Investor Day 2016
7 September 2016, Paris

SCOR Global Investments normalizes its asset management policy

François de Varenne
CEO SCOR Global Investments

SCOR The Art & Science of Risk | Investments

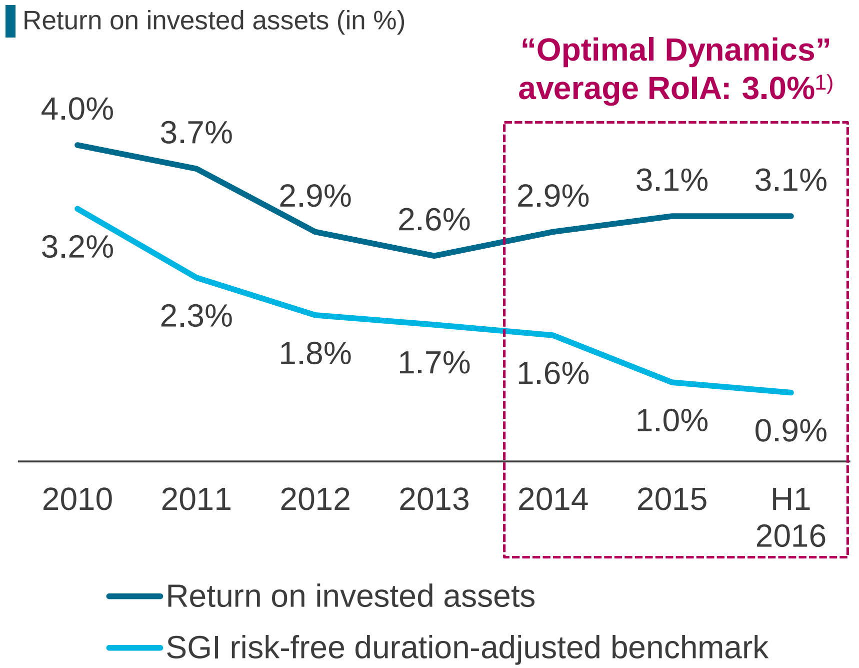
Key messages

- SCOR Global Investments successfully delivers its two "Optimal Dynamics" assumptions
- The financial environment should be affected during 2016-2019 by a probable prolonged period of low growth / low yield / low inflation
- SCOR benefits from its unique invested assets currency mix to implement a differentiated investment strategy by currency
- Normalization of the asset management policy during "Vision in Action" will enable SCOR to achieve higher investment returns

SCOR Global Investments successfully delivers its two "Optimal Dynamics" assumptions

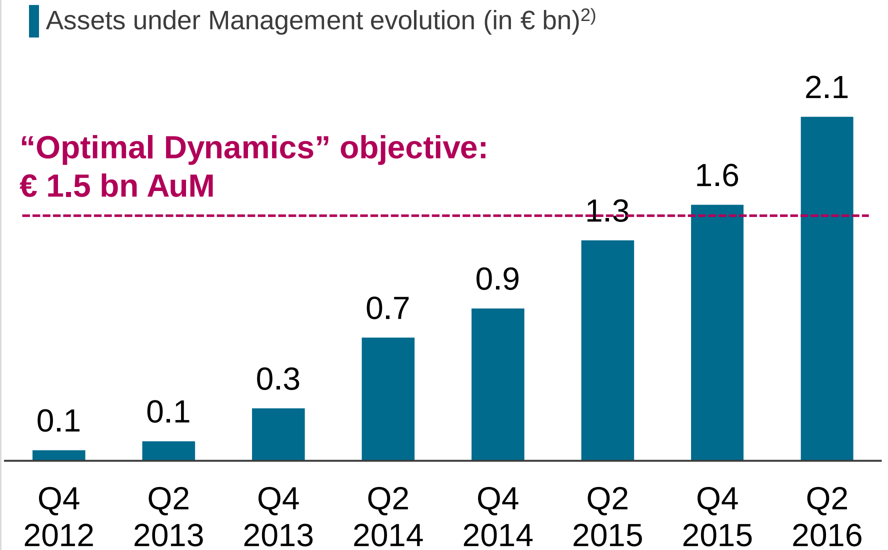
Achieve higher investment returns

Return on invested assets > 3.0% by the end of "Optimal Dynamics"



Accelerate SCOR Investment Partners' positioning as a niche third-party asset manager

Assets managed on behalf of third-party clients > € 1.5 billion by the end of 2016



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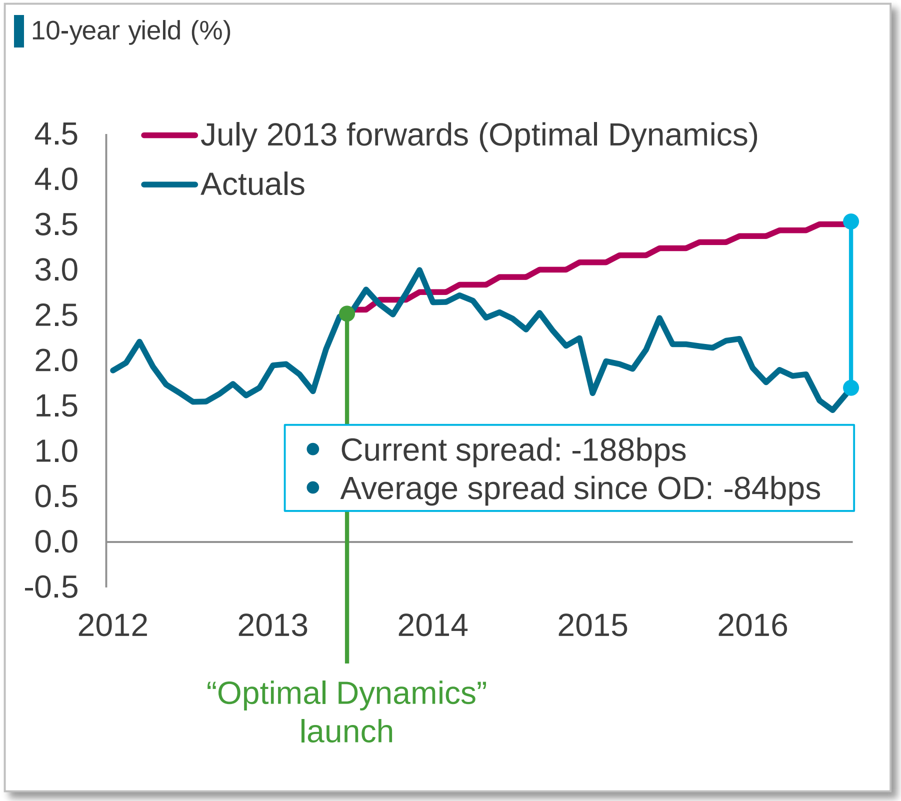
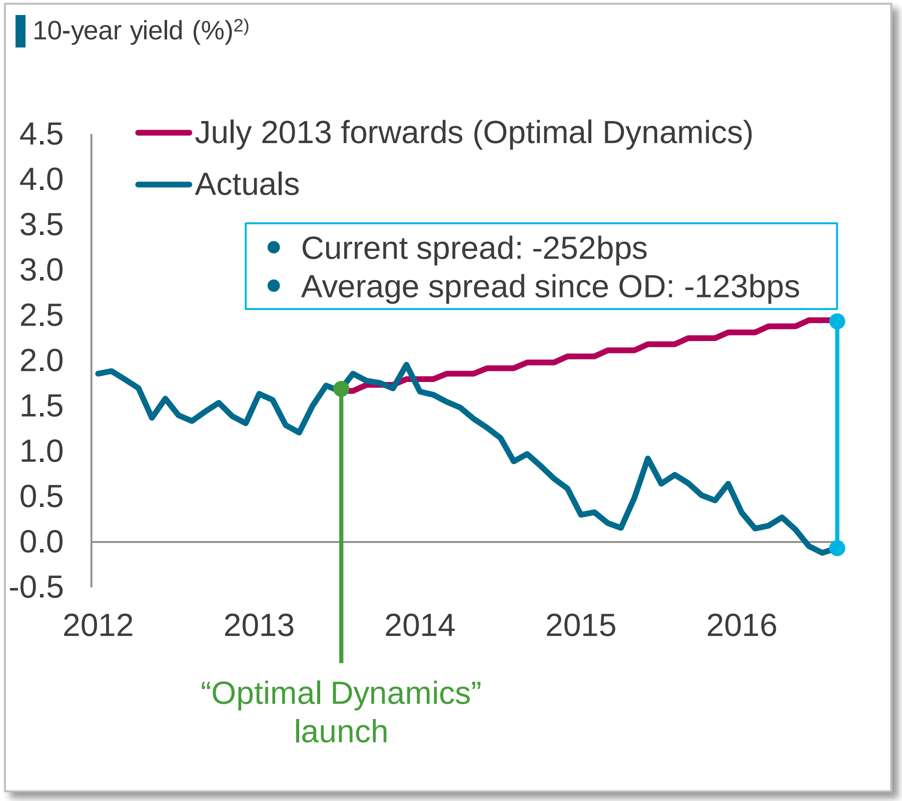
1) "Optimal Dynamics" Return on Invested Assets ("RoIA") refers to the Q3 2013 – Q2 2016 average of quarterly RoIA
2) Assets under Management ("AuM") managed by SCOR Investment Partners on behalf of third party clients, including undrawn commitments

Unexpected extremely and historically low interest rates challenged the initial assumptions on which "Optimal Dynamics" plan was relying

10-year government rates – USA[1)]



10-year government rates – Eurozone[1)]



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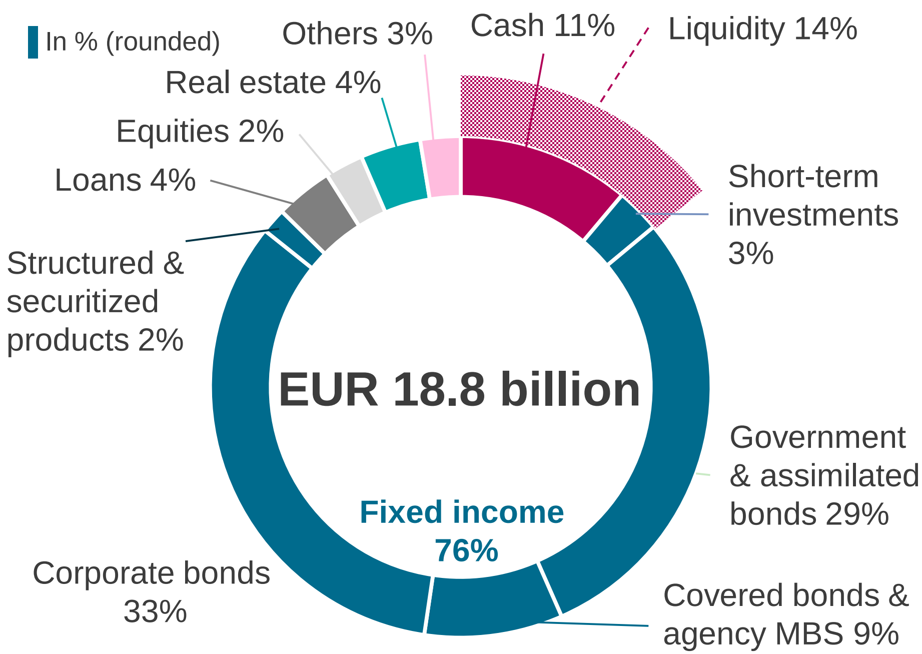
1) Source: Bloomberg, data as of 31/08/2016. Blue line shows historical interest rates levels. Purple line shows interest rates market forwards at the end of July 2013 at launch of "Optimal Dynamics"
2) For the Eurozone, government rates correspond to German 10-year Bund yield

Current portfolio positioning reflects a very high level of prudence

Total invested assets



Average rating and duration per asset class

	RATING	EFFECTIVE DURATION
Short-term investments	AA+	**0.3 yrs**
Government bonds & assimilated	AA	**3.0 yrs**
Covered bonds & Agency MBS	AAA	**4.3 yrs**
Corporate bonds	A-	**5.2 yrs**
Structured & securitized products	AA+	**0.8 yrs**
Global – Fixed income	**AA-**	**4.0 yrs**

Total investments of

EUR 27.6 billion

with total invested assets of EUR 18.8 billion
and funds withheld of EUR 8.8 billion

Financial cash flows[1)] of

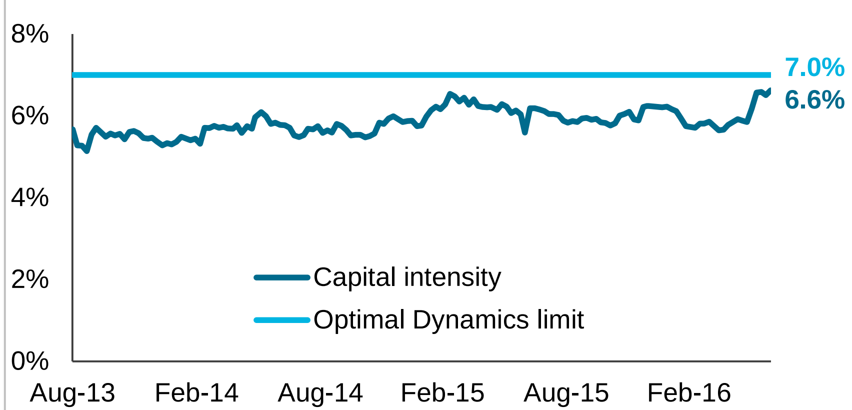
EUR 7.3 billion

expected over the next 24 months,
representing 39% of the invested assets portfolio

All figures are as of 30/06/2016
1) Including cash, coupons and redemption

SCOR has historically adopted a defensive risk profile on its investment portfolio, in a global context of rating downgrades

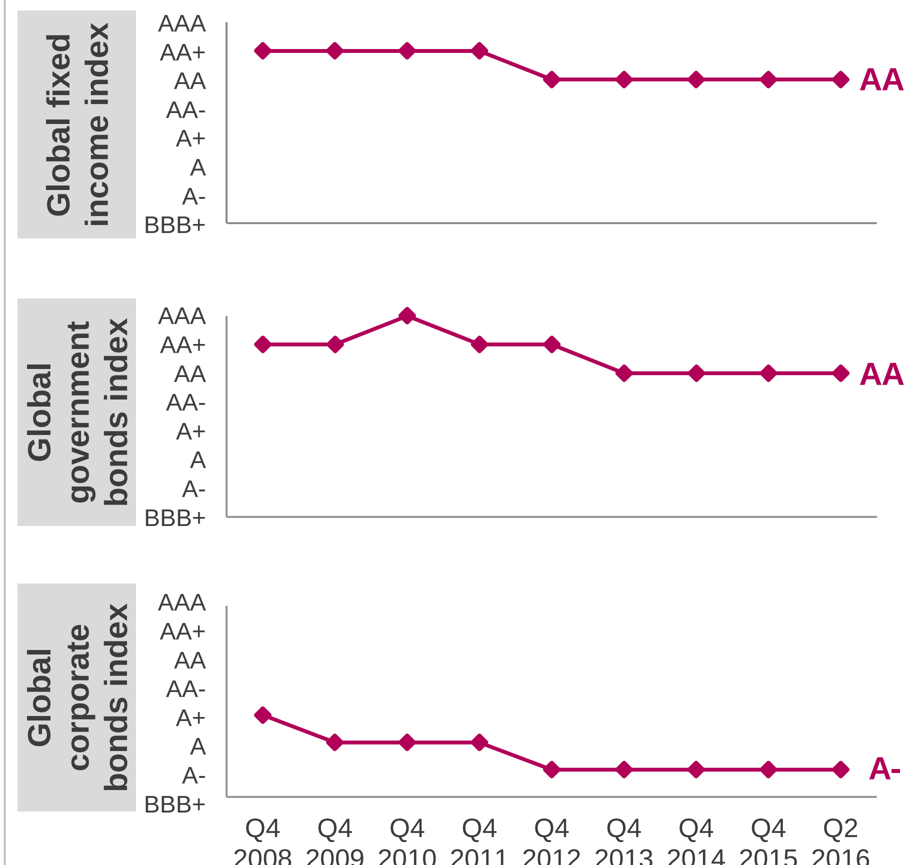
Evolution of invested assets' capital intensity[1] during "Optimal Dynamics"



Current versus neutral duration

	Current duration[2]	Neutral duration[3]
P&C division	2.9	3.7
Life division	3.4	7.2
Average Group	**3.0**	**5.1**

Rating structure of fixed income investment universe[4]



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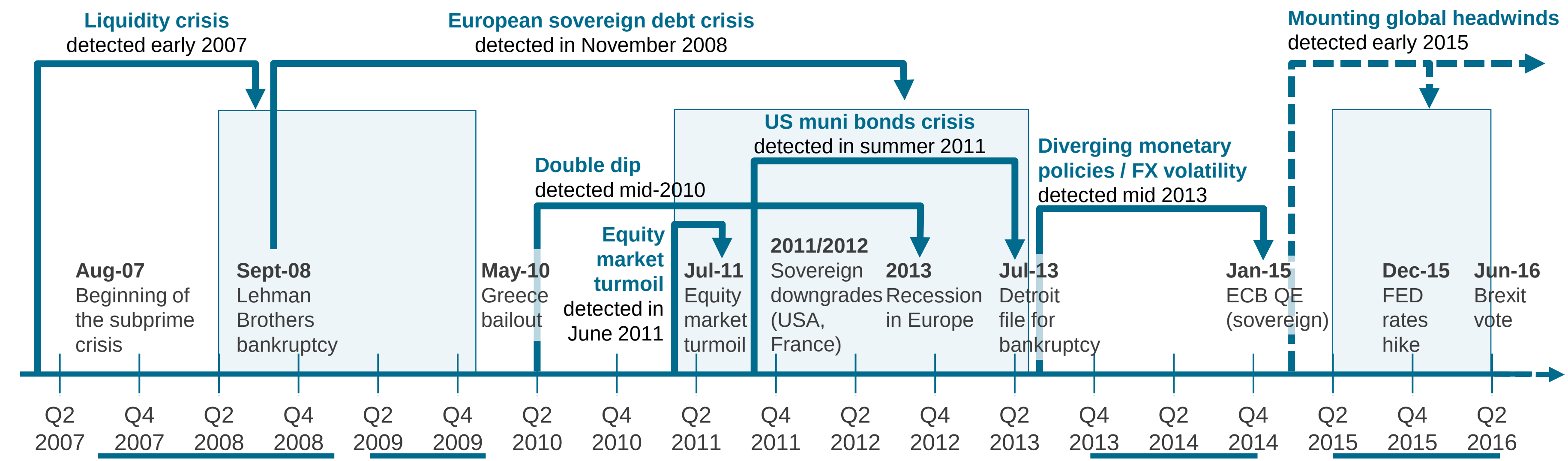
1) Capital intensity is defined as the VaR 99.5% 1-year of the portfolio (in % of invested assets)
2) As at 30/06/2016, including non interest sensitive assets
3) The neutral duration corresponds to the duration of invested assets which immunizes the Basic Own Funds relative to interest rate changes (estimated on the economic balance sheet as at 31/12/2015)
4) Source: Bank of America Merrill Lynch indices

Since 2007, SCOR Global Investments has successfully detected all major shocks and prevented the Group from severe investment losses



Capital preservation
- Derisking of the investment portfolio
- Reduced duration of the fixed income portfolio
- Reduction of equity exposure started early 2007 and down to less than 5% in Q1 2009
- Very marginal exposure to subprimes

Inflection program
- € 2.1 billion of cash and ST investments reinvested between Q1 and Q4 2009
- Targeted asset classes: medium-term govies, corporate bonds and equities

No exposure to sovereign debts issued by countries under scrutiny (March 2010, Full year 2009 pres.)

Deliberate and significant reduction of equity exposure (-27%) executed mid-June 2011

No exposure to US municipal bonds (Q3 2011 results)

Reduced exposure to French public debt, down to € 221m in Q4 2011 from € 733m in Q4 2010

Assets and capital in strong currencies / countries

Progressive and selective increase of the fixed income portfolio duration, mainly on USD and GBP-denominated buckets

Decrease of cash bucket (at 5% in Q4 2014 vs. 14% in Q4 2013)

Capital preservation
- Derisking of the investment portfolio
- Increase of liquidity
- Halt of the rebalancing strategy and duration increase

Reduced exposure to energy, metals & mining and banking sectors completed in January 2016

Very defensive GBP portfolio with high quality fixed income (AA-), no equity and short duration

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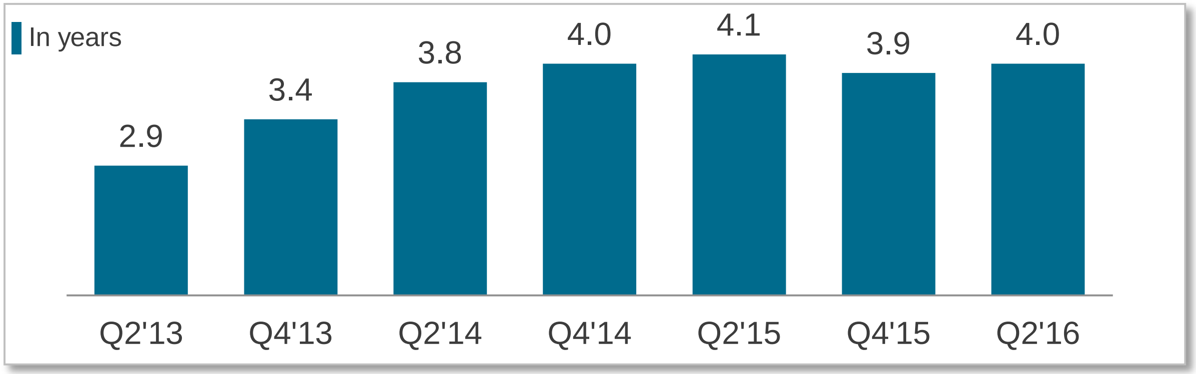
Since June 2015, SCOR has temporarily adapted its investment strategy to cope with the very high level of uncertainty

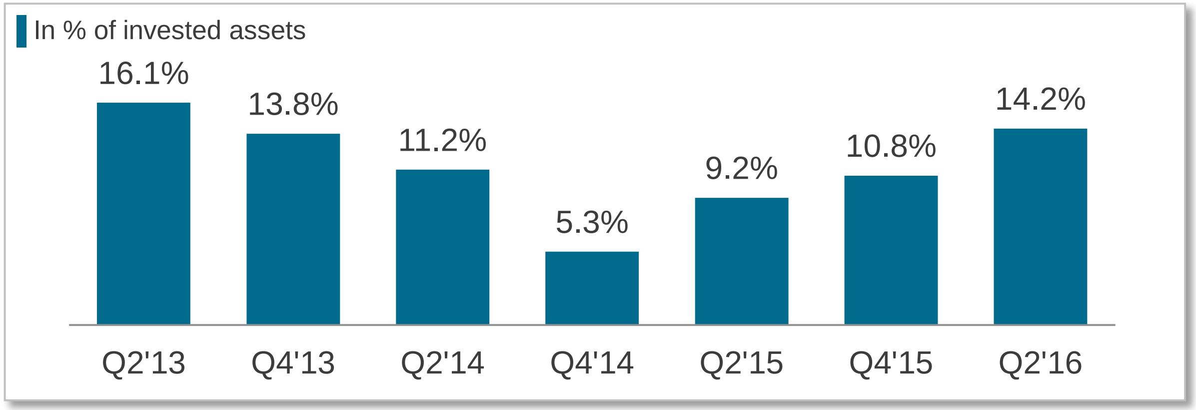
Sept. 2013 – May 2015: rebalancing phase | **June 2015 onwards: increased prudence**

Evolution of the effective duration of the fixed income portfolio



- The progressive increase of the fixed income portfolio duration has been momentarily halted given the high uncertainty on interest rates

Evolution of liquidity (cash and short-term investments)



- After having reached its target level of 5% in Q1 2015, liquidity has been further increased to cope with the uncertain economic and financial environment from June 2015 onwards

The financial environment should be affected during 2016-2019 by a probable prolonged period of low growth / low yield / low inflation

US

Margins to tighten monetary policy?

EUROZONE

Vulnerability in the absence of structural reforms?

UK

Cost of Brexit?

EMERGING COUNTRIES

Soft or hard landing in China limiting growth prospects?

Worldwide convergence to a low speed regime

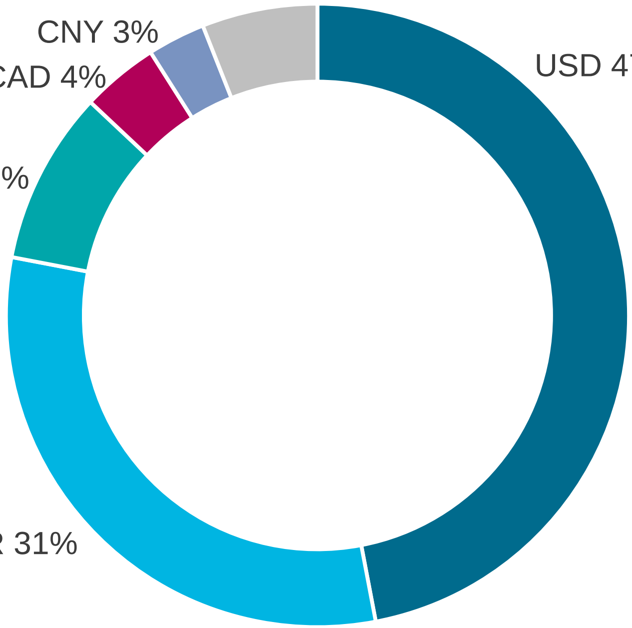
- **Higher volatility**
- **Sluggish growth**
- **Low interest rates**
- **Low inflation**

SCOR Global Investments scenarios for the next 3 years are based on conservative macroeconomic assumptions given the high level of uncertainty, allowing for potential upsides

In this low yield environment, SCOR benefits from its unique currency mix to implement a differentiated investment strategy by currency

SCOR continues to benefit from a well diversified currency exposure, providing high flexibility

Total invested assets currency split as at 30/06/2016, in % (rounded)



Investment drivers are analysed by currency block, leading to differentiated investment strategies

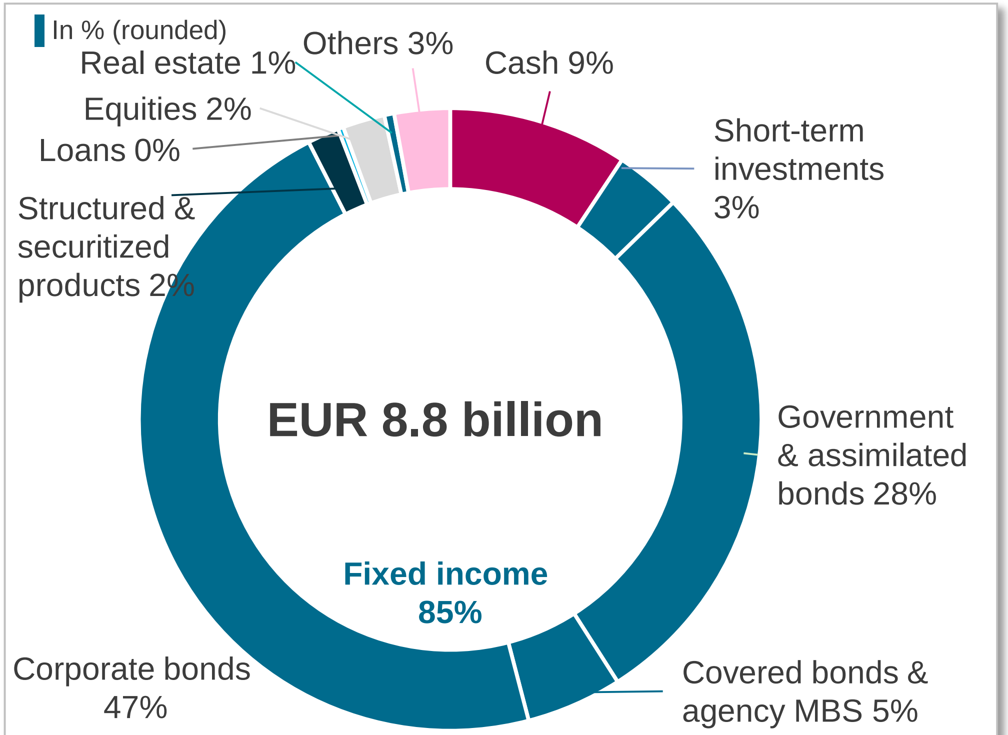
Key investment drivers

Average rates level	+	-	-
Steepness of yield curves	+	-	=
Corporate credit market	=	+	=
Valuation of equities	-	=	-

\+ Positive view = Neutral view - Negative view

USD portfolio: some value can still be extracted from the steepness of the yield curve, in a context of potential rates increase by the Fed

USD portfolio
Current asset allocation



$ Fixed income portfolio duration
4.4 years

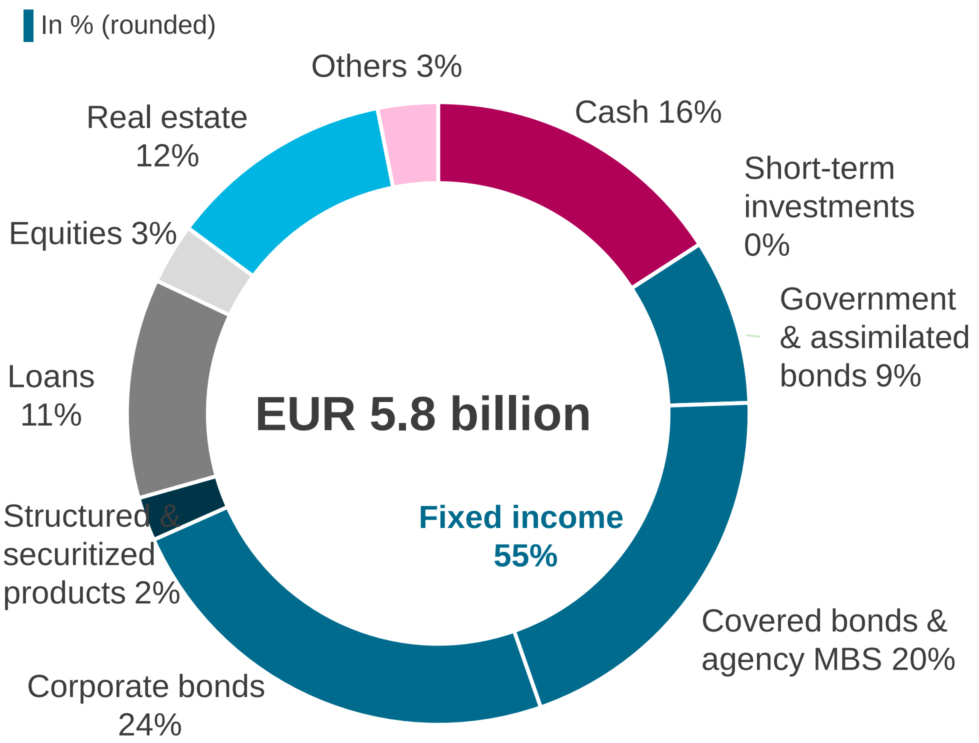
Investment themes in USD for "Vision in Action"

- Benefit from the steepness of the curve through fixed-rate products
- Monetize the convexity of the fixed income portfolio through increased exposure to agency MBS
- Focus on high quality issuers in the corporate bond space

All figures are as of 30/06/2016

EUR portfolio: absolute rate levels are a challenge, but credit markets are still resilient and will be used to enhance the recurring yield

EUR portfolio
Current asset allocation



Fixed income portfolio duration
3.9 years

Investment themes in EUR for "Vision in Action"

- Avoid negative rates by decreasing exposure to cash, government bonds and covered bonds
- Enhance recurring yield through credit risk with an increased focus on loans while benefitting from their protective features

All figures are as of 30/06/2016

EUR portfolio: Loans keep a very compelling risk / return profile in order to enhance the recurring yield of the portfolio

	Corporate loans	Real estate loans	Infrastructure loans
SCOR's investment strategy	**Focus on first lien senior secured loans, syndicated by banks** **Benefit from a Libor / Euribor floor on most of the loans to avoid negative interest rates** **Invest mostly in EUR-denominated assets[1)]**		
Key features	• Sponsored / acquisition corporate financing • Syndicated and standardized loans	• Value-added real estate financing • Average loan-to-value < 65%	• Infrastructure and renewable energy • Defensive portfolio mostly invested in brownfield projects
Geographical focus	Europe	France	Europe
Targeted return[2)]	Libor / Euribor + 450-500 bps	Libor / Euribor + 200-300 bps	Libor / Euribor + 180-200bps
Average life	3-5 yrs	3-5 yrs	10-12yrs
Average risk profile	Sub investment grade	Low investment grade	Low investment grade
Expected loss given default	25%	15%	20%

1) No GBP-denominated exposure
2) At current market conditions

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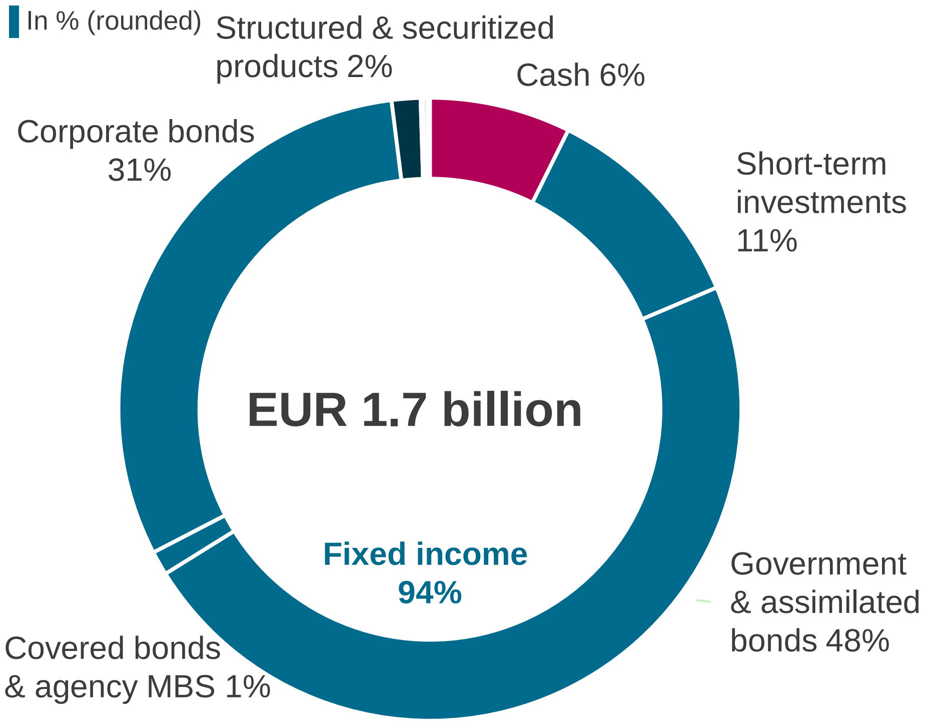
GBP portfolio: situation is unclear in the UK further to Brexit vote, but rates however remain in positive territory for the time being

GBP portfolio
Current asset allocation



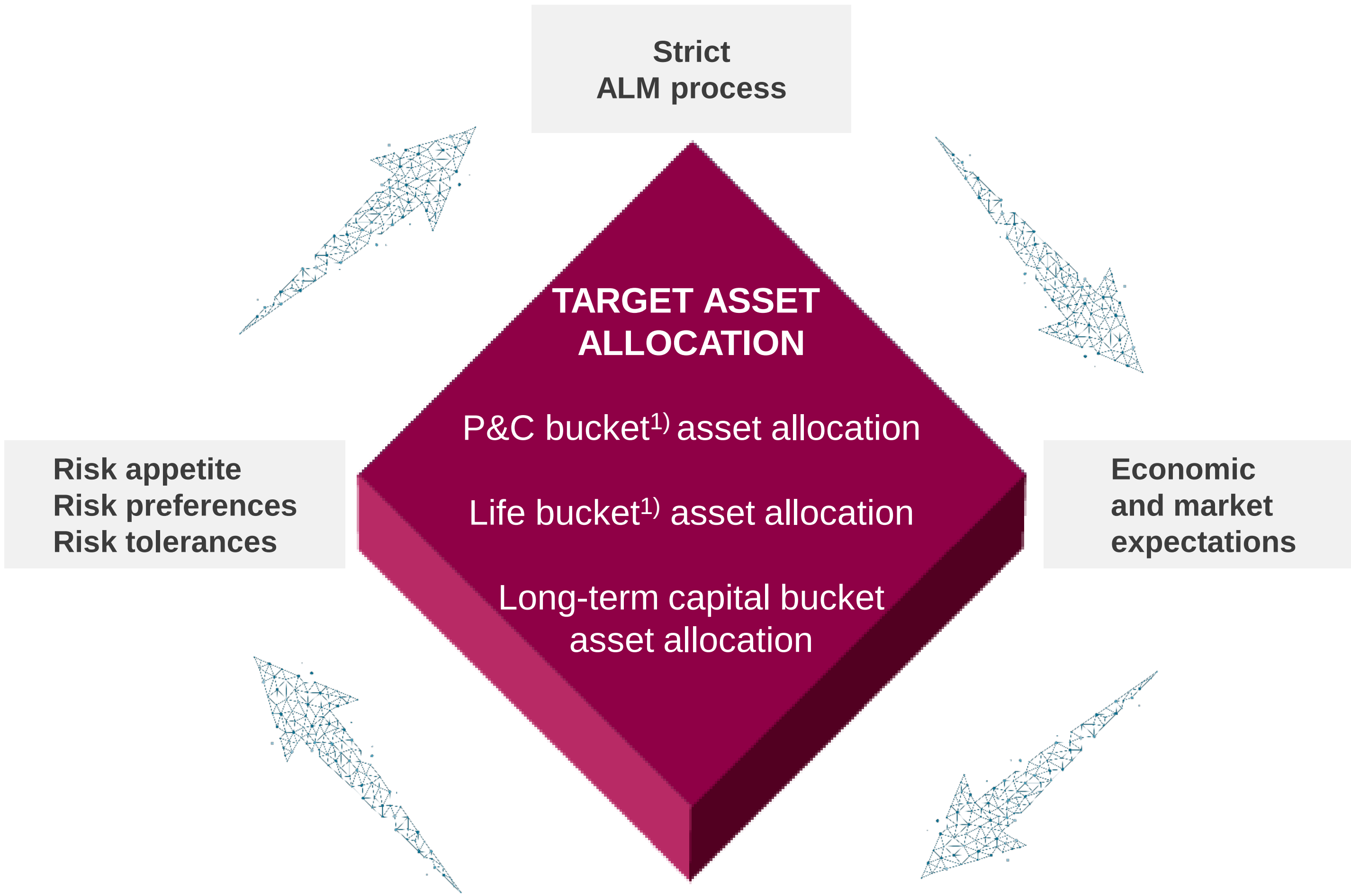
£ Fixed income portfolio duration
2.7 years

Investment themes in GBP for "Vision in Action"

- Focus on fixed income and stay away from non-monetary asset classes (equities, alternatives, real estate)
- Favor a mix of government bonds and blue-chip-issuer corporate bonds

All figures are as of 30/06/2016

The investment portfolio is dynamically positioned through a strict ALM process, integrating economic and market expectations



Dynamic aggregated asset allocation designed to optimize financial contribution and capital allocation

1) Definition of "ALM buckets": split of the Economic Balance Sheet (EBS) into homogeneous characteristics (P&C and Life for business, long-term capital)

More capital will be allocated to investment risks during “Vision in Action”, in full alignment with the Group’s overall risk appetite

Group risk appetite framework	• Alignment of risk preferences and risk tolerances on the Group’s overall risk appetite • Key risk areas of the investment activity covered within this framework (e.g. market risk, credit risk and ALM risk)
Capital allocation choices	• More capital allocated to investment risk during “Vision in Action” • Within additional capital allocated to investment risk, allocation choices to various risk factors of the investment portfolio privileging corporate credit risks
Strategic asset allocation (SAA)	• Definition of the Strategic Asset Allocation (maximum exposure per asset class, maximum VaR) fully aligned with Group risk appetite framework, capital allocation choices and economic / financial markets expectations • Strict control of the capital intensity[1)] limit
Tactical asset allocation (TAA)	• Investment portfolio tactically positioned within its SAA according to market developments and investment opportunities • TAA revised at least on a quarterly basis by the Group Investment Committee

1) Capital intensity is defined as the VaR 99.5% 1-year of the portfolio

Normalization of the asset management policy will enable to achieve higher investment returns

Normalization of the asset management policy

- Liquidity at 5%
- Duration gap closed by the end of "Vision in Action", by increasing invested assets duration
- Additional degrees of freedom in the Strategic Asset Allocation controlled by a strict capital intensity limit

"Vision in Action" Strategic Asset Allocation (SAA)

In % of invested assets	Min	Max
Cash	**5.0%[1]**	**-**
Fixed Income	**70.0%**	**-**
Short-term investments	5.0%[1]	-
Government bonds & assimilated	-	100.0%
Covered bonds & Agency MBS	-	20.0%
Corporate bonds	-	50.0%
Structured & securitized products	-	10.0%
Loans	**-**	**10.0%**
Equities[2]	**-**	**10.0%**
Real estate	**-**	**10.0%**
Other investments[3]	**-**	**10.0%**
Capital intensity[4]	-	8.5%
Duration of invested assets	2.0 years	-
Fixed income average rating	A+	-

Additional expected financial contribution with a marginal impact on the SCR and Solvency Ratio

1) Minimum cash + short-term investments is 5%
2) Including listed equities, convertible bonds, convex equity strategies
3) Including alternative investments, infrastructure, ILS strategies, private and non-listed equities
4) Capital intensity is defined as the VaR 99.5% 1-year of the portfolio (in % of invested assets)

The normalization strategy, privileging corporate credit risks, will be implemented at the beginning of “Vision in Action”, as market conditions permit

Potential invested assets portfolio deployed during the next strategic plan

In % of invested assets (rounded)

	Q2 2016	Potential portfolio
Cash	**11%**	**4%**
Fixed Income	**76%**	**80%**
Short-term investments	3%	1%
Government bonds & assimilated	29%	17%
Covered bonds & Agency MBS	9%	14%
Corporate bonds	33%	45%
Structured & securitized products	2%	3%
Loans	**4%**	**7%**
Equities[1)]	**2%**	**2%**
Real estate	**4%**	**4%**
Other investments[2)]	**3%**	**3%**
Capital intensity[3)]	6.6%	8.5%
Duration (invested assets)	3.0 years	> 3.0 years
Average rating (fixed income)	AA-	A+

- Cash and short-term investments reduced to the minimum level of 5%
- Government bonds exposure decreased in order to:
  - avoid negative yields in EUR
  - rebalance the USD investment portfolio
- Increased exposure to US Agency MBS to monetize the negative convexity of the fixed income portfolio
- Increased proportion of corporate bonds, with a moderate increase of lower rated securities
- Potential opportunities in structured and securitized products
- Continued ramp-up of the loan portfolio, mainly in EUR
- Pursued rebalancing of equities towards convertible bonds
- Stable exposure to real estate, in a context of very high valuations

1) Including listed equities, convertible bonds, convex equity strategies
2) Including alternative investments, infrastructure, ILS strategies, private and non-listed equities
3) Capital intensity is defined as the VaR 99.5% 1-year of the portfolio (in % of invested assets)

Throughout "Vision in Action", ESG policy will be reinforced

Environmental

Strong focus on climate change topics, consistent with the 2°C objective

Enhanced monitoring of the investment portfolio's carbon footprint

Up to EUR 500m of new investments in renewable energy projects and energy-efficient buildings by 2019

Continued promotion of ILS and catbond investments to a wide range of investors

Social

Up to EUR 50m of new investments in life science companies by 2019

Active role in the knowledge society, through SCOR's Foundation for Science and dedicated private equity investments up to EUR 50m

Governance

Adhesion to UNPRI (United Nations Principles for Responsible Investment)

Native integration of ESG criteria in all investment decisions and partner selection

Active voting policy to challenge corporate decisions on ESG topics

SCOR Global Investments is dedicated to respect its ESG policy

Thanks to differentiated investment strategy by currency, SGI will provide a strong and recurring financial contribution throughout “Vision in Action”

Expected average RoIA during “Vision in Action”[1)]

Strong recovery
- Sustained growth in the US
- Accelerating recovery in the Eurozone
- Oil and commodities back to normal

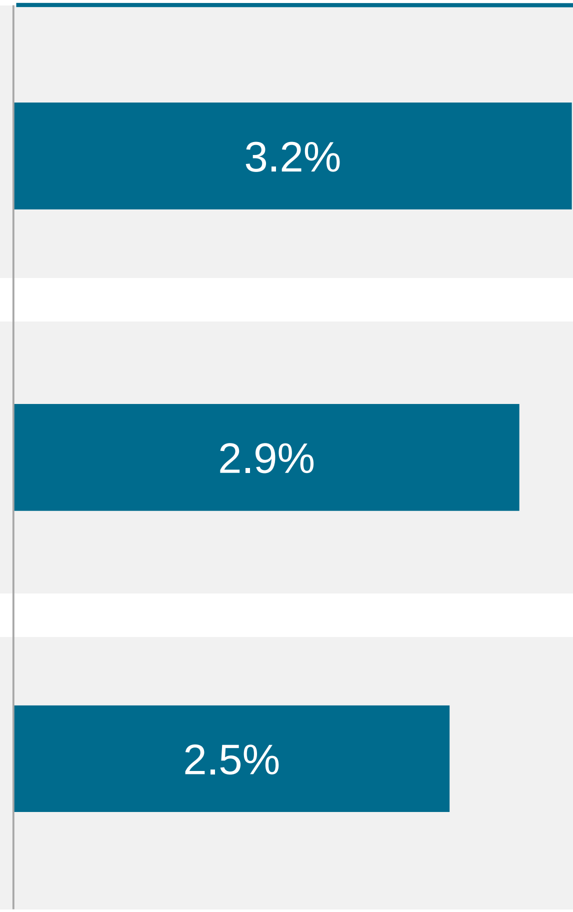
Average level of interest rates up ~60 bps compared to 31 December 2015

Gradual recovery, in a context of high uncertainty
- Fed’s monetary policy progressively getting back to normal
- Eurozone remaining entangled in a context of negative rates
- Concerns on emerging economies

Based on forward rates as of 31 December 2015

Convergence to a low speed regime with low interest rates
- Prolonged period of low growth and low interest rates, surrounded by a high level of risk
- Monetary policies remaining extremely accommodative globally

Based on forward rates as of 30 June 2016
(average level of interest rates down ~90 bps compared to 31 December 2015)



1) Expected average of IFRS Return on Invested Assets (RoIA)