget of 7.0%, mainly coming from Texas Winter Storm Uri (EUR 98 million net of retrocession), European Storm Filomena (EUR 15 million net of retrocession) and deterioration from Hurricanes Laura and Sally in the U.S. (EUR 38 million net of retrocession);
- The net attritional loss and commission ratio reduces strongly at 77.8%, 5.0 points below Q1 2020, resulting from improved technical profitability of the business and limited costs from man-made activity;
- The P&C management expense ratio stands at 6.7% below “Quantum Leap” assumption.

The normalized net combined ratio (taking account of a 7% nat cat budget) stands at 91.4%<sup>4</sup>, outperforming the “Quantum Leap” assumption<sup>5</sup> and significantly improves compared to Q1 2020 (96.1%).

The FY 2021 normalized net combined ratio is expected to trend toward 95% and below.

### SCOR Global Life delivers technical profitability despite significant costs linked to Covid-19, in line with expectations

In Q1 2021, SCOR Global Life’s gross written premiums stand at EUR 2,271 million, up 2.1% at constant exchange rates (down 3.6% at current exchange rates) compared to Q1 2020. Gross written premiums growth is driven by continued franchise development in all regions, particularly Asia. SCOR Global Life continues its steady growth at constant FX, despite continued Covid-related disruptions to some markets.

SCOR Global Life key figures:

| <i>In EUR millions<br/>(at current exchange rates)</i> | Q1 2021 | Q1 2020 | Variation |
|--|---------|---------|-----------|
| Gross written premiums                                 | 2,271   | 2,357   | -3.6%     |
| Life technical margin                                  | 1.6%    | 7.4%    | - 5.8 pts |

The Covid-19 claims for 2021 are tracking closely in line with expectations. Its impact remains largely limited to the U.S. The net technical result stands at EUR 34 million. The business outside the U.S. is performing strongly, achieving “Quantum Leap” assumption for net technical margin.

<sup>4</sup> See page 34 of the Q1 2021 Earnings Presentation for the detailed calculation of normalized net combined ratio

<sup>5</sup> See page 46 of the Q1 2021 Earnings Presentation for details

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The total Covid-19 claims booked in Q1 2021 stand at EUR 162 million<sup>6</sup> of which EUR 145 million (net of retrocession, before tax) come from the U.S. risk portfolio and EUR 17 million (net of retrocession, before tax) come from all other markets.

The Covid-19 experience is developing in line with SCOR's expectations. SCOR's proprietary epidemiological modelling projects a downward trend in Covid-19 deaths in the U.S., reflecting the accelerated impact of vaccine roll-out. SCOR's overall view of the evolution of Covid-19 for 2021 remains in line with the view at the time of FY 2020 results. SCOR's modelling of potential future scenarios for Covid-19 indicates that uncertainty remains in terms of the emergence of variants of the virus, the efficacy of different vaccines against those variants, and people's behavior. In line with previous projections, SCOR Global Life estimates the U.S. general population death toll from Covid-19 remains projected at approximately 280,000 deaths for 2021. The Q1 2021 population deaths tracked closely in line with expectations and SCOR Global Life continues to observe significantly lower exposure to Covid-19 deaths for the reinsured population compared to the general population. Covid-19 reported deaths are projected to cease being a material cause of death within SCOR Global Life portfolio by the end of Q3 2021.

SCOR Global Life confirms that its underlying business performance remains strong with a technical margin, excluding Covid-19 claims, projected to achieve the "Quantum Leap" assumption range of 7.2% to 7.4% for 2021. Including Covid-19 projected claims, the technical margin for 2021 is projected at around 5.0%, with a technical margin anticipated to return to the "Quantum Leap" assumption range of 7.2% to 7.4% by Q4 2021.

### **SCOR Global Investments seizes opportunities in the fixed income market on the back of a deflation dynamic and delivers a solid return on invested assets of 3.0% in Q1 2021**

Total investments reach EUR 29.0 billion, with total invested assets of EUR 20.9 billion and funds withheld<sup>7</sup> of EUR 8.1 billion.

The asset allocation remains prudent. In January 2021, SCOR Global Investments seized opportunities in the fixed income market on the back of a deflation dynamic, particularly in the U.S., in realizing capital gains. The liquidity from this disposal program will be reinvested as soon as the market restabilizes:

- Liquidity at 15% of invested assets (vs. 9% in Q4 2020)
- Corporate bonds at 36% of invested assets (vs. 43% in Q4 2020)
- Fixed income portfolio of very high quality, with an average rating of A+, and a duration at 2.9 years<sup>8</sup>

The invested assets portfolio remains highly liquid, with financial cash flows<sup>9</sup> of EUR 10.1 billion expected over the next 24 months.

<sup>6</sup> Net of reduced flu claims in the U.S., net of retrocession and before tax, including IBNR

<sup>7</sup> Funds withheld & other deposits

<sup>8</sup> Compared to a duration on the fixed income portfolio of 3.3 years in Q4 2020 (duration on total invested assets of 3.0 years vs. 3.4 years in Q4 2020)

<sup>9</sup> As of March 31, 2021. Investable cash includes current cash balances, and future coupons and redemptions

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### SCOR Global Investments key figures:

| <i>In EUR millions<br/>(at current exchange rates)</i>        | <b>Q1 2021</b> | <b>Q1 2020</b> | <b>Variation</b> |
|---|----------------|----------------|------------------|
| Total investments   | 29,019         | 28,370         | +2.3%            |
| ▪ of which total invested assets                              | 20,871         | 20,274         | +2.9%            |
| ▪ of which total funds withheld by cedants and other deposits | 8,148          | 8,096          | +0.6%            |
| Return on investments*  | 2.5%           | 2.5%           | +0.0 pts         |
| Return on invested assets**                                   | 3.0%           | 3.1%           | -0.1 pts         |

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

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

The investment income on invested assets stands at EUR 153 million in Q1 2021, with realized gains of EUR 77 million, mainly coming from the fixed income portfolio, generating a return on invested assets of 3.0%. The income yield stands at 1.7% in Q1 2021 driven by the low yield environment, with virtually no impairment, demonstrating the resilience and the quality of the invested assets portfolio.

The reinvestment yield stands 1.6% at the end of Q1 2021<sup>10</sup> benefitting from higher interest rates, notably in the U.S.

The return of invested assets is reiterated in the range of 1.8% to 2.3% for FY 2021.

### SCOR accelerates digitization under “Quantum Leap”

SCOR continues to actively implement its strategic plan “Quantum Leap” and continues to deploy new technologies across the organization to improve its operational efficiency and productivity, and broaden its product and service offering to create long-term value.

SCOR delivered several ambitious digital projects in Q1 2021:

- A new satellite-based pasture insurance tool in Brazil: SCOR Global P&C, ESSOR, IRB and Agrobrazil combined their expertise with Airbus Defense & Space to enable Brazilian farmers to benefit from a satellite-based pasture insurance tool;
- A rating tool dedicated to inherent defect insurance, “IDI App”: SCOR Global P&C developed a cloud-based rating tool for clients, accessible via a web platform and based on main construction technical features;
- Enhanced B2B transactions in Trade Credit Insurance with Smart Credit: SCOR Global P&C launched a cloud-based configurable pricing engine that enhances B2B transactions in a digital private blockchain network ecosystem with Trade Credit Insurance;
- More efficient underwriting of SME business: SCOR Global P&C developed an innovative in-house pricing and risk scoring mobile app, designed to help partner insurers to underwrite SME business more efficiently.
- Vitae, a cutting-edge AI biometric risk calculator: SCOR Global Life launched Vitae to enable more accurate risk assessments, to simplify the underwriting process, and to extend protection to those in not perfect health.
- A major milestone for the “Move 2 Cloud” project: SCOR moved its internal reinsurance software Omega into Microsoft’s cloud computing solution Azure in April 2021, meaning that more than 50 applications are now running in the cloud, taking full benefit of Azure’s capabilities.

<sup>10</sup> Corresponds to theoretical reinvestment yields based on Q1 2021 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 March 31, 2021

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### APPENDIX

#### 1 - P&L key figures Q1 2021 (in EUR millions, at current exchange rates)

|                                 | Q1 2021 | Q1 2020 | Variation |
|---------------------------------|---------|---------|-----------|
| <b>Gross written premiums</b>   | 4,125   | 4,158   | -0.8%     |
| P&C gross written premiums      | 1,854   | 1,801   | +2.9%     |
| Life gross written premiums     | 2,271   | 2,357   | -3.6%     |
| <b>Investment income</b>        | 173     | 175     | -1.1%     |
| <b>Operating results</b>        | 102     | 259     | -60.6%    |
| <b>Net income<sup>1</sup></b>   | 45      | 162     | -72.2%    |
| <b>Earnings per share (EUR)</b> | 0.24    | 0.87    | -72.3%    |
| <b>Operating cash flow</b>      | 514     | 246     | +108.9%   |

1: Consolidated net income, Group share.

#### 2 - P&L key ratios Q1 2021

|  | Q1 2021 | Q1 2020 | Variation |
|--|---------|---------|-----------|
| <b>Return on investments<sup>1</sup></b>       | 2.5%    | 2.5%    | +0.0 pts  |
| <b>Return on invested assets<sup>1,2</sup></b> | 3.0%    | 3.1%    | -0.1 pts  |
| <b>P&amp;C net combined ratio<sup>3</sup></b>  | 97.1%   | 94.5%   | +2.6 pts  |
| <b>Life technical margin<sup>4</sup></b>       | 1.6%    | 7.4%    | -5.8 pts  |
| <b>Group cost ratio<sup>5</sup></b>            | 4.5%    | 4.7%    | -0.2 pts  |
| <b>Return on equity (ROE)</b>                  | 2.9%    | 10.7%   | -7.8 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.

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### 3 - Balance sheet key figures as on March 31, 2021 (in EUR millions, at current exchange rates)

|   | As on<br>March 31, 2021 | As on<br>December 31, 2020 | Variation |
|---|-------------------------|----------------------------|-----------|
| <b>Total investments</b> <sup>1,2</sup> | 29,019                  | 28,611                     | +1.4%     |
| <b>Technical reserves (gross)</b>       | 31,033                  | 30,501                     | +1.7%     |
| <b>Shareholders' equity</b>             | 6,277                   | 6,177                      | +1.6%     |
| <b>Book value per share (EUR)</b>       | 33.61                   | 33.01                      | +1.8%     |
| <b>Financial leverage ratio</b>         | 28.3%                   | 28.5%                      | -0.2 pts  |
| <b>Total liquidity</b> <sup>3</sup>     | 3,288                   | 1,989                      | +65.3%    |

<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   |
|----------------------|---|
| <b>Profitability</b> | ROE > 800 bps above 5-year risk-free rate <sup>1</sup> across the cycle |
| <b>Solvency</b>      | 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                          |                            |
|--------------------|--------------------------------------|----------------------------|
| <b>P&amp;C</b>     | 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    |
| <b>Life</b>        | 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    |
| <b>Investments</b> | Annualized return on invested assets | ~2.4% to 2.9% <sup>2</sup> |
| <b>Group</b>       | 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

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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.

The full impact of the Covid-19 crisis on SCOR’s business and results can still not be accurately assessed at this stage, given the uncertainty related both to the magnitude and duration of the Covid-19 pandemic and to the possible effects of future governmental actions and/or legal developments in this context. This uncertainty follows from the considerable difficulty in working on sound hypotheses on the impact of this crisis due to the lack of comparable events, the ongoing nature of the pandemic and its far-reaching impacts on the global economy, on the health of the population and on our customers and counterparties.

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These hypotheses include, in particular:

- the duration of the pandemic, its impact on health on the short and long term,
- the availability, efficacy, effectiveness and take-up rate and effect of the vaccines;
- the response of government bodies worldwide (including executive, legislative and regulatory);
- the potential judicial actions or social influences;
- the coverage and interpretation of SCOR's contracts under these circumstances;
- the assessment of the net claim estimates and impact of claim mitigation actions.

Therefore:

- any assessments and resulting figures presented in this document will necessarily be rough estimates based on evolving analyses, and encompass a wide range of theoretical hypotheses, which are still highly evolutive;
- at this stage, none of these scenarios, assessments, impact analyses or figures can be considered as certain or definitive.

Information regarding risks and uncertainties that may affect SCOR's business is set forth in the 2020 universal registration document filed on March 2, 2021, under number D.21-0084 with the French Autorité des marchés financiers (AMF) 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 Q1 2021 presentation (see page 22).

The financial information for the first quarter of 2021 included in this document is unaudited.

Unless otherwise specified, all figures are presented in Euros. Any figures for a period subsequent to March 31, 2021 should not be taken as a forecast of the expected financials for these periods.