

PROSPECTUS DATED 9 MARCH 2018



SCOR SE

**USD625,000,000 Perpetual Fixed Rate Resettable Restricted Tier 1 Notes
Issue Price: 100 per cent.**

This prospectus constitutes a prospectus (the **Prospectus**) for the purposes of Article 5.3 of the Directive 2003/71/EC of the European Parliament and of the Council dated 4 November 2003, as amended, which includes the amendments made by Directive 2010/73/EU of the European Parliament and of the Council dated 24 November 2010 and by Directive 2013/50/EU of the European Parliament and of the Council dated 22 October 2013 (the **Prospectus Directive**) and the relevant implementing measures in the Grand-Duchy of Luxembourg.

The USD625,000,000 perpetual fixed rate resettable restricted Tier 1 notes (the **Notes**) of SCOR SE (the **Issuer** or **SCOR**) will be issued on 13 March 2018 (the **Issue Date**) in the denomination of USD200,000 each. The Notes are deeply subordinated obligations of the Issuer, as further specified in "*Terms and Conditions of the Notes – Status of the Notes*".

The Notes are perpetual notes in respect of which there is no fixed maturity or redemption date. Holders of Notes have no right to require the Issuer to redeem or purchase the Notes at any time. The Issuer shall be entitled to redeem the Notes only in accordance with the provisions specified in "*Terms and Conditions of the Notes – Redemption, Purchase and Replacement*". The Issuer shall have the right (subject, in particular, to the Prior Approval of the Relevant Supervisory Authority) to redeem the Notes, in whole but not in part, on the First Call Date and on any Interest Payment Date thereafter as further specified in "*Terms and Conditions of the Notes – Redemption and Purchase*". In addition, the Issuer may (subject, in particular, to the Prior Approval of the Relevant Supervisory Authority) redeem the Notes at any time on the occurrence of certain events affecting the withholding tax or deductibility treatment of the Notes or following a Rating Event, a Capital Disqualification Event, an Accounting Event or if the conditions for a Clean-up Call are satisfied, as set out in "*Terms and Conditions of the Notes – Redemption, Purchase and Replacement*".

Each Note will bear interest on its Prevailing Principal Amount (i) from (and including) the Issue Date to (but excluding) 13 March 2029 (the **First Call Date**), at a fixed rate of 5.25 per cent. *per annum* payable semi-annually in arrear on 13 March and 13 September in each year, commencing on 13 September 2018 and (ii) from (and including) the First Call Date, at the relevant Reset Rate of Interest payable semi-annually in arrear on 13 March and 13 September in each year, commencing on 13 September 2029, as further specified in "*Terms and Conditions of the Notes – Interest*".

The Issuer may elect at any time to cancel (in whole or in part) any Interest Payment (as defined herein) otherwise scheduled to be paid on an Interest Payment Date and shall, save as otherwise permitted pursuant to the Conditions, cancel an Interest Payment upon the occurrence of a Mandatory Interest Cancellation Event (as defined herein) with respect to that Interest Payment. The cancellation of any Interest Payment shall not constitute a default or event of default for any purpose on the part of the Issuer. Any Interest Payment (or part thereof) which is cancelled in accordance with the Conditions shall not become due and payable in any circumstances.

Upon the occurrence of a Trigger Event (as defined herein), any interest which is accrued and unpaid up to (and including) the Write-Down Date (as defined herein) shall be automatically cancelled and the Issuer shall without the need for the consent of the Noteholders write-down the Notes by reducing the Prevailing Principal Amount (as defined herein). A Write-Down (as defined herein) of the Notes shall not constitute a default or an event of default in respect of the Notes or a breach of the Issuer's obligations or duties or a failure to perform by the Issuer in any manner whatsoever, and shall not entitle Noteholders to petition for the insolvency or dissolution of the Issuer or to take any other action. Following any reduction of the Prevailing Principal Amount, the Issuer may, at its discretion, increase the Prevailing Principal Amount of the Notes on any date and in any amount that it determines in its discretion (either to the Principal Amount or to any lower amount) provided that several conditions are met, as set out in "*Terms and Conditions of the Notes – Discretionary Reinstatement*".

The Notes do not contain events of default.

The Luxembourg *Commission de Surveillance du Secteur Financier* (the **CSSF**) is the competent authority in Luxembourg, pursuant to the Prospectus Directive and the Luxembourg law on prospectuses for securities of 10 July 2005 as amended by a law dated 3 July 2012, for the purpose of approving this Prospectus. Application has been made to the Luxembourg Stock Exchange for the Notes to be listed on the Official List and admitted to trading on the Regulated Market (within the meaning of Directive 2014/65/EU) of the Luxembourg Stock Exchange. By approving this Prospectus, the CSSF gives no undertaking as to the economic and financial soundness of the transaction or the solvency of the Issuer in line with the provisions of article 7 (7) of the Luxembourg law on prospectuses for securities.

The Notes will be issued in dematerialised bearer form (*au porteur*). Title to the Notes will be evidenced in accordance with Article L.211-4 *et seq.* of the French *Code monétaire et financier* by book-entries (*inscription en compte*) in the books of Account Holders. No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes. The Notes will, upon issue, be inscribed in the books of Euroclear France, which shall credit the accounts of the Account Holders, as set out in "*Terms and Conditions of the Notes – Denomination, Form and Title of the Notes*".

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or under any securities law of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to U.S. persons (as defined in Regulation S under the Securities Act) except in transactions exempt from or not subject to the registration requirements of the Securities Act and in compliance with any applicable state securities laws. Accordingly, the Issuer is offering the Notes only to non-U.S. persons outside the United States in offshore transactions within the meaning of and in reliance upon Regulation S under the Securities Act (**Regulation S**).

The Notes are expected to be rated A- by Standard & Poor's Credit Market Services France, a division of The McGraw-Hill Companies, Inc. (**S&P**). As at the date of this Prospectus, S&P is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 of the European Parliament and of the Council dated 16 September 2009, on credit rating agencies, as amended by Regulation (EU) No. 513/2011 (the **CRA Regulation**). As such, S&P is included in the list of credit rating agencies published by the European Securities and Markets Authority (ESMA) on its website (at <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with the CRA Regulation. A credit rating is not a recommendation to buy, sell or hold securities and may be suspended, revised or withdrawn by the rating agency at any time without notice.

Copies of this Prospectus are available on the websites of the Luxembourg Stock Exchange (www.bourse.lu). Copies of all documents incorporated by reference in this Prospectus are available (i) on the website of the Luxembourg Stock Exchange (www.bourse.lu) and (ii) on the website of the Issuer (www.scor.com).

An investment in the Notes involves certain risks. Potential investors should review all the information contained or incorporated by reference in this document and, in particular, the information set out in the section entitled "*Risk Factors*" before making a decision to invest in the Notes.

Joint Structuring Advisors

BNP Paribas

Citigroup

Joint Bookrunners and Joint Lead Managers

Barclays

BNP Paribas

Citigroup

Crédit Agricole CIB

Deutsche Bank

Natixis

Certain information contained in this Prospectus and/or documents incorporated herein by reference has been extracted from sources specified in the sections where such information appears. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by the above sources, no facts have been omitted which would render the information reproduced inaccurate or misleading. The Issuer has also identified the source(s) of such information.

Any websites included in the Prospectus are for information purposes only and do not form part of the Prospectus.

*References to the **Group**, unless otherwise specified herein in the Terms and Conditions of the Notes, are to the Issuer, together with its consolidated subsidiaries.*

This Prospectus is to be read in conjunction with any supplement, that may be published between the date of this Prospectus and the date of listing of the Notes on the Official List and admission to trading of the Notes on the Regulated Market of the Luxembourg Stock Exchange, and all documents which are incorporated herein by reference (see the section entitled "Documents Incorporated by Reference"). This Prospectus shall be read and construed on the basis that such documents are incorporated in, and form part of, this Prospectus.

*The Joint Bookrunners and Joint Lead Managers (as defined in the section entitled "Subscription and Sale", herein the **Joint Lead Managers**) have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Lead Managers as to the accuracy or completeness of any of the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the issue and sale of the Notes.*

This Prospectus constitutes a prospectus for the purpose of Article 5.3 of the Prospectus Directive and the relevant implementing measures in the Grand Duchy of Luxembourg, in respect of, and for the purposes of giving information with regard to, the Issuer, the Group and the Notes which, according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer and the Group.

In connection with the issue and sale of the Notes, no person is or has been authorised by the Issuer or the Joint Lead Managers to give any information or to make any representation not contained in or not consistent with this Prospectus and if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Joint Lead Managers.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that there has been no change in the affairs of the Issuer or those of the Group since the date hereof or the date upon which this Prospectus has been most recently supplemented or that there has been no adverse change in the financial position of the Issuer or that of the Group since the date hereof or the date upon which this Prospectus has been most recently supplemented or that any other information supplied in connection with the issue and sale of the Notes is correct as of any time subsequent to the date indicated in the document containing the same.

Neither this Prospectus nor any other information supplied in connection with the issue and sale of the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or the Joint Lead Managers that any recipient of this Prospectus or any other information supplied in connection with the issue and sale of the Notes should purchase any Notes. Neither this Prospectus nor any other information supplied in connection with the issue and sale of the Notes constitutes an offer or invitation by or on behalf of the Issuer or the Joint Lead Managers to any person to subscribe for or to purchase any Notes.

In making an investment decision regarding the Notes, prospective investors should rely on their own independent investigation and appraisal of (a) the Issuer, the Group, their business, their financial condition and affairs and (b) the terms of the offering, including the merits and risks involved. The content of this Prospectus is not to be construed as legal, business or tax advice. Each prospective investor should consult its own advisers as to legal, tax, financial, credit and related aspects of an investment in the Notes and the suitability of investing in the Notes in light of its particular circumstances. The Joint Lead Managers do not undertake to review the financial condition or affairs of the Issuer or the Group after the date of this Prospectus or to advise any investor or potential investor in the Notes of any information coming to the attention of the Joint Lead Managers. Potential investors should, in particular, read carefully the section entitled "Risk Factors" set out below and the documents incorporated by reference into this Prospectus before making a decision to invest in the Notes.

MIFID II product governance / Professional investors and ECPs only target market - Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, **MiFID II**); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

PRIIPs Regulation / Prohibition of sales to EEA retail investors - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Restrictions on marketing and sales to retail investors:

The Notes are not intended to be sold and should not be sold to retail clients in the European Economic Area, as defined in the rules set out in the Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015, as amended or replaced from time to time, other than in circumstances that would not (were the Notes within the scope of such rules) give rise to a contravention of those rules by any person.

The Notes are complex financial instruments and are not a suitable or appropriate investment for all investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities with features similar to the Notes to retail investors. In particular, in June 2015, the UK Financial Conduct Authority published the Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015, which took effect from 1 October 2015 (the **PI Instrument**). The rules set out in the PI Instrument (as such rules may be amended or replaced from time to time) are referred to below as the **PI Rules**.

By purchasing, or making or accepting an offer to purchase, any Notes (or a beneficial interest therein) from the Issuer and/or any Joint Lead Manager, each prospective investor represents, warrants, agrees with, and undertakes to, the Issuer and the Joint Lead Managers that:

1. it is not a retail client in the EEA (as defined in the PI Rules);

2. it will not:

(A) sell or offer the Notes (or any beneficial interest therein) to retail clients in the EEA; or

(B) communicate (including the distribution of this Prospectus) or approve an invitation or inducement to participate in, acquire or underwrite the Notes (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the EEA (in each case within the meaning of the PI Rules),

in any such case other than (i) in relation to any sale or offer to sell Notes (or any beneficial interest therein) to a retail client in or resident in the United Kingdom (the UK), in circumstances that would not (were the Notes within the scope of the PI Rules) give rise to a contravention of the PI Rules by any person and/or (ii) in relation to any sale or offer to sell Notes (or any beneficial interest therein) to a retail client in any EEA member state other than the UK, where (a) it has conducted an assessment and concluded that the relevant retail client understands the risks of an investment in the Notes (or such beneficial interest therein) and is able to bear the potential losses involved in an investment in the Notes and (b) it has at all times acted in relation to such sale or offer in compliance with MiFID II to the extent it applies to it or, to the extent MiFID II does not apply to it, in a manner which would be in compliance with MiFID II if it were to apply to it; and

3. it will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA) relating to the promotion, offering, distribution and/or sale of the Notes (and any beneficial interest therein), including (without limitation) any such laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Notes (or any beneficial interest therein) by investors in any relevant jurisdiction.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Joint Lead Managers do not represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Joint Lead Managers which would permit a public offering of any Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and none of this Prospectus, any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the United Kingdom and France; see the section entitled "Subscription and Sale".

This Prospectus is being provided for informational use solely in connection with the consideration of a purchase of the Notes to qualified purchasers in offshore transactions complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act. Its use for any other purpose is not authorised. This Prospectus may not be copied or reproduced in whole or in part, nor may it be distributed or any of its contents be disclosed to anyone other than the prospective investors to whom it is being provided.

*In this Prospectus, unless otherwise specified or the context otherwise requires, references to (a) **US\$, \$, USD, U.S. dollars and dollars** refer to the currency of the United States of America (b) **CHF** refers to the currency of Switzerland and (c) **€, Euro, EUR or euro** are to the single currency of the participating member states of the European Economic and Monetary Union which was introduced on 1 January 1999.*

*In connection with the issue of the Notes, BNP Paribas (herein referred to as the **Stabilising Manager**, (or persons acting on behalf of the Stabilising Manager), may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail but in doing so the Stabilising Manager shall act as principal and not as agent of the Issuer. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of thirty (30) calendar days after the issue date of the Notes and sixty (60)*

calendar days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or person(s) acting on its behalf) in accordance with all applicable laws and rules.

PRESENTATION OF CERTAIN FINANCIAL INFORMATION

CERTAIN NON-IFRS MEASURES

The Group uses certain non-IFRS measures throughout the Prospectus in addition to the financial performance measures prepared under IFRS. A non-IFRS financial measure is defined as one that measures historical or future financial performance, financial position or cash flows but which excludes or includes amounts that would not be so adjusted in the most comparable IFRS measure. These measures include Return on Invested Assets, Total Invested Assets and Total Investments.

Non-IFRS measures should not be considered in isolation from, or in substitute for, financial information presented in compliance with IFRS. Non-IFRS measures as reported by the Group may not be comparable to similarly titled amounts reported by other companies. The non-IFRS measures discussed in the Prospectus are used in the internal management of the Group, along with the most directly comparable IFRS financial measures, in evaluating operating performance, financial position and cash flows. The Group's management believes that these non-IFRS measures, when considered in conjunction with IFRS measures, accurately reflect the Group's economic performance and enhance investors' and management's overall understanding of the Group's performance.

For further details on reconciliation with the IFRS data see pages 34 to 37 of the 2016 DDR and pages 32 to 35 of the 2017 DDR.

FORWARD-LOOKING STATEMENTS

Certain statements contained herein are forward-looking statements including, but not limited to, statements that are predictions of or indicate future events, trends, business strategies, expansion and growth of operations plans or objectives, competitive advantage and regulatory changes, based on certain assumptions and include any statement that does not directly relate to a historical fact or current fact. The Issuer and the Group may also make forward-looking statements in its audited annual financial statements, in its interim financial statements, in its prospectuses, in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Forward-looking statements are typically identified by words or phrases such as, without limitation, "anticipate", "assume", "believe", "continue", "estimate", "expect", "foresee", "intend", "may increase" and "may fluctuate" and similar expressions or by future or conditional verbs such as, without limitation, "will", "should", "would" and "could." Undue reliance should not be placed on such statements, because, by their nature, they are subject to known and unknown risks, uncertainties, and other factors and actual results may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Please refer to the section entitled "*Risk Factors*" below.

SCOR operates in a continually changing environment and new risks emerge continually. Forward-looking statements speak only as of the date they are made and SCOR does not undertake any obligation to update or revise any of these forward-looking statements, to reflect new information, future events or circumstances or otherwise.

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PERSONS RESPONSIBLE FOR THE INFORMATION GIVEN IN THE PROSPECTUS

To the best knowledge of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import. The opinions and intentions expressed in this Prospectus with regard to the Issuer are honestly held. The Issuer accepts responsibility for the information contained in this Prospectus.

RISK FACTORS

The Notes are being offered to professional investors only and are not suitable for retail investors. Investors should not purchase the Notes in the primary or secondary markets unless they are professional investors. Investing in the Notes involve risks.

Prior to making an investment decision, prospective investors in the Notes offered hereby should consider carefully, among other things and in light of their financial circumstances and investment objectives, all the information of this Prospectus (including information incorporated by reference herein) and, in particular, the risks factors set forth below and those on pages 121 to 152 of the 2017 DDR incorporated herein by reference. Each of the risks highlighted could have a material adverse effect on the business, operations, financial condition or prospects of the Issuer, which in turn could have a material adverse effect on the amount of principal and interest which investors will receive in respect of the Notes. In addition, each of the risks highlighted could adversely affect the trading price of the Notes or the rights of investors under the Notes and, as a result, investors could lose some or all of their investment.

The Issuer believes that the factors described below and those on pages 121 to 152 of the 2017 DDR incorporated herein by reference represent the principal risks inherent in investing in the Notes, but this section is not intended to be exhaustive and the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may be caused by events the occurrence of which, in the view of the Issuer, is so unlikely that they should not be considered significant risks based on information currently available to the Issuer or which it may not currently be able to anticipate.

Prospective investors should make their own independent evaluation of all risk factors contained in this section.

Words and expressions defined in the section entitled "Terms and Conditions of the Notes" herein shall have the same meanings in this section.

The order in which the following risks factors are presented is not an indication of the likelihood of their occurrence.

RISK FACTORS RELATING TO THE ISSUER

The information included herein referring to the nature and extent of risks arising from financial instruments and insurance and reinsurance contracts as required by IFRS 7 – Financial Instruments – Disclosures and IFRS 4 – Insurance Contracts, is an integral part of the consolidated financial statements of the Issuer as at 31 December 2017. As such, the corresponding information is audited.

The Group regularly conducts reviews of the risks that could have a material adverse effect on its activity, its financial situation or its results (or capacity to reach objectives), and considers that no other significant risk than those disclosed below exists. This section outlines the management's current view of the Group's main risks.

The Group has identified the following categories of risks:

- Strategic risks
- Underwriting risks related to the P&C and Life reinsurance businesses
- Market risks
- Credit risks
- Liquidity risks
- Operational risks

If the risks disclosed herein were to occur, they could potentially have a significant impact on the Group's business, present and future revenues, net income, cash flows and financial position.

All risks described herein are managed through a variety of mechanisms in the Group's ERM (Enterprise Risk Management) Framework and the most important of these are described below.

The Group's ERM framework is further described in Appendix A – Internal control and risk management procedures on page 252 of the 2017 DDR which contains a description of the Group risk management procedures as well as the role and function of each administrative and management body and team involved in risk management and related control functions.

Although risk management mechanisms have been designed and rolled out across the Group in order to prevent all risks from having a significant impact on the Group, there is no guarantee that these mechanisms achieve their intended objective. Many of the Group's methods for managing risks and exposures are based on observed historical market behaviour, statistics based on historical models, or expert judgment. As a result, these methods may not fully predict future exposures, which may be significantly greater than estimated, particularly in unstable or volatile markets and environments. Other risk management methods depend upon the evaluation of information regarding markets, clients, natural catastrophes or other matters that is publicly available or otherwise accessible to the Group. This information may not always be accurate, complete, up-to-date or properly evaluated.

The Group may also be exposed to emerging risks, which include new threats or constantly changing current risks with a high degree of uncertainty. They may arise from the numerous changes to the environment in which the Group operates, such as changes in professional practices, or in legal, jurisdictional, regulatory, social, political, economic, financial and environmental conditions.

Emerging risks may adversely affect the Group's reinsurance business due to either a change in interpretation of the contracts leading to extensions of covers beyond what policyholders had expected (e.g. due to the inapplicability or interpretation of certain clauses) or by increasing the frequency and/or severity of claims. Such risks may also lead to higher fluctuations than expected in macroeconomic indicators such as interest rates and price level, or disruptions in financial markets, further impacting the Group's business. In addition, emerging risks may also have a direct impact on the Group's operations, for instance by generating unexpected additional expenses. Examples of emerging risks include: cyber-attacks, antimicrobial resistance, non-controlled bio-experiments, genetic testing, climate change, autonomous machines, extreme social unrest and Eurozone break-up.

Therefore, the Group cannot exclude the possibility of exceeding the Group's risk tolerance limits due to an incorrect estimation of its risks and exposures. This may have an adverse impact on the Group's business, present and future revenues, net income, cash flows and financial position.

1. STRATEGIC RISKS

Strategic risks can arise either from the strategy itself (such as the accumulation of risks or development in lines of business or less known markets), from external risks (such as an adverse economic environment), or from internal risks (such as certain causes of operational risk). Therefore, many of the risks discussed herein, including emerging risks, could also impact the success of the strategy.

The main strategic risks to which the Group is exposed are described below.

1.1 Risks related to the macroeconomic environment affecting the Group's strategy

The main risks are the uncertain economic recovery that may affect the Group's growth, in both emerging and advanced economies, and the poor returns on financial markets exacerbating the adverse competitive environment.

A deterioration in the global capital markets and global economy from present conditions could have a material adverse effect on the Group's business and operating results

The Group's operating result could be materially affected by the economic and financial situations in France and other countries in continental Europe, the United Kingdom, the United States of America and elsewhere around the world, particularly in Latin America and Asia Pacific. Any protracted deterioration in macroeconomic trends could have an adverse effect on the Group's business and operating result. Even though the global economy is experiencing a synchronized expansion, several imbalances that have accumulated since the 2008 crisis pose significant risks. In particular, the growing debt of governments in advanced economies and of private companies in emerging countries could generate significant adjustments if the main central banks were to significantly raise interest rates. As a result, financial markets could enter a period of high volatility, which could lead to adverse consequences such as waves of company defaults, or a major liquidity crisis. Although growth in the Eurozone has become more robust, thanks to both internal and external momentum, its maintenance may become increasingly difficult due to several challenges: for example, the ongoing Brexit negotiations, continuing economic disparities between EU countries and increased political risks. Increases in Eurozone members' sovereign yields or even sovereign defaults may result from these challenges. The Group cannot predict whether any of the government securities that it holds in its investment portfolio will be adversely affected in the future by ratings downgrades or potential sovereign debt market tensions. For further information on investments, refer to Section 1.3.5.4 Net investment income and investment income on invested assets on pages 32 to 35 of the 2017 DDR and Section 4.6 – Notes to the consolidated financial statements, Note 7 – Insurance Business Investments on pages 179 to 190 of the 2017 DDR.

The global economy is also at risk from the exit strategies from the unconventional policies of central banks, which are either not defined or will have unknown consequences; for example, on one hand, an extreme normalization by the FED could spur a rise in interest rates along the entire yield curve. Financing conditions could thus deteriorate across sectors and economies. In particular, emerging and developing economies may suffer from capital outflows in the wake of a faster than expected US monetary normalization. On the other hand, significant delays in the normalization of exceptionally accommodating monetary policies might increase biases in the price of many assets, with the possibility of asset bubbles developing and then bursting in some markets and/or leading to a resurgence of high inflation for a protracted period.

This uncertain environment and the potential market volatility may have an adverse effect on the Group, from both an investment and reinsurance business viewpoint.

Impact on the Group's investment activities

The Group has a large investment portfolio. In the event of extreme prolonged market events, such as global credit crises, the Group could incur significant losses in its investment portfolio.

Refer to Section 4.6 – Notes to the consolidated financial statements, Note 7 – Insurance Business Investments on pages 179 to 190 of the 2017 DDR, which includes analyses of unrealized and realized investment losses.

Even in the absence of a market downturn, the Group remains exposed to a substantial risk of losses due to market volatility. See Section 3.4 – Market Risks on pages 140 to 143 of the 2017 DDR.

Impact on the Group's reinsurance business

The Group is also dependent upon customer behaviour and premium growth. The Group's premiums could decline in the case of an unfavourable macroeconomic environment and its profit margins could erode. In an economic downturn the demand for the Group's and its clients' products could be adversely affected. Factors such as government and consumer spending, corporate investment, the

volatility and strength of both debt and equity markets, and inflation, all affect the business and economic environment and ultimately, the size and profitability of the Group's business.

In addition, the ongoing low interest rate environment continues to stimulate the inflow of alternative capital, which has been contributing to the current soft market i.e. the reduction in (re)insurance premium rates.

The Group may also experience an elevated incidence of claims or be impacted by a decrease in demand for reinsurance and increased surrenders of policies from the cedents (see paragraph on lapse risk in Section 3.3.2 – Life Reinsurance on pages 134 to 136 of the 2017 DDR) that could affect the current and future profitability of its business. Although written premiums have seen steady growth in prior years, a prolonged economic crisis could result in lower written premiums in the future.

The Group is exposed to significant and protracted deviations of inflation from its trend

The Group's liabilities are exposed to a significant increase in the rate of inflation (prices and salaries) which would require an increase in the value of reserves, in particular in respect of P&C long-tail business, e.g. general liability (medical among others) and motor bodily injury claims. In addition, the Group is exposed to claims inflation over and above general inflation and in particular to the inflation of court awards in respect of general liability and bodily injury claims.

For further information on P&C long-tail reserve deterioration, refer to Section 3.3.1 – P&C reinsurance on pages 130 to 133 of the 2017 DDR.

The Group's assets are also exposed to increased inflation or inflationary expectations, accompanied by a rise in the yield curve with a subsequent reduction in the market value of its fixed income portfolios. Increased inflation could also have a negative impact on the solvency of bond issuers; a widening of credit spreads would lead to a loss of value for the issuers' bonds. Finally, depending on the macroeconomic environment, an increase in inflation could also reduce the value of the Group's equity portfolio. Any negative fluctuations in equity values would lead to a similar decrease in shareholders' equity.

Although the risk of inflation is relatively higher in the current context of exceptionally accommodating monetary policies, theoretically, the risk of deflation cannot be excluded. The Group's liabilities could be exposed to a protracted period of deflation which could exert a negative pressure on reinsurance prices and decrease the value of new premiums.

A protracted period of deflation would also induce a decrease in interest rates all along the yield curve and may therefore negatively impact the returns on the Group's fixed income assets. In addition, the value of the Group's equity portfolio might be reduced as deflation could reduce the future cash flows of the companies whose stocks are part of the Group's portfolio.

In conclusion, both high inflation and a protracted episode of deflation could have a material adverse effect on the Group.

1.2 Risks related to the competitive environment

The Group operates in a highly competitive sector and would be adversely affected by losing competitive advantage or if adverse events had an impact on the reinsurance industry

Reinsurance is a highly competitive sector. As is the case for all other reinsurers, the Group's position in the reinsurance market is based on several factors, such as its financial strength as assessed by the rating agencies, its underwriting expertise, its reputation and experience in the lines written, the countries in which it operates, the premiums charged, as well as the quality of the

proposed reinsurance products and services offered, particularly in terms of claims settlement and payment. The Group competes for business in the European, American, Asian and other international markets with numerous international and domestic reinsurance companies, some of which have a larger market share than the Group, greater financial resources, state backing, and, in certain cases, higher ratings from the rating agencies.

Therefore, the Group remains exposed to the risk of losing its competitive advantage. In particular, when available reinsurance capacity via traditional reinsurers or capital markets is greater than the demand from ceding companies. Its competitors, in particular (re)insurers benefiting from higher ratings than the Group's or other competitors in alternative capital markets, may be better positioned to enter new contracts and gain market shares at the Group's expense.

Furthermore, the Group's reputation is sensitive to reinsurance sector information. It can be affected by adverse events concerning competitors but also by its own business activity, such as financial difficulties following a major market event. Loss of reputation due to internal risks would also weaken the Group's competitive position.

Consolidation in the insurance and reinsurance industries could adversely impact the Group

As in previous years, 2017 continued to see significant M&A activity among (re)insurers.

Within the insurance industry, these consolidated entities may use their enhanced market power and broader capital base to negotiate price reductions for the Group's products and services, and reduce their use of reinsurance, and as such, the Group may experience price declines and possibly write less business.

Within the reinsurance industry, such external growth activity could potentially enhance these players' competitive position, e.g. in terms of being able to offer greater capacity or broader product offerings, which could permit them to gain market shares at the Group's expense.

1.3 Risks related to legal and regulatory developments

Main risks related to legislative and regulatory developments

The Group is subject to comprehensive and detailed regulations and to the supervision of the insurance and reinsurance regulatory authorities in all countries in which it operates. Some of these authorities, especially in non-European countries, are considering or may in the future consider enhanced or new regulatory requirements intended to prevent future crises or otherwise assure the stability of institutions under their supervision and submit them to reinforced measures of control and higher capital requirements. These changes could affect the calculation of the local solvency ratio and have a material adverse impact on the Group. Insurance and reinsurance supervisory authorities have broad administrative power over many aspects of the reinsurance industry and the Group cannot predict the timing or form of any future regulatory initiatives.

The Solvency II regime has applied since 1 January 2016 in the European Union. It was transposed into national laws in all relevant European jurisdictions over recent years. Actual implementation by supervisory and regulatory authorities could vary between these jurisdictions, which could place the Group at a competitive disadvantage with regard to other European financial services groups.

Furthermore, the supervisory and regulatory authorities could develop new regulations with the objective of further strengthening the protection of policyholders and/or financial stability, especially in developing countries. These new regulations may then increase solvency margin obligations, thereby restricting the Group's underwriting capacity.

The IAIS is developing a new approach to evaluating and mitigating systemic risk in the insurance sector and the Group may be impacted by the revised systemic risk framework scheduled to become

effective in 2020, with the risk of a higher capital requirement, a Higher Loss Absorbency (**HLA**), and greater regulatory burdens such as the establishment of resolution plans.

In the meantime, the International Association of Insurance Supervisors (**IAIS**) has been developing a common framework for internationally active insurance groups (**IAIGs**), the "ComFrame". It is the IAIS's intention to develop Insurance Capital Standards (**ICSs**) to be applied by all IAIGs with full implementation in 2025. This development could jeopardize the extent of recognition of diversification effects or the use of internal models and there is a risk that these rules could have an impact on capital management aspects. Moreover, these standards involve risks in terms of competition on a level playing field if they are not implemented simultaneously and consistently across different jurisdictions.

Similarly, changes in tax legislation and regulations, or in their interpretation, may have a negative impact on the Group's performance, including financial results, and business model (such as unfavourable changes in deferred taxes resulting from the Tax Cuts and Jobs Acts enacted in United States). Refer to Section 1.3.3 – Significant events of the year on pages 24 to 25 of the 2017 DDR.

Other legal and regulatory developments

The reinsurance sector has been exposed in the past, and may be exposed in the future, to involvement in legal proceedings, regulatory inquiries and actions by various administrative and regulatory authorities, as well as to regulation concerning certain practices used in the insurance sector.

More generally, adverse changes in laws or regulations or an adverse outcome of any legal proceeding could have an adverse impact on the Group. For further details on the Group's current litigations, see Section 4.6 – Notes to the consolidated financial statements, Note 25 – Litigation on page 230 of the 2017 DDR.

For further information on risks related to current legislation and regulations and their impact on the Group's operations, see Section 3.7.1.4 Risks related to external events on page 151 of the 2017 DDR.

1.4 Downgrade risk

Overview of the Group's downgrade risk

Credit ratings are very important to all reinsurance companies, including the Group, as ceding companies wish to reinsure their risks with companies that have a satisfactory financial position. For more details on the current rating of the Group, refer to section 1.2.4 – Ratings information on page 13 of the 2017 DDR.

Impact on the Group's reinsurance business

Some of the Group's cedents' credit models or reinsurance guidelines face regulatory capital requirements or depend on their reinsurers' credit rating. If the Group's rating deteriorates, cedents could be forced to increase their capital requirement in respect of their counterparty risk on the Group. This could lead to a loss of competitive advantage for the Group.

Consequently, the Group's reinsurance activities are sensitive to the way its existing and prospective clients perceive its financial strength, notably through its ratings.

Many of the Group's reinsurance treaties, notably in the US and in Asia, and also increasingly in Europe, contain clauses concerning the financial strength of the company and/or its operating subsidiaries, and provide for the possibility of early termination for its cedents if the rating of the company and/or its subsidiaries is downgraded. Early termination may also occur when the net

financial position of the company falls below a certain threshold, or if it carries out a reduction in share capital.

Impact on the Group's letters of credit

Many of the Group's reinsurance treaties contain a requirement to put in place letters of credit (**LOC**) as a general requirement or when triggered by a downgrade of the Group or one of its subsidiaries. In certain circumstances, the cedent has the right to draw down on a LOC issued by a bank in the Group's name.

Some LOCs issued by banks providing such facilities may be collateralized with securities. The value of the collateral can be different from the amount of the LOC. For some facilities, initial collateral requirements may be increased following a downgrade of the Group's rating, impacting the Group's liquidity level. In the case of a LOC being drawn by a cedent, the bank has the right to request a cash payment from this collateral, up to the amount drawn by the cedent.

In the case of a large number of LOCs being drawn simultaneously, the Group could encounter difficulties in providing the total amount of required cash or fungible assets, i.e. exposing itself to a liquidity risk.

Moreover, some of the Group's facilities contain conditions about its financial situation which, if not met, constitute a default and might result in the suspension of the use of current credit facilities and/or a prohibition on obtaining new lines of credit or result in the need to negotiate new LOC facilities under adverse conditions.

For more details about the Group's lines of credit, refer to Section 1.3.6 – Financial position, liquidity and capital resources on pages 36 to 37 of the 2017 DDR. For more details on liquidity risks, refer to Section 3.6 – Liquidity risks on pages 147 to 149 of the 2017 DDR.

1.5 The valuation of the Group's intangible assets and deferred tax assets may significantly affect its shareholders' equity and the price of its securities

Risks related to the valuation of the Group's intangible assets and deferred tax assets

A significant portion of the Group's assets consists of intangible assets, the value of which depends on its expected future profitability and cash flows. The valuation of intangible assets is largely based on subjective and complex judgements concerning items that are uncertain by nature. If a change were to occur in the assumptions underlying the valuation of its intangible assets (including goodwill, value of business acquired and deferred acquisition costs), the Group would have to reduce their value, in whole or in part, thereby reducing shareholders' equity and its results.

The recognition of deferred tax assets, i.e. the likelihood of recognizing sufficient profits in the future to offset losses, depends on the performance of each entity concerned as well as applicable tax laws, regulatory requirements and accounting methods. The occurrence of events, such as operational earnings lower than currently projected or losses continuing over a longer period than originally planned or changes in tax legislation, regulatory requirements, or accounting methods could lead to the derecognition of part of the deferred tax assets for accounting and/or regulatory purposes.

Details of intangible assets, related impairment testing policy and recent acquisitions are included in Section 4.6 – Notes to the consolidated financial statements, Note 1 – Accounting Principles and Methods on pages 162 to 166 of the 2017 DDR; Note 3 – Acquisitions and Disposals on pages 170 to 171 of the 2017 DDR; Note 5 – Goodwill on pages 176 to 177 of the 2017 DDR; Note 6 – Value of Business Acquired on page 177 to 178 of the 2017 DDR; and Note 17 – Income taxes on pages 220 to 224 of the 2017 DDR.

1.6 Other strategic risks

The Group may be exposed to other less significant strategic risks further described below.

Risks related to capital

Capital may not be completely fungible between different regulated legal entities, which may have negative consequences

The Group's regulated legal entities must satisfy local regulatory capital requirements. There could potentially be some local regulatory constraints, which in certain circumstances could affect the Group's ability to transfer capital from one legal entity to another, and in particular from one subsidiary or branch to another, or to the parent legal entity. This may have negative consequences for the legal entity concerned and could have a material adverse impact on the Group.

In addition, ongoing regulatory developments and discussions on global standards may impact the Group in the future.

Adverse capital and credit market conditions may significantly affect the Group's ability to access capital and/or liquidity and increase its cost of capital

Disruptions, uncertainty or volatility in the capital and credit markets may also limit the Group's access to capital required to operate its business, most significantly its insurance operations. Such market conditions may limit its ability to:

- Replace, in a timely manner, maturing debts;
- Access the capital needed to grow its business;
- Satisfy statutory capital requirements and maintain a solvency ratio in line with its risk appetite framework.

As such, the Group may be forced to delay raising capital, issue shorter term securities than it prefers, or bear an unattractive cost of capital which could decrease its profitability and significantly reduce its financial flexibility.

Disruptions to financial markets, and more particularly credit market conditions, could also affect the Group's ability to access liquidity. Refer to Section 3.6 – Liquidity risks on pages 147 to 149 of the 2017 DDR for further details.

For further information on changes in the macro-economic environment that could impact the Group, refer to Section 3.2.1 – Risks related to the macro-economic environment affecting the Group's strategy on pages 123 to 124 of the 2017 DDR.

Risks related to acquisitions

Overview of risks related to acquisitions

The Group has made a number of acquisitions around the world. Acquisitions involve risks that could adversely affect its operating results, including the substantial amount of management time that may be diverted from operations to pursue and complete acquisitions. Acquisitions could also result in additional indebtedness, costs, contingent liabilities, impairment and amortization expenses related to goodwill and other intangible assets. In addition, acquisitions may expose the Group to operational challenges and various risks.

A failure to successfully manage such operational challenges could adversely affect the Group.

The businesses the Group has recently acquired are described in Section 1.2.2 – History and development of the Group on pages 10 to 11 of the 2017 DDR.

Specific risks relating to the acquired businesses are as follows:

Integration of the acquired activities may prove to be more difficult than expected

Integrations may take longer, be more expensive or more difficult than expected. The success of integrations may depend on operational and commercial planning, execution of systems and procedures, and on the retention of key employees. Difficulties could result in higher integration costs or fewer synergies than expected.

Retaining client relationships and related business volumes

It may be outside the control and influence of the Group to retain certain client relationships and business volumes related to acquired businesses. Related earnings and efficiencies may be lower than expected, which may dilute the return on such acquisition related investments.

AEGON's insolvency might impair the value of business acquired (VOBA) of SCOR Global Life

Since August 2011, the majority of the mortality reinsurance business in the US related to the former Transamerica Reinsurance business flows into the Group via retrocession from AEGON companies. Not all underlying reinsurance agreements between cedents and AEGON have been novated; an AEGON insolvency might reduce or terminate cedent premiums passed on to the Group. In this case, the value of business acquired (**VOBA**) would have to be reassessed and this could result in a material adverse effect on the Group.

Certain risks relating to acquired companies may not yet be known

Due notably to the size and complexities of acquisitions, and despite pre-acquisition due diligence work carried out, there may be a risk that not all financial elements (including litigation related to prior periods) have been fully and/or correctly evaluated. Unknown or unexpected financial risks could emerge, which may have significant consequences on the initially estimated impact of the relevant acquisition on the combined Group.

2. UNDERWRITING RISKS RELATED TO THE P&C AND LIFE REINSURANCE BUSINESSES

For further details on the terminology used to describe the Group's activity, refer to Section 1.2.5 – Business Overview on pages 14 to 20 of the 2017 DDR.

The main risk the Group faces in relation to insurance and reinsurance contracts is that the actual amounts of claims and indemnity payments, or the timing thereof, differ from estimates. The frequency of claims, their severity, the actual payments made, the development of long-tail claims (whether they be litigated or not), and long-term mortality trends as well as external factors such as those listed below, are all beyond the Group's control. Additionally, the Group is dependent on the quality of underwriting of its cedents for certain reinsurance treaties, and on the quality of claims management by these companies and the data provided by them. Under these uncertainties, the Group seeks to ensure that sufficient reserves are available to cover its liabilities.

Generally, the Group's ability to increase or maintain its portfolios of insurance and reinsurance risks in the P&C and Life divisions may depend on external factors such as professional practices, legal, jurisdictional, regulatory, social, political, economic, financial and environmental conditions. These factors create uncertainties and may adversely affect the Group's business due to either an interpretation of the contracts leading to an extension of coverage (e.g. through inapplicability or

interpretation or overriding of treaty clauses) or by increasing the frequency and/or severity of claims beyond what was anticipated at the time of the underwriting.

The Group mitigates its underwriting risks related to the P&C and Life reinsurance businesses through the purchase of risk-mitigation covers, both on the traditional retrocession market and on the capital markets via alternative risk transfer solutions (e.g. the multi-year securitization of catastrophic and pandemic risk in the form of Insurance-Linked Securities (**ILS**) and the issuance of contingent capital facilities). However, there is a risk that the Group may not be able to transfer its liabilities through the purchase of such instruments on economically viable terms and conditions in the future. For further details on retrocession and other risk mitigation techniques within the Group, see section 3.3.1.4 – Management of Underwriting risks related to the P&C business on pages 132 to 133 of the 2017 DDR and Appendix A – 2 Internal Control and Risk Management Procedures – Paragraph on Capital Shield Strategy on pages 252 to 262 of the 2017 DDR.

Consistent with the Group's strategy of selective market and business division development, the Group seeks to maintain a portfolio of business risks that is strategically diversified geographically, by line and class of business and over time (short and long-tail). The Group's insurance risk exposure is mitigated by diversification across a large portfolio of reinsurance contracts. The volatility of risks is reduced by careful business selection, implementation of underwriting guidelines, the use of retrocession and other risk transfer arrangements and proactive claims handling as well as underwriting, claims and administration audits at ceding companies.

The Group underwrites reinsurance covers in P&C and Life and occasionally in direct P&C and Life insurance.

The Group writes direct insurance, primarily on a business-to-business basis to cover large corporate risks through the Business Solutions domain of the P&C division and through the participation in Lloyd's syndicates including the Channel Syndicate, for which the Group is the sole capital provider as well as through some participations in business ventures and partnerships.

2.1 P&C reinsurance

The main risks linked with the P&C reinsurance business (and direct insurance activity) underwritten by the Group's P&C division are natural catastrophes, P&C long-tail reserves deterioration and man-made catastrophes, including terrorism, and other risks beyond its direct control such as systemic crises or the cyclical nature of the business.

P&C long-tail reserve deterioration

This is the risk that the P&C claims inflation is higher than assumed in the calculation of the reserves and mostly affects the long-tail lines of business, such as all casualty, professional liability and financial lines, inherent defect and construction warranty, medical malpractice, motor (first and third party liability) and workers' compensation. Claims inflation is influenced by, but not directly linked to general inflation. For the Group's casualty business, the frequency and severity of claims and the related amounts of indemnity paid can be affected by several factors. The most significant factors are the changing legal and regulatory environment, including changes in civil liability law and jurisprudence.

For further information on risks related to reserves, please refer to Section 3.3.4 – Risks related to reserves on pages 137 to 138 of the 2017 DDR.

Natural and man-made catastrophes

The Group's property business underwritten by the P&C division is exposed to multiple insured losses arising from single or multiple events, which can be catastrophic, being either caused by

nature (e.g. hurricane, typhoon, windstorm, flood, hail, severe winter storm, earthquake) or man-made (e.g. explosion, fire at a major industrial facility, act of terrorism). Any such catastrophic event can generate insured losses in one or several of the Group's lines of business.

Natural Catastrophes

The most material catastrophes in the Group's risk profile are related to natural events, mainly tropical cyclones, windstorms, earthquakes and floods arising in North America and Europe and affecting property, engineering and possibly other lines of business.

The Group manages its gross exposure to catastrophes through a comprehensive risk transfer and capital protection program which combines traditional retrocession and non-traditional solutions, including catastrophe bonds and a contingent capital equity line.

For further information on management of underwriting risks within the P&C division, refer to Section 3.3.1.4 – Management of underwriting risks related to the P&C business on pages 132 to 133 of the 2017 DDR. For further information on the Group's retrocession and other risk mitigation techniques, refer to Section 3.3.5 – Retrocession and other risk mitigation techniques on page 139 of the 2017 DDR.

Man-Made Catastrophes

The Group is exposed to insured losses, arising from single or multiple events, which can be catastrophic, caused by the occurrence of a man-made event. The lines of business mostly exposed to man-made catastrophe are property (other than natural catastrophe), Marine, Motor, Casualty, Credit and Surety, Aviation and Space.

Property

Man-made catastrophes refer to negligent or deliberate human actions, e.g. conflagration, a large explosion and fire at a major industrial site, and terrorism. These events can cause great damage to property and lives. Malicious man-made events often target large cities and illustrious landmarks such as international airports and governmental facilities.

In particular, the Group is exposed to single or multiple terrorist attacks through some P&C treaties and national terrorism pools. Terrorism exposures are monitored on a worldwide basis as a fully integrated part of the Underwriting Management Framework. Underwriting guidelines stipulate the rules and procedures for terrorism risk for Treaty P&C, Specialty lines and SCOR Business Solutions (SBS). The Group monitors this risk using a very conservative approach.

The Group's exposure to terrorism arises from participation in the protection of existing national terrorism pools and exposure from some markets that do not permit the exclusion of terrorism from insurance policies due to local regulation, such as in the US, or due to market practice. Furthermore, the US insurance market is exposed to significant risks due to the insurance obligation created by the law. However federal aid is also provided by the Terrorism Risk Insurance Program Reauthorization Act (**TRIPRA**).

A terror event could also have an impact on the Group's life portfolio. Although in past events the life claims incurred have been relatively small compared to the non-life claims, a terrorist act might claim a large number of insured lives.

Casualty

The Group is also exposed to man-made casualty catastrophes whose underlying nature and key specificities can vary widely, from commonly used products (with Asbestos as a typical example) or

massive product liability losses emanating from items produced by a single manufacturer, to a single disastrous event (e.g. Deepwater Horizon oil rig explosion).

The amount of information available on casualty catastrophes is limited. In contrast to property catastrophes, which are short term in nature (limited number of days between insured event and loss emergence), at which point reasonable estimates of the size of the loss can be calculated, most casualty catastrophes emerge gradually and the full extent of the losses is often not known for decades.

The Group is engaged in the development of advanced liability catastrophe analytics, and data mining and modelling techniques for improving its prediction capabilities for man-made casualty event losses.

Property and Casualty

The extent of the loss event and the affected lines of business will vary depending on the man-made event. The Group can be affected from a man-made event simultaneously in the property and the casualty lines of business, e.g. if the explosion at a large industrial site destroys the industrial facility, but also pollutes the environment, given its proximity to vulnerable landscape (e.g. river, lake), and causes property damages and bodily injuries affecting the population.

For further information on management of underwriting risks within the P&C division, refer to Section 3.3.1.4 – Management of underwriting risks related to the P&C business on pages 132 to 133 of the 2017 DDR.

Other risk considerations

In addition to the two main underwriting risks of the Group's P&C division as listed above, other factors could have an adverse impact, such as systemic crisis, cyclicity of the business and concentration risks related to its broker business.

Systemic crisis

Historically, reinsurers have experienced significant fluctuations in operating income due to volatile and unpredictable developments, many of which are beyond the control of the reinsurer including general economic conditions, levels of capacity offered by the market, and the level of competition with regards to pricing. In particular some of the Group's lines of business which are directly linked to financial activities are more exposed to global economic recessions (e.g. systemic crisis post Lehman Brothers): as an example specialty lines such as credit and surety or liability risk such as Errors & Omissions and Directors & Officers Liability.

Cyclicity of the business

P&C insurance and reinsurance businesses are cyclical. The primary consequences of the market softening are a reduction in the volume of P&C reinsurance premiums on the market, an increase in competition within the reinsurance market, and also a preference for those operators who are most attentive to the specific needs of the cedents and the most capable of meeting them. This could potentially lead to a loss of competitive advantage for the Group.

Beyond the general trends, the premium rate cycle affects certain geographic markets and/or certain lines of business in different ways and different extents, independently of each other.

Concentration risk related to its broker business

The Group generates its P&C business both through brokers and through direct relationships with insurance company clients. The risk for the Group is mainly the concentration of premiums written through a limited number of brokers. A significant reduction in the business generated through these brokers could potentially reduce premium volume and net income. For further information, refer to Section 1.2.5.4 – paragraph on Distribution by production source on page 19 of the 2017 DDR for a breakdown of the Group's business through brokers.

2.2 Life reinsurance

The main underwriting risks for the Group's life division are described below.

Long-term mortality deterioration

This risk refers to potential negative deviations in future mortality relative to current best-estimate assumptions, due to a higher-than-anticipated number of deaths (i.e. increased mortality rates) among the portfolio of lives reinsured by the Group. This could result from inherent volatility, initial mispricing (level risk) or an adverse long-term trend.

The Group's long term mortality reserves are based on a number of assumptions and information provided by third parties, which, if incorrect and/or incomplete, could have an adverse effect on the Group. For further information on risks related to reserves, please refer to Section 3.3.4 – Risks related to reserves on pages 137 to 138 of the 2017 DDR.

Pandemic

In Life reinsurance, a severe pandemic is a major risk. In the past century, three major outbreaks of influenza occurred and claimed millions of lives. The occurrence of a similar event could cause large losses to the Group due to an increased mortality far beyond the usual volatility. A lethal virus strain not only of influenza but of any other communicable disease could lead to a material increase in mortality rates and increased medical costs which could significantly affect the Group's results.

Longevity

Longevity risk refers to the risk of a negative deviation from expected results due to the insured or annuitant living longer than assumed in the pricing or reserves. This risk could have an impact on longevity swaps, annuity and long-term care covers and on other longevity protection products.

Policyholder behaviour risk

SCOR's Life division is also exposed to risks related to policyholder behaviour, including risks such as lapsing and adverse selection at policy issue.

Lapses refer to either non-payment of premiums by the policyholder or to policies which are terminated by the policyholder before the maturity date of the policy. Depending upon the product design, higher or lower policyholder lapses than assumed in the pricing or reserving may reduce the expected future income of the Life division.

Adverse selection refers to the problem of asymmetry of information between the insured and the insurer. An individual applying for life or health insurance cover usually has better knowledge about his or her own state of health than the insurer. The risk to the (re)insurer is of policyholders deliberately deciding among other things to:

- Take out a policy in the knowledge that either their chance of claiming is high or higher than average;

- Terminate a policy in the knowledge that their chance of claiming is low or lower than average; or
- Choose and exercise a policy option which increases the policyholder's expected benefit.

This might lead to a portfolio composition which differs from the one assumed during pricing and might imply lower-than-expected profits for both the direct insurer and the reinsurer.

Morbidity risks

Products such as critical illness, short-term and long-term disability and long-term care, which all contain morbidity risk, are subject to the risk of negative trends in health, as well as to the consequences of improved medical diagnoses capabilities which increase the number of claims due to conditions that otherwise would possibly have remained undetected. Medical progress may in the future enable better treatment, resulting in higher claims, since certain diseases would have otherwise led to a much shorter life expectancy of the insured. Products providing cover for medical expenses are in particular subject to the risk of higher than expected incidence and inflation of medical costs.

Other risks

In addition to the main underwriting risks of SCOR's Life division, as listed above, other factors could have an adverse impact, whether related to policyholder behaviour such as resale or purchase of policies by third parties with no insurable interest, or other risk factors such as risks related to product guarantees.

2.3 Interdependence and accumulation risks between the Group's areas of business

Overview of the main interdependence and accumulation risks between the Group's areas of business

P&C and Life reinsurance activities take place in two different market environments. The two business divisions are subject to a range of external constraints and benefit from a high diversification effect. The overall balance between the two business areas within the Group therefore provides stability. However, in some cases, changes in the P&C and Life activities are linked to each other as well as to those of the financial markets. This exposes the Group to possible accumulation of risks between its lines of business and/or asset classes.

Unforeseen events, such as natural catastrophes or man-made catastrophes, can make the Group's claims experience vary significantly from one year to the next, which can have a significant impact on its profitability and financial position. These types of risk primarily affect Non-Life business areas. However, in cases where the Group faces a large number of casualties, the possibility of the losses also affecting its Life lines of business cannot be excluded. Similarly, unforeseen events such as terrorist attacks may materially impact the P&C business area, but also the Life business area, in the case of attacks resulting in many fatalities. Although in past events the Life claims incurred have been comparatively small in relation to the Non-Life claims incurred, a terrorist act might claim a large number of insured lives.

In the event of a very large natural catastrophe or terrorist attack, the losses generated in the P&C and Life divisions could potentially accumulate, with losses on financial assets related to the potential reaction of markets (i.e. movements in interest rates, exchange rates, spreads and/or equity market prices). In the same way, a major pandemic event may cause financial market turmoil and/or business interruptions.

In addition, depending on the frequency and nature of losses, the speed with which claims are made and the terms of the policies affected, it may be required to make large claim payments within a short period. The Group may be forced to fund those obligations by liquidating investments in distressed market conditions, or by raising funds under unfavourable conditions. For further information on such risks, see Section 3.6 – Liquidity risks on pages 147 to 149 of the 2017 DDR.

The Group's ability to grow or maintain its portfolios in the P&C and Life reinsurance divisions may also be subject to external factors which may be interconnected, such as economic and political risks. For instance, slowdowns in economic growth or recessions in the major markets may lead households and companies to take out less insurance, to suspend certain premium payments, or to terminate the insurance policies underlying the existing P&C and Life treaties earlier than anticipated. Similarly, the risk of social and political instability is particularly significant in emerging markets, in which both divisions operate. These risks could lead to significantly reduced business growth in these target markets. See Section 3.2 – Strategic risks on pages 123 to 129 of the 2017 DDR for further details.

The Group is also exposed to insurance risks in its investment portfolio either through publicly traded securities (e.g. CAT bonds), or Over-The-Counter (**OTC**) contracts (e.g. collateralized reinsurance). Such investments could be impacted by the occurrence of underwriting risks as described in the above paragraphs (e.g. natural catastrophe, mortality etc.) that could significantly result in changes in value, or even the full loss of the amount invested. In the case of publicly traded securities, these risks could also have a significant impact on the liquidity of these instruments.

2.4 Risks related to reserves

The Group's risk related to reserves

The Group is required to maintain reserves to cover its estimated ultimate liability for losses and loss adjustment expenses with respect to reported and unreported claims, incurred as at the end of each accounting period, net of estimated related recoveries. Its reserves are established based on the information it receives from its cedent insurance companies, including their own reserving levels, as well as on the basis of its knowledge of the risks, the studies it conducts and the trends it observes on a regular basis. As part of the reserving process, the Group reviews available historical data and tries to anticipate the impact of various factors, such as changes in laws and regulations, judicial decisions, social and political attitudes and trends in mortality and morbidity, and changes in general economic conditions.

If some information were incorrect and/or incomplete, this could have an adverse effect on the Group. Despite the audits it carries out on the companies with which it does business the Group is still dependent on their reserves assessment.

As is the case for all other reinsurers, the inherent uncertainties in estimating reserves are compounded by the significant periods of time that often elapse between the occurrence of an insured loss, the reporting of the loss to the primary insurer and ultimately to the Group.

Another factor of uncertainty resides in the fact that some of the Group's activities are long-tail in nature, such as long-term care, whole Life products, longevity, worker's compensation, general liability or medical malpractice, etc. It has, in the past, been necessary for the Group to revise estimated potential loss exposure on such lines of business.

See Section 3.3.1.1 – P&C long-tail reserve deterioration on page 130 of the 2017 DDR to for further details.

3. MARKET RISKS

Market risk is the risk that the fair value or future cash flows of a financial instrument fluctuates because of changes in market prices or macro-economic variables.

This includes interest rate risk and currency risk, further described below, as well as equity risk and real estate risk, to which the Group is exposed to through its investments. Market risk also includes credit spread risk on these invested assets. For further information on credit risk (counterparty default), see Section 3.5 – Credit risks on pages 144 to 146 of the 2017 DDR.

Interest rate risks

Interest rates are very sensitive to a number of external factors, including monetary and budgetary policies, the national and international economic and political environment, and the risk aversion of economic actors.

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument fluctuates because of changes in interest rates. Interest rate fluctuations have direct consequences on both the market value and the return of the Group's investments as the level of unrealized capital gains or losses and the return on securities held in its portfolio both depend on the level of interest rates. Floating-rate instruments expose the Group to cash flow interest rate risk, whereas fixed interest rate instruments expose the Group to fair value interest rate risk.

During periods of declining interest rates, income from investments is likely to fall due to investment of net cash flows and reinvestments of redemptions at rates lower than those of the existing portfolio (dilutive effect of new investments). During such periods, there is therefore a risk that the Group's return on equity objectives are not met. For callable bonds for which the issuer has an option to redeem earlier than the ultimate maturity, the probability of having to reinvest the early proceeds at lower interest rates is increased.

On the other hand, an increase in interest rates could lead to a fall in the market value of fixed income securities that the Group holds. In the case of a need for cash, the Group may be obliged to sell fixed income securities, possibly resulting in capital losses.

The Group's reinsurance business may also be exposed to interest rate risk. The Group has certain Life insurance contracts which are sensitive to fluctuations in interest rates. However, for most discounted Life liabilities there is no accounting impact from a 100 basis point change in the interest rate because valuation interest rates are typically locked-in.

Finally, the interest rate risk depends on the duration mismatch between assets and liabilities. As such, changes in interest rates can affect the shareholders' equity and the solvency ratio of the Group.

For further information on the sensitivity of the Group's consolidated income and consolidated equity to interest rate risk, see Section 3.4.3 – Sensitivity analysis to market risks on pages 142 to 143 of the 2017 DDR.

Currency risks

Currency risk is the risk of loss arising due to adverse changes in or volatility of foreign exchange rates. This would impact the value of the Group's assets (e.g. through direct investments in assets denominated in various currencies) and liabilities (e.g. reinsurance treaties with liabilities denominated in specific currencies). The following types of foreign exchange risk have been identified by the Group:

Transaction risk

Fluctuations in exchange rates can have consequences on the Group's reported net income because of the conversion results of transactions expressed in foreign currencies, the settlement of balances denominated in foreign currencies and the lack of perfect matching between monetary assets and liabilities in foreign currencies. In this case and to reduce the impact of imperfect matching, the Group uses derivative financial instruments in order to hedge against currency fluctuations on sensitive currencies, particularly in times of greater volatility on the capital markets. Nevertheless, a perfect matching of monetary assets and liabilities can never be achieved and a potential profit or loss impact due to fluctuations in exchange rates can arise.

Translation risk

The Group publishes its consolidated financial statements in Euros, but a significant part of its income and expenses, as well as of its assets and liabilities, are denominated in currencies other than the Euro. Consequently, fluctuations in the exchange rates used to convert these currencies into Euros may have a significant impact on its reported net income and net equity from year to year.

The Group's main non-French legal entities are located in Ireland, Switzerland, North America, the UK and Asia. The shareholders' equity of these entities is denominated mainly in Euros, US dollars, British pounds and Canadian dollars.

As a result, changes in the exchange rates used to convert foreign currencies into Euros, particularly the fluctuation of the US dollar against the Euro, have had and may have in the future, an adverse effect on the Group's consolidated shareholders' equity. The Group does not fully hedge its exposure to this risk. The impact of the fluctuation in the exchange rates used to translate foreign currencies into Euros on its consolidated shareholders' equity is described in Section 4.5 – Consolidated Statements of Changes in Shareholders' Equity on pages 158 to 160 of the 2017 DDR.

The Group has issued debt instruments in currencies other than the Euro, currently Swiss Francs, and to the extent that these are not used as a hedge against foreign currency investments, it may be similarly exposed to fluctuations in exchange rates. Most debts are fully hedged. For more information on the forward sales and purchases and swaps of currencies used to hedge these risks refer to Section 4.6 Notes to the consolidated financial statements, Note 7 – Insurance business investments on pages 179 to 190 of the 2017 DDR. For more information on debts issued in different currencies, refer to Section 4.6 – Notes to the consolidated financial statements, Note 13 – Financial liabilities on pages 200 to 202 of the 2017 DDR.

Some events, such as catastrophes, can have an impact on the matching of assets and liabilities in a currency, which can generate a temporary unmatched position which is not covered by currency contracts or hedges.

For further information on the sensitivity of the Group's consolidated income and consolidated equity to currency risk, see Section 3.4.3 – Sensitivity analysis to market risks on pages 142 to 143 of the 2017 DDR.

Equity risk

Equity prices are likely to be affected by risks which affect the market as a whole (uncertainty on economic conditions in general, such as anticipated changes in growth, inflation, interest rate fluctuations, sovereign risk, etc.) and/or by risks which influence a single asset or a small number of assets (specific or idiosyncratic risk). This may lead to a decrease in prices of the equity held by the Group and may impact its unrealized gains and losses. A material or long-lasting decline in the prices of the Group's equity holdings may also result in the impairment of its equity portfolio which would affect its net income.

The Group's exposure to the equity market results from direct purchases of stocks or investments in equity funds and in convex equity strategies such as convertible bonds.

For further information on the sensitivity of the Group's consolidated income and consolidated equity to currency risk, see Section 3.4.3 – Sensitivity analysis to market risks on pages 142 to 143 of the 2017 DDR.

Real estate risk

Real estate risks, either for properties owned directly or through funds, are risks arising from a variation in the real estate market valuation or a change in rental market conditions, the two being closely linked.

Rental income from the property portfolio is exposed to the variation in the indices on which the rents are indexed (for instance, the Construction Cost Index in France) as well as risks related to the rental market (changes in supply and demand, changes in vacancy rates, impact on market rental values or rent renewals) and lessee default. On the other hand, the indexation may provide an attractive hedge against inflation.

The value of property assets is exposed to the risk of regulatory obsolescence of properties (regulatory developments related to the accessibility of buildings for people with a disability, on the reduction of energy consumption and the production of carbon dioxide, etc.) which would lead to losses of value in the event of a sale of the assets or to additional expenditure to restore the value of the property.

Credit spread risk

Credit spread risk on invested assets is the risk of incurring a financial loss arising from the change in the market assessment of the counterparty risk of financial instruments or counterparties. Credit spread variations could have a direct impact on the market value of the fixed-income securities and loans, and as a consequence, on the unrealized capital gains or losses of the fixed-income securities held in the portfolio.

4. CREDIT RISK

Credit risk is the risk of incurring a loss as a result of an unexpected change in the financial situation of a counterparty.

This includes Credit default risk which is the risk that one party to a financial instrument or other asset will cause a financial loss to the other party by unexpectedly failing to discharge, either partially or fully, an obligation. Credit risk also includes Credit migration risk, which is the risk of incurring a financial loss due to a change in the value of a contractual agreement following unexpected changes in the credit quality of our counterparties.

The Group is mainly exposed to the following credit risks or the accumulation of such risks in a single counterparty, in the same sector of activity or the same country: from bond and loan portfolios, liabilities retroceded also called share of retrocessionaires in contract liabilities, deposits with cedents, future cash-flows from Life reinsurance treaties, cash deposits at banks and default of members of pools which the Group is a member of. The Group may also be exposed to credit risk through its Credit and Surety reinsurance portfolio.

Credit risk is actively monitored and managed. The processes for managing the respective credit risks and the methods used to measure these risks are further described below.

Credit risk related to bond and loan portfolios

A deterioration in the financial situation of an issuer (sovereign, public or private) or borrower can, for example, lead to its insolvency and to the partial or total loss of coupons and of the principal invested or lead to a loss in value.

This risk applies also to loan transactions in which the Group invests. The borrower's solvency deterioration may lead to a partial or total loss of the coupons and the nominal invested by the Group.

For information on the debt securities portfolio, see Section 4.6 – Notes to the consolidated financial statements, Note 7 Insurance business investment on pages 179 to 190 of the 2017 DDR.

Credit risk related to retroceded liabilities

The Group transfers part of its risks to retrocessionaires via retrocession programs in exchange for the payment of premiums. The retrocessionaires then assume the losses related to claims covered by the retrocession contracts. If a retrocessionaire defaulted, or its financial situation deteriorated, The Group could lose part or all of the coverage provided by its retrocessionaire whereas it would retain its liability towards the cedent for the payment of all claims covered under the reinsurance contract.

The Group could also lose receivables from the defaulting retrocessionaire (receivables are due to a timing difference between statement accounts received and real payment due for positive balances of retrocessionaire accounts).

The retrocessionaires' share in the reserves broken down by retrocessionaires' credit rating is included in Section 4.6 – Notes to the consolidated financial statements, Note 15 – Net contract liabilities on pages 209 to 216 of the 2017 DDR.

Credit risk related to deposits with cedents

The Group may be exposed to credit risk in relation to amounts deposited with ceding companies in respect of reinsurance reserves which cover its liabilities. However, depositing these amounts does not a priori discharge the Group of its liability towards the cedent in cases where it is not able to recover all or part of these amounts in the event of a cedent default or a deterioration in the financial situation of that cedent. Hence, it is at least in principle, possible that the Group may remain liable for paying claims due under the reinsurance treaty without being able to offset all or part of the corresponding deposits.

Credit risk related to future cash flows of life reinsurance treaties

Under most of its Life reinsurance contracts, the Group expects to receive premiums from its cedents over several years. These often exceed expected future payments for claims, commissions, etc., meaning that the Group expects to receive positive future cash flows.

Credit risk on future cash flows from Life reinsurance policies arises from two risk factors:

- The payment of future cash flows expected under Life reinsurance contracts requires that the cedent is financially sound. Therefore, the Group risks a reduction in the value of its portfolio of Life contracts in the event of a deterioration in the financial strength of the cedent. This may lead to the impairment of the Group's intangible assets, i.e. the value of business acquired (VOBA) and deferred acquisition costs (DAC);
- A reduction in the value of future cash flows could arise from material unexpected lapsing of policies following a deterioration of the cedent's credit rating or standing or an event which has a negative effect on the cedent's reputation.

Credit risk related to cash deposits at banks

The Group is exposed to the risk of losing all or part of any cash deposited with banks in the event that such a bank is no longer able, due to insolvency, to honour its commitments (e.g. following liquidation). The current main risk for the Group is the significant concentration of deposits in a small number of banks. This risk is a direct result of the selection of the most stable banks.

Other credit risks

For special, highly-technical risk categories such as terrorism, nuclear, aviation or pollution, the Group chooses to participate in various market dedicated groups of insurers and reinsurers (**pools**) aimed at pooling the relevant risks among the members of each group pools which offer best available expertise and risk sharing at market level. In the event of a total or partial default by one of the members of a group, it could be required to assume, in the event of joint liability of the members, all or part of the liabilities of the defaulting member.

5. LIQUIDITY RISKS

Liquidity risk arises when available liquidity is not sufficient to meet liquidity needs. This liquidity shortfall can result either from:

- A deviation from planned liquidity needs over either the short term, or the medium/long term;
- A deviation from estimated liquidity capacities, e.g. due to adverse business conditions.

Liquidity needs

The Group needs liquidity to pay claims, operating expenses, interest payments and redemptions on its debts and declared dividends on its share capital. Without sufficient liquidity, the Group may be forced to curtail its operations, and business will suffer. In the case of catastrophe claims, in particular, it may need to settle amounts which exceed the amount of available liquidity in a reduced timeframe. The Group's liquidity needs to cover catastrophe exposures is calibrated using the Group's gross (before retrocession) Nat Cat annual loss distributions, on top of other regular liquidity needs as listed above.

Liquidity needs may also arise from increased collateral requirements. Some facilities the Group uses to grant letters of credit to cedents require 100% collateral in case of non-compliance with financial covenants or in case of a decrease in the Group's financial strength rating, which would result in a deterioration of the Group's liquidity level. Collateral arrangements are also used by the Group when operating business in jurisdictions that demand a higher level of reserves than under IFRS in other jurisdictions. This is especially the case in the US for business falling under the NAIC Model Regulation XXX or Valuation of Life Insurance Policies Model Regulation, commonly referred to as Regulation XXX (or Triple X). Letters of Credit carry the risk of a duration mismatch, i.e. that short-term Letters of Credit are covering long-term business and might have to be renewed as less favourable conditions, creating additional cost.

Information on the Group's letter of credit facilities, including related financial covenants, is included in Section 4.6 – Notes to the consolidated financial statements, Note 23 – Commitments received and granted on pages 228 to 229 of the 2017 DDR.

Sources of liquidity

The principal internal sources of the Group's liquidity are reinsurance premiums, cash flows from its investment portfolio and other assets, consisting mainly of cash or assets that are readily convertible into cash.

External sources of liquidity in normal markets include a variety of short and long term instruments, such as repurchase agreements, commercial paper, medium and long term debt, junior subordinated debt securities, capital securities and raising additional funds in the equity markets. For further information on the Group's financial debt, including related financial covenants, refer to Section 4.6 – Notes to the consolidated financial statements, Note 13 – Financial liabilities on pages 200 to 202 of the 2017 DDR.

The Group's ability to access external sources of liquidity may be subject to adverse capital and credit market conditions.

Liquidity risks are increased when capital and credit markets experience extreme volatility or disruption, as the Group may need to sell a significant portion of its assets quickly and on unfavourable terms, particularly if current internal resources do not satisfy its liquidity needs.

This risk may be increased due to the characteristics of certain assets held by the Group, whose liquidity may be limited due to contractual or regulatory constraints (e.g. investments in corporate, real estate or infrastructure loans).

The availability of additional financing will depend on a variety of factors. These notably include market conditions, the general availability of credit, the volume of trading activities, the overall availability of credit to the financial services industry, the Group's credit ratings and credit capacity, as well as the possibility that customers or lenders could develop a negative perception of the Group's long- or short-term financial prospects if the Group incurs large investment losses or if the level of its business activity decreases due to a market downturn. Similarly, access to funds may be impaired if regulatory authorities or rating agencies take negative action that could penalize the Group. The liquidity of several asset classes owned by the Group may also be negatively impacted by changes to regulations or by non-conventional monetary policies. If so, these factors could prevent the Group from successfully obtaining additional financing on favourable terms.

6. OPERATIONAL RISKS

Operational risks are inherent to all businesses including the Group's. Operational risks may be split into four broad categories further described below: risks related to staff, systems or facilities, processes or external events.

Risks related to staff

Risks related to staff can arise as follows:

- The failure to attract or retain key personnel or the loss of crucial information/skills concentrated in a single person, or of a whole team.
- Incidents due to mistakes or non-compliance with instructions, guidelines or policies.
- Internal staff mandated by the Group having authorized access to the Group's offices or systems taking advantage of the Group's assets for personal gain e.g. through misappropriation of assets, tax evasion, intentional mismarking of positions or bribery.
- Intentional damage to the Group's assets (including data) required to perform its operations by internal or external staff could lead to significant additional remediation costs (to rebuild databases or systems).

Risks related to systems or facilities

Risks related to systems can arise as follows:

- A malfunction or a major breakdown in the Group's IT systems, outages, disruptions due to viruses, attacks by hackers and thefts or data breaches. This can occur within the Group's own environment or to a third party providing services or data to the Group;
- Interruption of any of the Group's IT systems leading to loss of data, delays in service or in a loss of efficiency of teams, which could lead to remediation costs, loss of contracts or damage to the Group's reputation. In addition, these incidents could increase other operational risks such as external fraud or human error (e.g. delay in the recognition of adverse business development). The interruption of these systems could damage commercial activities including underwriting, pricing, reserving, premium and claims payment, commercial support, and asset management;
- In addition, the facilities in which the Group operates might be impacted by natural or man-made perils. The offices might need to be closed for a period of time potentially resulting in a loss of productivity and business opportunity, as well as remediation costs;

Risks related to processes

The Group's risk management policies, procedures and controls may not be appropriate or sufficient. In particular, any additional workload to the planned activities could reduce the effectiveness of some processes and controls. For example, the creation of a new entity or development of a new Line of Business may lead to an accumulation of operational risks.

Since the Group remains responsible for commitments or services contracted, including for outsourced activities, an inappropriate client relationship management or inadequate level of service and/or product quality provided by the Group to its clients or breach of contract may lead to a loss of profitable business relationships.

In addition, the Group may be involved in legal and arbitration proceedings due to non-protective terms of a contract, denounced either by third parties or internally which could lead to an unfavourable outcome. There are no other governmental, judicial or arbitration proceedings, including any proceedings the Group would be aware of, pending or which the Group could be threatened with, likely to have or having a significant impact on the Group's financial situation or profitability over the last 12 months. For information on this issue, refer to Section 4.6 – Notes to the consolidated financial statements, Note 25 – Litigation on page 230 of the 2017 DDR.

Some of the Group's and its subsidiaries' processes are partially or fully outsourced. Failed outsourced processes could lead to direct losses and other operational incidents.

Risks related to external events

The Group may be exposed to an unfavourable business environment such as evolving or additional regulatory constraints potentially hindering its business model.

Legal and regulatory risks in the Group's operating environment

As an international group, the Group must comply with national and international laws, regulations and accounting standards. This includes all applicable economic sanctions, programs relating to anti-corruption, anti-money laundering, in addition to anti-terrorism laws, and laws and regulations applicable to its operations. Laws and regulations applicable to some of the Group's operations refer

inter alia to the economic trade sanctions laws and regulations administered by the United States Department of the Treasury's Office of Foreign Assets Control (OFAC) and to certain laws administered by the United States Department of State. Other directives with which the Group complies apply to anti-money laundering, corruption, terrorism financing and insider trading (e.g. the European Regulation of April 2014 on market abuses). Regarding anti-corruption laws and regulations, the Group must comply with the Foreign Corrupt Practices Act (FCPA) and other laws such as the UK Bribery Act that bar corrupt payments or unreasonable gifts to foreign governments or officials. In addition, the Group must now also comply with the provisions of the Sapin II law, which requires large companies (i.e. with revenues exceeding EUR 100 million and with at least 500 employees) to implement plans that prevent corruption, with sanctions in case of non-compliance.

The level of legal, regulatory, tax or accounting requirements depends on several factors, including the type of business (e.g. primary insurance or reinsurance business), the location and the legal structure of the entity of the Group. The large number of different regulatory environments in which the Group operates, as well as changes in present and future regulations increase the complexity and risks of the related Group processes. Any violation of laws, regulations or accounting requirements could expose the Group to fines, class actions with compensation payments, accounts reinstatements or business restrictions.

Following Brexit, the direct P&C insurance activities for European Economic Area (EEA) clients currently carried by SCOR UK may need to be carried in the future by a legal entity based in the EEA in case insurers based in the United Kingdom would lose their European passport. In order to prepare for such an event the Group has decided to create a P&C insurance company in France to serve its continental clients, while maintaining the insurance company SCOR UK for its other clients. Also, the Group stands ready to ask the Prudential Regulation Authority for any required approvals in order to allow the continuation of the activity of its reinsurance branches in the United Kingdom.

For further details on current main regulatory developments which may have an impact on the Group, see Section 3.2.3 – Risks related to legal and regulatory developments on pages 125 to 126 of the 2017 DDR.

Other risks related to external events

The Group is also exposed to external fraud which is characterized by the fraudulent misappropriation of certain the Group's assets by third parties. External frauds may be perpetrated by various means including cyber-attacks, and usually target cash or data. Should they succeed in bypassing the controls or protection measures in place, this could generate a direct loss for the Group.

The Group is exposed to cyber-attacks which can be very diverse in their sophistication and execution. The main targets are system functions, data and cash management. Immediate repercussions include:

- Systems could be slowed down, corrupted or stopped potentially resulting in loss of productivity, corrupted data and remediation costs;
- Data could be stolen, deleted or corrupted, or made public in contradiction with the Group's regulatory or contractual obligations.

Any of these could generate a reputational risk, give rise to a breach of the Group's legal responsibility, and may result in regulatory sanctions depending on the level of sensitivity of the data

or system that is successfully attacked. The cyber-attack could also assist external fraudsters resulting in a financial loss.

Regulatory actions against the Issuer or an insurer in the Group in the event of resolution could materially adversely affect the value of the Notes

On 28 November 2017, the ordinance no 2017-1608 of 27 November 2017 (the **Ordinance**) establishing a resolution framework for insurers (*Ordonnance no 2017-1608 du 27 novembre 2017 relative à la création d'un régime de résolution pour le secteur de l'assurance*) was published, setting out the French legal framework providing effective resolution strategies for French insurers.

The Ordinance has entered into force but will not fully apply until the implementing decree is published. The Ordinance is designed to provide the French supervision authority i.e. the *Autorité de contrôle prudentiel et de résolution* (the **ACPR**) with a credible set of tools to intervene in an institution that is failing or likely to fail (as defined in the Ordinance) so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of the institution's failure on the economy and financial system.

Under the Ordinance, powers are granted to the ACPR to implement resolution measures with respect to an institution and certain of its affiliates (each a **relevant entity**) (including the Issuer) in circumstances in which the resolution conditions are met – namely that the institution is failing or likely to fail. Due to the fact that resolution powers are intended to be used prior to the point at which ordinary insolvency proceedings would have been initiated in respect of the Issuer, holders may not be able to anticipate any potential exercise of the powers nor the potential impact on the Issuer, the Group or the Notes of any exercise of such powers.

The Ordinance currently contains the following main resolution tools which could be applied to the Issuer or any insurer within its Group:

- (i) bridge institution: enables the ACPR to transfer all or part of the business of the relevant entity to a "bridge entity";
- (ii) asset separation: enables the ACPR to transfer impaired or problem assets of the relevant entity to asset management vehicles to allow such assets to be managed and worked out over time; and
- (iii) administrator (*administrateur de résolution*): enables the ACPR to intervene in the corporate governance of the relevant entity.

Where the statutory conditions for use of resolution powers have been met, the ACPR would be expected to exercise the powers without the consent of holders of the Notes.

The impact of the Ordinance and its implementing provisions (still under discussion) on insurance institutions, including the Issuer or any insurer within its Group, is currently unclear but its current and future implementation and applicability to the Issuer and the Group or the taking of any action pursuant to it could materially affect the rights of the holders of the Notes, the activity and financial condition of the Issuer and the Group, the value of the Notes and could lead to holders losing some or all of the value of their investment in such Notes.

For the avoidance of doubt, the resolution powers do not contain any bail-in power as for credit institutions under the bank recovery and resolution directive.

RISK FACTORS RELATING TO THE NOTES

Capitalised expressions used below have the meaning ascribed to them in the Terms and Conditions of the Notes.

1. GENERAL RISKS RELATING TO THE NOTES

Independent review and advice

Each prospective investor in the Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Notes.

Each prospective investor should consult its own advisers as to legal, tax and related aspects of an investment in the Notes. A prospective investor may not rely on the Issuer or the Joint Lead Managers or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to above.

The Notes are complex instruments that may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- (d) understand thoroughly the terms of the Notes and be familiar with the behaviour of financial markets and with the regulatory framework applicable to the Issuer;
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and
- (f) consult its legal advisers in relation to possible legal or fiscal risks that may be associated with any investment in the Notes.

The Notes are complex financial instruments. Sophisticated institutional investors generally purchase complex financial instruments as part of a wider financial structure rather than as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on

the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Legality of purchase

None of the Issuer, the Joint Lead Managers or any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective investor, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

The trading market for the Notes may be volatile and may be adversely impacted by many events

The market value of the Notes will be affected by the creditworthiness of the Issuer and a number of additional factors. The market for the Notes may be influenced by economic and market conditions, political events in France or elsewhere and, to varying degrees, interest rates, currency exchange rates and inflation rates in other European and other industrialised countries. There can be no assurance that events in France, Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of the Notes or that economic and market conditions will not have any other adverse effect. The price at which a Noteholder will be able to sell the Notes may be at a discount, which could be substantial, from the issue price or the purchase price paid by such Noteholder.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in USD. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than USD. These include the risk that exchange rates may significantly change (including changes due to devaluation of USD or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the USD would decrease (a) the Investor's Currency-equivalent yield on the Notes, (b) the Investor's Currency equivalent value of the principal payable on the Notes and (c) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

As a result of the Notes bearing interest at a fixed rate from (and including) the Issue Date, to (but excluding) the First Call Date, investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

Following the First Call Date, interest on the Notes will be calculated on each Reset Date on the basis of the prevailing CMT Rate plus the Margin. The Reset Rate of Interest will be determined five U.S. Government Securities Business Days before each Reset Date and as such is not pre-defined at the date of issue of the Notes. The Reset Rate of Interest in relation to a relevant Interest Period may be different from the initial Rate of Interest or from a Reset Rate of Interest applicable to a previous Interest Period and may adversely affect the yield of the Notes.

Credit ratings

Credit ratings are expected to be assigned to the Notes by S&P (see cover page of this Prospectus for more information). Other independent credit rating agencies could decide to assign credit ratings to the Notes and such credit ratings may be higher than, the same as or lower than the credit rating provided by S&P. The rating may not reflect the potential impact of all risks related to structure, market, additional factors discussed herein, and other factors that may affect the value of the Notes. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by the relevant rating agency. A revision, suspension or withdrawal of a rating may adversely affect the market price of the Notes.

An active trading market for the Notes may not develop

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have an adverse effect on the market value of the Notes. Although application has been made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange, there is no assurance that such application will be accepted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Notes. The Issuer is entitled, under certain circumstances, to buy the Notes, which shall then be cancelled or caused to be cancelled, and to issue further Notes. Such transactions may favourably or adversely affect the price development of the Notes. If additional and competing products are introduced in the markets, this may adversely affect the value of the Notes.

Potential Conflicts of Interest

The Joint Lead Managers and their respective affiliates have engaged, and/or may in the future engage, in investment banking, commercial banking and other financial advisory and commercial dealings with the Issuer and its affiliates and in relation to securities issued by any entity of the Group. They have or may (a) engage in investment banking, trading or hedging activities including in activities that may include prime brokerage business, financing transactions or entry into derivative transactions, (b) act as underwriters in connection with offering of shares or other securities issued by any entity of the Group or (c) act as financial advisers to the Issuer or other companies of the Group. In the context of these transactions, some of the Joint Lead Managers have or may hold shares or other securities issued by entities of the Group. Where applicable, they have or will receive customary fees and commissions for these transactions.

Modification of the Terms and Conditions of the Notes

Noteholders will be grouped automatically for the defence of their common interests in a *Masse*, as defined in Condition 13 (*Noteholders' Meeting*) of the Terms and Conditions of the Notes, and a collective decision of Noteholders can be held. The Terms and Conditions of the Notes permit in certain cases defined majorities to bind all Noteholders including Noteholders who did not participate and vote at the relevant collective decision and Noteholders who voted in a manner contrary to the majority.

The collective decision of Noteholders may, subject to Condition 13 (*Noteholders' Meeting*) of the Terms and Conditions of the Notes, deliberate on any proposal relating to the modification of the Terms and Conditions of the Notes, in particular on any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions.

Change of law

The Terms and Conditions of the Notes are based on French law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial or administrative decision or change in French law or the official application or interpretation of French law after the date of this Prospectus.

Taxation

Payments of interest on the Notes, or profits realised by the Noteholder upon the disposal or repayment of the Notes, may be subject to taxation or documentary charges or duties in accordance with the laws and practices of the jurisdiction where the Notes are transferred or in other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for financial instruments such as the Notes. Potential investors are advised not to rely upon the tax description contained in this Prospectus but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, disposal and redemption of the Notes. Only these advisers are in a position to duly consider the specific situation of each potential investor. This investment consideration has to be read in connection with the taxation sections of this Prospectus.

A Noteholder's effective yield on the Notes may be diminished by the tax impact on that Noteholder of its investment in the Notes.

Proposed financial transaction tax (FTT)

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain (the **Participating Member States**). In March 2016, Estonia indicated its withdrawal from the enhanced cooperation.

The Commission's Proposal has very broad scope and, if introduced, could apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in the Notes provided that at least one party to the transaction is established or deemed established in a Participating Member State and that there is a financial institution established or deemed established in a Participating Member State which is party to the transaction, acting either for its own account or for the account of another person, or acting in the name of a party to the transaction. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

However, the Commission's Proposal remains subject to negotiation between the Participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and/or other Participating Member States may decide to withdraw.

Prospective investors should consult their own tax advisers in relation to the consequences of the FTT associated with purchasing and disposing of the Notes.

French Insolvency Law

Under French insolvency law and notwithstanding any clause to the contrary, holders of debt securities are automatically grouped into a single assembly of holders (the **Assembly**) in order to defend their common interests if a safeguard procedure (*procédure de sauvegarde*), an accelerated financial safeguard procedure (*procédure de sauvegarde financière accélérée*), an accelerated safeguard procedure (*procédure de sauvegarde accélérée*) or a judicial reorganisation procedure (*procédure de redressement judiciaire*) is opened in France with respect to the Issuer.

The Assembly comprises holders of all debt securities issued by the Issuer (including the Notes), whether or not under a debt issuance programme (such as a euro medium term notes programme) and regardless of their governing law.

The Assembly deliberates on the proposed safeguard plan (*projet de plan de sauvegarde*), proposed accelerated financial safeguard plan (*projet de plan de sauvegarde financière accélérée*), proposed accelerated safeguard plan (*projet de plan de sauvegarde accélérée*) or proposed judicial reorganisation plan (*projet de plan de redressement*) applicable to the Issuer and may further agree to:

- increase the liabilities (*charges*) of holders of debt securities (including the Noteholders) by rescheduling due payments and/or partially or totally writing-off receivables in the form of debt securities;
- establish an unequal treatment between holders of debt securities (including the Noteholders) as appropriate under the circumstances; and/or
- decide to convert debt securities (including the Notes) into securities that give or may give rights to share capital.

Decisions of the Assembly will be taken by a two-third majority (calculated as a proportion of the debt securities held by the holders casting a vote). No quorum is required to convene the Assembly. Noteholders whose rights are not modified by the proposed plan do not participate in the vote.

The procedures, as described above or as they will or may be amended, could have an adverse impact on Noteholders seeking repayment in the event that the Issuer were to become insolvent or otherwise subject to any of the foregoing procedures.

For the avoidance of doubt, the provisions relating to the representation of the Noteholders described in the Terms and Conditions of the Notes set out in this Prospectus will not be applicable with respect to the Assembly to the extent they conflict with compulsory insolvency law provisions that apply in these circumstances.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) the Notes are legal investments for it, (b) Notes can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase or pledging of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

2. RISKS RELATING TO THE STRUCTURE OF THE NOTES

The Notes are deeply subordinated obligations of the Issuer

The principal and interest on the Notes constitute direct, unconditional, unsecured and Deeply Subordinated Obligations of the Issuer and the Notes rank and will rank *pari passu* without any preference among themselves and with other Deeply Subordinated Obligations of the Issuer. Subject to applicable law, in the event of the voluntary or judicial liquidation (*liquidation amiable* or *liquidation judiciaire*) of the Issuer, bankruptcy proceedings or any other similar proceedings affecting the Issuer or if the Issuer is liquidated for any other reason, the rights of Noteholders to payment under the Notes rank:

- subordinated to the full payment of the unsubordinated creditors (including depositors and creditors whose claims arise under contracts entered into for the purposes of any liquidation) any Ordinarily Subordinated Obligations and any *prêts participatifs* granted to the Issuer;
- *pari passu* with any Deeply Subordinated Obligations of the Issuer; and
- prior to any payments to holders of Equity Securities, or any other obligation expressed to rank junior to the Notes.

If any judgment is rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) or, following an order of judicial rehabilitation (*redressement judiciaire*), the sale of the whole business (*cession totale de l'entreprise*) of the Issuer, or if the Issuer is liquidated for any other reason, the rights of the Noteholders in respect of principal and interest will be subordinated to the payments of claims of other creditors of the Issuer (other than subordinated claims ranking junior to the Notes) including insurance companies and entities referred to in article R.322-132 of the French *Code des assurances* reinsured by the Issuer, and holders of insurance policies issued by such entities and creditors with respect to unsubordinated obligations of the Issuer, Ordinarily Subordinated Obligations and any *prêts participatifs* granted to the Issuer but paid in priority to payments to holders of Equity Securities, or any other obligation expressed to rank junior to the Notes.

In the event of incomplete payment of creditors ranking senior to Noteholders (in the context of voluntary or judicial liquidation of the Issuer, bankruptcy proceedings or any other similar proceedings affecting the Issuer) the obligations of the Issuer in connection with the Notes and related interest will be terminated.

Thus, the Noteholders face a higher performance risk than holders of unsubordinated or less deeply subordinated obligations of the Issuer.

There is a risk that Noteholders will lose the entire amount of their investment, regardless of whether the Issuer has sufficient assets available to settle what would have been the claims of Noteholders or of securities subordinated to the same or greater extent as the Notes, in winding-up proceedings or otherwise.

The Notes are of perpetual nature

The Notes have no fixed final redemption date and Noteholders have no right to call for the redemption of such Notes except if a judgment is issued for *liquidation judiciaire* or if the Issuer is liquidated for any reason. Although the Issuer may redeem such Notes in certain circumstances there are limitations on its ability to do so.

Therefore, Noteholders should be aware that they may be required to bear the financial risks of an investment in such Notes for an indefinite period of time.

There are no events of default under the Notes

The Terms and Conditions of the Notes do not provide for events of default allowing acceleration of the Notes if certain events occur. Accordingly, if the Issuer fails to meet any obligations under the Notes, including the payment of any interest, investors will not have the right of acceleration of principal. Upon a payment default, the sole remedy available to Noteholders for recovery of amounts owing in respect of any payment of principal or interest on the Notes will be the institution of proceedings to enforce such payment. Notwithstanding the foregoing, the Issuer will not, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

The Issuer may and in certain circumstances is required to cancel Interest Payments – Cancelled interest payments shall not be due and shall not accumulate or be payable at any time thereafter and Noteholders shall have no rights thereto

On any Optional Interest Payment Date (as defined in the Terms and Conditions of the Notes), the Issuer may, at its option, elect to cancel payment of all or part of the interest accrued to that date, and the Issuer shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Issuer for any purpose. It is the Issuer's current intention that, whenever exercising its discretion to declare ordinary share dividends, or its discretion to cancel interest on the Notes, the Issuer will take into account, among other factors, the relative ranking of these instruments in the capital structure. However, the Issuer may depart from this approach at any time in its sole discretion, and under the Conditions interest amounts on the Notes could conceivably be cancelled while holders of the Issuer's shares continue to receive dividends.

In addition, on any Mandatory Interest Cancellation Date (as defined in the Terms and Conditions of the Notes), the Issuer will be obliged to cancel payment of all or part (as applicable) of the interest accrued to that date (and any such non-payment shall not constitute a default or an event of default by the Issuer for any purpose), provided however that the relevant Interest Payment will not be a Mandatory Interest Cancellation Date in whole or in part (as applicable) in relation to such Interest Payment (or such part thereof) if, cumulatively:

- (i) the Relevant Supervisory Authority has exceptionally waived the cancellation of such Interest Payment; and
- (ii) such Interest Payments do not further weaken the solvency position of the Issuer; and
- (iii) the Minimum Capital Requirement will be complied with immediately after the Interest Payment is made; and
- (iv) the relevant Regulatory Deficiency is of the type described in paragraph (i) of such definition only.

Any interest which is not paid on any Interest Payment Date will not accumulate or be payable at any time thereafter, and such non-payment will not constitute a default or an event of default by the Issuer for any purpose, and the Noteholders will have no right thereto.

The cancellation of any interest payment may affect the market value of an investment in the Notes.

Notes may be traded with accrued interest which may subsequently be subject to cancellation

The Notes may trade, and/or the prices for the Notes may appear, in trading systems with accrued interest. Purchasers of Notes in the secondary market may pay a price which reflects such accrued interest on purchase of the Notes. If an Interest Payment is cancelled (in whole or in part), a

purchaser of Notes in the secondary market will not be entitled to the accrued interest (or part thereof) reflected in the purchase price of the Notes.

The level of the Issuer's Distributable Items is affected by a number of factors, and insufficient Distributable Items will restrict the Issuer's ability to make interest payments on the Notes

Interest on the Notes may only be paid out of Distributable Items (as defined in the "Terms and Conditions of the Notes").

The level of the Issuer's Distributable Items is affected by a number of factors, principally its ability to receive funds, directly or indirectly, from its operating subsidiaries in a manner which creates Distributable Items. Consequently, the future Distributable Items, and therefore the Issuer's ability to make Interest Payments on the Notes, are a function of the existing Distributable Items, future Group profitability and performance and the ability to distribute or dividend profits from the Issuer's operating subsidiaries up the Group structure to the Issuer. In addition, the Distributable Items will also be reduced by the servicing of other debt instruments and payments made on equity instruments as further described in the risk factor entitled "*The Issuer may and in certain circumstances is required to cancel Interest Payments – Cancelled interest payments shall not be due and shall not accumulate or be payable at any time thereafter and Noteholders shall have no rights thereto*".

The ability of the Issuer's operating subsidiaries to pay dividends and the Issuer's ability to receive distributions and other payments from the Issuer's investments in other entities is subject to applicable local laws and other restrictions, including their respective regulatory, capital and leverage requirements, statutory reserves, financial and operating performance and applicable tax laws, and any changes thereto. These laws and restrictions could limit the payment of dividends, distributions and other payments to the Issuer by the Issuer's operating subsidiaries, which could in time restrict the Issuer's ability to fund other operations or to maintain or increase the Distributable Items.

No restriction on dividends

The Terms and Conditions of the Notes do not contain any restriction on the ability of the Issuer to pay dividends on or repurchase its ordinary shares. This could decrease the profits that are available for distribution and therefore increase the likelihood of a cancellation of payments of interest.

The principal amount of the Notes may be reduced to absorb losses and Noteholders may lose all or some of their investment as a result of a Write-Down

If a Trigger Event has occurred then the Issuer shall write-down each Note by reducing the Prevailing Principal Amount of such Note (in whole or in part, as applicable) by the Write-Down Amount on the Write-Down Date in accordance with the Write-Down procedure as further described in the "*Terms and Conditions of the Notes – Principal Loss Absorption*". Investors should note that, in the case of any such reduction to the Prevailing Principal Amount of each Note pursuant to the "*Terms and Conditions of the Notes – Principal Loss Absorption*", the Issuer's determination of the relevant amount of such reduction shall be binding on the Noteholders.

The Issuer's current and future outstanding junior securities might not include Write-Down or similar features with triggers comparable to those of the Notes. As a result, it is possible that the Notes will be subject to a Write-Down, while other junior securities remain outstanding and continue to receive payments.

The Issuer may determine that a Trigger Event has occurred on more than one occasion and each Note may be Written-Down on more than one occasion, it being specified that the Prevailing Principal Amount of a Note can be reduced to 0.01.

Discretionary Reinstatement may apply at the full discretion of the Issuer, provided that certain conditions are met. However, Condition 7.3 (*Discretionary Reinstatement*) in relation to Discretionary Reinstatement shall not apply to the extent that the existence of such provision would cause the occurrence of a Capital Disqualification Event. The Issuer's ability to write-up the Principal Prevailing Amount of the Notes will depend on several conditions. No assurance can be given that these conditions will be met. In addition, the Issuer will not in any circumstances be obliged to write-up the Principal Prevailing Amount of the Notes. Any decision by the Issuer to effect or not to effect any Discretionary Reinstatement on any occasion shall not preclude it from effecting or not effecting any Discretionary Reinstatement on any other occasion.

In addition, in the event of voluntary or involuntary liquidation (*liquidation amiable* or *liquidation judiciaire*) of the Issuer, Noteholders' claims for principal will be based on the reduced Prevailing Principal Amount of the Notes. Further, if the Prevailing Principal Amount of the Notes has been Written-Down, interest shall accrue on such Written-Down Prevailing Principal Amount in accordance with the Terms and Conditions as from the relevant Write-Down Date and the Notes will be redeemable for tax reasons, or upon a Rating Event, a Capital Disqualification Event, or an Accounting Event at the Prevailing Principal Amount, which will be lower than the Principal Amount.

The SCR Ratio and Minimum Capital Requirement Ratio will be affected by the Issuer's business decisions and, in making such decisions, the Issuer's interests may not be aligned with those of the Noteholders

The SCR Ratio and Minimum Capital Requirement ratio could be affected by a number of factors. They will also depend on the Group's decisions relating to its businesses and operations, as well as the management of its capital position. The Issuer will have no obligation to consider the interests of the Noteholders in connection with the strategic decisions of the Group, including in respect of capital management. Noteholders will not have any claim against the Issuer or any other member of the Group relating to decisions that affect the business and operations of the Group, including its capital position, regardless of whether they result in the occurrence of a Trigger Event. Such decisions could cause Noteholders to lose all or part of the value of their investment in the Notes.

The occurrence of the Trigger Event may depend on factors outside of the Issuer's control

A Trigger Event shall occur if the Issuer determines that any of the following has occurred: (a) the amount of own funds eligible to cover the solvency capital requirement of the Issuer, or the Group (as the case may be) determined under the relevant rules is equal to or less than 75 per cent. of the Solvency Capital Requirement; or (b) the amount of own funds eligible to cover the Minimum Capital Requirement of the Issuer, or the Group (as the case may be) determined under the relevant rules is equal to or less than the Minimum Capital Requirement; or (c) the amount of own funds eligible to cover the Solvency Capital Requirement of the Issuer, or the Group (as the case may be) has been less than the Solvency Capital Requirement for a continuous period of three months (commencing on the date on which non-compliance with such Solvency Capital Requirement was first observed).

The occurrence of a Trigger Event and, therefore, Write-Down is to some extent unpredictable and depends on a number of factors, some of which may be outside of the Issuer's control, including actions that the Issuer is required to take at the direction of the Relevant Supervisory Authority and regulatory changes. Accordingly, the trading behaviour of the Notes may not necessarily follow the trading behaviour of other types of subordinated securities, including the Issuer's other subordinated debt securities. Any indication that the Issuer or the Group may be at risk of failing to meet its Solvency Capital Requirement or Minimum Capital Requirement may have an adverse effect on the market price and liquidity of the Notes. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with proceeds sufficient to provide a yield comparable to other types of subordinated securities, including the Issuer's other subordinated debt securities.

Restrictions on redemption may delay the effective redemption date

Notwithstanding that a notice of redemption has been delivered to Noteholders, the Notes may not be redeemed by the Issuer pursuant to any of the redemption provisions referred to in the Terms and Conditions of the Notes unless the Conditions to Redemption, Purchase and Replacement set out in Condition 6.10 (*Conditions to Redemption, Purchase and Replacement*) are satisfied. In particular no redemption of the Notes can take place if (subject to certain conditions) a Regulatory Deficiency has occurred and is continuing on the due date for redemption (or such redemption would itself cause a Regulatory Deficiency) or an Insolvent Insurance Affiliate Winding-up has occurred and is continuing (to the extent required under the Solvency II Regulations in order for the Notes to be treated under the Solvency II Regulations as "tier one" own funds regulatory capital).

The suspension of redemption of the Notes does not constitute a default under the Notes for any purpose and does not give Noteholders any right to take any enforcement action under the Notes.

The satisfaction of the Conditions to Redemption, Purchase and Replacement may delay the date on which the Notes are effectively redeemed and such delay may have a material adverse effect on the value of the Notes.

Early redemption risk

Subject to the Prior Approval of the Relevant Supervisory Authority and to the other conditions set out in "*Terms and Conditions of the Notes – Redemption and Purchase*", the Issuer may redeem the Notes in whole, but not in part, on the Interest Payment Date falling on the First Call Date or on any Interest Payment Date thereafter.

Subject to the satisfaction of certain conditions, including the Prior Approval of the Relevant Supervisory Authority, the Issuer may also, at its option, redeem the Notes during certain periods for certain tax reasons or upon the occurrence of certain events, including a Rating Event, an Accounting Event or if the conditions for a Clean-up Call are satisfied, as set out in "*Terms and Conditions of the Notes – Redemption and Purchase*".

In addition, upon the occurrence of a Capital Disqualification Event, and to the extent that the Notes are not otherwise called or redeemed or varied or substituted, and subject to the satisfaction of certain conditions, the Issuer shall be obliged to redeem the Notes, as set out in "*Terms and Conditions of the Notes – Redemption and Purchase*".

The Issuer's option to redeem the Notes for tax reasons would be triggered by any change in, or amendment to, French Laws or regulations or their application or official interpretation that would result in that part of the interest payable by the Issuer under the Notes that is tax-deductible being reduced, or that would result in withholding tax requiring the Issuer to pay additional amounts as provided in Condition 8 (*Taxation*). The legislative history connected with the French Parliament's approval in 2003 of the statute under which the Notes will be issued supports the characterization as debt of deeply subordinated notes that are otherwise treated as equity by regulators and rating agencies, and the Finance Committee of the French Senate and the Minister of the Economy and Finance took similar positions at the time. However, neither the French courts nor the French tax authorities have, as of the date of this Prospectus, expressed an official position on the tax treatment of instruments such as the Notes, and there can be no assurance that they will take the same view. The Issuer considers the Notes to be debt for French tax purposes based on their characteristics and accounting treatment and therefore expects that interest payments under the Notes will be deductible by the Issuer and exempt from withholding tax if they are not held by shareholders of the Issuer and remain admitted to a recognized clearing system. Nevertheless, if the French tax authorities take a different position from that of the Issuer, in certain circumstances, the Notes may be subject to early redemption if deductibility is reduced or withholding taxes were to apply as a result thereof.

The redemption options described above will be made at the Base Call Price (as defined in the Terms and Conditions of the Notes) and will be exercised at the Prevailing Principal Amount of the Notes together with interest accrued (and not cancelled) to the date of redemption.

The redemption at the option of the Issuer may affect the market value of the Notes. During any period when the Issuer may elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to the First Call Date.

The Issuer may also be expected to redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes. There can be no assurance that, at the relevant time, Noteholders will be able to reinvest the amounts received upon redemption at a rate that will provide the same return as their investment in the Notes. Potential investors should consider reinvestment risk in light of other investments available at that time.

The Issuer may unilaterally elect to exchange or vary the Notes in certain circumstances

There is a risk that, after the issue of the Notes, a Capital Disqualification Event, Rating Event, Accounting Event or Alignment Event or an event pursuant to which the Issuer has the right to redeem the Notes pursuant to Condition 6.3 (*Redemption for Tax Reasons*) may occur. This would entitle the Issuer, as an alternative to redeeming the Notes, and subject to certain conditions, to unilaterally exchange or vary the Notes so that after such exchange or variation they would become Qualifying Equivalent Securities. Qualifying Equivalent Securities are securities issued by the Issuer that have, *inter alia*, terms not materially less favourable to the Noteholders than the terms of the Notes (as determined by the senior management of the Issuer in consultation with an Independent Agent). There can be no assurance that, due to the particular circumstances of each Noteholder, any Qualifying Equivalent Security will be as favourable to each Noteholder in all respects or that, if it were entitled to do so, a particular Noteholder would make the same determination as the Issuer as to whether the terms of the relevant Qualifying Equivalent Securities are not materially less favourable to Noteholders than the terms of the Notes. The Issuer bears no responsibility towards the Noteholders for any adverse effects of such substitution or variation (including, without limitation, with respect to any adverse tax consequences suffered by any Noteholder).

No gross-up obligation unless a Tax Alignment Event has occurred

If French law should require any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, the Issuer will not pay such additional amounts as would be necessary for each Noteholder, after such withholding or deduction, to receive the full amount then due and payable thereon in the absence of such withholding or deduction unless (i) a Tax Alignment Event has occurred and is continuing (as more fully described under "*Terms and Conditions of the Notes – Taxation*") and (ii) a Redemption Alignment Event (as more fully described under "*Terms and Conditions of the Notes – Conditions to Redemption and Purchase*") has occurred. In any event, no such additional amounts will be payable prior to the fifth (5th) anniversary of the Issue Date.

The Issuer will not be required to redeem the Notes if it is prohibited by French law from paying additional amounts

In the event that the Issuer is required to withhold amounts in respect of French taxes from payments of interest on the Notes, the Terms and Conditions of the Notes provide that, subject to certain exceptions, the Issuer will pay additional amounts so that the Noteholders will receive the amount they would have received in the absence of such withholding as further described in the risk factor above entitled "*No gross-up obligation unless a Tax Alignment Event has occurred*". Under French tax law, there is some uncertainty as to whether the Issuer may pay such additional amounts. French debt instruments typically provide that, if an issuer is required to pay additional amounts but is

prohibited by French law from doing so, the Issuer must redeem the debt instruments in full. Under Article 71.1(h) of the Commission delegated regulation (EU) 2015/35 of 10 October 2014, mandatory redemption clauses are not permitted in a Tier 1 instrument such as the Notes. As a result, the Terms and Conditions of the Notes provide for redemption at the option of the Issuer in such a case (subject to approval of the Relevant Supervisory Authority), but not for mandatory redemption. If the Issuer does not exercise its option to redeem the Notes in such a case, Noteholders will receive less than the full amount due under the Notes, and the market value of the Notes will be adversely affected.

No limitation on issuing or guaranteeing debt ranking senior or "pari passu" with the Notes

There is no restriction in the Notes on the amount of debt which the Issuer or members of the Issuer's Group may issue or guarantee. In addition, the Notes do not contain a negative pledge preventing the Issuer from issuing debt which is secured on assets or revenues of the Group. The Issuer and its subsidiaries may therefore incur additional indebtedness or grant guarantees in respect of indebtedness of third parties, including secured indebtedness and/or indebtedness or guarantees that rank *pari passu* or senior to the obligations under and in connection with the Notes. If the Issuer were liquidated (whether voluntarily or not), secured claims and claims of creditors ranking senior to Noteholders would be paid out in priority to Noteholders claims and Noteholders could thus suffer loss of their entire investment.

Restrictions on right to set-off

Subject to applicable law, no Noteholder who is indebted to the Issuer will be entitled to exercise any right of set-off or counterclaim against moneys owed to the Issuer in respect of such indebtedness.

Risks relating to the application and development of and changes to the regulatory regime: Solvency II

The Notes are issued for capital adequacy regulatory purposes with the intention that all the proceeds of the Notes be eligible (x) for the purpose of the determination of its solvency margin or capital adequacy levels under the Solvency II Regulations or (y) as tier one own funds regulatory capital (or whatever the terminology employed by the Solvency II Regulations) for the purposes of the determination of its regulatory capital under the Solvency II Regulations, except, in each case, as a result of the application of the limits on inclusion (on a solo or group-level basis) of such securities in, respectively, its solvency margin or own funds regulatory capital, as the case may be.

The Issuer's expectation is based on its review of available information relating to the implementation of Solvency II Directive in France by the ordinance (*ordonnance*) no. 2015-378 dated 2 April 2015 completed by the decree (*décret*) no. 2015-513 dated 7 May 2015 and the order (*arrêté*) of the same date, the "level two" implementation measures set out in Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 which entered into force on 18 January 2015 and the EIOPA consultation paper dated 6 November 2017.

There is uncertainty as to how regulators, including the *Autorité de contrôle prudentiel et de résolution* (ACPR), will interpret the Solvency II Directive as implemented in France, the "level two" implementation measures and/or "level three" guidance and apply them to the Issuer or the Group. Moreover, there can be no assurance that, following their initial publication, the "level two" implementation measures and "level three" guidance will not be amended or that the ACPR will not change the way it interprets and applies these requirements to the French insurance industry.

Any such changes that may occur in the application of Solvency II in France subsequent to the date of this Prospectus and/or any subsequent changes to such rules and other variables may individually and/or in aggregate negatively affect the calculation of the Group's Solvency Capital Requirement

and render the Group's regulatory capital requirements more onerous and thus increase the risk of cancellation of Interest Payments, the occurrence of a Capital Disqualification Event and subsequent redemption of the Notes by the Issuer, or a Trigger Event occurring, as a result of which a Noteholder could lose all or part of the value of their investment in the Notes.

GENERAL DESCRIPTION OF THE NOTES

This overview is a general description of the Notes and is qualified in its entirety by the remainder of this Prospectus. It does not, and is not intended to, constitute a summary of this Prospectus within the meaning of Article 5.2 of the Prospectus Directive or any implementing regulation thereof. For a more complete description of the Notes, including definitions of capitalised terms used but not defined in this section, please see "Terms and Conditions of the Notes".

Issuer:	SCOR SE
Description:	USD625,000,000 Perpetual Fixed Rate Resettable Restricted Tier 1 Fixed Notes (the Notes).
Joint Structuring Advisors:	BNP Paribas and Citigroup Global Markets Limited
Joint Bookrunners and Joint Lead Managers:	Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, Deutsche Bank AG, London Branch and Natixis
Fiscal Agent, Principal Paying Agent and Calculation Agent:	BNP Paribas Securities Services
Aggregate Principal Amount:	USD625,000,000
Denomination:	USD200,000 per Note
	Principal Amount means USD200,000, being the principal amount of each Note on the Issue Date (as defined below).
	Prevailing Principal Amount means the Principal Amount as reduced from time to time by any Write-Down and as increased from time to time by any Discretionary Reinstatement.
Issue Date:	13 March 2018
Issue Price:	100 per cent.
Maturity Date:	The Notes are perpetual instruments in respect of which there is no maturity date.
Form of Notes:	The Notes are issued in dematerialised bearer form (<i>au porteur</i>) and will at all times be evidenced in book-entry form (<i>inscription en compte</i>) in the books of the Account Holders (as defined below). No physical documents of title (including <i>certificats représentatifs</i>) will be issued in respect of the Notes. The Notes will, upon issue, be inscribed in the books of Euroclear France which shall credit the accounts of the Account Holders.

Where:

Account Holder means any authorised financial intermediary institution entitled to hold accounts directly or indirectly on behalf of its customers with

Euroclear France, and includes Euroclear Bank S.A./N.V. and Clearstream Banking S.A..

Status of the Notes:

The principal and interest on the Notes constitute direct, unconditional, unsecured and Deeply Subordinated Obligations of the Issuer and the Notes rank and will rank *pari passu* without any preference among themselves and with other Deeply Subordinated Obligations of the Issuer. Subject to applicable law, in the event of the voluntary or judicial liquidation (*liquidation amiable* or *liquidation judiciaire*) of the Issuer, bankruptcy proceedings or any other similar proceedings affecting the Issuer or if the Issuer is liquidated for any other reason, the rights of Noteholders to payment under the Notes rank:

- (i) subordinated to the full payment of the unsubordinated creditors (including depositors and creditors whose claims arise under contracts entered into for the purposes of any liquidation) any Ordinarily Subordinated Obligations and any *prêts participatifs* granted to the Issuer;
- (ii) *pari passu* with any Deeply Subordinated Obligations of the Issuer; and
- (iii) prior to any payments to holders of Equity Securities, or any other obligation expressed to rank junior to the Notes.

The subordination provisions of the Notes are governed by Article L.228-97 of the French *Code de commerce*.

There will be no negative pledge in respect of the Notes.

If any judgment is rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) or, following an order of judicial rehabilitation (*redressement judiciaire*), the sale of the whole business (*cession totale de l'entreprise*) of the Issuer, or if the Issuer is liquidated for any other reason, the rights of the Noteholders in respect of principal and interest will be subordinated to the payments of claims of other creditors of the Issuer (other than subordinated claims ranking junior to the Notes) including insurance companies and entities referred to in article R.322-132 of the French *Code des assurances* reinsured by the Issuer, and holders of insurance policies issued by such entities and creditors with respect to unsubordinated obligations of the Issuer, Ordinarily Subordinated Obligations and any *prêts participatifs* granted to the Issuer but paid in priority to payments to holders of Equity Securities, or any other obligation expressed to rank junior to the Notes.

Where:

Deeply Subordinated Obligations means any deeply subordinated obligations (*titres subordonnés de dernier rang*) or other instruments issued by the Issuer which rank, or are expressed to rank, *pari passu* among themselves and junior to the Ordinarily Subordinated Obligations of the Issuer and any *prêts participatifs* granted to the Issuer but senior to any payments to holders of Equity Securities, or any other obligation expressed to rank junior to the Notes. For the avoidance of doubt, on the Issue Date, the Issuer has no Deeply Subordinated Obligations outstanding.

Equity Securities means (a) the ordinary shares (*actions ordinaires*) of the

Issuer and (b) any other class of the Issuer's share capital (including preference shares (*actions de préférence*) as the case may be).

Ordinarily Subordinated Obligations means any subordinated obligations or other instruments issued by the Issuer which rank, or are expressed to rank, *pari passu* among themselves, and constitute direct, unconditional, unsecured and ordinarily subordinated obligations of the Issuer. For the avoidance of doubt, on the Issue Date, the Issuer's EUR 250,000,000 fixed to reset rate undated subordinated notes, CHF 250,000,000 fixed to floating rate undated subordinated notes CHF 315,000,000 fixed to floating rate undated subordinated notes, CHF 125,000,000 fixed resettable undated subordinated notes, €250,000,000 fixed to reset rate subordinated notes due 2047, €600,000,000 fixed to reset rate subordinated notes due 2046, and the €500,000,000 fixed resettable subordinated notes due 2048 are Ordinarily Subordinated Obligations.

Negative Pledge: None

Enforcement events: There are no events of default in respect of the Notes. However, each Note shall become immediately due and payable at its Prevailing Principal Amount, together with accrued interest, if any, thereon up to the date of payment, in the event that an order is made or an effective resolution is passed for the liquidation (*liquidation amiable* or *liquidation judiciaire*) or the Issuer is liquidated for any other reason, in accordance with the provisions relating to the Status of the Notes, or the sale of the whole business (*cession totale de l'entreprise*) subsequent to the opening of a judicial recovery procedure of the Issuer.

Rate of Interest: The Notes shall bear interest from time to time on their Prevailing Principal Amount:

- (i) from (and including) the Issue Date to (but excluding) 13 March 2029 (the **First Call Date**), at a fixed rate of 5.25 per cent. *per annum* payable semi-annually in arrear on 13 March and 13 September in each year, commencing on 13 September 2018 until (and including) the First Call Date; and
- (ii) from (and including) the First Call Date, at the relevant Reset Rate of Interest payable semi-annually in arrear on 13 March and 13 September in each year, commencing on 13 September 2029.

Where:

Bloomberg Screen means page H15T5Y on the Bloomberg L.P. service or any successor service or such other page as may replace that page on that service for the purpose of displaying "Treasury constant maturities" as reported in the H.15(519).

CMT Rate means, in relation to a Reset Period and the Reset Rate Determination Date in relation to such Reset Period, the rate determined by the Fiscal Agent (or, with respect to limb (iii) below, the Calculation Agent) and expressed as a percentage equal to:

- (i) the yield for U.S. Treasury Securities at "constant maturity" for a designated maturity of five years, as published in the H.15(519) under the caption "Treasury constant maturities (Nominal)", as that yield is

displayed, for the particular Reset Rate Determination Date, on the Bloomberg Screen; or

- (ii) if the yield referred to in (i) above is not published by 4:00 p.m. (New York City time) on the Bloomberg Screen on such Reset Rate Determination Date, the yield for U.S. Treasury Securities at “constant maturity” for a designated maturity of five years as published in the H.15(519) under the caption “Treasury constant maturities (Nominal)” for such Reset Rate Determination Date; or
- (iii) if the yield referred to in (ii) above is not published by 4:30 p.m. (New York City time) on such Reset Rate Determination Date, the Reset Reference Dealer Rate on such Reset Rate Determination Date; or
- (iv) if fewer than three Reference Dealers selected by the Calculation Agent provide bid prices for the purposes of determining the Reset Reference Dealer Rate referred to in (iii) above as described in the definition of Reset Reference Dealer Rate, the CMT Rate applicable to the last preceding Reset Period or, in the case of the Reset Period commencing on the First Call Date, 2.880 per cent. *per annum*.

H.15(519) means the weekly statistical release designated as H.15(519), or any successor publication, published by the Board of Governors of the Federal Reserve System at <http://www.federalreserve.gov/releases/H15/> or any successor site or publication.

Reset Rate means the prevailing CMT Rate on the Reset Rate Determination Date. **Reset Rate of Interest** means a rate *per annum* equal to the then applicable Reset Rate plus the Margin (as defined below).

Reset Reference Dealer Rate means, on any Reset Rate Determination Date, the rate calculated by the Calculation Agent as being a yield-to-maturity based on the arithmetic mean of the secondary market bid prices for Reset U.S. Treasury Securities at approximately 4:30 p.m. (New York City time) on such Reset Rate Determination Date, of leading primary U.S. government securities dealers in New York City (each, a **Reference Dealer**). The Calculation Agent will select five Reference Dealers to provide such bid prices and will eliminate the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest); provided, however, that, if fewer than five but more than two such bid prices are provided, then neither the highest nor the lowest of those quotations will be eliminated prior to calculating the arithmetic mean of such bid prices.

Reset U.S. Treasury Securities means, on any Reset Rate Determination Date, U.S. Treasury Securities with an original maturity equal to five (5) years, a remaining term to maturity of no more than one (1) year shorter than five (5) years and in a principal amount equal to an amount that is representative for a single transaction in such U.S. Treasury Securities in the New York City market. If two (2) U.S. Treasury Securities have remaining terms to maturity equally close to five (5) years, the U.S. Treasury Security with the shorter remaining term to maturity will be used.

U.S. Government Securities Business Day means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association or its successor recommends that the fixed income

departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

U.S. Treasury Securities means securities that are direct obligations of the United States Treasury, issued other than on a discount rate basis.

- Margin:** 2.37 per cent. *per annum*
- Reset Dates:** The First Call Date, the fifth (5th) anniversary thereof and each subsequent 5th anniversary of the previous fifth (5th) anniversary thereof.
- Interest Rate Period:** Each period beginning on (and including) a Reset Date and ending on (but excluding) the next succeeding Reset Date.
- Interest Payment Dates:** 13 March and 13 September in each year, commencing on 13 September 2018.
- Interest Period:** The period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.
- Optional and Mandatory Interest Cancellation:** On any Optional Interest Payment Date (as defined below) and subject to the requirements of Mandatory Interest Cancellation described below, the Issuer may, at its option, elect to cancel in full or in part the payment of interest otherwise due and payable on any Optional Interest Payment Date in respect of the Interest Period ending on such date whereupon the Issuer shall not have any obligation to pay any interest on an Optional Interest Payment Date and such non-payment shall not constitute a default or event of default by the Issuer under the Notes or for any other purpose and shall not give Noteholders any right to accelerate the Notes.
- Any interest in respect of the Notes which has not been paid on an Optional Interest Payment Date will be cancelled.
- On any Mandatory Interest Cancellation Date, the Issuer will be obliged to cancel payment of all or part (as applicable) of the interest accrued in respect of the Notes during the relevant Interest Period and any such non-payment shall not constitute a default or event of default by the Issuer for any purpose.
- An Interest Payment shall not be cancelled on a Mandatory Interest Cancellation Date, in whole or in part (as applicable) in relation to an Interest Payment (or such part thereof) if cumulatively:
- (i) the Relevant Supervisory Authority has exceptionally waived the cancellation of Interest Payments; and
 - (ii) such Interest Payments do not further weaken the solvency position of the Issuer; and
 - (iii) the Minimum Capital Requirement is complied with immediately after such Interest Payment is made; and
 - (iv) the relevant Regulatory Deficiency is of the type described in paragraph (i) of such definition only.

Any interest which is not paid on any Interest Payment Date shall not accumulate or be payable at any time thereafter, and such non-payment will not constitute a default or an event of default by the Issuer for any purpose, and the Noteholders shall have no right thereto.

If the Issuer fails to pay any interest amount on an Interest Payment Date, such non-payment shall evidence that the Issuer has elected, or is required, to cancel such interest amount in accordance with the foregoing provisions.

For the purpose hereof:

Mandatory Interest Cancellation Date means each Interest Payment Date in respect of which, the Fiscal Agent has received written notice from the Issuer confirming that a Regulatory Deficiency has occurred and such Regulatory Deficiency is continuing on such Interest Payment Date, or such interest payment would itself cause a Regulatory Deficiency.

Minimum Capital Requirement has the meaning ascribed to it in the Solvency II Directive.

Optional Interest Payment Date means an Interest Payment Date which is not otherwise a Mandatory Interest Cancellation Date.

Prior Approval of the Relevant Supervisory Authority means the prior written approval of the Relevant Supervisory Authority, if such approval is required at the time under any applicable Solvency II Regulations.

Regulatory Deficiency means:

- (i) the own funds regulatory capital (or whatever the terminology then employed by the Solvency II Regulations) of the Issuer or of the Group is not sufficient to cover the capital requirement (or whatever the terminology then employed by the Solvency II Regulations) of the Issuer or its Group and either a cancellation of interest is required or a redemption or repayment of principal is prohibited under the Solvency II Regulations in order for the Notes to qualify as "tier one" own funds regulatory capital (or whatever terminology is then employed by the Solvency II Regulations). For the avoidance of doubt, a Regulatory Deficiency would be deemed to have occurred when the Issuer and/or the Group fails to meet the Solvency Capital Requirement and/or Minimum Capital Requirement; or
- (ii) the Relevant Supervisory Authority has notified the Issuer that it has determined, in view of the financial condition of the Issuer or its Group, that in accordance with applicable regulations at such time, the Issuer must take specified action in relation to payments under the Notes; or
- (iii) the Issuer admits it is or is declared unable to meet its liabilities as they fall due with its immediately disposable assets (*cessation des paiements*); or
- (iv) the amount of any interest payment, together with any additional

amounts payable with respect thereto, when aggregated together with any interest payments or distributions which have been paid or made or which are scheduled simultaneously to be paid or made on all Tier 1 own funds (excluding any such payments which do not reduce the Issuer's Distributable Items and any payments already accounted for in determining the Issuer's Distributable Items) since the end of the latest financial year of the Issuer and prior to, or on, such Interest Payment Date, would exceed the amount of the Issuer's Distributable Items as at the Interest Payment Date in respect of such Interest Payment.

Relevant Supervisory Authority means any relevant regulator having jurisdiction over the Issuer and/or the Group, in the event that the Issuer and/or the Group is required to comply with certain applicable solvency margins, capital adequacy regulations, capital requirements or any other regulatory capital rules. The current Relevant Supervisory Authority is the *Autorité de contrôle prudentiel et de résolution (ACPR)*.

Solvency II Directive means Directive 2009/138/EC of the European Union of 25 November 2009 on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II), which has been transposed under French law by the ordinance (*ordonnance*) no. 2015-378 dated 2 April 2015 completed by the decree (*décret*) no. 2015-513 dated 7 May 2015 and the order (*arrêté*) of the same date (or, if the Issuer becomes domiciled in a jurisdiction other than France, which has been or must be transposed under the law of its jurisdiction by the relevant member state of the European Economic Area pursuant to Article 309 of Directive 2009/138/EC (as amended or, as the case may be, supplemented)).

Solvency II Regulations means the solvency margin, capital adequacy regulations, capital requirements or any other regulatory capital rules which are applicable in France (or if the Issuer becomes domiciled in a jurisdiction other than France, such other jurisdiction), including the Solvency II Directive (and any laws or regulations implementing the Solvency II Directive, including by the French ordinance (*ordonnance*) no. 2015-378 dated 2 April 2015 completed by the decree (*décret*) no. 2015-513 dated 7 May 2015 and the order (*arrêté*) of the same date), as applied and construed by the Relevant Supervisory Authority or an official application or interpretation of those regulations including a decision of a court or tribunal and applicable to the Issuer and its Group, which would lay down the requirements to be fulfilled by financial instruments for inclusion into their own funds regulatory capital (or whatever the terminology that may be retained).

Solvency Capital Requirement has the meaning ascribed to it in the Solvency II Directive.

Taxation:

All payments in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of France or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law.

If French law should require any such withholding or deduction, and provided a Tax Alignment Event has occurred and is continuing, the Issuer shall, to the

extent permitted by law, pay such additional amounts as may be necessary so that each Noteholder, after such withholding or deduction, will receive the full amount then due and payable thereon in the absence of such withholding or deduction, except that no such additional amounts shall be payable with respect to any Note, as the case may be:

- (i) to, or to a third party on behalf of, a Noteholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, by reason of his having some connection with France other than the mere holding of the Note; or
- (ii) to, or to a person acting on behalf of, a beneficiary who is liable to such taxes in respect of such Notes, solely by reason of (x) his being a shareholder of the Issuer who declared or notified, or is under an obligation to declare or notify his shareholding in the Issuer to the *Autorité des marchés financiers* or the Issuer, under applicable law or the bylaws (*statuts*) of the Issuer and (y) the payment of interest or any payment being made to him at a rate in excess of the limit set forth in the French *Code général des impôts* (Article 39, 1, 3°) for the deduction of interest paid to shareholders of a borrowing company; or
- (iii) where such additional amount is due prior to the fifth (5th) anniversary of the Issue Date; or
- (iv) where such additional amount is due on or after the fifth (5th) anniversary of the Issue Date in the case where no Redemption Alignment Event (as defined in "Conditions to Redemption and Purchase and Replacement") has occurred.

A **Tax Alignment Event** will be deemed to have occurred if at any time the Issuer determines, in consultation with the Relevant Supervisory Authority, that the obligation to pay additional amounts would not cause the Notes to no longer be treated under Solvency II Regulations as "tier one" own funds regulatory capital (or whatever the terminology then employed by the Solvency II Regulations) and gives not less than thirty (30) nor more than forty-five (45) calendar days' notice of such fact to the Fiscal Agent and, in accordance with Condition 11 (*Notices*), the Noteholders (which notice shall be in effect until the Issuer revokes a prior given notice by giving not less than thirty (30) nor more than forty-five (45) calendar days' notice of such fact to the Fiscal Agent and, in accordance with Condition 11 (*Notices*), the Noteholders).

No Redemption Date:

The Notes are perpetual instruments in respect of which there is no maturity or redemption date. The Issuer shall be entitled to redeem the Notes only in accordance with the provisions below, and the Noteholders shall have no right to require the Issuer to redeem the Notes in any circumstances.

Redemption from the First Call Date:

The Issuer will have the right to redeem all but not some only of the Notes, subject to the Conditions to Redemption and Purchase and Replacement and the Prior Approval of the Relevant Supervisory Authority, on the First Call Date or upon any Interest Payment Date thereafter. Such redemption will be made at the Base Call Price.

Where:

Base Call Price is equal to the Prevailing Principal Amount of the Notes together with (to the extent that such interest has not been cancelled in accordance with the Terms and Conditions) any accrued and unpaid interest up to the Redemption Date.

Redemption for Tax Reasons:

- (i) The Notes may be redeemed at their Base Call Price at the option of the Issuer in whole, but not in part, at any time by giving not less than thirty (30) nor more than forty-five (45) calendar days' notice to the Fiscal Agent and the Noteholders (which notice shall be irrevocable), if on the date of the next payment due under the Notes, a withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of France or any political subdivision or any authority thereof or therein having power to tax is required as a result of (a) any change in, or amendment to, the laws or regulations of France or any political subdivision of, or any authority in, or of, France having power to tax, or (b) any change in the application or official interpretation of such laws or regulations, in each case occurring or becoming effective on or after the Issue Date of the Notes, provided that the due date for redemption shall be no earlier than the latest practicable date on which the Issuer could make such payment without withholding or deduction for French taxes.
- (ii) If the Issuer would on the date of the next payment due under the Notes be prevented by French law from making payment to the Noteholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 8 (*Taxation*), then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer may forthwith redeem all, but not some only, of the Notes then outstanding, at their Base Call Price, upon giving not less than seven (7) nor more than thirty (30) calendar days' irrevocable notice to the Noteholders, provided that the due date for redemption of which notice hereunder shall be given, shall be no earlier than the latest practicable date on which the Issuer could make payment without withholding or deduction for French taxes, or if such date is past, as soon as is practicable thereafter.
- (iii) The Notes may be redeemed at the option of the Issuer in whole, but not in part, at their Base Call Price, at any time by giving not less than thirty (30) nor more than forty-five (45) calendar days' notice to the Fiscal Agent and the Noteholders (which notice shall be irrevocable), if on the date of the next payment due under the Notes, the part of the interest payable by the Issuer under the Notes that is tax-deductible is reduced as a result of (a) any change in, or amendment to, the laws or regulations of France (or any law or regulation having a direct effect in France) or any political subdivision of, or any authority in, or of, France having power to tax, or (b) any change in the application or official interpretation (whether by court or any competent authority) of such laws or regulations, in each case occurring or becoming effective on or after the Issue Date, provided that the due date for redemption shall be no earlier than the latest practicable date preceding the effective date on which the part of the interest payable under the Notes that is tax-deductible is reduced. Prior to the giving of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent (x) a certificate

signed by an authorised officer of the Issuer stating that the part of the interest payable under the Notes that is tax-deductible is reduced as aforesaid and that the Issuer is entitled to effect such redemption and (y) an opinion of independent legal advisers of recognised standing to such effect.

In each case such redemption is subject to the Conditions to Redemption, and Purchase and Replacement and the Prior Approval of the Relevant Supervisory Authority.

Redemption for Rating Reasons:

If the Issuer determines at any date after the Issue Date that a Rating Event has occurred with respect to the Notes, the Issuer may, having given not less than 15 nor more than 30 calendar days' notice to the Noteholders, at any time, subject to the Conditions to Redemption, Purchase and Replacement and the Prior Approval of the Relevant Supervisory Authority, elect to redeem all, but not some only, of the Notes at the Base Call Price.

Rating Event means at any time, as a consequence of a change in, or clarification to, the rating methodology (or the interpretation thereof) on or after the Issue Date of at least one (1) agency among Standard & Poor's Rating Services, a division of The McGraw Hill Companies, Inc., Moody's Investors Services, Fitch Ratings and A.M. Best Company, the equity content previously assigned by such rating agency to the Notes is, in the reasonable opinion of the Issuer, materially reduced when compared to the equity content assigned by such rating agency at or around the Issue Date.

Redemption for Regulatory Reasons:

If at any time the Issuer determines that a Capital Disqualification Event has occurred with respect to the Notes on or after the Issue Date, the Notes may be redeemed in whole but not in part at the option of the Issuer, at any time, subject to the Conditions to Redemption, Purchase and Replacement and the Prior Approval of the Relevant Supervisory Authority, at the Base Call Price, provided that the due date for redemption shall be no earlier than the last day on which the proceeds of the Notes can no longer be included at least in the relevant category of own funds regulatory capital.

A **Capital Disqualification Event** shall be deemed to have occurred if, at any time whilst any of the Notes are outstanding:

- (i) the Issuer is subject to regulatory supervision by the Relevant Supervisory Authority, and
- (ii) the Issuer is no longer permitted to treat the proceeds of the Notes as fully eligible:
 - (x) for the purpose of the determination of its solvency margin or capital adequacy levels under the Solvency II Regulations; or
 - (y) as "tier one" own funds regulatory capital (or whatever the terminology employed by the Solvency II Regulations) for the purposes of the determination of its regulatory capital under the Solvency II Regulations,

except, in each case, as a result of the application of the limits on inclusion (on a solo or group-level basis) of such Notes in, respectively, its solvency margin or own funds regulatory capital, as the case may be.

Redemption for Accounting Reasons: If the Issuer determines at any date after the Issue Date that an Accounting Event has occurred with respect to the Notes, the Issuer may, at any time, subject to the Conditions to Redemption, Purchase and Replacement and the Prior Approval of the Relevant Supervisory Authority, elect to redeem all, but not some only, of the Notes at the Base Call Price, provided that the due date for redemption of which notice may be given hereunder shall be no earlier than the last day prior to the date on which the proceeds of the Notes must not, or must no longer, be recorded as "liabilities" pursuant to IFRS or any other accounting standards that may replace IFRS for the purposes of the annual consolidated financial statements of the Issuer.

Where:

An **Accounting Event** shall be deemed to have occurred if an opinion of a recognised accountancy firm of international standing has been delivered to the Issuer and the Fiscal Agent, confirming that the funds raised through the issue of the Notes must not, or must no longer, be recorded as "liabilities" pursuant to IFRS, or any other accounting standards that may replace the IFRS, for the purposes of the consolidated financial statements of the Issuer.

IFRS means the International Financial Reporting Standards as implemented in the European Union.

Clean-up Redemption: The Issuer may, subject to the Conditions to Redemption, Purchase and Replacement and the Prior Approval of the Relevant Supervisory Authority, elect to redeem all, but not some only, of the Notes at any time after the Issue Date at their Base Call Price if 80% (eighty per cent.) or more of the Notes originally issued (including any further issues) has been purchased and cancelled at the time of such election.

Substitution/Variation of the Notes: If a Capital Disqualification Event, a Rating Event, an Accounting Event, an event pursuant to which the Issuer has the right to redeem the Notes pursuant to Condition 6.3 (*Redemption for Tax Reasons*) or an Alignment Event occurs, the Issuer may, at any time, without any requirement for the consent or approval of the Noteholders, vary the Conditions or substitute all (and not some only) of the Notes for other Notes, so that the varied Notes or the substituted Notes, as the case may be, become Qualifying Equivalent Securities.

The principal amount of the Qualifying Equivalent Securities to be received by Noteholders in any substitution will have the same Principal Amount or Prevailing Principal Amount as the Notes prior to variation or substitution.

Any variation or substitution of the Notes is subject no more than sixty (60) nor less than thirty (30) calendar days' prior notice to the Noteholders (which notice shall be irrevocable and shall specify the date fixed for such variation or substitution) and to:

- (i) the Issuer giving at least six (6) months' prior written notice to, and receiving no objection from, the Relevant Supervisory Authority (or such shorter period of notice as the Relevant Supervisory Authority may accept and so long as such notice is required to be given);
- (ii) the Issuer being in compliance with the Solvency II Regulations on the date of such variation or substitution, and such variation or substitution

not resulting directly or indirectly in a breach of the Solvency II Regulations;

- (iii) the Issuer complying with the rules of any stock exchange (or any other relevant authority) on which the Issuer has had its Notes listed or admitted to trading, and (for so long as the rules of such exchange or relevant authority require) the publication of any appropriate supplement, listing particulars or offering circular in connection therewith;
- (iv) the issue, of legal opinions addressed to the Fiscal Agent from one or more independent legal advisers of recognised standing confirming that (x) the Issuer has capacity to assume all rights and obligations under the new exchanged Notes or varied Notes and has obtained all necessary corporate or governmental authorisation to assume all such rights and obligations and (y) the legality, validity and enforceability of the new exchanged Notes or varied Notes; and
- (v) the full payment on the immediately preceding Interest Payment Date (if any) of all interest amounts due on such date.

Where:

An **Alignment Event** shall be deemed to have occurred if, as a result of any change or amendment to the Solvency II Regulations at any time after the Issue Date, the Issuer would be able to issue a capital instrument qualifying as tier 1 own funds for regulatory capital purposes that contains one or more provisions that are, in the reasonable opinion of the Issuer, different from those in the Conditions, which provisions, if they had been included in the Conditions, would have prevented the Notes from qualifying as tier 1 own funds immediately prior to such change in the Solvency II Regulations.

Qualifying Equivalent Securities means securities which have terms not being materially less favourable to the interests of the Noteholders as determined by the senior management of the Issuer in consultation with an Independent Agent, and provided that a certification to such effect shall have been delivered by an authorised officer of the Issuer to the Fiscal Agent (including as to the consultation with the Independent Agent and in respect of the matters specified in (i) to (vi) below) for the benefit of the Noteholders prior to the variation or substitution (upon which the Fiscal Agent shall be entitled to rely without liability to any person) and which:

- (i) satisfy the criteria for the eligibility for inclusion of the proceeds of the Notes under the tier one own funds regulatory capital;
- (ii) shall bear at least the same interest rate from time to time to that applying to the Notes and preserve the Interest Payment Dates;
- (iii) contain new terms providing for cancellation and/or suspension of payments of interest or principal only if such terms are not materially less favourable to Noteholders than the cancellation and/or suspension provisions, respectively contained in Condition 4 (*Interest*) and Condition 6 (*Redemption and purchase*);
- (iv) shall rank at least *pari passu* with the Notes;

- (v) preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Notes, including (without limitation) as to timing of, and amounts payable upon such redemption; and
- (vi) preserve any rights under the Conditions to any accrued interest, and any existing rights to other amounts payable under the Notes which have accrued to Noteholders and not been paid.

Independent Agent means an investment bank, or a syndicate of investment banks, of international repute and with a leading franchise in the underwriting and distribution of capital instruments for French and international financial institutions.

Conditions to Redemption, Purchase and Replacement:

The Notes may not be redeemed, purchased, or replaced pursuant to any of the redemption, purchase or replacement provisions referred to herein if (i) a Regulatory Deficiency has occurred and is continuing on the due date for redemption (or such redemption or purchase would itself cause a Regulatory Deficiency), except if (a) the Relevant Supervisory Authority has exceptionally waived the suspension of redemption, purchase or replacement (b) the Notes have been exchanged for or converted into another basic own-fund item of at least the same quality and (c) the Minimum Capital Requirement is complied with after the redemption or purchase, or (ii) an Insolvent Insurance Affiliate Winding-up has occurred and is continuing on the date due for redemption, purchase or replacement (to the extent required under the Solvency II Regulations in order for the Notes to be treated under the Solvency II Regulations as "tier one" own funds regulatory capital (or whatever the terminology employed by the Solvency II Regulations) of the Issuer and/or the Group) except to the extent permitted under the Solvency II Regulations and with the Prior Approval of the Relevant Supervisory Authority (the **Conditions to Redemption, Purchase and Replacement**).

Should a Regulatory Deficiency or an Insolvent Insurance Affiliate Winding-up occur after a notice for redemption has been given to the Noteholders, such redemption notice shall become automatically void and notice of such fact shall be given promptly by the Issuer in accordance with Condition 11 (*Notices*).

Any redemption or purchase of the Notes occurring after the fifth (5th) anniversary of the Issue Date and before the tenth (10th) anniversary of the Issue Date, is further subject to the Relevant Supervisory Authority confirming to the Issuer that it is satisfied that the Solvency Capital Requirement is exceeded by an appropriate margin (taking into account the solvency position of the Issuer including the Issuer's medium term capital management plan) unless such redemption or purchase is funded out of the proceeds of a new issuance of, or the Notes are exchanged into, Tier 1 own funds of the same or a higher quality than the Notes.

In addition and unless as otherwise provided in the relevant rules, the Notes may not be redeemed or purchased (a) pursuant to the provisions hereof, prior to the fifth anniversary of the Issue Date, and (b) in the case of paragraphs (i) and (ii) of a Redemption for Tax Reasons only, at any time (or if a Redemption Alignment Event has occurred, prior to the fifth anniversary of the Issue Date), in each case unless the redemption or purchase has/have been funded out of the proceeds of a new issuance of own-funds capital of the same or higher quality as

the Notes.

Insolvent Insurance Affiliate Winding-up means:

- (i) the winding-up of any Insurance Undertaking or Reinsurance Undertaking within the Group; or
- (ii) the appointment of an administrator of any Insurance Undertaking or Reinsurance Undertaking within the Group,

in each case, where the Issuer has determined, acting reasonably and in consultation with the Relevant Supervisory Authority, that the assets of that Insurance Undertaking or Reinsurance Undertaking within the Group may or will not be sufficient to meet all claims of the policyholders pursuant to a contract of insurance or re-insurance of that Insurance Undertaking or Reinsurance Undertaking which is subject to a winding-up or administration process (and for these purposes, the claims of policyholders pursuant to a contract of insurance shall include all amounts to which policyholders are entitled under applicable legislation or rules relating to the winding-up of Insurance Undertakings or Reinsurance Undertakings that reflect any right to receive or expectation of receiving benefits which policyholders may have).

Insurance Undertaking has the meaning ascribed to it in the Solvency II Directive.

Reinsurance Undertaking has the meaning ascribed to it in the Solvency II Directive.

A **Redemption Alignment Event** will be deemed to have occurred if at any time, the Issuer determines, in consultation with the Relevant Supervisory Authority, that the option to redeem or purchase the Notes under paragraphs (i) and (ii) of the Redemption for Tax Reasons from the fifth (5th) anniversary of the Issue Date without such redemption or purchase being funded out of the proceeds of a new issuance of own-funds capital of the same or higher quality as the Notes would not cause the Notes to no longer be treated under the Solvency II Regulations as "tier one" own funds regulatory capital (or whatever the terminology employed by the Solvency II Regulations) and gives not less than thirty (30) nor more than forty-five (45) calendar days' notice of such fact to the Fiscal Agent and, in accordance with Condition 11 (*Notices*), the Noteholders.

Replacement solicitation and redemption upon Capital Disqualification Event:

If a Capital Disqualification Event has occurred, and to the extent that the Notes are not otherwise called or redeemed pursuant to Condition 6.5 (*Redemption for Regulatory Reasons*) or varied or substituted pursuant to Condition 9 (*Variation and Substitution of the Notes*), the Issuer shall, (i) promptly appoint an Independent Agent, and, (ii) with the advice and assistance of such Independent Agent, and, as soon as reasonably practicable but no later than 12 months from the Capital Disqualification Event occurring, solicit interest from new party investors for the issuance of Replacement Securities (the **Replacement Solicitation**), provided in each case that no Market Disruption Event has occurred and subject to applicable laws and regulations. If, following the Replacement Solicitation and subject to the relevant Conditions to Redemption, Purchase and Replacement and the Prior Approval of the Relevant Supervisory Authority, the Issuer would, using its best efforts (*meilleurs efforts*) and with the advice and assistance of the Independent Agent, be able to proceed with the

issuance of the Replacement Securities on terms that do not materially weaken the income capacity of the Issuer and the Group and which are consistent with the Issuer's and the Group's medium-term capital plan, the Issuer shall issue the Replacement Securities and redeem the Notes at their Base Call Price out of the proceeds of such issuance.

If, despite using its best efforts, the Issuer would not be able, within 12 months of the Capital Disqualification Event occurring, to proceed with such issuance of Replacement Securities on such terms, the Issuer will thereafter continue to conduct periodical Replacement Solicitations provided no Market Disruption Event shall have occurred and subject to applicable laws and regulations, until such time as the Issuer would, using its best efforts (*meilleurs efforts*) and with the advice and assistance of the Independent Agent, be able to proceed with the issuance of Replacement Securities on terms that do not materially weaken the income capacity of the Issuer and the Group and which are consistent with the Issuer and Group's medium-term capital plan. At such time, subject to the relevant Conditions to Redemption, Purchase and Replacement and the Prior Approval of the Relevant Supervisory Authority, the Issuer shall issue the Replacement Securities redeem the Notes at their Base Call Price out of the proceeds of such issuance.

A **Market Disruption Event** shall be deemed to have occurred if the Independent Agent, in consultation with the Issuer, has determined that there has been a change in French, European or international financial, political or economic conditions (including, but not limited to, acts of international terrorism and outbreak of war) or currency exchange rates or exchange controls that would be reasonably likely to prejudice materially the issuance, marketing and/or placement of Replacement Securities or dealings in secondary markets.

Replacement Securities are securities (other than Equity Securities) that satisfy the tier 1 capital eligibility criteria then applicable for the purposes of the determination of the Issuer's and the Group's regulatory capital, and are issued in an amount at least equal to the Prevailing Principal Amount of the Notes.

**Principal loss
absorption:**

If a Trigger Event occurs:

- (i) any interest which is accrued and unpaid up to (and including) the Write-Down Date (whether or not such interest has become due for payment) shall be automatically cancelled (it being specified that such cancellation shall not constitute a default or event of default of the Issuer for any purpose); and
- (ii) the Issuer shall, promptly (and without the need for the consent of the Noteholders) write-down the Notes by reducing the Prevailing Principal Amount by the "Write-Down Amount" (such action a "**Write-Down**" and "**Written-Down**" being construed accordingly).

Any such Write-Down shall be applied in respect of each Note equally.

A Write-Down of the Notes shall not constitute a default or an event of default in respect of the Notes or a breach of the Issuer's obligations or duties or a failure to perform by the Issuer in any manner whatsoever, and shall not entitle Noteholders to petition for the insolvency or dissolution of the Issuer or to take any other action.

Following a Write-Down, Noteholders will be automatically deemed to waive irrevocably their rights to receive, and no longer have any rights against the Issuer with respect to, any principal amount by which the Notes have been Written-Down.

A Write-Down may occur on one or more occasions following each Write-Down Testing Date and each Note may be Written-Down on more than one occasion. Accordingly, if, after a Write-Down, a Trigger Event pursuant to paragraph (c) of such definition occurs at any Write-Down Testing Date, a further Write-Down shall be required.

To the extent that the Prevailing Principal Amount of the Notes has been Written-Down, interest shall accrue on such Written-Down Prevailing Principal Amount in accordance with the Conditions as from the relevant Write-Down Date.

In addition, if the write-down of, or, as the case may be, conversion of any Loss Absorbing Tier 1 Instrument of the Issuer or as applicable any member of the Group is not, or by the relevant Write-Down Date will not be, effective:

- 1) the ineffectiveness of any such reduction or, as the case may be, conversion shall not prejudice the requirement to effect a reduction to the Prevailing Principal Amount pursuant to this "Write-Down Amount" definition; and
- 2) the write-down of, or, as the case may be, conversion of any such Loss Absorbing Tier 1 Instrument which is not, or by the Write-Down Date will not be, effective shall not be taken into account in determining such reduction of the Prevailing Principal Amount.

To the extent permitted by the relevant rules applicable at the time of the Trigger Event, a Write-Down may be exceptionally waived by the Relevant Supervisory Authority to the extent that such Write-Down would significantly weaken the solvency position of the Issuer or the Group.

A **Trigger Event** shall be deemed to have occurred if, at any time, the Issuer determines that any of the following has occurred:

- (a) the amount of own funds eligible to cover the Solvency Capital Requirement of the Issuer, or the Group (as the case may be) determined under the relevant rules is equal to or less than seventy-five per cent. (75%) of the Solvency Capital Requirement; or
- (b) the amount of own funds eligible to cover the Minimum Capital Requirement of the Issuer, or the Group (as the case may be) determined under the relevant rules is equal to or less than the Minimum Capital Requirement; or
- (c) the amount of own funds eligible to cover the Solvency Capital Requirement of the Issuer, or the Group (as the case may be) has been less than the Solvency Capital Requirement for a continuous period of three months (commencing on the date on which non-compliance with such Solvency Capital Requirement was first

observed).

Loss Absorbing Tier 1 Instruments means instruments meeting the requirements to be classified as restricted Tier 1 capital under Solvency II Regulations.

Partial Write-Down Amount means the minimum Write-Down Amount that is required to be applied to the Notes pursuant to the relevant rules applicable at the time of such Write-Down.

SCR Ratio means the sum of all eligible own fund items divided by the Solvency Capital Requirement.

Write-Down Amount is the amount of the write-down of the Prevailing Principal Amount of the Notes on the applicable Write-Down Date and will be equal to:

- (i) the amount that would reduce the Prevailing Principal Amount to USD0.01, if the relevant Trigger Event has occurred pursuant to a) or b) of the Trigger Event definition to the extent required by the relevant rules applicable at the time of the Trigger Event, or as otherwise required; or
- (ii)
 - (x) the amount necessary to restore the SCR Ratio of the Issuer and/or the Group to 100%, to the extent they are below 100%, taking into account the pro-rata write-down or conversion of all other Loss Absorbing Tier 1 Instruments of the Issuer or as applicable any member of the Group; or
 - (y) the Partial Write-Down Amount, if (1) the write-down of the Notes, together with the pro-rata conversion or write-down of all other Loss Absorbing Tier 1 Instruments of the Issuer or as applicable any member of the Group does not result in an increase in eligible Tier 1 own funds, or (2) the write-down of the entire Prevailing Principal Amount of the Notes together with the write-down or conversion of the entire prevailing principal amount of all other such Loss Absorbing Tier 1 Instruments does not result in a sufficient increase in eligible Tier 1 own funds such that the SCR Ratio of the Issuer and/or the Group is restored to 100%,

for each paragraph (x) and (y) above, if the relevant Trigger Event has occurred pursuant to c) of the Trigger Event definition set out above and if permitted by the relevant rules applicable at the time of the Trigger Event.

Write-Down Date means any date on which a reduction of the Prevailing Principal Amount will take effect.

Write-Down Testing Date means the date falling three months after the occurrence of the Trigger Event pursuant to paragraph (c) of such definition and each subsequent three-month anniversary of the date thereof or any other date determined by the Relevant Supervisory Authority according to the relevant

rules.

Discretionary Reinstatement

Following any reduction of the Prevailing Principal Amount pursuant to Condition 7 (*Principal Loss Absorption*), the Issuer may to the extent permitted by the relevant rules applicable at the relevant time and provided that Condition 7.3 (*Discretionary Reinstatement*) shall not apply to the extent that the existence of such provision would cause the occurrence of a Capital Disqualification Event, at its discretion, increase the Prevailing Principal Amount of the Notes (a **Discretionary Reinstatement**) on any date and in any amount that it determines in its discretion (either to the Principal Amount or to any lower amount) provided that such Discretionary Reinstatement:

(A) is permitted only if the Issuer and/or the Group complies with the Solvency Capital Requirement of the Issuer and/or the Group following such Discretionary Reinstatement;

(B) is not activated by reference to own fund items issued or increased in order to restore compliance with the Solvency Capital Requirement of the Issuer and/or the Group;

(C) occurs only on the basis of profits which contribute to Distributable Items made subsequent to the restoration of compliance with the Solvency Capital Requirement of the Issuer and/or the Group in a manner that i) does not undermine the loss absorbency intended by Article 71(5) of the Solvency II Regulation and ii) does not hinder recapitalisation as required by Article 71(1)(d) of the Solvency II Regulation;

(D) does not result in a Trigger Event;

(E) occurs no later than ten (10) years since the last Write-Down Date; and

(F) is authorised only if the Issuer and/or the Group is not subject to any Administrative Procedure and provided that if the Issuer and/or the Group has been subject to such Administrative Procedure, the Relevant Supervisory Authority has formally notified the Issuer and/or the Group of the end of such Administrative Procedures.

A Discretionary Reinstatement may occur on one or more occasions until the Prevailing Principal Amount of the Notes has been reinstated to the Principal Amount. Any decision by the Issuer to effect or not to effect any Discretionary Reinstatement on any occasion shall not preclude it from effecting or not effecting any Discretionary Reinstatement on any other occasion.

Any Discretionary Reinstatement shall be applied in respect of each Note equally.

Notice of any Discretionary Reinstatement shall be given to the Noteholders and the Luxembourg Stock Exchange in accordance with Condition 11 (*Notices*) as soon as possible and no later than five Business Days prior to the date on which such Discretionary Reinstatement becomes effective.

Administrative Procedure means any administrative procedure imposed by the Relevant Supervisory Authority in accordance with the *Code des assurances* and/or the *Code monétaire et financier*, including but not limited to, resolution

procedures or plans, recovery plans, safeguard procedures or plans and financing plans, that the Issuer is required to follow and implement.

- Purchase:** Subject to the Conditions to Redemption and Purchase and Replacement and the Prior Approval of the Relevant Supervisory Authority, the Issuer or any subsidiary of the Issuer may at any time purchase Notes at any price in the open market or otherwise, subject to the Prior Approval of the Relevant Supervisory Authority. All Notes so purchased by the Issuer may (i) be held and resold in accordance with Articles L.213-0-1 and D.213-0-1 of the French *Code monétaire et financier* for the purpose of enhancing the liquidity of the Notes or (ii) be cancelled in accordance with Article L.228-74 of the French *Code de commerce*.
- Cancellation:** All Notes which are redeemed or purchased for cancellation by the Issuer shall be cancelled. Any Notes so cancelled may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.
- Representation of Noteholders:** The Noteholders will be grouped automatically for the defence of their respective common interests in a *masse* governed by the provisions of the French *Code de commerce* subject to certain exceptions and provisions (the **Masse**). The Masse will be a separate legal entity, and will be acting in part through a representative and in part through collective decisions of the Noteholders.
- Listing and Admission to trading:** Application has been made to the Luxembourg Stock Exchange for the Notes to be listed on the Official List and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange.
- Rating:** The Notes are expected to be rated A- by Standard & Poor's Credit Market Services France.
- Clearing:** The Notes have been accepted for clearance through Euroclear France, Clearstream Banking S.A. and Euroclear Bank SA/NV
- Selling Restrictions:** There are restrictions on the offer and sale of the Notes and the distribution of offering material, including in the United States of America, the United Kingdom and France.
- Governing Law:** French law.
- Use of proceeds:** The net proceeds of the issue of the Notes will be used for general corporate purposes. Furthermore, it is currently the intention of the Issuer to refinance its CHF 250,000,000 fixed to floating rate undated subordinated notes and its CHF 315,000,000 fixed to floating rate undated subordinated notes, subject to market conditions and regulatory approval, through the proceeds of the Notes.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the sections identified in the cross-reference list below (the **Cross-Reference List**) of the following documents which have been previously published or are published simultaneously with the Prospectus and that have been filed with the CSSF in Luxembourg and shall be incorporated by reference in, and form part of, this Prospectus (together, the **Documents Incorporated by Reference**):

- (a) the sections identified in the Cross-Reference List below of the French language *2017 Document de Référence* of the Issuer filed with the AMF on 23 February 2018 under number D.18-0072, which includes the audited consolidated financial statements for the year ended 31 December 2017 and the report of the auditors on the audited consolidated financial statements for the year ended 31 December 2017, except for the section entitled "*Autres informations vérifiées par les contrôleurs légaux*" (page 239) (the **2017 DDR**); and
- (b) the sections identified in the Cross-Reference List below of the French language *2016 Document de Référence* of the Issuer filed with the AMF on 3 March 2017 under number D.17-0123, which includes the audited consolidated financial statements for the year ended 31 December 2016 and the report of the auditors on the audited consolidated financial statements for the year ended 31 December 2016, except for the AMF visa, the section 2 of the Annex B entitled "*Attestation du responsable*" and the first sentence under the heading "*Autres informations vérifiées par les contrôleurs légaux*" (page 224) (the **2016 DDR**).

The information incorporated by reference that is not included in the Cross-Reference List below is considered as additional information and is not required by the relevant schedules of the Commission Regulation No. 809/2004, as amended or is covered elsewhere in the Prospectus.

The sections mentioned in paragraphs (a) and (b) above and excluded from the Documents Incorporated by Reference are not relevant for investors.

All Documents Incorporated by Reference are available on the website of the Luxembourg Stock Exchange (www.bourse.lu) and on the website of the Issuer (www.scor.com) and these reports only and no other contents of each such site are incorporated by reference herein. The Documents Incorporated by Reference will also be available, upon request, free of charge to the public at the premises of the paying agent in Luxembourg.

Free English translations of the 2017 DDR and the 2016 DDR are available on the website of the Issuer (www.scor.com). These documents are free translations of the corresponding French language documents and are furnished for information purposes only and are not incorporated by reference in this Prospectus. The only binding versions are the French language versions.

Any statement contained in the Documents Incorporated by Reference shall be deemed to be modified or superseded for the purpose of this Prospectus, to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

CROSS-REFERENCE LIST

INFORMATION INCORPORATED BY REFERENCE Annex IX of the European Regulation 809/2004/EC		2016 DDR (page no.)	2017 DDR (page no.)
3.	RISK FACTORS		
3.1.	Prominent disclosure of risk factors that may affect the issuer's ability to fulfil its obligations under the securities to investors in a section headed "Risk Factors".	-	121-152
4.	INFORMATION ABOUT THE ISSUER		
4.1.	<u>History and development of the Issuer:</u>		
4.1.1.	the legal and commercial name of the issuer;	-	8
4.1.2.	the place of registration of the issuer and its registration number;	-	8
4.1.3.	the date of incorporation and the length of life of the issuer, except where indefinite;	-	8
4.1.4.	the domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, and the address and telephone number of its registered office (or principal place of business if different from its registered office);	-	8
4.1.5.	any recent events particular to the issuer and which are to a material extent relevant to the evaluation of the issuer's solvency.	-	24-25 231
5.	BUSINESS OVERVIEW		
5.1	<u>Principal activities:</u>		
5.1.1.	A brief description of the issuer's principal activities stating the main categories of products sold and/or services performed;	-	14-20
5.1.2.	The basis for any statements in the registration document made by the issuer regarding its competitive position.	-	25
6.	ORGANISATIONAL STRUCTURE		
6.1.	If the issuer is part of a group, a brief description of the group and of the issuer's position within it.	-	11-13
6.2.	If the issuer is dependent upon other entities within the group, this must be clearly stated together with an explanation of this dependence.	-	11-13
9.	ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES		
9.1	Names, business addresses and functions in the issuer of the following persons, and an indication of the principal activities performed by them outside the issuer where these are significant with respect to that issuer: (a) members of the administrative, management or supervisory bodies; (b) partners with unlimited liability, in the case of a limited partnership with a share capital.	-	46-57
9.2	<u>Administrative, Management, and Supervisory bodies conflicts of interests</u> Potential conflicts of interests between any duties to the issuing entity of the persons referred to in item 9.1 and their private interests and or other duties must be clearly stated. In the event that there are no such conflicts, a statement to that effect.	-	63 116

INFORMATION INCORPORATED BY REFERENCE Annex IX of the European Regulation 809/2004/EC		2016 DDR (page no.)	2017 DDR (page no.)
10.	MAJOR SHAREHOLDERS		
10.1	To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom, and describe the nature of such control, and describe the measures in place to ensure that such control is not abused.	-	105-107
11.	FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES		
11.1.	<u>Historical Financial Information</u>		
	Audited annual consolidated financial statements:		
	– balance sheet	144	154
	– income statement	145	155
	– accounting policies and explanatory notes	151-221	161-232
	– auditors' report	223-224	234-239
	Unaudited interim condensed consolidated financial statements:		
	– balance sheet	-	-
	– income statement	-	-
	– accounting policies and explanatory notes	-	-
	– auditors' limited review report	-	-
11.2.	<u>Financial statements</u>		
	Consolidated financial statements	144-221	153-239
11.3.	<u>Auditing of historical annual financial information</u>		
11.3.1.	Statement that the historical annual financial information has been audited.	223-224	234-239
11.3.2.	An indication of other information in the registration document which has been audited by the auditors.	224	239
11.4.	<u>Age of latest financial information</u>		
11.4.1.	The last year of audited financial information may not be older than 18 months from the date of the registration document.	-	234-239
11.5.	<u>Legal and arbitration proceedings</u>	-	230
	Information on any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the issuer and/or group's financial position or profitability, or provide an appropriate negative statement.		
13.	THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST		
13.2.	THIRD PARTY INFORMATION	-	250
	Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading; in addition, identify the source(s) of the information.		
14.	DOCUMENTS ON DISPLAY	-	41
	A statement that for the life of the registration document the following documents (or copies thereof), where applicable, may be inspected:		

INFORMATION INCORPORATED BY REFERENCE Annex IX of the European Regulation 809/2004/EC		2016 DDR (page no.)	2017 DDR (page no.)
	<p>(a) the memorandum and articles of association of the issuer;</p> <p>(b) all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the issuer's request any part of which is included or referred to in the registration document;</p> <p>(c) the historical financial information of the issuer or, in the case of a group, the historical financial information of the issuer and its subsidiary undertakings for each of the two financial years preceding the publication of the registration document.</p> <p>An indication of where the documents on display may be inspected, by physical or electronic means.</p>		

TERMS AND CONDITIONS OF THE NOTES

*The terms and conditions of the Notes (each a **Condition**, and together the **Conditions**) will be as follows:*

The issue of the USD625,000,000 perpetual fixed rate resettable restricted Tier 1 notes (the **Notes**) issued by SCOR SE, a *société européenne* with a share capital of 1,524,196,637.05 Euros, whose registered office is located at 5 avenue Kléber, 75116 Paris, France, registered with the trade and companies register of Paris under number 562 033 357 RCS Paris (the **Issuer**), was decided by Mr. Denis Kessler, Chairman of the Board of Directors and Chief Executive Officer (*Président du Conseil d'administration et Directeur Général*) of the Issuer on 6 March 2018 acting pursuant to a resolution of the Board of Directors (*Conseil d'administration*) of the Issuer adopted on 25 October 2017. A fiscal, paying and calculation agency agreement dated as of 9 March 2018 (the **Agency Agreement**) has been entered into in relation to the Notes between the Issuer and BNP Paribas Securities Services, as fiscal agent, principal paying agent and calculation agent (together with any substitute fiscal agent or calculation agent, as the case may be, the **Fiscal Agent** or the **Calculation Agent**). Copies of the Agency Agreement are available for inspection during usual business hours at the specified office of the Fiscal Agent.

The provisions of Article 1195 of the French *code civil* shall not apply to the below Conditions.

1. DEFINITIONS

1.1 Definitions

For purposes hereof, the following definitions shall apply:

30/360 Day Count Fraction means the interest shall be calculated on the basis of a 360-days year consisting of 12 months of 30 days each and in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

Account Holder means any authorised financial intermediary institution entitled to hold, directly or indirectly, accounts on behalf of its customers with Euroclear France, and includes Clearstream Banking S.A. (**Clearstream**) and Euroclear Bank SA/NV (**Euroclear**).

An **Accounting Event** shall be deemed to have occurred if an opinion of a recognised accountancy firm of international standing has been delivered to the Issuer and the Fiscal Agent, confirming that the funds raised through the issue of the Notes must not, or must no longer, be recorded as "liabilities" pursuant to IFRS, or any other accounting standards that may replace the IFRS, for the purposes of the consolidated financial statements of the Issuer.

An **Alignment Event** shall be deemed to have occurred if, as a result of any change or amendment in the Solvency II Regulations at any time after the Issue Date, the Issuer would be able to issue a capital instrument qualifying as tier 1 own funds for regulatory capital purposes that contains one or more provisions that are, in the reasonable opinion of the Issuer, different from those in the Conditions, which provisions, if they had been included in the Conditions, would have prevented the Notes from qualifying as tier 1 own funds immediately prior to such change in the Solvency II Regulations.

Base Call Price is equal to the Prevailing Principal Amount of the Notes together with (to the extent that such interest has not been cancelled in accordance with the Conditions) any accrued and unpaid interest up to the Redemption Date.

Bloomberg Screen means page H15T5Y on the Bloomberg L.P. service or any successor service or such other page as may replace that page on that service for the purpose of displaying "Treasury constant maturities" as reported in the H.15(519).

Business Day means, except as otherwise specified herein, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchanges settle payments and are open for business (including dealings in foreign exchanges and foreign currency deposits) in Paris, New York and a TARGET 2 Settlement Day.

A **Capital Disqualification Event** shall be deemed to have occurred if, at any time whilst any of the Notes are outstanding:

- (i) the Issuer is subject to regulatory supervision by the Relevant Supervisory Authority, and
- (ii) the Issuer is no longer permitted to treat the proceeds of the Notes as fully eligible:
 - (x) for the purpose of the determination of its solvency margin or capital adequacy levels under the Solvency II Regulations or
 - (y) as "tier one" own funds regulatory capital (or whatever the terminology employed by the Solvency II Regulations) for the purposes of the determination of its regulatory capital under the Solvency II Regulations,

except, in each case, as a result of the application of the limits on inclusion (on a solo or group-level basis) of such Notes in, respectively, its solvency margin or own funds regulatory capital, as the case may be.

CMT Rate means, in relation to a Reset Period and the Reset Rate Determination Date in relation to such Reset Period, the rate determined by the Fiscal Agent (or, with respect to limb (iii) below, the Calculation Agent) and expressed as a percentage equal to:

- (i) the yield for U.S. Treasury Securities at "constant maturity" for a designated maturity of five years, as published in the H.15(519) under the caption "Treasury constant maturities (Nominal)", as that yield is displayed, for the particular Reset Rate Determination Date, on the Bloomberg Screen; or
- (ii) if the yield referred to in (i) above is not published by 4:00 p.m. (New York City time) on the Bloomberg Screen on such Reset Rate Determination Date, the yield for U.S. Treasury Securities at "constant maturity" for a designated maturity of five years as published in the H.15(519) under the caption "Treasury constant maturities (Nominal)" for such Reset Rate Determination Date; or
- (iii) if the yield referred to in (ii) above is not published by 4:30 p.m. (New York City time) on such Reset Rate Determination Date, the Reset Reference Dealer Rate on such Reset Rate Determination Date; or
- (iv) if fewer than three Reference Dealers selected by the Calculation Agent provide bid prices for the purposes of determining the Reset Reference Dealer Rate referred to in (iii) above as described in the definition of Reset Reference Dealer Rate, the CMT Rate applicable to the last preceding Reset Period or, in the case of the Reset Period commencing on the First Call Date, 2.880 per cent. *per annum*.

Conditions to Redemption, Purchase and Replacement means the conditions to redemption, purchase and replacement set out in Condition 6.10 (*Conditions to Redemption, Purchase and Replacement*).

Deeply Subordinated Obligations means any deeply subordinated obligations (*titres subordonnés de dernier rang*) or other instruments issued by the Issuer which rank, or are expressed to rank, *pari passu* among themselves and junior to the Ordinarily Subordinated Obligations of the Issuer and any *prêts participatifs* granted to the Issuer but senior to any payments to holders of Equity Securities, or

any other obligation expressed to rank junior to the Notes. For the avoidance of doubt, on the Issue Date, the Issuer has no Deeply Subordinated Obligations outstanding.

Distributable Items means the retained earnings, including profit for the year ended prior to the year of distribution, and distributable reserves as defined under French law or by the statutes of the Issuer, reduced by the deduction of any interim net loss for the current financial year from retained earnings, and calculated on the basis of the Issuer's individual accounts.

Equity Securities means (a) the ordinary shares (*actions ordinaires*) of the Issuer and (b) any other class of the Issuer's share capital (including preference shares (*actions de préférence*) as the case may be).

First Call Date means 13 March 2029.

Group means the group of insurance undertakings of the Issuer as construed under Solvency II Regulations. At the date hereof, the Group includes the Issuer and its subsidiary undertakings and participating interests as consolidated in accordance with IFRS.

H.15(519) means the weekly statistical release designated as H.15(519), or any successor publication, published by the Board of Governors of the Federal Reserve System at <http://www.federalreserve.gov/releases/H15/> or any successor site or publication.

IFRS means the International Financial Reporting Standards as implemented in the European Union.

Independent Agent means an investment bank, or a syndicate of investment banks, of international repute and with a leading franchise in the underwriting and distribution of capital instruments for French and international financial institutions.

Insolvent Insurance Affiliate Winding-up means:

- (i) the winding-up of any Insurance Undertaking or Reinsurance Undertaking within the Group;
or
- (ii) the appointment of an administrator of any Insurance Undertaking or Reinsurance Undertaking within the Group,

in each case, where the Issuer has determined, acting reasonably and in consultation with the Relevant Supervisory Authority, that the assets of that Insurance Undertaking or Reinsurance Undertaking within the Group may or will not be sufficient to meet all claims of the policyholders pursuant to a contract of insurance or re-insurance of that Insurance Undertaking or Reinsurance Undertaking which is subject to a winding-up or administration process (and for these purposes, the claims of policyholders pursuant to a contract of insurance shall include all amounts to which policyholders are entitled under applicable legislation or rules relating to the winding-up of Insurance Undertakings or Reinsurance Undertakings that reflect any right to receive or expectation of receiving benefits which policyholders may have).

Insurance Undertaking has the meaning ascribed to it in the Solvency II Directive.

Interest Payment means in respect of an interest payment on an Interest Payment Date, the amount of interest payable for the relevant Interest Period in accordance with Condition 4 (*Interest*).

Interest Payment Date means 13 September and 13 March in each year, commencing on 13 September 2018.

Interest Period means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

Interest Rate Period means each period beginning on (and including) a Reset Date and ending on (but excluding) the next succeeding Reset Date.

Issue Date means 13 March 2018.

Loss Absorbing Tier 1 Instruments means instruments meeting the requirements to be classified as restricted Tier 1 capital under Solvency II Regulations.

Mandatory Interest Cancellation Date means each Interest Payment Date in respect of which the Fiscal Agent has received written notice from the Issuer confirming that a Regulatory Deficiency has occurred and such Regulatory Deficiency is continuing on such Interest Payment Date, or such interest payment would itself cause a Regulatory Deficiency.

Margin means 2.37 per cent. *per annum*.

A **Market Disruption Event** shall be deemed to have occurred if the Independent Agent, in consultation with the Issuer, has determined that there has been a change in French, European or international financial, political or economic conditions (including, but not limited to, acts of international terrorism and outbreak of war) or currency exchange rates or exchange controls that would be reasonably likely to prejudice materially the issuance, marketing and/or placement of Replacement Securities or dealings in secondary markets.

Minimum Capital Requirement has the meaning ascribed to it in the Solvency II Directive.

Noteholder means the person whose name appears in the account of the relevant Account Holder as being entitled to such Notes.

Optional Interest Payment Date means an Interest Payment Date which is not otherwise a Mandatory Interest Cancellation Date.

Ordinarily Subordinated Obligations means any subordinated obligations or other instruments issued by the Issuer which rank, or are expressed to rank, *pari passu* among themselves, and constitute direct, unconditional, unsecured and ordinarily subordinated obligations of the Issuer. For the avoidance of doubt, on the Issue Date, the Issuer's EUR 250,000,000 fixed to reset rate undated subordinated notes, CHF 250,000,000 fixed to floating rate undated subordinated notes CHF 315,000,000 fixed to floating rate undated subordinated notes, CHF 125,000,000 fixed resettable undated subordinated notes, €250,000,000 fixed to reset rate subordinated notes due 2047, €600,000,000 fixed to reset rate subordinated notes due 2046, and the €500,000,000 fixed resettable subordinated notes due 2048 are Ordinarily Subordinated Obligations.

Partial Write-Down Amount means the minimum Write-Down Amount that is required to be applied to the Notes pursuant to the relevant rules applicable at the time of such Write-Down.

Prevailing Principal Amount means the Principal Amount as reduced from time to time by any Write-Down and as increased from time to time by any Discretionary Reinstatement.

Principal Amount means the principal amount of each Note being USD200,000.

Prior Approval of the Relevant Supervisory Authority means the prior written approval of the Relevant Supervisory Authority, if such approval is required at the time under any applicable Solvency II Regulations.

Rate of Interest means (i) from and including the Issue Date to but excluding the First Call Date, 5.25 per cent. *per annum* and (ii) from and including the First Call Date, the relevant Reset Rate of Interest.

Rating Event means at any time, as a consequence of a change in, or clarification to, the rating methodology (or the interpretation thereof) on or after the Issue Date of at least one (1) agency among Standard & Poor's Rating Services, a division of The McGraw Hill Companies, Inc., Moody's Investors Services, Fitch Ratings and A.M. Best Company, the equity content previously assigned by such rating agency to the Notes is, in the reasonable opinion of the Issuer, materially reduced when compared to the equity content assigned by such rating agency at or around the Issue Date.

Redemption Date means the effective date of redemption of the Notes.

Regulatory Deficiency means:

- (i) the own funds regulatory capital (or whatever the terminology then employed by the Solvency II Regulations) of the Issuer or of the Group is not sufficient to cover the capital requirement (or whatever the terminology then employed by the Solvency II Regulations) of the Issuer or its Group and either a cancellation of interest is required or a redemption or repayment of principal is prohibited under the Solvency II Regulations in order for the Notes to qualify as "tier one" own funds regulatory capital (or whatever terminology is then employed by the Solvency II Regulations). For the avoidance of doubt, a Regulatory Deficiency would be deemed to have occurred when the Issuer and/or the Group fails to meet the Solvency Capital Requirement and/or Minimum Capital Requirement; or
- (ii) the Relevant Supervisory Authority has notified the Issuer that it has determined, in view of the financial condition of the Issuer or its Group, that in accordance with applicable regulations at such time, the Issuer must take specified action in relation to payments under the Notes; or
- (iii) the Issuer admits it is or is declared unable to meet its liabilities as they fall due with its immediately disposable assets (*cessation des paiements*); or
- (iv) the amount of any interest payment, together with any additional amounts payable with respect thereto, when aggregated together with any interest payments or distributions which have been paid or made or which are scheduled simultaneously to be paid or made on all Tier 1 own funds (excluding any such payments which do not reduce the Issuer's Distributable Items and any payments already accounted for in determining the Issuer's Distributable Items) since the end of the latest financial year of the Issuer and prior to, or on, such Interest Payment Date, would exceed the amount of the Issuer's Distributable Items as at the Interest Payment Date in respect of such Interest Payment.

Reinsurance Undertaking has the meaning ascribed to it in the Solvency II Directive.

Relevant Supervisory Authority means any relevant regulator having jurisdiction over the Issuer and/or the Group, in the event that the Issuer and/or the Group is required to comply with certain applicable solvency margins, capital adequacy regulations, capital requirements or any other regulatory capital rules. The current Relevant Supervisory Authority is the *Autorité de contrôle prudentiel et de résolution (ACPR)*.

Replacement Securities are securities (other than Equity Securities) that satisfy the tier 1 capital eligibility criteria then applicable for the purposes of the determination of the Issuer's and the Group's regulatory capital, and are issued in an amount at least equal to the Prevailing Principal Amount of the Notes.

Reset Date means the First Call Date, the 5th anniversary thereof and each subsequent 5th anniversary of the previous 5th anniversary thereof.

Reset Period means each period from, and including, a Reset Date to, but excluding the next succeeding Reset Date.

Reset Rate Determination Date means, in respect of each Reset Period, the day falling five U.S. Government Securities Business Days prior to the relevant Reset Date.

Reset Rate means the prevailing CMT Rate on the Reset Rate Determination Date.

Reset Rate of Interest means a rate *per annum* equal to the then applicable Reset Rate plus the Margin.

Reset Reference Dealer Rate means, on any Reset Rate Determination Date, the rate calculated by the Calculation Agent as being a yield-to-maturity based on the arithmetic mean of the secondary market bid prices for Reset U.S. Treasury Securities at approximately 4:30 p.m. (New York City time) on such Reset Rate Determination Date, of leading primary U.S. government securities dealers in New York City (each, a **Reference Dealer**). The Calculation Agent will select five Reference Dealers to provide such bid prices and will eliminate the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest); provided, however, that, if fewer than five but more than two such bid prices are provided, then neither the highest nor the lowest of those quotations will be eliminated prior to calculating the arithmetic mean of such bid prices.

Reset U.S. Treasury Securities means, on any Reset Rate Determination Date, U.S. Treasury Securities with an original maturity equal to five years, a remaining term to maturity of no more than one year shorter than five years and in a principal amount equal to an amount that is representative for a single transaction in such U.S. Treasury Securities in the New York City market. If two U.S. Treasury Securities have remaining terms to maturity equally close to five years, the U.S. Treasury Security with the shorter remaining term to maturity will be used.

SCR Ratio means the sum of all eligible own fund items divided by the Solvency Capital Requirement.

Solvency II Directive means Directive 2009/138/EC of the European Union of 25 November 2009 on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II), which has been transposed under French law by the ordinance (*ordonnance*) no. 2015-378 dated 2 April 2015 completed by the decree (*décret*) no. 2015-513 dated 7 May 2015 and the order (*arrêté*) of the same date (or, if the Issuer becomes domiciled in a jurisdiction other than France, which has been or must be transposed under the law of its jurisdiction by the relevant member state of the European Economic Area pursuant to Article 309 of Directive 2009/138/EC (as amended or, as the case may be, supplemented)).

Solvency II Regulations means the solvency margin, capital adequacy regulations, capital requirements or any other regulatory capital rules which are applicable in France (or if the Issuer becomes domiciled in a jurisdiction other than France, such other jurisdiction), including the Solvency II Directive (and any laws or regulations implementing the Solvency II Directive, including by the French ordinance (*ordonnance*) no. 2015-378 dated 2 April 2015 completed by the decree (*décret*) no. 2015-513 dated 7 May 2015 and the order (*arrêté*) of the same date), as applied and construed by the Relevant Supervisory Authority or an official application or interpretation of those regulations including a decision of a court or tribunal and applicable to the Issuer and its Group, which would lay down the requirements to be fulfilled by financial instruments for inclusion into their own funds regulatory capital (or whatever the terminology that may be retained).

Solvency Capital Requirement has the meaning ascribed to it in the Solvency II Directive.

TARGET 2 Settlement Day means any day on which TARGET System is operating.

TARGET System means the Trans-European Automated Real-time Gross settlement Express Transfer system.

Trigger Event has the meaning ascribed to it in Condition 7.1 (*Write-Down upon Trigger Event*).

U.S. Government Securities Business Day means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association or its successor recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

U.S. Treasury Securities means securities that are direct obligations of the United States Treasury, issued other than on a discount rate basis.

Write-Down Amount is the amount of the write-down of the Prevailing Principal Amount of the Notes on the applicable Write-Down Date and will be equal to:

- (i) the amount that would reduce the Prevailing Principal Amount to USD 0.01, if the relevant Trigger Event has occurred pursuant to a) or b) of the Trigger Event definition in Condition 7.1 (*Write-Down upon Trigger Event*) to the extent required by the relevant rules applicable at the time of the Trigger Event, or as otherwise required; or
- (ii)
 - (x) the amount necessary to restore the SCR Ratio of the Issuer and/or the Group to 100%, to the extent they are below 100%, taking into account the pro-rata write-down or conversion of all other Loss Absorbing Tier 1 Instruments of the Issuer or as applicable any member of the Group; or
 - (y) the Partial Write-Down Amount, if (1) the write-down of the Notes, together with the pro-rata conversion or write-down of all other Loss Absorbing Tier 1 Instruments of the Issuer or as applicable any member of the Group does not result in an increase in eligible Tier 1 own funds, or (2) the write-down of the entire Prevailing Principal Amount of the Notes together with the write-down or conversion of the entire prevailing principal amount of all other such Loss Absorbing Tier 1 Instruments does not result in a sufficient increase in eligible Tier 1 own funds such that the SCR Ratio of the Issuer and/or the Group is restored to 100%,

for each paragraph (x) and (y) above, only if the relevant Trigger Event has occurred pursuant solely to c) of the Trigger Event definition in Condition 7.1 (*Write-Down upon Trigger Event*) and if permitted by the relevant rules applicable at the time of the Trigger Event.

Write-Down Date means any date on which a reduction of the Prevailing Principal Amount will take effect.

Write-Down Notice means a notice which specifies (i) that a Trigger Event has occurred, (ii) the Write-Down Amount and (iii) the Write-Down Date. Any such notice shall be accompanied by a certificate signed by an authorised officer of the Issuer stating that the Trigger Event has occurred and setting out the method of calculation of the relevant Write-Down Amount attributable to the Notes.

Write-Down Testing Date means the date falling three months after the occurrence of the Trigger Event pursuant to Condition 7.1(c) and each subsequent three-month anniversary of the date thereof or any other date determined by the Relevant Supervisory Authority according to the relevant rules.

2. DENOMINATION, FORM AND TITLE OF THE NOTES

The Notes will be issued on the Issue Date in dematerialised bearer form (*au porteur*) in a denomination of USD200,000 per Note. Title to the Notes will be evidenced in accordance with Article L.211-4 of the French *Code monétaire et financier* by book-entries (*inscription en compte*) in the books of Account Holders. No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes. The Notes will, upon issue, be inscribed in the books of Euroclear France, which shall credit the accounts of the Account Holders.

Title to the Notes shall be evidenced by entries in the books of Account Holders and will pass upon, and transfer of Notes may only be effected through, registration of the transfer in such books.

3. STATUS OF THE NOTES

- (a) The principal and interest on the Notes constitute direct, unconditional, unsecured and Deeply Subordinated Obligations of the Issuer and the Notes rank and will rank *pari passu* without any preference among themselves and with other Deeply Subordinated Obligations of the Issuer. Subject to applicable law, in the event of the voluntary or judicial liquidation (*liquidation amiable* or *liquidation judiciaire*) of the Issuer, bankruptcy proceedings or any other similar proceedings affecting the Issuer or if the Issuer is liquidated for any other reason, the rights of Noteholders to payment under the Notes rank:
 - (i) subordinated to the full payment of the unsubordinated creditors (including depositors and creditors whose claims arise under contracts entered into for the purposes of any liquidation) any Ordinarily Subordinated Obligations and any *prêts participatifs* granted to the Issuer;
 - (ii) *pari passu* with any Deeply Subordinated Obligations of the Issuer; and
 - (iii) prior to any payments to holders of Equity Securities, or any other obligation expressed to rank junior to the Notes.
- (b) The subordination provisions of the Notes are governed by Article L.228-97 of the French *Code de commerce*.
- (c) There will be no negative pledge in respect of the Notes.

If any judgment is rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) or, following an order of judicial rehabilitation (*redressement judiciaire*), the sale of the whole business (*cession totale de l'entreprise*) of the Issuer, or if the Issuer is liquidated for any other reason, the rights of the Noteholders in respect of principal and interest will be subordinated to the payments of claims of other creditors of the Issuer (other than subordinated claims ranking junior to the Notes) including insurance companies and entities referred to in article R.322-132 of the French *Code des assurances* reinsured by the Issuer, and holders of insurance policies issued by such entities and creditors with respect to unsubordinated obligations of the Issuer, Ordinarily Subordinated Obligations and any *prêts participatifs* granted to the Issuer but paid in priority to payments to holders of Equity Securities, or any other obligation expressed to rank junior to the Notes.

4. INTEREST

4.1 General

- (a) Subject to Condition 4.3 (*Interest Cancellation*), the Notes bear interest on their Prevailing Principal Amount (i) at a fixed rate of 5.25 per cent *per annum* from and including the Issue Date to, but excluding the First Call Date, and (ii) thereafter, from and including the First Call Date, the Notes bear interest on their Prevailing Principal Amount at the Reset Rate of Interest. Subject to cancellation of interest (in whole or in part) as provided herein, interest is payable semi-annually in arrear on each Interest Payment Date.
- (b) Subject to cancellation of interest (in whole or in part) as provided herein, the Notes will cease to bear interest from and including the due date for redemption unless payment of the principal in respect of the Notes is improperly withheld or refused on such date or unless default is otherwise made in respect of the payment. In such event, the Notes will continue to bear interest at the relevant Rate of Interest on their remaining unpaid amount until the day on which all sums due in respect of the Notes up to (but excluding) that day are received by or on behalf of the relevant Noteholder.
- (c) Interest from (and including) the First Call Date:
 - (i) The amount of interest payable per Note shall be calculated by the Calculation Agent by applying the Reset Rate of Interest to the Prevailing Principal Amount on the first Interest Payment Date following the First Call Date and on any subsequent Interest Payment Date.
 - (ii) The Calculation Agent will cause the Reset Rate and Reset Rate of Interest for each Interest Rate Period to be notified to the Issuer and to the Luxembourg Stock Exchange and any other stock exchange on which the Notes are for the time being listed (by no later than the first day of each Interest Rate Period) and notice thereof to be given to the Noteholders in accordance with Condition 11 (*Notices*) as soon as possible after their determination but in no event later than the fourth Business Day thereafter. For the purposes of this paragraph, the expression Business Day means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in Luxembourg.
- (d) If interest is required to be calculated for a period other than an Interest Period, such interest shall be calculated by applying the Rate of Interest to the Prevailing Principal Amount, multiplying such sum by the 30/360 Day Count Fraction, and rounding the resultant figure to the nearest USD cent, with half of a USD cent being rounded upwards.
- (e) On each Interest Payment Date, the Issuer shall pay interest on the Notes accrued to that date in respect of the Interest Period ending immediately prior to such Interest Payment Date, subject to the provisions of Condition 4.3 (*Interest Cancellation*) below.

4.2 Calculation Agent

- (a) The Agency Agreement provides that the Issuer may at any time terminate the appointment of the Calculation Agent and appoint a substitute Calculation Agent provided that so long as any of the Notes remain outstanding there shall at all times be a Calculation Agent for the purposes of the Notes having a specified office in a major European city. In the event of the appointed office of any bank being unable or unwilling to continue to act as the Calculation Agent or failing duly to determine the Reset Rate and Reset Rate of Interest for any Interest Rate Period, the Issuer shall appoint the European office of another leading bank engaged in

the Paris, London or Luxembourg interbank market to act in its place. The Calculation Agent may not resign its duties or be removed without a successor having been appointed.

- (b) Notifications etc. to be final and binding

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4 (*Interest*) by the Calculation Agent will (in the absence of default, bad faith or manifest error) be final and binding on the Issuer and all Noteholders and (in the absence of default, bad faith or manifest error) no liability to the Issuer or the Noteholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition 4 (*Interest*).

4.3 Interest Cancellation

- (a) Optional Cancellation of Interest Payments

Subject to Condition 4.3(b), the Issuer may, at its option, elect to cancel in full or in part the payment of interest otherwise due and payable on any Optional Interest Payment Date in respect of the Interest Period ending on such date, whereupon the Issuer shall not have any obligation to pay any interest on an Optional Interest Payment Date and such non-payment shall not constitute a default or event of default by the Issuer under the Notes or for any other purpose and shall not give Noteholders any right to accelerate the Notes.

Any interest in respect of the Notes which has not been paid on an Optional Interest Payment Date will be cancelled.

- (b) Mandatory Interest Cancellation

On any Mandatory Interest Cancellation Date, the Issuer will be obliged to cancel payment of all or part (as applicable) of the interest accrued in respect of the Notes during the relevant Interest Period and any such non-payment shall not constitute a default or event of default by the Issuer for any purpose.

- (c) Exceptional Waiver of Interest Cancellation

An Interest Payment shall not be cancelled on a Mandatory Interest Cancellation Date, in whole or in part (as applicable) in relation to an Interest Payment (or such part thereof) if cumulatively:

- (i) the Relevant Supervisory Authority has exceptionally waived the cancellation of Interest Payments; and
- (ii) such Interest Payments do not further weaken the solvency position of the Issuer and/or the Group; and
- (iii) the Minimum Capital Requirement is complied with immediately after such Interest Payment is made; and
- (iv) the relevant Regulatory Deficiency is of the type described in paragraph (i) of such definition only.

- (d) Non-cumulative Interest

Any interest which is not paid on any Interest Payment Date shall not accumulate or be payable at any time thereafter, and such non-payment will not constitute a default or an event of default by the Issuer for any purpose, and the Noteholders shall have no right thereto.

If the Issuer fails to pay any interest amount on an Interest Payment Date, such non-payment shall evidence that the Issuer has elected, or is required, to cancel such interest amount in accordance with the foregoing provisions.

(e) Notice of Cancellation

If practicable under the circumstances, the Issuer shall give not less than five (5) nor more than thirty (30) Business Days' prior notice to the Noteholders in accordance with Condition 11 (*Notices*) of any cancellation of any interest under the Notes on any Interest Payment Date, which relates to Optional Cancellation of Interest Payments or Mandatory Interest Cancellation.

So long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such stock exchange so require, notice of any such cancellation shall also be given as soon as reasonably practicable to such stock exchange.

This notice will not be a condition to the cancellation of interest. Any delay or failure by the Issuer to give such notice shall not affect the cancellation described above nor constitute a default or event of default by the Issuer for any purpose.

5. PAYMENTS

5.1 Method of Payment

Payments of principal and interest in respect of the Notes will be made in USD by credit or transfer to a USD-denominated account (or any other account to which USD may be credited or transferred). Such payments shall be made for the benefit of the Noteholders to the Account Holders and all payments validly made to such Account Holders shall be an effective discharge of the Issuer and the Fiscal Agent, as the case may be, in respect of such payment.

None of the Issuer or the Fiscal Agent shall be liable to any Noteholder or other person for any commissions, costs, losses or expenses in relation to, or resulting from, the credit or transfer of USD, or any currency conversion or rounding effect in connection with such payment being made in USD.

5.2 Payments on Business Days

If the due date for payment of any amount of principal, interest or other amounts in respect of any Note is not a Business Day, payment of the amount due shall not be made and credit or transfer instructions shall not be given in respect thereof until the next following Business Day and the Noteholders shall not be entitled to any interest or other sums in respect of such postponed payment.

5.3 Payments Subject to Fiscal Laws

All payments are subject in all cases, to (i) any fiscal or other laws and regulations applicable thereto, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof or any law implementing an intergovernmental approach thereto. Without prejudice to the provisions of Condition 8 (*Taxation*),

any such amounts withheld or deducted will be treated as paid for all purposes under the Notes, and no additional amounts will be paid on the Notes with respect to any such withholding or deduction.

5.4 Fiscal Agent, Calculation Agent

The name of the initial Fiscal Agent and Calculation Agent and its specified office are set forth below:

BNP Paribas Securities Services

3, 5, 7 rue du Général Compans

93500 Pantin

FRANCE

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent and/or appoint additional or other agents or approve any change in the office through which any such agent acts, provided that there will at all times be a Fiscal Agent having a specified office in a European city.

In the absence of default, bad faith or manifest error, no liability to the Noteholders shall attach to the Fiscal Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions under these Conditions.

6. REDEMPTION AND PURCHASE

6.1 No Redemption Date

The Notes are perpetual notes in respect of which there is no fixed maturity or redemption date. The Issuer shall be entitled to redeem the Notes only in accordance with the provisions below. The Notes are not redeemable at the option of the Noteholders at any time.

6.2 Optional Redemption

The Issuer will have the right to redeem all but not some only of the Notes, subject to Condition 6.10 (*Conditions to Redemption, Purchase and Replacement*) and to the Prior Approval of the Relevant Supervisory Authority, on the Interest Payment Date even if interest due on such Interest Payment Date is cancelled falling on the First Call Date or upon any Interest Payment Date thereafter. Such redemption will be made at the Base Call Price.

6.3 Redemption for Tax Reasons

- (a) The Notes may be redeemed at the Base Call Price at the option of the Issuer in whole, but not in part, at any time by giving not less than thirty (30) nor more than forty-five (45) calendar days' notice to the Fiscal Agent and, in accordance with Condition 11 (*Notices*), the Noteholders (which notice shall be irrevocable), if on the date of the next payment due under the Notes, a withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of France or any political subdivision or any authority thereof or therein having power to tax is required as a result of (i) any change in, or amendment to, the laws or regulations of France or any political subdivision of, or any authority in, or of, France having power to tax, or (ii) any change in the application or official interpretation of such laws or regulations, in each case occurring or becoming effective on or after the Issue Date of the Notes, provided that the due date for redemption shall be no earlier than the latest practicable date on which the Issuer could make such payment without withholding or deduction for French taxes.

- (b) If the Issuer would on the date of the next payment due under the Notes be prevented by French law from making payment to the Noteholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 8 (*Taxation*) below, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer may forthwith redeem all, but not some only, of the Notes then outstanding, at the Base Call Price, upon giving not less than seven (7) nor more than thirty (30) calendar days' irrevocable notice to the Noteholders in accordance with Condition 11 (*Notices*), provided that the due date for redemption of which notice hereunder shall be given, shall be no earlier than the latest practicable date on which the Issuer could make payment without withholding or deduction for French taxes, or if such date is past, as soon as is practicable thereafter.
- (c) The Notes may be redeemed at the option of the Issuer in whole, but not in part, at the Base Call Price, at any time by giving not less than thirty (30) nor more than forty-five (45) calendar days' notice to the Fiscal Agent and, in accordance with Condition 11 (*Notices*), the Noteholders (which notice shall be irrevocable), if on the date of the next payment due under the Notes, the part of the interest payable by the Issuer under the Notes that is tax-deductible is reduced as a result of (i) any change in, or amendment to, the laws or regulations of France (or any law or regulation having a direct effect in France) or any political subdivision of, or any authority in, or of, France having power to tax, or (ii) any change in the application or official interpretation (whether by court or any competent authority) of such laws or regulations, in each case occurring or becoming effective on or after the Issue Date, provided that the due date for redemption shall be no earlier than the latest practicable date preceding the effective date on which the part of the interest payable under the Notes that is tax-deductible is reduced. Prior to the giving of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent (x) a certificate signed by an authorised officer of the Issuer stating that the part of the interest payable under the Notes that is tax-deductible is reduced as aforesaid and that the Issuer is entitled to effect such redemption and (y) an opinion of independent legal advisers of recognised standing to such effect.

In each case subject to Condition 6.10 (*Conditions to Redemption, Purchase and Replacement*) below and to the Prior Approval of the Relevant Supervisory Authority.

6.4 Redemption for Rating Reasons

If the Issuer determines at any date after the Issue Date that a Rating Event has occurred with respect to the Notes, the Issuer may, having given not less than fifteen (15) nor more than thirty (30) calendar days' notice to the Noteholders in accordance with Condition 11 (*Notices*), at any time, subject to Condition 6.10 (*Conditions to Redemption, Purchase and Replacement*) and to the Prior Approval of the Relevant Supervisory Authority, elect to redeem all, but not some only, of the Notes at the Base Call Price.

6.5 Redemption for Regulatory Reasons

If at any time the Issuer determines that a Capital Disqualification Event has occurred with respect to the Notes on or after the Issue Date, the Notes may be redeemed in whole but not in part at the option of the Issuer, at any time, subject to Condition 6.10 (*Conditions to Redemption, Purchase and Replacement*) and to the Prior Approval of the Relevant Supervisory Authority, at the Base Call Price, provided that the due date for redemption shall be no earlier than the last day on which the proceeds of the Notes can no longer be included at least in the relevant category of own funds regulatory capital.

6.6 Redemption for Accounting Reasons

If the Issuer determines at any date after the Issue Date that an Accounting Event has occurred with respect to the Notes, the Issuer may, at any time, subject to Condition 6.10 (*Conditions to Redemption, Purchase and Replacement*) and to the Prior Approval of the Relevant Supervisory Authority, elect to redeem all, but not some only, of the Notes at the Base Call Price, provided that the due date for redemption of which notice may be given hereunder shall be no earlier than the last day prior to the date on which the proceeds of the Notes must not, or must no longer, be recorded as "liabilities" pursuant to IFRS or any other accounting standards that may replace IFRS for the purposes of the annual consolidated financial statements of the Issuer.

6.7 Clean-up Redemption

The Issuer may, subject to Condition 6.10 (*Conditions to Redemption, Purchase and Replacement*) and to the Prior Approval of the Relevant Supervisory Authority, elect to redeem all, but not some only, of the Notes at any time after the Issue Date at their Base Call Price if 80% (eighty per cent) or more of the Notes originally issued (including any further issues pursuant to Condition 14 (*Further Issues*)) has been purchased and cancelled at the time of such election (a **Clean-up Call**).

6.8 Purchases

Subject to Condition 6.10 (*Conditions to Redemption, Purchase and Replacement*) and to the Prior Approval of the Relevant Supervisory Authority, the Issuer or any subsidiary of the Issuer may at any time purchase Notes at any price in the open market or otherwise. All Notes so purchased by the Issuer may (i) be held and resold in accordance with Articles L.213-0-1 and D.213-0-1 of the French *Code monétaire et financier* for the purpose of enhancing the liquidity of the Notes or (ii) be cancelled in accordance with Article L.228-74 of the French *Code de commerce*.

6.9 Cancellation

All Notes which are redeemed or purchased for cancellation by the Issuer shall be cancelled. Any Notes so cancelled may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

6.10 Conditions to Redemption, Purchase and Replacement

The Notes may not be redeemed, purchased, or replaced pursuant to any of the redemption, purchase or replacement provisions referred to in these Conditions if:

- (i) a Regulatory Deficiency has occurred and is continuing on the due date for redemption (or such redemption or purchase would itself cause a Regulatory Deficiency), except if (a) the Relevant Supervisory Authority has exceptionally waived the suspension of redemption, purchase or replacement, (b) the Notes have been exchanged for or converted into another basic own-fund item of at least the same quality and (c) the Minimum Capital Requirement is complied with after the redemption or purchase; or
- (ii) an Insolvent Insurance Affiliate Winding-up has occurred and is continuing on the date due for redemption, purchase or replacement (to the extent required under the Solvency II Regulations in order for the Notes to be treated under the Solvency II Regulations as "tier one" own funds regulatory capital (or whatever the terminology employed by the Solvency II Regulations) of the Issuer and/or the Group except to the extent permitted under the Solvency II Regulations and with the Prior Approval of the Relevant Supervisory Authority,

(together, the **Conditions to Redemption, Purchase and Replacement**).

Should a Regulatory Deficiency or an Insolvent Insurance Affiliate Winding-up occur after a notice for redemption has been given to the Noteholders, such redemption notice shall become automatically void and notice of such fact shall be given promptly by the Issuer in accordance with Condition 11 (*Notices*).

Any redemption or purchase of the Notes occurring after the fifth (5th) anniversary of the Issue Date and before the tenth (10th) anniversary of the Issue Date, is further subject to the Relevant Supervisory Authority confirming to the Issuer that it is satisfied that the Solvency Capital Requirement is exceeded by an appropriate margin (taking into account the solvency position of the Issuer including the Issuer's medium term capital management plan) unless such redemption or purchase is funded out of the proceeds of a new issuance of, or the Notes are exchanged into, Tier 1 own funds of the same or a higher quality than the Notes.

In addition and unless as otherwise provided in the relevant rules, the Notes may not be redeemed or purchased (a) pursuant to Condition 6.3(c) or Conditions 6.4 (*Redemption for Rating Reasons*) to 6.8 (*Purchases*) respectively, prior to the fifth anniversary of the Issue Date, and (b) pursuant to Conditions 6.3(a) or 6.3(b) only, at any time (or if a Redemption Alignment Event has occurred, prior to the fifth anniversary of the Issue Date), in each case unless the redemption or purchase has/have been funded out of the proceeds of a new issuance of own-funds capital of the same or higher quality as the Notes.

A **Redemption Alignment Event** will be deemed to have occurred if at any time, the Issuer determines, in consultation with the Relevant Supervisory Authority, that the option to redeem or purchase the Notes under Conditions 6.3(a) or 6.3(b) from the fifth anniversary of the Issue Date without such redemption or purchase being funded out of the proceeds of a new issuance of own-funds capital of the same or higher quality as the Notes would not cause the Notes to no longer be treated under the Solvency II Regulations as "tier one" own funds regulatory capital (or whatever the terminology employed by the Solvency II Regulations) and gives not less than thirty (30) nor more than forty-five (45) calendar days' notice of such fact to the Fiscal Agent and, in accordance with Condition 11 (*Notices*), the Noteholders.

Except as otherwise indicated above, any redemption, purchase or replacement shall have been notified by the Issuer having given not more than sixty (60) nor less than thirty (30) calendar day's prior notice to the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption).

6.11 Replacement Solicitation and Redemption upon Capital Disqualification Event

If a Capital Disqualification Event has occurred, and to the extent that the Notes are not otherwise called or redeemed pursuant to Condition 6.5 (*Redemption for Regulatory Reasons*) or varied or substituted pursuant to Condition 9 (*Variation and Substitution of the Notes*), the Issuer shall, (i) promptly appoint an Independent Agent, and, (ii) with the advice and assistance of such Independent Agent, and, as soon as reasonably practicable but no later than twelve (12) months from the Capital Disqualification Event occurring, solicit interest from new investors for the issuance of Replacement Securities (the **Replacement Solicitation**), provided in each case that no Market Disruption Event has occurred and subject to applicable laws and regulations. If, following the Replacement Solicitation and subject to the relevant Conditions to Redemption, Purchase and Replacement and the Prior Approval of the Relevant Supervisory Authority, the Issuer would, using its best efforts (*meilleurs efforts*) and with the advice and assistance of the Independent Agent, be able to proceed with the issuance of the Replacement Securities on terms that do not materially weaken the income capacity of the Issuer and the Group and which are consistent with the Issuer's and the Group's medium-term capital plan, the Issuer shall issue the Replacement Securities and redeem the Notes at their Base Call Price out of the proceeds of such issuance.

If, despite using its best efforts, the Issuer would not be able, within twelve (12) months of the Capital Disqualification Event occurring, to proceed with such issuance of Replacement Securities on such terms, the Issuer will thereafter continue to conduct periodical Replacement Solicitations, provided no Market Disruption Event shall have occurred and subject to applicable laws and regulations, until such time as the Issuer would, using its best efforts (*meilleurs efforts*) and with the advice and assistance of the Independent Agent, be able to proceed with the issuance of Replacement Securities on terms that do not materially weaken the income capacity of the Issuer and the Group and which are consistent with the Issuer and Group's medium-term capital plan. At such time, subject to the relevant Conditions to Redemption, Purchase and Replacement and the Prior Approval of the Relevant Supervisory Authority, the Issuer shall issue the Replacement Securities and redeem the Notes at their Base Call Price out of the proceeds of such issuance.

7. PRINCIPAL LOSS ABSORPTION

7.1 Write-Down upon Trigger Event

A **Trigger Event** shall be deemed to have occurred if, at any time, the Issuer determines that any of the following has occurred:

- (a) the amount of own funds eligible to cover the Solvency Capital Requirement of the Issuer, or the Group (as the case may be) determined under the relevant rules is equal to or less than 75 per cent. of the Solvency Capital Requirement; or
- (b) the amount of own funds eligible to cover the Minimum Capital Requirement of the Issuer, or the Group (as the case may be) determined under the relevant rules is equal to or less than the Minimum Capital Requirement; or
- (c) the amount of own funds eligible to cover the Solvency Capital Requirement of the Issuer, or the Group (as the case may be) has been less than the Solvency Capital Requirement for a continuous period of three months (commencing on the date on which non-compliance with such Solvency Capital Requirement was first observed).

If a Trigger Event pursuant to (a), (b) or (c) above has occurred, the Issuer shall deliver a Write-Down Notice to the Noteholders and to the Luxembourg Stock Exchange in accordance with Condition 11 (*Notices*) as soon as practicable after such event.

7.2 Write-Down procedure

If a Trigger Event occurs:

- (i) any interest which is accrued and unpaid up to (and including) the Write-Down Date (whether or not such interest has become due for payment) shall be automatically cancelled (it being specified that such cancellation shall not constitute a default or event of default of the Issuer for any purpose); and
- (ii) the Issuer shall promptly (and without the need for the consent of the Noteholders) write-down the Notes by reducing the Prevailing Principal Amount by the Write-Down Amount (such action a **Write-Down** and **Written Down** being construed accordingly).

Any such Write-Down shall be applied in respect of each Note equally.

A Write-Down of the Notes shall not constitute a default or event of default in respect of the Notes or a breach of the Issuer's obligations or duties or a failure to perform by the Issuer in any manner whatsoever, and shall not entitle Noteholders to petition for the insolvency or dissolution of the Issuer or to take any other action.

Following a Write-Down, Noteholders will be automatically deemed to waive irrevocably their rights to receive, and no longer have any rights against the Issuer with respect to, any principal amount by which the Notes have been Written-Down.

A Write-Down may occur on one or more occasions following each Write-Down Testing Date and each Note may be Written-Down on more than one occasion. Accordingly, if, after a Write-Down, a Trigger Event pursuant to Condition 7.1(c) occurs at any Write-Down Testing Date, a further Write-Down shall be required.

To the extent that the Prevailing Principal Amount of the Notes has been Written-Down, interest shall accrue on such Written-Down Prevailing Principal Amount in accordance with these Conditions as from the relevant Write-Down Date.

In addition, if the write-down of, or, as the case may be, conversion of any Loss Absorbing Tier 1 Instrument of the Issuer or as applicable any member of the Group is not, or by the relevant Write-Down Date will not be, effective:

- 1) the ineffectiveness of any such reduction or, as the case may be, conversion shall not prejudice the requirement to effect a reduction to the Prevailing Principal Amount pursuant to this Condition; and
- 2) the write-down of, or, as the case may be, conversion of any such Loss Absorbing Tier 1 Instrument which is not, or by the Write-Down Date will not be, effective shall not be taken into account in determining such reduction of the Prevailing Principal Amount.

To the extent permitted by the relevant rules applicable at the time of the Trigger Event, Write-Down may be exceptionally waived by the Relevant Supervisory Authority to the extent that Write-Down would significantly weaken the solvency position of the Issuer or the Group.

7.3 Discretionary Reinstatement

Following any reduction of the Prevailing Principal Amount pursuant to Condition 7 (*Principal Loss Absorption*), the Issuer may to the extent permitted by the relevant rules applicable at the relevant time and provided that this Condition 7.3 shall not apply to the extent that the existence of such provision would cause the occurrence of a Capital Disqualification Event, at its discretion, increase the Prevailing Principal Amount of the Notes (a **Discretionary Reinstatement**) on any date and in any amount that it determines in its discretion (either to the Principal Amount or to any lower amount) provided that such Discretionary Reinstatement:

(A) is permitted only if the Issuer and/or the Group comply with the Solvency Capital Requirement of the Issuer and/or the Group following such Discretionary Reinstatement;

(B) is not activated by reference to own fund items issued or increased in order to restore compliance with the Solvency Capital Requirement of the Issuer and/or the Group;

(C) occurs only on the basis of profits which contribute to Distributable Items made subsequent to the restoration of compliance with the Solvency Capital Requirement of the Issuer and/or the Group in a manner that i) does not undermine the loss absorbency intended by Article 71(5) of the Solvency II Regulation and ii) does not hinder recapitalisation as required by Article 71(1)(d) of the Solvency II Regulation;

(D) does not result in a Trigger Event;

(E) occurs no later than ten (10) years since the last Write-Down Date; and

(F) is authorised only if the Issuer and/or the Group is not subject to any Administrative Procedure and provided that if the Issuer and/or the Group has been subject to such Administrative Procedure, the Relevant Supervisory Authority has formally notified the Issuer and/or the Group of the end of such Administrative Procedure.

A Discretionary Reinstatement may occur on one or more occasions until the Prevailing Principal Amount of the Notes has been reinstated to the Principal Amount. Any decision by the Issuer to effect or not to effect any Discretionary Reinstatement on any occasion shall not preclude it from effecting or not effecting any Discretionary Reinstatement on any other occasion.

Any Discretionary Reinstatement shall be applied in respect of each Note equally.

Notice of any Discretionary Reinstatement shall be given to the Noteholders and the Luxembourg Stock Exchange in accordance with Condition 11 (*Notices*) as soon as possible and no later than five Business Days prior to the date on which such Discretionary Reinstatement becomes effective.

Administrative Procedure means any administrative procedure imposed by the Relevant Supervisory Authority in accordance with the *Code des assurances* and/or the *Code monétaire et financier*, including but not limited to, resolution procedures or plans, recovery plans, safeguard procedures or plans and financing plans, in each case that the Issuer is required to follow and implement.

8. TAXATION

All payments in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of France or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law.

If French law should require any such withholding or deduction and provided a Tax Alignment Event has occurred and is continuing, the Issuer shall, to the extent permitted by law, pay such additional amounts as may be necessary so that each Noteholder, after such withholding or deduction, will receive the full amount then due and payable on each Note in the absence of such withholding or deduction, except that no such additional amounts shall be payable with respect to any Note, as the case may be:

- (i) to, or to a third party on behalf of, a Noteholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, by reason of his having some connection with France other than the mere holding of the Note; or
- (ii) to, or to a person acting on behalf of, a beneficiary who is liable to such taxes in respect of such Notes, solely by reason of (x) his being a shareholder of the Issuer who declared or notified, or is under an obligation to declare or notify his shareholding in the Issuer to the *Autorité des marchés financiers* or the Issuer, under applicable law or the bylaws (*statuts*) of the Issuer and (y) the payment of interest or any payment being made to him at a rate in excess of the limit set forth in the French *Code général des impôts* (Article 39, 1, 3°) for the deduction of interest paid to shareholders of a borrowing company; or
- (iii) where such additional amount is due prior to the fifth anniversary of the Issue Date; or

- (iv) where such additional amount is due on or after the fifth anniversary of the Issue Date in the case where no Redemption Alignment Event has occurred.

As used herein, a **Tax Alignment Event** will be deemed to have occurred if at any time the Issuer determines, in consultation with the Relevant Supervisory Authority, that the obligation to pay additional amounts would not cause the Notes to no longer be treated under Solvency II Regulations as "tier one" own funds regulatory capital (or whatever the terminology then employed by the Solvency II Regulations) and gives not less than thirty (30) nor more than forty-five (45) calendar days' notice of such fact to the Fiscal Agent and, in accordance with Condition 11 (*Notices*), the Noteholders (which notice shall be in effect until the Issuer revokes a prior given notice by giving not less than thirty (30) nor more than forty-five (45) calendar days' notice of such fact to the Fiscal Agent and, in accordance with Condition 11 (*Notices*), the Noteholders).

9. VARIATION AND SUBSTITUTION OF THE NOTES

- (a) If a Capital Disqualification Event, a Rating Event, an Accounting Event, an event pursuant to which the Issuer has the right to redeem the Notes pursuant to Condition 6.3 (*Redemption for Tax Reasons*) occurs or an Alignment Event occurs, the Issuer may, at any time, without any requirement for the consent or approval of the Noteholders, vary the Conditions or substitute all (and not some only) of the Notes for other Notes, so that the varied Notes or the substituted Notes, as the case may be, become Qualifying Equivalent Securities.
- (b) The principal amount of the Qualifying Equivalent Securities to be received by Noteholders in any substitution will have the same Principal Amount or Prevailing Principal Amount as the Notes prior to variation or substitution.
- (c) Any variation or substitution of the Notes is subject to its prior notification by the Issuer to the Noteholders by no more than sixty (60) nor less than thirty (30) calendar days' prior notice (which notice shall be irrevocable and shall specify the date fixed for such variation or substitution) in accordance with Condition 11 (*Notices*) and to:
 - (i) the Issuer giving at least six (6) months' prior written notice to, and receiving no objection from, the Relevant Supervisory Authority (or such shorter period of notice as the Relevant Supervisory Authority may accept and so long as such notice is required to be given);
 - (ii) the Issuer being in compliance with the Solvency II Regulations on the date of such variation or substitution, and such variation or substitution not resulting directly or indirectly in a breach of the Solvency II Regulations;
 - (iii) the Issuer complying with the rules of any stock exchange (or any other relevant authority) on which the Issuer has had its Notes listed or admitted to trading, and (for so long as the rules of such exchange or relevant authority require) the publication of any appropriate supplement, listing particulars or offering circular in connection therewith;
 - (iv) the issue of legal opinions addressed to the Fiscal Agent from one or more independent legal advisers of recognised standing confirming that (x) the Issuer has capacity to assume all rights and obligations under the new substituted Notes or varied Notes and has obtained all necessary corporate or governmental authorisation to assume all such rights and obligations and (y) the legality, validity and enforceability of the new exchanged Notes or varied Notes; and
 - (v) the full payment on the immediately preceding Interest Payment Date (if any) of all interest amounts due on such date.

- (d) **Qualifying Equivalent Securities** means securities which have terms not being materially less favourable to the interests of the Noteholders as determined by the senior management of the Issuer in consultation with an Independent Agent, and provided that a certification to such effect shall have been delivered by an authorised officer of the Issuer to the Fiscal Agent (including as to the consultation with the Independent Agent and in respect of the matters specified in (i) to (vi) below) for the benefit of the Noteholders prior to the variation or substitution (upon which the Fiscal Agent shall be entitled to rely without liability to any person) and which:
- (i) satisfy the criteria for the eligibility for inclusion of the proceeds of the Notes, under the tier one own funds regulatory capital;
 - (ii) shall bear at least the same interest rate from time to time to that applying to the Notes and preserve the Interest Payment Dates;
 - (iii) contain new terms providing for cancellation and/or suspension of payments of interest or principal only if such terms are not materially less favourable to an investor than the cancellation and/or suspension provisions, respectively contained in Condition 4 (*Interest*) and Condition 6 (*Redemption and Purchase*);
 - (iv) shall rank at least *pari passu* with the Notes;
 - (v) preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Notes, including (without limitation) as to timing of, and amounts payable upon such redemption; and
 - (vi) preserve any rights under the Conditions to any accrued interest, and any existing rights to other amounts payable under the Notes which have accrued to Noteholders and not been paid.

10. EVENTS OF DEFAULT

There are no events of default in respect of the Notes. However, each Note shall become immediately due and payable at its Prevailing Principal Amount, together with accrued interest thereon, if any, to the date of payment, in the event that an order is made or an effective resolution is passed for the liquidation (*liquidation amiable* or *liquidation judiciaire*) or the Issuer is liquidated for any other reason, in accordance with the provisions relating to the Status of the Notes, or the sale of the whole business (*cession totale de l'entreprise*) subsequent to the opening of a judicial recovery procedure of the Issuer.

11. NOTICES

Any notice to the Noteholders shall be validly given by (i) delivery of the relevant notice to Euroclear France, Euroclear or Clearstream, (ii) publication on the website of the Issuer (www.scor.com), (iii) publication on the website of the Luxembourg Stock Exchange (www.bourse.lu) so long as the Notes are listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange and (iv) as may be required by the mandatory rules of any exchange on which the Notes are from time to time listed and/or admitted to trading.

Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which such publication is made.

12. PRESCRIPTION

Claims against the Issuer for the payment of principal and interest in respect of Notes will become void unless presented for payment within a period of ten (10) years (in the case of the principal) and within five (5) years (in the case of interest) from the appropriate relevant due date for payment thereof.

13. NOTEHOLDERS' MEETING

13.1 The Masse

The Noteholders will be grouped automatically for the defence of their respective common interests in a *masse* (hereinafter referred to as the **Masse**).

The Masse will be governed by those provisions of the French *Code de commerce* with the exception of the provisions of Articles L.228-48, L.228-59, L.228-65 II, R.228-61, R.228-63, R.228-65, R.228-67, R.228-69, R. 228-72, R.228-79 and R.236-11 of the French *Code de commerce*, as summarised and supplemented by the Conditions set forth below.

13.2 Legal Personality

The Masse will be a separate legal entity, by virtue of Article L.228-46 of the French *Code de commerce* acting in part through one (1) representative (the **Representative**) and in part through a general assembly of the Noteholders.

The Masse alone, to the exclusion of all individual Noteholders, shall exercise the common rights, actions and benefits which now or in the future may accrue with respect to the Notes.

13.3 Representative

The office of Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as Representative:

- (i) the Issuer, the members of its Board of Directors, its *Directeurs Généraux*, its statutory auditors and its employees and their ascendants, descendants and spouses;
- (ii) companies possessing at least ten (10) per cent. of the share capital of the Issuer or of which the Issuer possesses at least ten (10) per cent. of the share capital;
- (iii) companies guaranteeing all or part of the obligations of the Issuer; and
- (iv) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing a business in whatever capacity.

The initial Representative shall be:

M. Antoine LACHENAUD

MCM Avocat
10 rue de Sèze
75009 Paris
France

In the event of death, incapacity, retirement or revocation of the initial Representative, the replacement Representative shall be:

M. Philippe MAISONNEUVE

MCM Avocat
10 rue de Sèze
75009 Paris
France

In the event of death, incapacity, retirement or revocation of the Representative, a replacement representative will be elected by a meeting of the general assembly of Noteholders.

All interested parties will at all times have the right to obtain the name and the address of the Representative at the head office of the Issuer and at the offices of the Fiscal Agent.

13.4 Powers of the Representative

The Representative shall (in the absence of any Collective Decision to the contrary) have the power to take all acts of management to defend the common interests of the Noteholders.

All legal proceedings against the Noteholders or initiated by them in order to be justifiable must be brought against the Representative or by it, and any legal proceedings which shall not be brought in accordance with this provision shall not be legally valid.

The Representative may not interfere in the management of the affairs of the Issuer.

13.5 Collective Decisions

Collective Decisions are adopted either in a general assembly (the **General Assembly**) or by consent following a written consultation (the **Written Decision**).

In accordance with Article R.228-71 of the French Code de commerce, the rights of each Noteholder to participate in Collective Decisions will be evidenced by the entries in the books of the relevant Account Holder of the name of such Noteholder as of 0:00 Paris time, on the second (2nd) business day in Paris preceding the date set for the Collective Decision.

Collective Decisions must be published in accordance with Condition 13.9 (*Notice of Decisions*).

The Issuer shall hold a register of the Collective Decisions and shall make it available, upon request, to any subsequent holder of any of the Notes.

13.6 General Assemblies of Noteholders

General Assemblies of the Noteholders may be held at any time, on convocation either by the Issuer or by the Representative. One or more Noteholders, holding together at least one-thirtieth (1/30) of outstanding Notes may address to the Issuer and the Representative a demand for convocation of the General Assembly; if such General Assembly has not been convened within two (2) months from such demand, such Noteholders may commission one of themselves to petition the competent court in Paris to appoint an agent who will call the General Assembly.

Notice of the date, time, place, agenda and quorum requirements of any meeting of a General Assembly will be published as provided under Condition 13.9 (*Notice of Decisions*) not less than fifteen (15) calendar days prior to the date of the General Assembly on first convocation and five (5) calendar days on second convocation.

Each Noteholder has the right to participate in meetings of the Masse in person, by proxy, by correspondence or by videoconference or by any other means of telecommunication allowing the identification of participating Noteholders pursuant to Article R. 223-20-1 of the French *Code de commerce*. Each Note carries the right to one vote.

13.7 Powers of General Assemblies

A General Assembly is empowered to deliberate on the fixing of the remuneration of the Representative and on its dismissal and replacement, and also may act with respect to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue with respect to the Notes, including authorising the Representative to act at law as plaintiff or defendant.

In accordance with Article L.228-65 of the French *Code de commerce*, a General Assembly may further deliberate on any proposal relating to the modification of the Conditions of the Notes, including:

- (i) any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions; and
- (ii) any proposal relating to the issue of securities secured by a security (*surêté réelle*) which does not benefit the Noteholders,

it being specified, however, that a General Assembly may not increase amounts payable by the Noteholders, nor establish any unequal treatment between the Noteholders, nor decide to convert the Notes into shares and that no amendment to the status of the Notes may enter into force until the consent of the Relevant Supervisory Authority has been obtained in relation to such amendment.

Meetings of a General Assembly may deliberate validly on first convocation only if Noteholders present or represented hold at least one fifth (1/5) of the Notes then outstanding. On second convocation, no quorum shall be required. Decisions at meetings shall be taken by a simple majority of votes cast by the Noteholders attending such meeting or represented thereat.

13.8 Written Decision

At the initiative of the Issuer or the Representative, Collective Decisions may also be taken by a Written Decision.

Such Written Decision shall be signed by or on behalf of the Noteholders holding not less than 90% of the Notes without having to comply with formalities and time limits referred to in Condition 13.7 (*Powers of General Assemblies*). Any such decision shall, for all purposes, have the same effect as a resolution passed at a General Assembly of such Noteholders. Such Written Decision may be contained in one document or in several documents in like form each signed by or on behalf of one or more of such Noteholders or may be given by way of electronic communication allowing the identification of Noteholders pursuant to Article R. 223-20-1 of the French *Code de commerce*, and shall be published in accordance with Condition 13.9 (*Notice of Decisions*).

13.9 Notice of Decisions

Any notice to be given to Noteholders in accordance with this Condition 13 shall be given in accordance with Condition 11 (*Notices*).

13.10 Information to the Noteholders

Each Noteholder or representative thereof will have the right, during the (15) fifteen-calendar-day period preceding the holding of each meeting of a General Assembly on first convocation, or during the (5) five-calendar-day period preceding the holding of each meeting of a General Assembly on second convocation, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented at the meeting, which will be available for inspection at the principal office of the Issuer, at the offices of the Fiscal Agent and at any other place specified in the notice of meeting.

13.11 Expenses

The Issuer will pay all duly documented expenses incurred in the operation of the Masse, including expenses relating to the calling and holding of Collective Decisions and the expenses which arise by virtue of the remuneration of the Representative, and more generally all administrative expenses resolved upon by Collective Decisions, it being expressly stipulated that no expenses may be imputed against interest payable on the Notes.

14. FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders issue further notes to be assimilated and form a single series (*assimilées*) with the Notes as regards their financial service, provided that such further notes and the Notes shall carry rights identical in all respects (or in all respects except for the first payment of interest thereon) and that the terms of such further notes shall provide for such assimilation. In the event of such assimilation, the Noteholders and the holders of any assimilated (*assimilées*) notes will for the defence of their common interests be grouped in a single Masse having legal personality.

15. WAIVER OF SET-OFF

No Noteholder may at any time exercise or claim any Waived Set-Off Rights against any right, claim, or liability the Issuer has or may have or acquire against such Noteholder, directly or indirectly, howsoever arising (and, for the avoidance of doubt, including all such rights, claims and liabilities arising under or in relation to any and all agreements or other instruments of any sort or any non-contractual obligations, in each case whether or not relating to the Notes) and each such Noteholder shall be deemed to have waived all Waived Set-Off Rights to the fullest extent permitted by applicable law in relation to all such actual and potential rights, claims and liabilities.

For the avoidance of doubt, nothing in this Condition 15 is intended to provide or shall be construed as acknowledging any right of deduction, set-off, netting, compensation, retention or counterclaim or that any such right is or would be available to any Noteholder but for this Condition 15.

For the purposes of this Condition 15, **Waived Set-Off Rights** means any and all rights of or claims of any Noteholder for deduction, set-off, netting, compensation, retention or counterclaim arising directly or indirectly under or in connection with any such Note.

16. GOVERNING LAW AND JURISDICTION

The Notes, and all non-contractual obligations arising out of or in connection with them, are governed by and shall be construed in accordance with the laws of the Republic of France.

Any action against the Issuer in connection with the Notes will be submitted to the exclusive jurisdiction of the competent courts in Paris.

USE OF PROCEEDS

The net proceeds of the issue of the Notes will be used for general corporate purposes. Furthermore, it is currently the intention of the Issuer to refinance its CHF 250,000,000 fixed to floating rate undated subordinated notes and its CHF 315,000,000 fixed to floating rate undated subordinated notes, subject to market conditions and regulatory approval, through the proceeds of the Notes.

DESCRIPTION OF THE ISSUER

For a general description of the Issuer, its activities and its financial condition, please refer to the Cross-Reference List set out in the section "*Documents Incorporated by Reference*" of this Prospectus.

TAXATION

The following is a general description of certain withholding tax considerations relating to the Notes. This description is based upon the law as in force on the date of this Prospectus and is subject to any change in law and/or interpretation hereof that may take effect after such date (potentially with a retroactive effect). It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in France or Luxembourg or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. Persons who are in doubt as to their tax position should consult a professional tax adviser.

1. FRANCE

The Notes are novel instruments and contain a number of features that are not present in other securities issued regularly in the market. There is no judicial or administrative interpretation relating to the application of French tax laws and regulations to instruments such as the Notes. The Issuer intends to treat the Notes as debt instruments for French tax purposes. The description below is based on this treatment of the Notes.

The following may be relevant to Noteholders who do not concurrently hold shares in the Issuer.

Withholding taxes on payments made outside France

Payments of interest and other revenues made by the Issuer with respect to the Notes are not subject to the withholding tax provided under Article 125 A III of the French *Code général des impôts* unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French *Code général des impôts* (a **Non-Cooperative State**), in which case, a 75 per cent. withholding tax is applicable (subject to exceptions and to the more favourable provisions of an applicable double tax treaty). The 75 per cent. withholding tax is applicable irrespective of the tax residence of the Noteholder. The list of Non-Cooperative States is published by a ministerial executive order, which is updated on a yearly basis.

Furthermore, in application of Article 238 A of the French *Code général des impôts*, interest and other revenues on such Notes are not deductible from the Issuer's taxable income if they are paid or accrued to persons established or domiciled in a Non-Cooperative State or paid to an account held with a financial institution established in a Non-Cooperative State (the **Deductibility Exclusion**). Under certain conditions, any such non-deductible interest and other revenues may be recharacterised as constructive dividends pursuant to Articles 109 *et seq.* of the French *Code général des impôts*, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 *bis* 2 of the French *Code général des impôts*, at a rate of 30 per cent. (to be aligned with the standard corporate income tax rate set forth in Article 219-I of the French *Code général des impôts* for fiscal years beginning as from 1 January 2020) for payments made to legal persons who are not French tax residents, 12.8 per cent. for payments made to individuals who are not French tax residents or 75 per cent. for payments made outside France in a Non-Cooperative State (subject to exceptions and to the more favourable provisions of an applicable double tax treaty).

Notwithstanding the foregoing, neither the 75 per cent. withholding tax set out under Article 125 A III of the French *Code général des impôts* nor, to the extent that the interest and other revenues relate to genuine transactions and are not in an abnormal or exaggerated amount, the Deductibility Exclusion (and the withholding tax set out under Article 119 *bis* 2 of the French *Code général des impôts* that may be levied as a result of such Deductibility Exclusion) will apply in respect of the Notes if the Issuer can prove that the main purpose and effect of the issue of the Notes was not that

of allowing the payments of interest and other revenues to be made in a Non Cooperative State (the **Exception**). Pursuant to the *Bulletin Officiel des Finances Publiques-Impôts* BOI-INT-DG-20-50-20140211 no. 550 and 990, BOI-RPPM-RCM-30-10-20-40-20140211 no. 70 and 80 and BOI-IR-DOMIC-10-20-20-60-20150320 no. 10, the Notes will benefit from the Exception without the Issuer having to provide any proof of the purpose and effect of the issue of the Notes, if the Notes are *inter alia*:

- (a) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State;
- (b) admitted, at the time of their issue, to the operations of a central depository or of a securities delivery and payments systems operator within the meaning of Article L.561-2 of the French *Code monétaire et financier*, or of one or more similar foreign depositories or operators provided that such depository or operator is not located in a Non-Cooperative State.

The Notes which will be, at the time of their issue, admitted to the operations of Euroclear France and, upon their issue and thereafter, admitted to trading on the Luxembourg Stock Exchange, will benefit from the Exception. Consequently, payments of interest and other revenues made by the Issuer under the Notes are neither subject to the 75 per cent. withholding tax set out under Article 125 A III of the French *Code général des impôts* nor to the Deductibility Exclusion (or the withholding tax set out under Article 119 *bis* 2 of the same *Code* that may be levied as a result of the Deductibility Exclusion).

Withholding taxes on payments made to individuals fiscally domiciled in France

Pursuant to Article 125 A I of the French *Code général des impôts* and subject to certain exceptions, interest and similar revenues received by individuals who are fiscally domiciled (*domiciliés fiscalement*) in France are subject to a 12.8 per cent. withholding tax, which is deductible from their personal income tax liability in respect of the year in which the payment has been made. Social contributions (CSG, CRDS and other related contributions) are also levied by way of withholding at an aggregate rate of 17.2 per cent. on such interest and similar revenues received by individuals who are fiscally domiciled (*domiciliés fiscalement*) in France.

2. LUXEMBOURG TAXATION

The following information is of general nature only and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and prospective purchasers of the Notes should therefore consult their own tax advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only.

2.1 Non Luxembourg resident Noteholders

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident Noteholders, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident Noteholders.

2.2 Luxembourg resident Noteholders

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005, as amended (the **Relibi Law**), there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident Noteholders, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident Noteholders.

Under the Relibi Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 20 per cent.. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Relibi Law will be subject to a withholding tax at a rate of 20 per cent..

SUBSCRIPTION AND SALE

Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, Deutsche Bank AG, London Branch and Natixis (the **Joint Bookrunners and Joint Lead Managers**) have, pursuant to a subscription agreement (the **Subscription Agreement**) dated 9 March 2018 agreed with the Issuer, subject to satisfaction of certain conditions, to subscribe or procure subscribers for the Notes at the issue price of 100 per cent. of the total principal amount of the Notes, less a management and underwriting commission agreed between the Issuer and the Joint Bookrunners and Joint Lead Managers. The Issuer has agreed to indemnify the Joint Bookrunners and Joint Lead Managers against certain liabilities, incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment being made to the Issuer.

General selling restrictions

No action has been taken or will be taken by the Joint Bookrunners and Joint Lead Managers that would, or is intended to, permit a public offering of the Notes or the possession or distribution of this Prospectus or any other offering material in relation to the issue of the Notes in any country or jurisdiction where action for that purpose is required.

Each of the Joint Bookrunners and Joint Lead Managers has represented, warranted and agreed that it will comply with all laws and regulations (i) applicable to the offering, placement, underwriting, purchase or sale of the Notes or possession or distribution of the Prospectus (as supplemented and amended as the case may be) or any part of it or any other offering material relating to the Notes or (ii) otherwise relevant to the Joint Lead Managers' duties and obligations hereunder in force in any jurisdiction in or from which it purchases, offers or sells Notes or possesses or distributes the Prospectus (as supplemented and amended as the case may be) or any part of it or any other offering material relating to the Notes, and will obtain any consent, approval or permission required by it for the purchase, offer or sale by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes such purchases, offers or sales. None of the Joint Bookrunners and Joint Lead Managers who have complied with such representation shall have any responsibility for any breach of such representation by another Joint Bookrunner and Joint Lead Manager.

None of the Joint Bookrunners and Joint Lead Managers will offer, sell or deliver, directly or indirectly, any Notes or distribute the Prospectus or any offering material in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations and which will not impose any obligations on the Issuer and all offers, sales and deliveries of Notes and distributions of the Prospectus or any offering materials relating to the Notes by each of the Joint Bookrunners and Joint Lead Managers will be made on the same terms.

Neither the Issuer nor any of the Joint Bookrunners and Joint Lead Managers represents that the Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale. The distribution of this Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Bookrunners and Joint Lead Managers to inform themselves about and to observe any such restrictions. This Prospectus does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation and no action is being taken in any jurisdiction that would permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction where action for that purpose is required.

Prohibition of Sales to EEA Retail Investors

Each Joint Bookrunner and Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor

in the European Economic Area. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or
- (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

United States of America

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**), or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Notes may not be offered or sold, directly or indirectly, in the United States, or to, or for the account or benefit of, U.S. persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or such state securities laws. Terms used in this paragraph and not otherwise defined in the Prospectus have the meanings given to them by Regulation S under the Securities Act (**Regulation S**).

Each of the Joint Bookrunners and Joint Lead Managers has represented, warranted and agreed that it has not offered or sold, and will not offer or sell, the Notes (a) as part of its distribution at any time or (b) otherwise until forty (40) calendar days after completion of the distribution of the Notes as determined, and certified to the Issuer by the Joint Lead Managers, in the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each distributor or dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

The Notes are being offered and sold only outside the United States to non-U.S. persons in compliance with Regulation S.

In addition, until forty (40) calendar days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

The Notes have not been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission in the United States or any United States regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Notes or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

United Kingdom

Each of the Joint Bookrunners and Joint Lead Managers has represented, warranted and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in an investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the **FSMA**)) received by it in connection with the issue or sale of any Notes only under circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

France

Each of the Joint Bookrunners and Joint Lead Managers and the Issuer has represented and agreed that it has not offered or sold, and will not offer or sell, directly or indirectly, any Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France the Prospectus or any other offering material relating to the Notes, and that such offers, sales and distributions have been and will be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties, and/or (b) qualified investors (*investisseurs qualifiés*), acting for their own account, other than individuals, all as defined in, and in accordance with, Articles L. 411-1, L. 411-2 and D. 411-1 of the French *Code monétaire et financier*.

Prospective investors are informed that (a) the Prospectus has not been approved by the *Autorité des marchés financiers*, (b) such prospective investors may only take part in the transaction solely for their own account as provided in articles D. 411-1, D. 744-1, D. 754-1 and D. 764-1 of the French *Code monétaire et financier* and (c) that the Notes may not be further distributed directly or indirectly to the public in France otherwise than in accordance with articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the French *Code monétaire et financier*.

GENERAL INFORMATION

1. Application has been made to the Luxembourg Stock Exchange for the Notes to be listed on the Official List and traded on the Luxembourg Stock Exchange Regulated Market.
2. The estimate of the total expenses related to the admission of the Notes to trading is €12,600.
3. The Notes have been accepted for clearance through Euroclear France, Clearstream and Euroclear with the Common Code 179143151. The International Securities Identification Number (**ISIN**) for the Notes is FR0013322823. The address of Euroclear is 1 boulevard du Roi Albert II, 1210 Brussels, Belgium, the address of Clearstream is 42 avenue John Fitzgerald Kennedy, L-1855 Luxembourg, Grand-Duchy of Luxembourg and the address of Euroclear France is 66 rue de la Victoire, 75009 Paris.
4. Except as disclosed on page 231 of the 2017 DDR incorporated by reference herein, there has been no significant change in the financial or trading position of the Issuer and the Group since 31 December 2017.
5. There has been no material adverse change in the prospects of the Issuer and the Group since 31 December 2017.
6. Except as disclosed in the 2017 DDR on page 230, the Issuer is not involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened and of which the Issuer is aware) during the twelve (12) months preceding the date of approval of this Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer or the Group.
7. The issue of the Notes was decided by Mr. Denis Kessler, Chairman of the Board of Directors and Chief Executive Officer (*Président du Conseil d'administration et Directeur Général*) of the Issuer on 6 March 2018 acting pursuant to a resolution of the Board of Directors (*Conseil d'administration*) of the Issuer adopted on 25 October 2017.
8. Except as disclosed in this Prospectus, there are, at the date of this Prospectus, no material contracts that are not entered into in the ordinary course of the Issuer's business, which could result in any member of the Issuer's Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Noteholders in respect of the Notes being issued.
9. At the date of this Prospectus, there are no conflicts of interest which are material to the issue or offer of the Notes between the duties of the members of the Board of Directors to the Issuer and their private interests and/or their other duties. The Joint Lead Managers are paid commissions in relation to the issue of the Notes. Any such Joint Lead Manager and its affiliates may also have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business, see the section entitled "*Risk Factors – Risk Factors Relating to the Notes – Potential Conflicts of Interest*".
10. To the knowledge of the Issuer, no person involved in the issue of the Notes has an interest material to the issue of the Notes.
11. For as long as the Notes are outstanding the following documents may be inspected during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), at the office of the Fiscal Agent and the Paying Agent:
 - (a) this Prospectus;

- (b) the Agency Agreement;
- (c) the *statuts* of the Issuer; and
- (d) each of the Documents Incorporated by Reference.

The Prospectus will be published on the websites of the Luxembourg Stock Exchange (www.bourse.lu).

12. The statutory auditors of the Issuer are Mazars (Tour Exaltis, 61, rue Henri Regnault, 92075 Paris-La Défense Cedex, France) and Ernst & Young Audit (Tour Ernst and Young, 11, faubourg de l'Arche, 92037 Paris-La Défense Cedex, France) (both entities are regulated by the *Haut Conseil du Commissariat aux Comptes* and duly authorised as *Commissaires aux Comptes*). Ernst & Young Audit and Mazars are registered with the *Compagnie Régionale des Commissaires aux Comptes de Versailles* which is supervised by the *Compagnie Nationale des Commissaires aux Comptes*. They have audited and rendered unqualified audit reports on the consolidated financial statements of the Issuer for each of the fiscal years ended 31 December 2016 and 31 December 2017.
13. The yield of the Notes, calculated from the Issue Date to the First Call Date on the basis of the Issue Price is 5.25 per cent. *per annum*. It is not an indication of future yield.

REGISTERED OFFICE OF THE ISSUER

SCOR SE

5, avenue Kléber
75116 Paris
France

JOINT STRUCTURING ADVISORS

BNP PARIBAS

10 Harewood Avenue
London NW1 6AA
United Kingdom

CITIGROUP GLOBAL MARKETS LIMITED

Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

JOINT BOOKRUNNERS AND JOINT LEAD MANAGERS

BARCLAYS BANK PLC

5 The North Colonnade
Canary Wharf
London E14 4BB
United Kingdom

BNP PARIBAS

10 Harewood Avenue
London NW1 6AA
United Kingdom

CITIGROUP GLOBAL MARKETS LIMITED

Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

**CRÉDIT AGRICOLE CORPORATE AND
INVESTMENT BANK**

12, place des Etats Unis
CS 70052
92547 Montrouge Cedex
France

DEUTSCHE BANK AG, LONDON BRANCH

Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

NATIXIS

30 avenue Pierre Mendès-France
75013 Paris
France

FISCAL AGENT, PRINCIPAL PAYING AGENT AND CALCULATION AGENT

BNP Paribas Securities Services

3, 5, 7 rue du Général Compans
93500 Pantin
France

LUXEMBOURG LISTING AGENT

BNP Paribas Securities Services, Luxembourg Branch

60 avenue J.F. Kennedy
L-1855 Luxembourg
(Postal address: L-2085 Luxembourg)
Luxembourg

AUDITORS OF THE ISSUER

Mazars
Tour Exaltis
61, rue Henri Regnault
92075 Paris La Défense Cedex
France

Ernst & Young Audit
Tour First, 1 place des Saisons
TSA 1444
92037 Paris-La Défense Cedex
France

LEGAL ADVISERS

To the Issuer as to French law

De Pardieu Brocas Maffei A.A.R.P.I.
57, avenue d'Iéna
75116 Paris
France

To the Joint Lead Managers as to French law

Allen & Overy LLP
52, avenue Hoche
75008 Paris
France