

Annual Report

Swiss Re Ltd

Swiss Re Ltd (the Company), domiciled in Zurich, Switzerland, is the ultimate holding company of the Swiss Re Group. Its principal activity is the holding of investments in Swiss Re Group companies.

Income statement

Net income for 2012 amounted to CHF 2 718 million (2011: CHF 19 million) and was mostly driven by cash dividends from subsidiaries and affiliated companies of CHF 3 836 million, partially offset by a valuation adjustment to the investment in Swiss Re Life Capital Ltd of CHF 1 150 million, which equals the extraordinary dividend received by the Company from Swiss Re Life Capital Ltd following the sale of Admin Re®'s US business. In addition, Swiss Reinsurance Company Ltd transferred to the Company its investments in Swiss Re Corporate Solutions Ltd and Swiss Re Life Capital Ltd through a dividend in kind of CHF 5 810 million, which resulted in a valuation adjustment to the Company's investment in Swiss Reinsurance Company Ltd of the same amount.

The Company earned trademark license fees of CHF 231 million and incurred administrative expenses of CHF 161 million, of which CHF 157 million were charges for services provided by Swiss Reinsurance Company Ltd. In addition, the Company incurred other expenses of CHF 57 million, including changes in the provision for currency fluctuation and realised foreign exchange losses of CHF 50 million, and capital and indirect taxes of CHF 7 million.

Assets

Total assets increased from CHF 18 281 million as of 31 December 2011 to CHF 19 961 million as of 31 December 2012, mainly driven by dividends in-cash and in-kind from subsidiaries and affiliated companies, partially offset by the corresponding valuation adjustment to the Company's investment in Swiss Reinsurance Company Ltd, the valuation adjustment to the investment in Swiss Re Life Capital Ltd and dividends to shareholders.

As of 31 December 2012, Swiss Re Ltd held investments in subsidiaries and affiliated companies of CHF 16 351 million, consisting of 100% direct interests in Swiss Reinsurance Company Ltd of CHF 11 691 million, Swiss Re Life Capital Ltd of CHF 2 178 million, Swiss Re Corporate Solutions Ltd of CHF 2 480 million, Swiss Re Specialised Investments Holdings (UK) Ltd of CHF 1 million and Swiss Re Investments Holding Company Ltd of CHF 0.1 million. Following the resolved capital reduction of Swiss Reinsurance Company Ltd on 19 March 2012 and the cancellation of its treasury shares on 25 May 2012 the Company held 100% direct interest in Swiss Reinsurance Company Ltd, compared to 92.8% direct interest held as of 31 December 2011.

As of 31 December 2012, the Company held short-term loans of CHF 2 710 million granted to Swiss Reinsurance Company Ltd.

Liabilities

Total liabilities decreased from CHF 13 million as of 31 December 2011 to CHF 7 million as of 31 December 2012, mainly due to lower payables to subsidiaries and affiliated companies and slightly higher provisions.

Shareholders' equity

Shareholders' equity increased from CHF 18 268 million as of 31 December 2011 to CHF 19 954 million as of 31 December 2012, mainly driven by the inclusion of net income for 2012 of CHF 2 718 million, partially offset by dividends to shareholders of CHF 1 032 million.

Legal reserves from capital contributions decreased from CHF 8 995 million as of 31 December 2011 to CHF 7 994 million as of 31 December 2012, reflecting the payment of dividends to shareholders of CHF 1 032 million, and the reclassification from other legal reserves to legal reserves from capital contributions of issuance costs amounting to CHF 31 million related to capital increases in previous years.

Income statement

Swiss Re Ltd

For the years ended 31 December

CHF millions	Notes	2011 ¹	2012
Revenues			
Investment income	2	–	9 674
Trademark license fees		140	231
Other revenues		0	0
Total revenues		140	9 905
Expenses			
Administrative expenses	3	–39	–161
Investment expenses	2	–33	–6 961
Other expenses		–47	–57
Total expenses		–119	–7 179
Income before income tax expense		21	2 726
Income tax expense		–2	–8
Net income		19	2 718

¹ The financial year 2011 comprises the period from incorporation on 2 February 2011 to 31 December 2011.

The accompanying notes are an integral part of Swiss Re Ltd's financial statements.

Balance sheet

Swiss Re Ltd

As of 31 December

Assets

CHF millions	Notes	2011	2012
Current assets			
Cash and cash equivalents		87	163
Short-term investments	4	–	61
Loans to subsidiaries and affiliated companies		–	2 710
Receivables from subsidiaries and affiliated companies		7	40
Other receivables and accrued income		0	9
Total current assets		94	2 983
Non-current assets			
Investments in subsidiaries and affiliated companies	5	17 502	16 351
Own shares	6	685	627
Total non-current assets		18 187	16 978
Total assets		18 281	19 961

The accompanying notes are an integral part of Swiss Re Ltd's financial statements.

Liabilities and shareholders' equity

CHF millions	Notes	2011	2012
Liabilities			
Short-term liabilities			
Payables to subsidiaries and affiliated companies		9	-
Other liabilities and accrued expenses		0	0
Total short-term liabilities		9	0
Long-term liabilities			
Provisions		4	7
Total long-term liabilities		4	7
Total liabilities		13	7
Shareholders' equity			
	7		
Share capital	8, 9	37	37
Other legal reserves		8 223	8 304
Reserve for own shares		994	882
Legal reserves from capital contributions	10	8 995	7 994
Other reserves		-	-
Retained earnings brought forward		-	19
Net income for the financial year		19	2 718
Total shareholders' equity		18 268	19 954
Total liabilities and shareholders' equity		18 281	19 961

The accompanying notes are an integral part of Swiss Re Ltd's financial statements.

Notes

Swiss Re Ltd

1 Significant accounting principles

Basis of presentation

The financial statements are prepared in accordance with Swiss Company Law.

Time period

The financial year 2012 comprises the accounting period from 1 January 2012 to 31 December 2012, whereas the financial year 2011 comprises the accounting period from incorporation on 2 February 2011 to 31 December 2011.

Use of estimates in the preparation of annual accounts

The preparation of the annual accounts requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses as well as the related disclosures. Actual results could differ from these estimates.

Foreign currency translation

Assets and liabilities denominated in foreign currencies are converted into Swiss francs at year-end exchange rates with the exception of participations, which are maintained in Swiss francs at historical exchange rates. Income and expenses are converted into Swiss francs at average exchange rates for the reporting year.

Cash and cash equivalents

Cash and cash equivalents include cash at bank, short-term deposits and certain short-term deposits in money-market funds with an original maturity of three months or less. Such current assets are held at nominal value.

Short-term investments

Short-term investments contain investments with an original maturity of between three months and one year. Such investments are carried at cost, less necessary and legally permissible depreciation.

Receivables from subsidiaries and affiliated companies / Other receivables

These assets are carried at nominal value. Value adjustments are recorded where the expected recovery value is lower than the nominal value.

Accrued income

Accrued income includes other expenditures incurred during the financial year but relating to a subsequent financial year, and revenues relating to the current financial year but which are receivable in a subsequent financial year.

Investments in subsidiaries and affiliated companies

These assets are carried at cost, less necessary and legally permissible depreciation.

Own shares

Own shares are carried at cost, less necessary and legally permissible depreciation.

Loans to subsidiaries and affiliated companies

Loans to subsidiaries and affiliated companies are carried at nominal value. Value adjustments are recorded where the expected recovery value is lower than the nominal value.

Payables to subsidiaries and affiliated companies / Other liabilities

These liabilities are carried at nominal value.

Accrued expenses

Accrued expenses consist of both income received before the balance sheet date but relating to a subsequent financial year, and charges relating to the current financial year but which are payable in a subsequent financial year.

Provisions

The provision for taxation represents an estimate of taxes payable in respect of the reporting year.

The provision for currency fluctuation comprises the net effect of foreign exchange gains and losses arising from the revaluation of the opening balance sheet and the translation adjustment of the income statement from average to closing exchange rates at year-end. These net impacts are recognised in the income statement over a period of up to three years. Where the provision for currency fluctuation results in an overall negative liability provision in a given year, it is set to zero and the difference is recognised in the income statement.

Dividends from subsidiaries and affiliated companies

Dividends from subsidiaries and affiliated companies are recognised as revenue in the year in which they are declared.

Foreign exchange gains and losses

Foreign exchange gains and losses arising from foreign exchange transactions, as well as any changes of the provision for currency fluctuation over time are recognised in the income statement and included in other expenses or other income, respectively.

Capital and indirect taxes

Capital and indirect taxes related to the financial year are included in other expenses. Value-added taxes are included in the respective expense lines in the income statement.

Income tax expense

As a holding company incorporated in Switzerland, Swiss Re Ltd is exempt from income taxation at cantonal/communal level. On federal level, dividends from subsidiaries and affiliated companies are indirectly exempt from income taxation (participation relief). However, income tax is payable on trademark license fees charged to certain subsidiaries and affiliated companies.

Change in accounting policy

As of 1 January 2012, the Company revised its accounting policy for the treatment of foreign exchange gains and losses and their recognition in the provision for currency fluctuation.

In the previous year, foreign exchange gains and losses, consisting of foreign exchange gains and losses arising from the revaluation of the opening balance sheet, the translation adjustment of the income statement from average to closing exchange rates at year-end as well as foreign exchange gains and losses arising from foreign exchange transactions, were deferred in the provision for currency fluctuation. Where the provision was not sufficient to absorb a negative difference, the amount was recognised in the income statement.

As of 1 January 2012, foreign exchange gains and losses arising from the revaluation of the opening balance sheet and the translation adjustment of the income statement from average to closing exchange rates at year-end are deferred in the provision for currency fluctuation and recognised in the income statement over a period of up to three years. Where the provision for currency fluctuation results in an overall negative liability provision in a given year, it is set to zero and the difference is recognised in the income statement. Foreign exchange gains and losses arising from foreign exchange transactions are now recognised in the income statement in the year they occur.

Retroactive application of the revised accounting policy in the previous year would not have had a material impact on the income statement or the provision for currency fluctuation.

2 Investment income and expenses

CHF millions	2011	2012
Cash dividends from subsidiaries and affiliated companies	–	3 836
Dividends in-kind from subsidiaries and affiliated companies	–	5 810
Realised gains on sale of investments	–	19
Income from short-term investments	–	0
Income from loans to subsidiaries and affiliated companies	–	9
Other interest revenues	–	0
Investment income	–	9 674

CHF millions	2011	2012
Valuation adjustments on investments in subsidiaries and affiliated companies	–	–6 960
Valuation adjustments on own shares	–30	–
Realised losses on sale of investments	–3	0
Investment management expenses	–	–1
Other interest expenses	–	0
Investment expenses	–33	–6 961

3 Personnel information and administrative expenses

Swiss Re Ltd is managed by certain employees of Swiss Reinsurance Company Ltd and has no employees of its own. Therefore, Swiss Re Ltd is charged for administrative expenses by Swiss Reinsurance Company Ltd.

4 Securities lending

As of 31 December 2012, securities of CHF 9 million were lent to Group companies under securities lending agreements, whereas in 2011 no securities were lent to Group companies. As of 31 December 2012 and 2011, there were no securities lent to third parties.

5 Investments in subsidiaries and affiliated companies

As of 31 December 2012, Swiss Re Ltd held the following investments in subsidiaries and affiliated companies:

2012 Company	Domicile	Affiliation	Share capital
Swiss Reinsurance Company Ltd	Zurich	100% ¹	CHF 34.4 million
Swiss Re Corporate Solutions Ltd	Zurich	100%	CHF 100.0 million
Swiss Re Life Capital Ltd	Zurich	100%	CHF 0.1 million
Swiss Re Investments Holding Company Ltd	Zurich	100%	CHF 0.1 million
Swiss Re Specialised Investments Holdings (UK) Ltd	London	100%	GBP 1.0 million

2011 Company	Domicile	Affiliation	Share capital
Swiss Reinsurance Company Ltd	Zurich	100% ¹	CHF 37.1 million
Swiss Re Specialised Investments Holdings (UK) Ltd	London	100%	GBP 1.0 million

¹ As of 31 December 2011, Swiss Re Ltd held directly 92.8% and through Swiss Reinsurance Company Ltd indirectly 7.2% (treasury shares). These treasury shares were cancelled on 25 May 2012 and hence as of 31 December 2012 the Company held directly 100% in Swiss Reinsurance Company Ltd.

6 Own shares

As of 31 December 2012, Swiss Re Ltd and its subsidiaries held 27 560 372 (2011: 28 022 301) of Swiss Re Ltd's own shares, of which Swiss Re Ltd owned directly 24 765 932 (2011: 26 005 015) shares.

In the year under report, 4 100 174 (2011: 27 467 544) own shares were purchased at an average price of CHF 49.53 (2011: CHF 42.48) and 3 897 216 (2011: 27 957 243) own shares were sold at an average price of CHF 61.15 (2011: CHF 39.57).

7 Change in shareholders' equity

CHF millions	2011	2012
Opening balance of shareholders' equity ¹	0 ⁴	18 268
Capital increases	18 249 ⁵	–
Dividend paid for the previous year	–	–1 032 ²
Net income for the financial year	19	2 718
Shareholders' equity as of 31 December before proposed dividend payments	18 268	19 954
Proposed dividend payments	–1 028 ²	–2 574 ³
Shareholders' equity as of 31 December after proposed dividend payments	17 240	17 380

¹ The opening balance for 2011 is as of incorporation on 2 February 2011. The opening balance for 2012 is as of the beginning of the financial year on 1 January 2012.

² Since the Board of Directors' proposal for allocation of disposable profit, included in the Annual Report 2011, the number of registered shares eligible for dividend, at the dividend payment date of 20 April 2012, increased due to the transfer of 203 167 shares for employee participation purposes from not eligible to eligible for dividend. This resulted in a higher dividend of CHF 4 million, compared to the Board of Directors' proposal, and in lower legal reserves from capital contributions by the same amount.

³ Details on the proposed dividend payments for the financial year 2012 are disclosed on page 243.

⁴ Swiss Re Ltd was founded by Swiss Reinsurance Company Ltd on 2 February 2011 with an initial share capital of CHF 100 000 (rounded to CHF 0 million in the table above) and became the ultimate holding company of the Swiss Re Group on 20 May 2011. As per the contribution in kind agreement of 2 February 2011, the initial capital was contributed to Swiss Re Ltd by means of 1 000 000 Swiss Reinsurance Company Ltd shares with a nominal value of CHF 0.10 per share.

⁵ On 20 May 2011, Swiss Re Ltd received by way of contribution in kind 24 863 366 Swiss Reinsurance Company Ltd shares at a total book value of CHF 708 919 518 and 297 520 330 publicly held Swiss Reinsurance Company Ltd shares at a total contribution value of CHF 15 218 164 880 against issuance of 322 383 696 Swiss Re Ltd shares with a par value of CHF 0.10 per share.

On 10 June 2011, Swiss Re Ltd received by way of contribution in kind 600 000 Swiss Reinsurance Company Ltd shares at a total book value of CHF 29 430 000 and 39 450 613 publicly held Swiss Reinsurance Company Ltd shares at a total contribution value of CHF 1 935 052 568 against issuance of 40 050 613 Swiss Re Ltd shares with a par value of CHF 0.10 per share.

On 12 December 2011, Swiss Re Ltd received by way of contribution in kind 171 000 Swiss Reinsurance Company Ltd shares at a total book value of CHF 8 385 840 and 7 101 622 publicly held Swiss Reinsurance Company Ltd shares at a total contribution value of CHF 348 263 543 against issuance of 7 272 622 Swiss Re Ltd shares with a par value of CHF 0.10 per share. These shares were exchanged in the context of the squeeze-out and compensation of the minority shareholders of Swiss Reinsurance Company Ltd.

8 Major shareholders

As of 31 December 2012, there were six shareholders with a participation exceeding the 3% threshold of Swiss Re Ltd's share capital:

Shareholder	Number of shares	% of voting rights and share capital	Creation of the obligation to notify
Franklin Resources, Inc.	18 277 452	4.93	2 August 2012
Dodge & Cox	12 639 368	3.48	10 June 2011
MFS Investment Management	11 485 890	3.16	10 June 2011
Berkshire Hathaway Inc.	11 262 000	3.10	10 June 2011
BlackRock, Inc.	11 134 246	3.09	26 September 2011

In addition, Swiss Re Ltd held, as of 31 December 2012, directly and indirectly 27 560 372 (2011: 28 022 301) own shares, representing 7.43% (2011: 7.56%) of voting rights and share capital. Swiss Re Ltd cannot exercise the voting rights of own shares held.

9 Conditional capital and authorised capital

As of 31 December 2012, Swiss Re Ltd had the following conditional capital and authorised capital:

Conditional capital for Equity-Linked Financing Instruments

The share capital of the Company shall be increased by an amount not exceeding CHF 5 000 000 through the issuance of a maximum of 50 000 000 registered shares, payable in full, each with a nominal value of CHF 0.10, through the voluntary or mandatory exercise of conversion and/or option rights granted in connection with bonds or similar instruments including loans or other financial instruments by the Company or Group companies (hereinafter collectively the "Equity-Linked Financing Instruments"). Existing shareholders' subscription rights are excluded.

Authorised capital

The Board of Directors is authorised to increase the share capital of the Company at any time up to 20 May 2013 by an amount not exceeding CHF 8 500 000 through the issuance of up to 85 000 000 registered shares, payable in full, each with a nominal value of CHF 0.10. Increases by underwriting as well as partial increases are permitted. The date of issue, the issue price, the type of contribution and any possible acquisition of assets, the date of dividend entitlement as well as the expiry or allocation of non exercised subscription rights will be determined by the Board of Directors.

With respect to a maximum of CHF 5 000 000 through the issuance of up to 50 000 000 registered shares, payable in full, each with a nominal value of CHF 0.10, out of the total amount of authorised capital referred to above, the subscription rights of shareholders may not be excluded.

With respect to a maximum of CHF 3 500 000 through the issuance of up to 35 000 000 registered shares, payable in full, each with a nominal value of CHF 0.10, out of the total amount of authorised capital referred to above, the Board of Directors may exclude or restrict the subscription rights of the existing shareholders for the use of shares in connection with (i) mergers, acquisitions (including take-over) of companies, parts of companies or holdings, equity stakes (participations) or new investments planned by the Company and/or Group companies, financing or re-financing of such mergers, acquisitions or new investments, the conversion of loans, securities or equity securities, and/or (ii) improving the regulatory capital position of the Company or Group companies in a fast and expeditious manner if the Board of Directors deems it appropriate or prudent to do so (including by way of private placements).

Authorised capital for the exchange of shares

The Board of Directors is authorised to increase the share capital of the Company for the use as consideration for any remaining minority shareholders of Swiss Reinsurance Company Ltd for any voluntary or mandatory surrendering of their shares in Swiss Reinsurance Company Ltd after the execution of the public exchange offer of the Company at any time up to 20 May 2013 by an amount not exceeding CHF 4 005 061 through the issuance of up to 40 050 613 registered shares, payable in full, each with a nominal value of CHF 0.10. Increases by underwriting as well as partial increases are permitted. The date of issue, the issue price, the type of contribution and any possible acquisition of assets as well as the date of dividend entitlement will be determined by the Board of Directors. The subscription rights of the existing shareholders for registered shares issued according to above are excluded.

10 Legal reserves from capital contributions

CHF millions	2011	2012
Opening balance of legal reserves from capital contributions ¹	8 995	8 995
Reclassification to other reserves for dividend payment	–	–1 032
Additions to legal reserves from capital contributions	–	31 ²
Legal reserves from capital contributions as of 31 December	8 995	7 994
<i>thereof confirmed by the Swiss Federal Tax Administration</i>	<i>8 819</i>	<i>7 802³</i>

¹ The opening balance for 2011 is as of incorporation on 2 February 2011. The opening balance for 2012 is as of the beginning of the financial year 2012.

² In 2012, the Swiss Federal Tax Administration confirmed an additional qualifying amount of capital contribution reserves of CHF 15 million. In addition, there was another reclassification from other legal reserves to legal reserves from capital contributions of issuance costs of CHF 16 million related to capital increases in previous years, which has not been confirmed by the Swiss Federal Tax Administration.

³ Under current Swiss tax legislation, the amount of legal reserves from capital contributions, which has been confirmed by the Swiss Federal Tax Administration, can be paid out as dividends exempt from Swiss withholding tax, and for Swiss resident individual shareholders holding shares in private wealth also exempt from Swiss income taxes.

11 Risk assessment

Article 663b sub-para. 12 of the Swiss Code of Obligations requires disclosure of information on the performance of a risk assessment.

The identification, assessment and control of risk exposures of Swiss Re Ltd on a stand-alone basis are integrated in and covered by Swiss Re's Group risk management organisation and processes.

Details are disclosed on page 220.

12 Compensation, participations and loans of members of governing bodies

The section below is in line with articles 663b^{bis} and 663c para. 3 of the Swiss Code of Obligations, which require disclosure of the elements of compensation paid to Swiss Re's Board of Directors and Group Executive Committee (Group EC), as well as their shareholdings and loans.

Compensation for acting members of governing bodies

Article 663b^{bis} of the Swiss Code of Obligations requires disclosure of total compensation paid to members of the Board of Directors and the Group EC. Compensation to members of the Board of Directors and the highest paid members of the Group EC are shown by individual. For a description of the elements of this compensation, see page 93, Compensation.

Compensation of the Group EC

Aggregate compensation for members of the Group EC was:

CHF thousands	9 members 2011	16 members ⁵ 2012
Base salary and allowances ¹	10 687	12 985
Funding of pension benefits	1 397	1 656
Total fixed compensation	12 084	14 641
Cash Annual Performance Incentive ²	9 573	12 394
Value Alignment Incentive (VAI)	5 378	8 359
Long-term incentives (LPP) ³	6 250	12 400
Total variable compensation	21 201	33 153
Total fixed and variable compensation⁴	33 285	47 794
Compensation due to members leaving	1 448	2 268
Total compensation	34 733	50 062

¹ Allowances consist of housing, schooling, lump sum expenses, child and similar allowances.

² Does not include sign-on bonuses in the amount of CHF 1.4 million as payments were made prior to joining the Group EC. These amounts are however included in both "Aggregate compensation" tables on page 109.

³ Disclosure reflects all awards within a compensation cycle: the 2011 value reflects the fair value of LPP granted in March 2012, and the 2012 value reflects the fair value of LPP granted in March 2013. Furthermore, the 2011 values disclosed exclude the LPP granted in March 2012 of CHF 2.5 million for the incoming Group CEO, given he was not a member of the Group EC until 1 February 2012.

⁴ For 2012 includes payments reflecting the time in the role as Group EC member. For comparison purposes, if this approach had been applied in 2011, the 2011 "Compensation due to members leaving" of CHF 1.448 million would have been CHF 1.193 million, with the difference included in the 2011 "Total fixed and variable compensation" above, with no change to 2011 "Total compensation".

⁵ Represents incumbents and not positions; four new Group EC positions were created (see page 110 for more information).

The table above covers payments to 16 members in 2012, of whom seven were employed for the full year. This also takes into account changes in the composition of the Group EC, reflecting the Group's new corporate structure and operating model. The 2011 payments cover nine members, of whom eight were employed for the full year.

The fair value of the Value Alignment Incentive (VAI) is based on the nominal amount of the grant. Subsequently, a disbursement factor, which can vary between 50% and 150%, is applied based on the economic results of the Group. The VAI disclosed in the table above assumes a disbursement factor of 100% at grant date. For a description of the VAI plan see page 104, Compensation.

The Long Term Incentive plan (LTI) was replaced by a new plan, the Leadership Performance Plan (LPP) in 2012. The first grant was made in March 2012 under the new plan. The LPP grants made in 2012 and 2013 are expected to be settled in shares, and the requisite service as well as the maximum contractual term are three years. At grant, the award is split into two equal underlying components: Restricted Share Units (RSU) and Performance Share Units (PSU). The RSU component is measured against a RoE performance condition and will vest within a range of 0–100%. The PSU component is based on relative total shareholder return, measured against a pre-defined basket of peers and will vest within a range of 0–200%. The fair values of both components are measured separately, based on stochastic models. For further information on the LPP award, see pages 104 and 105, Compensation.

For US GAAP and statutory reporting purposes, VAI and long-term incentive awards are accrued over the period during which they are earned. For the purpose of the disclosure required of this note, the value of awards granted is included as compensation in the year of performance, for the years 2012 and 2011 respectively.

The members of the Group EC (including the Group CEO) participate in a defined contribution scheme and their pension funding compensation in the remuneration table on page 236 reflects the actual employer contributions.

Highest paid member of the Group EC

In 2012, Michel M. Liès, Group CEO, was the highest paid member of the Group EC. The compensation of the Group CEOs for the respective periods was:

Stefan Lippe, Group CEO from February 2009 until January 2012

Michel M. Liès, Group CEO since February 2012

CHF thousands	2011	2012 ²
Base salary and allowances	2 180	1 663
Funding of pension benefits	175	175
Total fixed compensation	2 355	1 838
Cash Annual Performance Incentive	3 000	1 450
Value Alignment Incentive (VAI)	0	1 450
Long-term incentives (LPP) ¹	0	2 000
Total variable compensation	3 000	4 900
Total compensation	5 355	6 738

¹ The 2011 values disclosed exclude the LPP granted in March 2012 of CHF 2.5 million for the incoming Group CEO, given he was not a member of the Group EC until 1 February 2012. Disclosure reflects all awards within a compensation cycle: the 2011 value reflects the fair value of LPP granted in March 2012, and the 2012 value reflects the fair value of LPP granted in March 2013.

² For 2012, includes one month for the former Group CEO and eleven months for the current Group CEO.

Compensation of the Board of Directors

Group fees for the members of the Board of Directors are delivered as 60% in cash and a mandatory 40% in Swiss Re shares with a four-year blocking period.

In 2009 and 2010, the Chairman and Vice Chairman received half of their fees in the form of a three-year performance share plan and the balance in cash. The performance share plan is measured against total relative shareholder return (TSR). The 2009 and 2010 performance shares were granted at a reference price of CHF 36.00 and CHF 53.60, respectively. The final number of shares to be released after three years can vary between 0% and 150% depending on the relative total shareholder return against a peer group. The Group did not grant a performance share plan in 2011 and 2012. The 2009 plan was settled in 2012.

The share prices as of 14 April 2011 of CHF 54.05 and as of 24 April 2012 of CHF 57.15 were used for calculating the number of shares awarded to the members of the Board of Directors based on the amount of the fee received in shares for 2011 and 2012 grants, respectively.

Aggregate compensation for the members of the Board of Directors was:

CHF thousands	2011	2012
Fees and allowances in cash	7 047	7 429
Fees in blocked shares	4 678	4 862
Total	11 725	12 291

Individual compensation for the Chairman and the two Vice Chairmen of the Board of Directors was:

Walter B. Kielholz, Chairman CHF thousands	2011	2012
Fees and allowances in cash	2 892	3 092
Total cash	2 892	3 092
Fees in blocked shares	1 912	2 045
Total	4 804	5 137

Mathis Cabiallavetta, Vice Chairman ¹ CHF thousands	2011	2012
Fees and allowances in cash	1 434	1 533
Total cash	1 434	1 533
Fees in blocked shares	956	1 023
Total	2 390	2 556

¹ Chairman of the Finance and Risk Committee since 13 April 2012, Chairman of the Investment Committee

Renato Fassbind, Vice Chairman ^{1,2} CHF thousands	2011	2012
Fees and allowances in cash	150	277
Total cash	150	277
Fees in blocked shares	100	184
Total	250	461

¹ Since 13 April 2012.

² Received additional fees in cash for his duties on the board of the Luxembourg Group companies of CHF 130 000 for 2011 and for Q1 2012 (pro-rata); as of 13 April 2012 no such additional fees were paid.

Individual compensation of the remaining members of the Board of Directors was:

2011 CHF thousands	Fees and allowances		Total
	in cash	Fees in shares	
Jakob Baer, Chairman of the Audit Committee	480	320	800
Raymund Breu, Member	225	150	375
Raymond K.F. Ch'ien, Member	225	150	375
John R. Coomber, Chairman of the Finance and Risk Committee	426	280	706
Renato Fassbind, Member ¹	150	100	250
Rajna Gibson Brandon, Member	210	140	350
Malcolm D. Knight, Member	165	110	275
Hans Ulrich Maerki, Member	195	130	325
Carlos E. Represas, Member	165	110	275
Jean-Pierre Roth, Member	180	120	300
Robert A. Scott, Chairman of the Compensation Committee	300	200	500
Total	2 721	1 810	4 531

¹ Elected to Swiss Re's Board of Directors at the Annual General Meeting of 15 April 2011.

2012 CHF thousands	Fees and allowances		Total
	in cash	Fees in shares	
Jakob Baer, Chairman of the Audit Committee	484	323	807
Raymund Breu, Member	216	144	360
Raymond K.F. Ch'ien, Member	216	144	360
John R. Coomber, Chairman of the Finance and Risk Committee ¹	299	196	495
Rajna Gibson Brandon, Member	201	134	335
C. Robert Henrikson, Chairman of the Compensation Committee ²	183	123	306
Malcolm D. Knight, Member	199	133	332
Hans Ulrich Maerki, Member	197	131	328
Carlos E. Represas, Member ³	274	111	385
Jean-Pierre Roth, Member	171	113	284
Robert A. Scott, Chairman of the Compensation Committee ⁴	87	58	145
Total	2 527	1 610	4 137

¹ Chairman of the Finance and Risk Committee until 13 April 2012.

² Elected to Swiss Re's Board of Directors at the Annual General Meeting of 13 April 2012.

³ Received additional fees in cash for his duties on the board of US Group companies of USD 115 000 for 2011; for 2012 this has been included above.

⁴ Term of office expired as of 13 April 2012 and did not stand for re-election due to retirement.

Compensation of former members of governing bodies

In 2011, a total of CHF 175 000 was paid to former members of the Group EC. This figure relates to one individual and covers company taxation commitments. In 2012, in the context of the outstanding mortgages and loans not at market rates for former members as well as of risk benefits, the equivalent of approximately CHF 60 000 was provided to three former members of the Group EC as a benefit in kind. No other compensation was paid to former members of the Group EC in 2012.

Group EC and Board of Directors share ownership, options and related instruments**Share ownership**

The disclosure below is in line with article 663c para. 3 of the Swiss Code of Obligations, which requires disclosure of share ownership, options and related instruments individually for each member of the Board of Directors and the Group EC, including shares, options and related instruments held by persons closely related to, and by companies controlled by members of the Board of Directors and the Group EC.

Number of shares held as of 31 December were:

Members of the Group EC	2011	2012
Stefan Lippe, former Group CEO ¹	201 733	
Michel M. Liès, Group CEO ²		129 562
David J. Blumer, former Group Chief Investment Officer ³	81 000	
Guido FÜRER, Group Chief Investment Officer ⁴		1 500
Agostino Galvagni, CEO Corporate Solutions	27 546	69 371
Brian Gray, former Group Chief Underwriting Officer ⁵	30 601	
Jean-Jacques Henchoz, CEO Reinsurance EMEA		12 287
Christian Mumenthaler, CEO Reinsurance	20 000	50 000
Moses Ojeisekhoba, CEO Reinsurance Asia ⁶		1 139
George Quinn, Group CFO	34 337	57 987
Matthias Weber, Group Chief Underwriting Officer ⁷		24 237
Thomas Wellauer, Group Chief Operating Officer	16 714	16 714
Total	411 931	362 797

¹ Member of the Group EC until 31 January 2012.

² Appointed to the Group EC as of 1 February 2012.

³ Member of the Group EC until 31 October 2012.

⁴ Appointed to the Group EC as of 1 November 2012.

⁵ Member of the Group EC until 30 April 2012.

⁶ Appointed to the Group EC as of 15 March 2012.

⁷ Appointed to the Group EC as of 1 April 2012.

Members of the Board of Directors	2011	2012
Walter B. Kielholz, Chairman	185 000	290 230
Mathis Cabiallavetta, Vice Chairman, Chairman of the Investment Committee, Chairman of the Finance and Risk Committee ¹	19 652	54 546
Renato Fassbind, Vice Chairman ²	1 846	5 073
Jakob Baer, Chairman of the Audit Committee	34 922	40 568
Raymund Breu, Member	31 789	34 310
Raymond K.F. Ch'ien, Member	10 719	13 240
John R. Coomber, Chairman of the Finance and Risk Committee ³	134 707	138 134
Rajna Gibson Brandon, Member	22 024	24 368
C. Robert Henrikson, Chairman of the Compensation Committee ⁴		2 144
Malcolm D. Knight, Member	3 538	5 857
Hans Ulrich Maerki, Member	21 621	23 915
Carlos E. Represas, Member	5 538	7 479
Jean-Pierre Roth, Member	3 350	5 341
Robert A. Scott, Chairman of the Compensation Committee ⁵	24 096	
Total	498 802	645 205

¹ Since 13 April 2012.

² Elected to Vice Chairman as of 13 April 2012.

³ Until 13 April 2012.

⁴ Elected to Swiss Re's Board of Directors at the Annual General Meeting of 13 April 2012.

⁵ Term of office expired as of 13 April 2012 and did not stand for re-election due to retirement.

Restricted shares

Swiss Re grants restricted shares on an ad hoc basis that are subject to a vesting period with a risk of forfeiture during the vesting period.

The following unvested restricted shares were held by members of the Group EC as of 31 December:

Members of the Group EC	2011	2012
Weighted average share price in CHF as of grant date	16.74	53.10
David J. Blumer, former Group Chief Investment Officer ¹	149 342	
Moses Ojeisekhoba, CEO Reinsurance Asia ²		13 093
Total	149 342	13 093

¹ Member of the Group EC until 31 October 2012.

² Appointed to the Group EC as of 15 March 2012.

The restricted shares granted to Moses Ojeisekhoba, CEO Reinsurance Asia, have a step vesting period until 2014. For the years ended 31 December 2011 and 2012, the members of the Board of Directors did not hold any restricted shares.

Performance shares

In 2009 and 2010, the Chairman and the Vice Chairman received half their fees in the form of a performance share plan with a three-year vesting period. The Group did not grant any such plans in 2011 and 2012.

Number of performance units outstanding as of 31 December 2011 and 2012 were:

Members of the Board of Directors	2011	2012
Walter B. Kielholz, Chairman	125 415	55 971
Mathis Cabiallavetta, Vice Chairman	69 653	27 986
Total	195 068	83 957

Vested options

The following vested options were held by members of Group governing bodies as of 31 December:

Members of the Group EC	2011	Number of options 2012
Weighted average strike price in CHF as of grant date	99.90	82.32
Stefan Lippe, former Group CEO ¹	99 000	
Michel M. Liès, Group CEO ²		66 000
Guido Fürer, Group Chief Investment Officer ³		7 500
Brian Gray, former Group Chief Underwriting Officer ⁴	14 000	
Christian Mumenthaler, CEO Reinsurance	2 000	
George Quinn, Group CFO	31 000	26 000
Matthias Weber, Group Chief Underwriting Officer ⁵		9 500
Total	146 000	109 000

¹ Member of the Group EC until 31 January 2012.

² Appointed to the Group EC as of 1 February 2012.

³ Appointed to the Group EC as of 1 November 2012.

⁴ Member of the Group EC until 30 April 2012.

⁵ Appointed to the Group EC as of 1 April 2012.

Members of the Board of Directors	2011	Number of options 2012
Weighted average strike price in CHF as of grant date	103.98	86.26
Walter B. Kielholz, Chairman	110 000	40 000
John R. Coomber, Chairman of the Finance and Risk Committee ¹	250 000	210 000
Total	360 000	250 000

¹ Chairman of the Finance and Risk Committee until 13 April 2012.

The range of expiry years for vested options held by members of Group governing bodies as of 31 December 2011 and 2012 was 2012–2015 and 2013–2015, respectively.

Loans to members of governing bodies

The following loans were granted to members of governing bodies as of 31 December:

CHF thousands	2011	2012
Total mortgages and loans to members of the Group EC	3 753	3 710
Highest mortgages and loans to an individual member of the Group EC:		
Christian Mumenthaler, CEO Reinsurance	2 167	2 143
Total mortgages and loans not at market conditions to former members of the Group EC	9 610	4 300
Mortgages and loans to members of the Board of Directors		
Walter B. Kielholz, Chairman	2 000	2 000

All credit is secured against real estate or pledged shares. The terms and conditions of loans and mortgages are the same as those available to all Swiss Re Group employees in the respective locations. In 2011 and 2012, all mortgages held by members of governing bodies were granted at Swiss terms and conditions. Fixed-rate mortgages have a maturity of five years and interest rates that correspond to the five-year Swiss franc swap rate plus a margin of 10 basis points. The variable-rate mortgages have no agreed maturity dates. The basic preferential interest rates equal the corresponding interest rates applied by the Zurich Cantonal Bank minus one percentage point. To the extent that fixed or adjustable interest rates are preferential, such values were factored into the compensation sums given to the governing body members.

Proposal for allocation of disposable profit

The Board of Directors proposes to the Annual General Meeting to be held in Zurich on 10 April 2013 to approve the following allocations and dividend payments:

CHF millions	2011	2012
Retained earnings brought forward	–	19
Net income for the financial year	19	2 718
Disposable profit	19	2 737
Allocation to other reserves	–	–2 730
Retained earnings after allocation	19	7

CHF millions	2011	2012
Other reserves brought forward	–	–
Allocation from retained earnings	–	2 730
Reclassification of legal reserves from capital contributions into other reserves	1 028 ¹	2 574 ²
Regular dividend payment out of other reserves	–1 028 ¹	–1 201 ²
Special dividend payment out of other reserves	–	–1 373 ²
Other reserves after allocations and dividend payments	–	2 730

¹ Since the Board of Directors' proposal for allocation of disposable profit, included in the Annual Report 2011, the number of registered shares eligible for dividend, at the dividend payment date of 20 April 2012, increased due to the transfer of 203 167 shares for employee participation purposes from not eligible to eligible for dividend. This resulted in a higher dividend of CHF 4 million, compared to the Board of Directors' proposal, and in lower legal reserves from capital contributions by the same amount.

² The Board of Directors' proposal to the Annual General Meeting of 10 April 2013, is subject to the actual number of shares outstanding and eligible for dividend.

Dividends

If the Board of Directors' proposal for allocations and dividend payments is accepted, a regular dividend of CHF 3.50 per share and an additional special dividend of CHF 4.00 per share will be paid on 17 April 2013 from other reserves after prior reclassification of legal reserves from capital contributions.

Share structure per 31 December 2012	Number of registered shares	Nominal capital in CHF
eligible for dividend ¹	343 169 258	34 316 926
not eligible for dividend	27 537 673	2 753 767
Total shares issued	370 706 931	37 070 693

¹ The Board of Directors' proposal to the Annual General Meeting of 10 April 2013, is subject to the actual number of shares outstanding and eligible for dividend.

Zurich, 14 March 2013

Report of the statutory auditor

Report of the statutory auditor
to the General Meeting of
Swiss Re Ltd
Zurich

Report of the statutory auditor on the Financial Statements

As statutory auditor, we have audited the financial statements of Swiss Re Ltd, which comprise the income statement, balance sheet and notes (pages 227 to 242), for the year ended 31 December 2012.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2012 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposal for allocation of disposable profit complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers Ltd



Alex Finn
Audit expert
Auditor in charge



Dawn M Kink

Zurich, 14 March 2013

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