

Press Release

12 May 2023 - N° 9

First quarter 2023 results under IFRS 17

SCOR generates a net income of EUR 311 million and significantly increases its Economic Value¹ in Q1 2023

- **Insurance revenue** of EUR 3,926 million in Q1 2023, down 4.2%² compared with Q1 2022
- **Group net income** of EUR 311 million in Q1 2023, compared with a net loss of EUR -35 million in Q1 2022
- **Group Economic Value** under IFRS 17 of EUR 9,784 million as of 31 March 2023, up 9.4%³ (+6.3%³ on a constant interest and exchange rate basis) compared with 31 December 2022, implying an **Economic Value per share** of EUR 54 (vs. EUR 50 as of 31 December 2022)
- **Estimated Group solvency ratio** of 219%⁴ as of 31 March 2023, at the upper end of the optimal solvency range

SCOR SE's Board of Directors met on 11 May 2023, under the chairmanship of Denis Kessler, to approve the Group's Q1 2023 financial statements. These results are published under the new IFRS 17 accounting standard.

Key highlights

In Q1 2023, the reinsurance industry continues to be driven by three favorable developments that have emerged and accelerated in recent quarters on both the asset and liability sides:

- First, the positive phase of the P&C reinsurance cycle, marked by a strong improvement in pricing conditions, is ongoing. SCOR records a 7% average rate increase for its renewed P&C portfolio on 1 April 2023, which should lead to a significant improvement in technical profitability. These favorable market conditions are expected to remain in place at the June and July 2023 renewals. This is against a backdrop of continued high natural catastrophe losses, including a major earthquake in Turkey, tornadoes in the U.S. and floods in New Zealand in Q1 2023.
- Second, in L&H reinsurance, the excess mortality linked to the Covid-19 pandemic has been greatly reduced, meaning that, as expected, the number of related claims continues to fall.
- Finally, on the asset side, the rise in interest rates and consequently in reinvestment rates will significantly increase the financial contribution of investments to reinsurer results in general, and will particularly increase those of the Group, which is taking full advantage of the short duration of its investment portfolio.

In this context, SCOR records a very strong performance, exceeding its value creation target and achieving its solvency target presented on 12 April 2023⁵, with:

- An Economic Value growth rate measured under IFRS 17 between 31 December 2022 and 31

¹ Defined as the sum of the shareholders' equity and the Contractual Service Margin (CSM), net of tax.

² At constant exchange rates.

³ Not annualized. Annualized Economic Value growth stands at +43.0% (+27.7% on a constant interest and exchange rate basis compared with 31 December 2022).

⁴ Solvency ratio estimated after taking into account a EUR 1.80 annual dividend per share, accrued for the first three months of 2023.

⁵ [2023 targets and financial assumptions under IFRS 17 | SCOR](#)

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March 2023 of 9.4% (+6.3% on a constant interest and exchange rate basis). The net income generated by the Group in Q1 2023 stands at EUR 311 million, corresponding to an annualized RoE of 29.7%;

- An estimated solvency ratio of 219% as of 31 March 2023, at the top end of the optimal solvency range of 185% - 220%.

This excellent performance is driven by the Group's business units (P&C, L&H and Investments), all of which are reporting a strong profitability level.

- **Group insurance revenue** stands at EUR 3,926 million in Q1 2023, down 4.2% at constant exchange rates (down 2.0% at current exchange rates) compared with Q1 2022. **Gross written premiums**⁶ stand at EUR 4,744 million, down 0.7% at constant exchange rates (up 0.6% at current exchange rates) compared with Q1 2022.
- **SCOR P&C** (Property and Casualty) insurance revenue is up 5.4% at constant exchange rates (up 7.7% at current exchange rates) compared with Q1 2022. Gross written premiums⁶ are down 3.1% at constant exchange rates (down 1.8% at current exchange rates). The combined ratio stands at 85.2%. It includes a Nat Cat ratio of 9.9%, in line with the 10% budget announced on 12 April 2023. **New business CSM** stands at EUR 588 million in Q1 2023.
- **SCOR L&H** (Life and Health) insurance revenue is down 11.0% at constant exchange rates (down 9.0% at current exchange rates) compared with Q1 2022. Gross written premiums⁶ are up 1.6% at constant exchange rates (up 2.9% at current exchange rates). The insurance service result⁷ stands at EUR 272 million and **new business CSM** stands at EUR 192 million in Q1 2023.
- **SCOR Investments** delivers a return on invested assets of 2.9%⁸ and a regular income yield of 2.8%⁹ in Q1 2023.
- **The management expense ratio** stands at 6.7% of insurance revenue in Q1 2023, better than the assumption of 7.1% - 7.3% presented on 12 April 2023.
- **The Group net income** stands at EUR 311 million for Q1 2023, implying an annualized return on equity of 29.7%.
- The Group generates **operating cash flows** of EUR 281 million in Q1 2023, with a positive operating cash flow of EUR 316 million from SCOR P&C and a negative operating cash flow of EUR 35 million from SCOR L&H.
- **The Group's Economic Value**¹⁰ under IFRS 17 stands at 9,784 million as of 31 March 2023 (up 6.3% on a constant interest and exchange rate basis compared with 31 December 2022), representing an Economic Value per share of EUR 54. It can be broken down into EUR 4,966 million of **shareholders' equity** (up 14.1% compared to 31 December 2022) and EUR 4,818 million of **CSM** (net of tax) (up 4.8% compared to 31 December 2022).
- **The Group financial leverage**, which stands at 20.1% as of 31 March 2023, is down 1.5 points compared to 31 December 2022 (when it stood at 21.6%).

⁶ Gross written premium is not a defined indicator under IFRS 17 (non-GAAP indicator).

⁷ Includes revenues on Financial contracts reported under IFRS 9.

⁸ In Q1 2023, fair value through income on invested assets excludes EUR 2 million related to the option on own shares granted to SCOR.

⁹ In Q1 2023, regular income yield and RoIA include a negative impact of 13 bps mainly resulting from an adjustment in the amortization trajectory of leveraged loans. Excluding this impact, the Q1 2023 QTD regular income yield and the RoIA stand at 2.9% and 3.0% respectively.

¹⁰ Defined as the sum of the shareholders' equity and the Contractual Service Margin (CSM), net of tax.

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- **The Group solvency ratio** as of 31 March 2023 is estimated at 219%¹¹, at the upper end of the optimal solvency range of 185% to 220%.

As announced on 2 March 2023, SCOR is proposing a dividend of EUR 1.40 per share for the fiscal year 2022. This dividend will be submitted for shareholders' approval at the 2023 Annual General Meeting, to be held on 25 May 2023.

Other information disclosed under IFRS 17

SCOR has refined its estimate of its Economic Value as of 31 December 2022 measured under IFRS 17: it stands at EUR 8,947 million, consisting of EUR 6,128 million of CSM (EUR 4,596 million of CSM net of tax¹²) and EUR 4,351 million of shareholders' equity, which represents an Economic Value per share of EUR 50 as of 31 December 2022.

Preparation of the new strategic plan

The outline of the new strategic plan will be presented at the Annual General Meeting on 25 May 2023. The Group's strategic orientations will be presented in detail at SCOR's Investor Day on 7 September 2023.

Denis Kessler, Chairman of SCOR, comments: "SCOR has generated excellent results in Q1 2023. The Group is taking full advantage of the current favorable environment. Our new CEO, Thierry Léger, is in charge of drawing up a new three-year strategic plan under IFRS 17. This plan will define the best ways and means for the Group to consolidate its position as a leading global reinsurer, taking advantage of its Tier 1 global underwriting platform and technical know-how. The Board of Directors is confident in the Group's ability to actively pursue its growth, with the twofold objective of solvency and value creation."

Thierry Léger, Chief Executive Officer of SCOR, comments: "The Q1 results are very satisfactory. All business units – P&C, L&H and Investments – have generated positive results, and the Group's Economic Value has increased significantly. In parallel, our Finance teams have successfully managed the transition to the new IFRS 17 framework: we would like to thank them for this achievement. I am now looking to the future: the current market is very supportive, and all the teams are mobilized to take advantage of this favorable environment. I look forward to presenting the outline of the new strategic plan at the Annual General Meeting."

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¹¹ Solvency ratio estimated after taking into account a EUR 1.80 annual dividend per share, accrued for the first three months of 2023.

¹² A notional tax rate of 25% was applied to the CSM to calculate Economic Value.

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SCOR Group Q1 2023 key financial details

The IFRS 17 figures presented in this document for 2022 (pro forma quarterly and yearly metrics) are communicated for comparison purpose and are unaudited.

In EUR million (at current exchange rates)	Q1 2023	Q1 2022	Variation
Insurance revenue	3,926	4,008	-2.0%
Gross written premium ¹	4,744	4,715	+0.6%
Insurance service result ²	478	62	+671.0%
Group management expense ratio	6.7%	6.4%	+0.3pts
Annualized ROE	29.7%	n.a.	n.a.
Net income ³	311	-35	n.a.
Economic Value ⁴	9,784	11,214	-12.8%
Shareholder's Equity	4,966	6,646	-25.3%
Contractual Service Margin (CSM) ⁵	4,818	4,569	+5.5%

1: Gross written premium is not a defined indicator under IFRS 17 (non-GAAP indicator). 2: Includes revenues on Financial contracts reported under IFRS 9. 3: Consolidated net income, Group share. 4: Defined as the sum of the shareholders' equity and the Contractual Service Margin (CSM), net of tax. 5: Net of tax

SCOR P&C is actively pursuing the deployment of its capital in a supportive market environment and records a strong level of new business CSM

In the first quarter of 2023, SCOR P&C's insurance revenue stands at EUR 1,791 million, up 5.4% at constant exchange rates (+7.7% at current exchange rates) compared to Q1 2022. There has been a strong increase in insurance revenue for Specialty insurance (+21.5% at constant exchange rates), which now represents 34% of SCOR P&C's overall insurance revenue.

Market conditions remain favorable for reinsurers, with regard to both pricing and terms and conditions. SCOR is taking advantage of this supportive market to continue the repositioning of its P&C risk portfolio.

New business CSM in Q1 2023 stands at EUR 588 million, benefiting from a high level of expected technical profitability for the treaties underwritten at the January 2023 renewals.

SCOR P&C key figures:

In EUR million (at current exchange rates)	Q1 2023	Q1 2022	Variation
Insurance revenue	1,791	1,663	7.7%
Insurance service result	207	31	+564.5%
Combined ratio	85.2%	97.8%	-12.6pts
New business CSM	588	n.a.	n.a.

SCOR P&C's combined ratio stands at 85.2% in Q1 2023, compared to 97.8% in Q1 2022. This improvement in technical profitability is due to (i) a Nat Cat ratio of 9.9% of insurance revenue, in line with the 10% budget announced on 12 April 2023, and (ii) an attritional loss and commission ratio of 70.0%.

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SCOR P&C's attributable expense ratio stands at 6.0% of its insurance revenue in Q1 2023.

The P&C insurance service result is driven by a CSM amortization of EUR 293 million and positive claims experience variance, partly offset by retrocession and premium effects. The retrocession effect is arising from i) limited recovery (as one would expect in a strong underwriting quarter) and ii) proportional retrocession impacts.

SCOR L&H's insurance service result benefits from a positive experience variance arising from favorable U.S. claims developments and a one-off item

Reminder: Insurance revenue is the sum of expected claims and expenses (estimated at the beginning of each quarter), CSM amortization, Risk Adjustment release and amortization of existing onerous contracts. It is not the result of a deduction applied to the gross written premium.

In the first quarter of 2023, SCOR L&H insurance revenue amounts to EUR 2,135 million, down 11.0% at constant exchange rates (down 9.0% at current exchange rates) compared to Q1 2022. This notably reflects the significant decrease in expected claims related to the Covid-19 pandemic between Q1 2022 and Q1 2023.

The new business CSM, which amounts to EUR 192 million in Q1 2023, reflects the quality of treaties underwritten over the period.

SCOR L&H key figures:

<i>In EUR million (at current exchange rates)</i>	Q1 2023	Q1 2022	Variation
Insurance revenue	2,135	2,345	-9.0%
Insurance service result ¹³	272	31	+775.7%
New business CSM	192	n.a.	n.a.

SCOR L&H's insurance service result¹³ amounts to EUR 272 million in Q1 2023. For the same period in 2022, the insurance service result was EUR 31 million.

SCOR L&H's insurance service result is supported by a positive experience variance, reflecting (i) favorable developments in the U.S. including from Covid-19 claims, and (ii) the impact of a one-off item which accounts for about half of the experience variance.

¹³ Includes revenues on Financial contracts reported under IFRS 9.

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SCOR Investments generates a return on invested assets of 2.9%^{14,15,16} in the first quarter of 2023, and benefits from a high reinvestment rate of 4.6% as of 31 March 2023

As of 31 March 2023, total invested assets amount to EUR 22.4 billion. SCOR has a high-quality fixed income portfolio with an average rating of A+ and a duration at 3.2 years. SCOR's asset mix is optimized, with 81% of the portfolio invested in fixed income.

SCOR Investments key figures:

In EUR million (at current exchange rates)	Q1 2023	Q1 2022	Variation
Total invested assets	22,399	22,226	+0.8%
Regular income yield*	2.8%	1.9%	+0.9pts
Return on invested assets**	2.9%	1.8%	+1.1pts

(*) In Q1 2023, regular income yield and RoIA include a negative impact of 13 bps mainly resulting from an adjustment in the amortization trajectory of leveraged loans. Excluding this impact, the Q1 2023 QTD regular income yield and the RoIA stand at 2.9% and 3.0% respectively.

(**) Annualized and excluding funds withheld by cedants & other deposits. As at 31 March 2023, fair value through income on invested assets excludes EUR 2 million related to the option on own shares granted to SCOR.

Total investment income on invested assets stands at EUR 157 million in Q1 2023.

The return on invested assets stands at 2.9 %^{14,15,16} in Q1 2023 (vs. 2.9% in Q4 2022 QTD).

The regular income yield stands at 2.8%¹⁵ in Q1 2023, (vs. 3.1% in Q4 2022 QTD).

The reinvestment rate stands at 4.6%¹⁷ as of 31 March 2023, compared to 4.9% at the end of 2022. The invested assets portfolio remains highly liquid and financial cash flows of EUR 9.3 billion are expected over the next 24 months¹⁸, enabling SCOR to benefit faster from high reinvestment rates.

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¹⁴ In Q1 2023, fair value through income on invested assets excludes EUR 2 million related to the option on own shares granted to SCOR.

¹⁵ In Q1 2023, regular income yield and RoIA include a negative impact of 13 bps mainly resulting from an adjustment in the amortization trajectory of leveraged loans. Excluding this impact, the Q1 2023 QTD regular income yield and the RoIA stand at 2.9% and 3.0% respectively.

¹⁶ Annualized, return on invested assets excludes funds withheld by cedants and other deposits.

¹⁷ Corresponds to theoretical reinvestment rates based on Q1 2023 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 31 March 2023.

¹⁸ As of 31 March 2023. Investable cash includes current cash balances, and future coupons and redemptions.

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APPENDIX

The IFRS 17 figures presented in this document for 2022 (pro forma quarterly and yearly metrics) are communicated for comparison purpose and are unaudited.

1 - P&L key figures Q1 2023

In EUR million (at current exchange rates)	Q1 2023	Q1 2022	Variation	FY22
Insurance revenue	3,926	4,008	-2.0%	15,910
▪ P&C insurance revenue	1,791	1,663	+7.7%	7,371
▪ L&H insurance revenue	2,135	2,345	-9.0%	8,539
Gross written premium¹	4,744	4,715	+0.6%	19,732
▪ P&C gross written premium	2,275	2,316	-1.8%	10,017
▪ L&H gross written premium	2,469	2,399	+2.9%	9,715
Investment income on invested assets	157	98	n.a.	467
Operating result	444	5	n.a.	-1,567
Net income²	311	-35	n.a.	-1,383
Earnings per share (EUR)	1.73	-0.19	n.a.	-1.69
Operating cash flow	281	-116	n.a.	500

1: Gross written premium is not a defined indicator under IFRS 17 (non-GAAP indicator); 2: Consolidated net income, Group share.

2 - P&L key ratios Q1 2023

In EUR million (at current exchange rates)	Q1 2023	Q1 2022	Variation	FY22
Return on invested assets^{1,2,3}	2.9%	1.8%	+1.1pts	2.1%
P&C combined ratio⁴	85.2%	97.8%	-12.6pts	114.9%
Group management expense ratio⁵	6.7%	6.4%	+0.3pts	6.7%
Return on equity (ROE)	29.7%	n.a.	n.a.	n.a.
Economic Value growth⁶	6.3%	n.a.	n.a.	n.a.

1: Annualized and calculated excluding funds withheld by cedants according to IFRS 9 standard; 2: As at 31 March 2023, fair value through income on invested assets excludes EUR 2 million related to the option on own shares granted to SCOR; 3: In Q1 2023, regular income yield and RoIA include a negative impact of 13 bps mainly resulting from an adjustment in the amortization trajectory of leveraged loans. Excluding this impact, the Q1 2023 QTD regular income yield and the RoIA stand at 2.9% and 3.0% respectively; 4: The net combined ratio is the sum of the total claims, the total variables commissions, and the total P&C management expenses, divided by the net insurance revenue for P&C business; 5: The group management expense ratio is the total management expenses divided by insurance revenue; 6: Growth at constant economic assumptions of interest rates and exchange rates as at 31 December 2022. Economic Value defined as the sum of the shareholders' equity and the Contractual Service Margin (CSM), net of tax.

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3 - Balance sheet key figures as of 31 March 2023

<i>In EUR million (at current exchange rates)</i>	As of 31 March 2023	As of 31 December 2022	Variation
Total invested assets ^{1,2}	22,399	22,179	+1.0%
Technical reserves (gross) ³	18,670	19,400	-3.8%
Shareholders' equity	4,966	4,351	+14.1%
Book value per share (EUR)	28	24	+14.3% ⁷
Economic Value ⁴	9,784	8,947	+9.4%
Economic Value per share (EUR) ⁵	54	50	+9.4% ⁷
Financial leverage ratio	20.1%	21.6%	-1.5pts
Total liquidity ⁶	2,208	2,791	-20.9%

1: Total investment portfolio includes invested assets, accrued interest, cat bonds, mortality bonds and FX derivatives; 2: Excluding 3rd party net insurance business investments; 3: Gross of retrocession and includes "accounts payable on assumed insurance and reinsurance transactions" net of "accounts receivable on assumed insurance and reinsurance transactions". 4: The Economic Value (defined as the sum of the shareholders' equity and the Contractual Service Margin (CSM), net of tax) includes minority interests; 5: The Economic Value per share excludes minority interests; 6: Includes cash and cash equivalents and short-term investments classified as "other loans and receivables"; 7: Growth rate calculated on the basis of unrounded figures.

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General

Numbers presented throughout this press release 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 press release 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 press release includes forward-looking statements, assumptions, and information about SCOR's financial condition, results, business, strategy, plans and objectives, including in relation to SCOR's current or future projects.

These statements are sometimes identified by the use of the future tense or conditional mode, or terms such as "estimate", "believe", "anticipate", "expect", "have the objective", "intend to", "plan", "result in", "should", and other similar expressions.

It should be noted that the achievement of these objectives, forward-looking statements, assumptions and information is dependent on circumstances and facts that arise in the future.

No guarantee can be given regarding the achievement of these forward-looking statements, assumptions and information. These forward-looking statements, assumptions and information are not guarantees of future performance. Forward-looking statements, assumptions and information (including on objectives) may be impacted by known or unknown risks, identified or unidentified uncertainties and other factors that may significantly alter the future results, performance and accomplishments planned or expected by SCOR.

In particular, it should be noted that the full impact of the Covid-19 crisis on SCOR's business and results cannot be accurately assessed, in particular given the uncertainty related to the evolution of the pandemic, to its effects on health and on the economy, and to the possible effects of future governmental actions or legal developments in this context.

In addition, the full impact of the Russian invasion and war in Ukraine on SCOR's business and results cannot be accurately assessed at this stage, given the uncertainty related both to the magnitude and duration of the conflict, and the consequential impacts.

Therefore, any assessments, any assumptions and, more generally, any figures presented in this press release will necessarily be estimates based on evolving analyses, and encompass a wide range of theoretical hypotheses, which are highly evolutive.

These points of attention on forward-looking statements are all the more essential that the adoption of IFRS 17, which is a new accounting standard, results in significant accounting changes for SCOR – the impact of which may not be fully assessed *ab initio* (see below).

Information regarding risks and uncertainties that may affect SCOR's business is set forth in the 2022 Universal Registration Document filed on 14 April 2023, under number D.23-0287 with the French Autorité des marchés financiers (AMF) posted on SCOR's website www.scor.com.

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

SCOR has no intention and does not undertake to complete, update, revise or change these forward-looking statements, assumptions and information, whether as a result of new information, future events or otherwise.

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Financial information

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

IFRS 17 is a new accounting standard applicable to insurance and reinsurance contracts. IFRS 17 has replaced IFRS 4 since 1 January 2023. The adoption of IFRS 17 results in significant accounting changes for SCOR. Any assessments, assumptions, estimates or expectations under or relating to IFRS 17 in this press release reflect SCOR's current view of the impact of IFRS 17. No guarantee can be given regarding their accuracy: they are subject to changes, which may be significant, in the course of 2023. Accordingly, no undue reliance should be placed on such assessments, assumptions, estimates or expectations.

Unless otherwise specified, prior-year balance sheet, income statement items and ratios have not been reclassified.

The calculation of financial ratios (such as Economic Value per share, return on investments, return on invested assets, Group cost ratio, return on equity, net combined ratio and life technical margin) is detailed in the Appendices of the presentation of the financial results of Q1 2023 (see page 19).

The financial information for the first quarter of 2023 included in this document is unaudited. Unless otherwise specified, all figures are presented in Euros. All figures are at constant exchange rates as of 31 December 2022, unless otherwise specified. Any figures for a period subsequent to 31 March 2023 should not be taken as a forecast of the expected financials for these periods.