

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 2017 amounted to CHF 4 043 million (2016: CHF 3 972 million) and was mostly driven by cash dividends from subsidiaries and affiliated companies of CHF 3 832 million.

The Company earned trademark licence fees of CHF 347 million and incurred administrative expenses of CHF 126 million, of which CHF 122 million were charges for services provided by Swiss Re Management Ltd, and other expenses of CHF 179 million, due to financing costs related to subordinated debt facilities of CHF 87 million, net realised foreign exchange losses of CHF 83 million and capital and indirect taxes of CHF 9 million.

Assets

Total assets increased from CHF 23 173 million as of 31 December 2016 to CHF 24 971 million as of 31 December 2017.

Current assets increased by CHF 362 million to CHF 3 958 million as of 31 December 2017, mainly driven by an increase in loans to subsidiaries and affiliates companies and receivables from subsidiaries and affiliated companies, partially offset by a decrease in short-term investments due to funding of capital contributions to subsidiaries and share buy-back programmes.

Non-current assets increased from CHF 19 577 million as of 31 December 2016 to CHF 21 013 million as of 31 December 2017. Investments in subsidiaries and affiliated companies increased by CHF 1 441 million to CHF 20 915 million as of 31 December 2017 due to capital contributions to Swiss Re Corporate Solutions Ltd of CHF 1 001 million, Swiss Re Life Capital Ltd of CHF 306 million and Swiss Re Principal Investments Company Ltd of CHF 134 million.

Liabilities

Total liabilities increased from CHF 352 million as of 31 December 2016 to CHF 726 million as of 31 December 2017.

Short-term liabilities increased by CHF 458 million to CHF 697 million as of 31 December 2017, mainly driven by an increase in loans from subsidiaries and affiliated companies of CHF 429 million.

Long-term liabilities decreased by CHF 84 million to CHF 29 million as of 31 December 2017, mainly due to a reduction in the provision for currency fluctuations of CHF 74 million and tax provision of CHF 10 million.

Shareholders' equity

Shareholders' equity increased from CHF 22 821 million as of 31 December 2016 to CHF 24 245 million as of 31 December 2017, mainly due to net income of CHF 4 043 million, partially offset by dividends to shareholders of CHF 1 557 million and share buy-back programmes of CHF 1 064 million.

Share capital decreased by CHF 1 million to CHF 35 million as of 31 December 2017 and legal profit reserves decreased by CHF 980 million to CHF 7 285 million as of 31 December 2017 resulting from the cancellation of own shares.

Own shares (directly held by the Company) increased by CHF 81 million to CHF 1 636 million as of 31 December 2017 due to net purchases of own shares of CHF 17 million and share buy-back programmes of CHF 1 064 million, partially offset by the cancellation of own shares of CHF 1 000 million.

Income statement

Swiss Re Ltd

For the years ended 31 December

CHF millions	Notes	2016	2017
Revenues			
Investment income	2	3 613	4 018
Trademark licence fees		339	347
Other revenues		263	2
Total revenues		4 215	4 366
Expenses			
Administrative expenses	3	-147	-126
Investment expenses	2	-1	-2
Other expenses		-70	-179
Total expenses		-218	-307
Income before income tax expense		3 997	4 059
Income tax expense		-25	-16
Net income		3 972	4 043

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	2016	2017
Current assets			
Cash and cash equivalents		6	6
Short-term investments	4	1 158	3
Receivables from subsidiaries and affiliated companies		170	765
Other receivables and accrued income		2	5
Loans to subsidiaries and affiliated companies		2 260	3 179
Total current assets		3 596	3 958
Non-current assets			
Loans to subsidiaries and affiliated companies		103	98
Investments in subsidiaries and affiliated companies	5	19 474	20 915
Total non-current assets		19 577	21 013
Total assets		23 173	24 971

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

Liabilities and shareholders' equity

CHF millions	Notes	2016	2017
Liabilities			
Short-term liabilities			
Payables to subsidiaries and affiliated companies		40	43
Other liabilities and accrued expenses		199	225
Loans from subsidiaries and affiliated companies		0	429
Total short-term liabilities		239	697
Long-term liabilities			
Provisions		113	29
Total long-term liabilities		113	29
Total liabilities		352	726
Shareholders' equity	7		
Share capital	9	36	35
Legal reserves from capital contributions		192	192
Other legal capital reserves		0	1
Legal capital reserves		192	193
Legal profit reserves		8 265	7 285
Reserve for own shares (indirectly held by subsidiaries)		17	16
Voluntary profit reserves		11 890	14 305
Retained earnings brought forward		4	4
Net income for the financial year		3 972	4 043
Own shares (directly held by the Company)	8	-1 555	-1 636
Total shareholders' equity		22 821	24 245
Total liabilities and shareholders' equity		23 173	24 971

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 Law.

Time period

The financial year 2017 comprises the accounting period from 1 January 2017 to 31 December 2017.

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 in foreign currencies 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 investments 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 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 consists of both other expenditures incurred during the financial year but relating to a subsequent financial year, and revenues relating to the current financial year but receivable in a subsequent financial year.

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.

Investments in subsidiaries and affiliated companies

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

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 payable in a subsequent financial year.

Loans from subsidiaries and affiliated companies

Loans from subsidiaries and affiliated companies are carried at nominal value.

Provisions

Provisions contain provision for currency fluctuation and provision for taxation.

The provision for currency fluctuation comprises the net effect of foreign exchange gains and losses arising from the yearly 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 is insufficient to absorb net foreign exchange losses for the financial year, the provision for currency fluctuation is reduced to zero and the excess foreign exchange loss is recognised in the income statement.

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

Other legal capital reserves

Other legal capital reserves reflect gains and losses from sale of own shares (directly held by the Company).

Reserve for own shares (indirectly held by subsidiaries)

Reserve for own shares is accounted for at the book value of those shares in the statutory financial statements of the respective subsidiary.

Own shares (directly held by the Company)

Own shares are carried at cost and presented as a deduction in shareholders' equity.

Foreign exchange transaction gains and losses

Foreign exchange gains and losses arising from foreign exchange transactions are recognised in the income statement and reported in other expenses or other revenues, respectively.

Dividends from subsidiaries and affiliated companies

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

Trademark licence fees

Trademark licence fees are charged by the Company to its direct and indirect subsidiaries and their branches that benefit from the use of the Swiss Re brand.

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 the federal level, dividends from subsidiaries and affiliated companies are indirectly exempt from income taxation (participation relief). However, income tax is payable on trademark licence fees charged to certain subsidiaries and affiliated companies.

Subsequent events

Subsequent events for the current reporting period have been evaluated up to 14 March 2018. This is the date on which the financial statements are available to be issued.

2 Investment income and expenses

CHF millions	2016	2017
Cash dividends from subsidiaries and affiliated companies	3 517	3 832
Realised gains on sale of investments	7	46
Income from short-term investments	2	6
Income from loans to subsidiaries and affiliated companies	35	63
Investment management income	1	1
Other interest revenues	51	70
Investment income	3 613	4 018

CHF millions	2016	2017
Realised losses on sale of investments	0	1
Investment management expenses	1	1
Other interest expenses	0	0
Investment expenses	1	2

3 Administrative expenses and personnel information

Swiss Re Ltd receives management and other services from Swiss Re Management Ltd and Swiss Reinsurance Company Ltd and has no employees of its own.

4 Securities lending

As of 31 December 2017, securities of CHF 0.1 million were lent to Group companies under securities lending agreements, whereas in 2016 securities of CHF 1 034 million were lent to Group companies. As of 31 December 2017 and 2016, there were no securities lent to third parties.

5 Investments in subsidiaries and affiliated companies

As of 31 December 2017 and 2016, Swiss Re Ltd held directly the following investments in subsidiaries and affiliated companies:

As of 31 December 2017	Domicile	Currency	Share capital (millions)	Affiliation in %	Voting interest in %
Swiss Reinsurance Company Ltd	Zurich	CHF	34.4	100	100
Swiss Re Corporate Solutions Ltd	Zurich	CHF	100.0	100	100
Swiss Re Life Capital Ltd	Zurich	CHF	0.1	100	100
Swiss Re Investments Holding Company Ltd	Zurich	CHF	0.1	100	100
Swiss Re Principal Investments Company Ltd	Zurich	CHF	0.1	100	100
Swiss Re Management Ltd	Zurich	CHF	0.1	100	100
Swiss Re Specialised Investments Holdings (UK) Ltd	London	GBP	1.0	100	100

As of 31 December 2016	Domicile	Currency	Share capital (millions)	Affiliation in %	Voting interest in %
Swiss Reinsurance Company Ltd	Zurich	CHF	34.4	100	100
Swiss Re Corporate Solutions Ltd	Zurich	CHF	100.0	100	100
Swiss Re Life Capital Ltd	Zurich	CHF	0.1	100	100
Swiss Re Investments Holding Company Ltd	Zurich	CHF	0.1	100	100
Swiss Re Principal Investments Company Ltd	Zurich	CHF	0.1	100	100
Swiss Re Management Ltd	Zurich	CHF	0.1	100	100
Swiss Re Specialised Investments Holdings (UK) Ltd	London	GBP	1.0	100	100

Further disclosures in respect of investments in significant indirect subsidiaries and affiliated companies are detailed in note 19 "Significant subsidiaries and equity investees" on pages 281 to 283 in the notes to the Group financial statements, where the voting interests are equal to the affiliations disclosed, except of Sul América S.A. where the voting rights are equal to 10%.

6 Commitments

The Company has established subordinated debt facilities which allow the Company to issue subordinated callable notes at any time. The Company pays a fee on the available commitment under the facility and an interest rate on issued notes. Notes, when issued, will be classified as subordinated debt. As of 31 December 2017, no notes have been issued under the facilities.

An overview of the subordinated debt facilities is provided in the following table:

Instrument	Issued in	Currency	Nominal value in millions	Commitment fee (paid on undrawn amount)	Interest rate on issued notes	Facility first termination date	Issued notes' scheduled maturity date
Dated subordinated fixed-to-floating rate callable notes facility	2015	USD	700	3.53%	5.75% ¹	2025	2050
Dated subordinated fixed rate callable notes facility	2016	USD	400	3.92%	6.05% ¹	2031	2056
Dated subordinated fixed-to-floating rate callable notes facility	2016	USD	800	3.67%	5.625% ¹	2027	2052
Perpetual subordinated fixed spread callable notes facility	2017	USD	750	2.77%	4.625% ¹	2022	Perpetual ²

¹ Until first optional redemption date.

² First optional redemption date in 2022 and every five years thereafter.

The Company has entered into subordinated funding facilities with its subsidiary Swiss Reinsurance Company Ltd under which Swiss Reinsurance Company Ltd has the right, among others, to issue subordinated notes to the Company at any time. For its various rights, Swiss Reinsurance Company Ltd owes the Company an unconditional fixed commitment fee on the total facility amount, payable in annual instalments. Annually, Swiss Reinsurance Company Ltd receives a partial reimbursement of the commitment fee on the undrawn facility amount. As of 31 December 2017, the facilities were undrawn.

An overview of the subordinated funding facilities is provided in the following table:

Instrument	Borrower	Issued in	Currency	Nominal value in millions	Total commitment fee calculated and paid on nominal value	Reimbursement fee paid on undrawn amount	Net commitment fee paid on undrawn amount	Maturity
Subordinated funding facility	Swiss Reinsurance Company Ltd	2015	USD	700	5.80%	2.22%	3.58%	2030
Subordinated funding facility	Swiss Reinsurance Company Ltd	2016	USD	400	6.10%	2.13%	3.97%	2036
Subordinated funding facility	Swiss Reinsurance Company Ltd	2016	USD	800	5.68%	1.95%	3.73%	2032

7 Change in shareholders' equity

CHF millions	Share capital	Legal capital reserves ³	Legal profit reserves	Reserves for own shares	Voluntary profit reserves	Retained earnings brought forward	Net income for the financial year	Own shares	Total Shareholders' equity
Shareholders' equity 1.1.2017	36	192	8 265	17	11 890	4	3 972	-1 555	22 821
Allocations relating to the dividend paid					3 972		-3 972		0
Dividend for the financial year 2016					-1 557				-1 557
Net income for the financial year							4 043		4 043
Share buy-back programme 2016 ¹								-479	-479
Share cancellation ¹	-1	-18	-981					1 000	0
Share buy-back programme 2017 ²								-585	-585
Other movements in own shares		19	1	-1				-17	2
Shareholders' equity 31.12.2017	35	193	7 285	16	14 305	4	4 043	-1 636	24 245

CHF millions	Share capital	Legal capital reserves ³	Legal profit reserves	Reserves for own shares	Voluntary profit reserves	Retained earnings brought forward	Net income for the financial year	Own shares	Total Shareholders' equity
Shareholders' equity 1.1.2016	37	257	9 168	18	9 550	4	3 865	-1 430	21 469
Allocations relating to the dividend paid					3 865		-3 865		0
Dividend for the financial year 2015					-1 525				-1 525
Net income for the financial year							3 972		3 972
Share buy-back programme 2015								-570	-570
Share cancellation	-1	-96	-903					1 000	0
Share buy-back programme 2016								-521	-521
Other movements in own shares		31		-1				-34	-4
Shareholders' equity 31.12.2016	36	192	8 265	17	11 890	4	3 972	-1 555	22 821

¹ At the 152nd Annual General Meeting held on 22 April 2016, the Group's shareholders authorised the Group Board of Directors to repurchase up to a maximum CHF 1 billion purchase value of the Group's own shares prior to the 2017 Annual General Meeting through a public share buy-back programme for cancellation purposes. The buy-back programme was completed on 9 February 2017. The total number of shares repurchased amounted to 10.6 million, of which 5.5 million and 5.1 million shares were repurchased by 31 December 2016 and between 1 January and 9 February 2017, respectively. On 21 April 2017, the 153rd Annual General Meeting resolved the cancellation of the repurchased 10.6 million shares by way of share capital reduction. The shares were cancelled on 25 July 2017, after completion of the procedure in respect of a share capital reduction as set forth in Article 732 et seqq. of the Swiss Code of Obligations.

² At the 153rd Annual General Meeting held on 21 April 2017, the Group's shareholders authorised the Group Board of Directors to repurchase up to a maximum

CHF 1 billion purchase value of the Group's own shares prior to the 2018 Annual General Meeting through a public share buy-back programme for cancellation purposes.

³ Under current Swiss tax legislation, CHF 1.0 million 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.

8 Own shares (directly and indirectly held by the Company)

Number of own shares	2016	2017
<i>Own shares held by subsidiaries</i>	211 472	178 233
<i>Own shares held by Swiss Re Ltd directly</i>	32 755 754	33 915 601
Opening balance own shares	32 967 226	34 093 834
Purchase of own shares ¹	987 559	995 183
Sale of own shares ²	-983 451	-1 027 501
Share buy-back programme (151st AGM 2015) ³	6 214 370	-
Share buy-back programme (152nd AGM 2016) ⁴	5 542 500	5 077 780
Cancellation of shares bought back	-10 634 370	-10 620 280
Share buy-back programme (153rd AGM 2017) ⁵	-	6 347 500
Own shares as of 31 December	34 093 834	34 866 516

¹ Purchased at average price CHF 89.91 (2016: CHF 88.73).

² Sold at average price CHF 87.31 (2016: CHF 87.97).

³ Purchased at average price CHF 91.73.

⁴ Purchased at average price CHF 94.33 (2016: CHF 94.00).

⁵ Purchased at average price CHF 92.16.

9 Major shareholders

As of 31 December 2017, there was one shareholder with a participation exceeding the 3% threshold of Swiss Re Ltd's share capital:

Shareholder	Number of shares	% of voting rights and share capital ¹	Creation of the obligation to notify
BlackRock, Inc.	17 278 451	4.94	14 December 2017

¹ The percentage of voting rights is calculated at the date the obligation was created and notified.

Further information in respect of major shareholders are detailed in "Group structure and shareholders" on page 98 in the Financial Report 2017.

In addition, Swiss Re Ltd held, as of 31 December 2017, directly and indirectly 34 866 516 (2016: 34 093 834) own shares, representing 9.98% (2016: 9.47%) of voting rights and share capital. Swiss Re Ltd cannot exercise the voting rights of own shares held.

10 Release of undisclosed reserves

In 2017 and 2016 no net undisclosed reserves were released.

11 Share ownership, options and related instruments of governing bodies

This section is in line with Articles 663c para. 3 and 959c para. 2 cif. 11 of the Swiss Code of Obligations, which requires disclosure of shareholdings, options and related instruments held by members of the Board of Directors and Group Executive Committee (Group EC) at the end of the reporting year and of share-based compensation for the Board of Directors during the reporting year. Further disclosures in respect of compensation for the members of the Board of Directors and the Group EC, and persons closely related, are detailed in the Compensation Report on pages 173 to 178 of the Financial Report of the Swiss Re Group.

Share ownership

The number of shares held as of 31 December were:

Members of the Group EC	2016	2017
Christian Mumenthaler, Group CEO	63 854	68 775
David Cole, Group Chief Financial Officer	68 061	82 982
John R. Dacey, Group Chief Strategy Officer	7 526	23 671
Guido Fürer, Group Chief Investment Officer	56 156	61 077
Agostino Galvagni, CEO Corporate Solutions	79 670	94 591
Jean-Jacques Henchoz, CEO Reinsurance EMEA	46 817	49 020
Thierry Léger, CEO Life Capital	57 610	49 841
Moses Ojeisekhoba, CEO Reinsurance	27 895	36 194
Jayne Plunkett, CEO Reinsurance Asia	29 095	34 288
Edouard Schmid, Group Chief Underwriting Officer	n/a	29 161
J. Eric Smith, CEO Reinsurance Americas	13 984	21 400
Matthias Weber, former Group Chief Underwriting Officer ¹	25 750	n/a
Thomas Wellauer, Group Chief Operating Officer	130 224	105 390
Total	606 642	656 390

¹ The number of shares held on 30 June 2017 when Matthias Weber stepped down from the Group EC was 24 913.

Members of the Board of Directors	2016	2017
Walter B. Kielholz, Chairman	414 613	399 987
Renato Fassbind, Vice Chairman, Chairman of the Audit Committee	19 954	23 854
Raymond K.F. Ch'ien, Member	19 978	21 472
Mary Francis, Member	5 927	6 509
Rajna Gibson Brandon, Member	21 700	23 194
C. Robert Henrikson, Chairman of the Compensation Committee	11 065	13 248
Trevor Manuel, Member	2 363	3 972
Jay Ralph, Member ¹	n/a	868
Joerg Reinhardt, Member ¹	n/a	1 168
Carlos E. Represas, former Member ²	12 837	n/a
Philip K. Ryan, Chairman of the Finance and Risk Committee	6 134	8 892
Sir Paul Tucker, Member ³	1 036	2 530
Jacques de Vaucheroy, Member ¹	n/a	868
Susan L. Wagner, Chair of the Investment Committee	6 111	8 754
Total	521 718	515 316

¹ Elected to Swiss Re's Board of Directors at the AGM of 21 April 2017.

² Term of office expired after the completion of the AGM of 21 April 2017 and did not stand for re-election.

³ Elected to Swiss Re's Board of Directors at the AGM of 22 April 2016.

Share-based compensation

The share-based compensation for the members of the Board of Directors for 2016 and 2017 was:

	2016		2017	
	Fees in blocked shares ¹ (CHF thousands)	Number of shares ²	Fees in blocked shares ¹ (CHF thousands)	Number of shares ²
Members of the Board of Directors				
Walter B. Kielholz, Chairman	1 955	22 372	1 663	19 674
Renato Fassbind, Vice Chairman, Chairman of the Audit Committee ³	359	4 110	330	3 900
Mathis Cabiallavetta, former Member ⁴	39	449	n/a	n/a
Raymond K.F. Ch'ien, Member	133	1 519	126	1 494
Mary Francis, Member ⁵	140	1 598	136	1 609
Rajna Gibson Brandon, Member	130	1 484	127	1 494
C. Robert Henrikson, Chairman of the Compensation Committee	190	2 169	185	2 183
Hans Ulrich Maerki, former Member ⁴	42	483	n/a	n/a
Trevor Manuel, Member	131	1 495	136	1 609
Jay Ralph, Member ⁶	n/a	n/a	73	868
Joerg Reinhardt, Member ⁶	n/a	n/a	73	868
Carlos E. Represas, former Member ^{7, 8}	110	1 256	34	396
Jean-Pierre Roth, former Member ⁴	33	380	n/a	n/a
Philip K. Ryan, Chairman of the Finance and Risk Committee ⁷	239	2 740	233	2 758
Sir Paul Tucker, Member ⁹	91	1 036	126	1 494
Jacques de Vaucleroy, Member ^{5, 6}	n/a	n/a	73	868
Susan L. Wagner, Chair of the Investment Committee	229	2 626	223	2 643
Total	3 821	43 717	3 538	41 858

¹ Represents the portion (40%) of the total fees for the members of the Board of Directors that is delivered in Swiss Re Ltd shares, with a four-year blocking period.

² The number of shares is calculated by dividing the portion (40%) of the total fees with the average closing price of the shares on the SIX Swiss Exchange during the ten trading days preceding the AGM less the amount of any dividend resolved by such AGM.

³ Acting as the Lead Independent Director.

⁴ Term of office expired after the completion of the AGM of 22 April 2016 and did not stand for re-election.

⁵ Includes fees received for duties on the board of Luxembourg Group companies.

⁶ Elected to Swiss Re's Board of Directors at the AGM of 21 April 2017.

⁷ Includes fees received for duties on the board of US Group companies.

⁸ Term of office expired after the completion of the AGM of 21 April 2017 and did not stand for re-election.

⁹ Elected to Swiss Re's Board of Directors at the AGM of 22 April 2016.

Restricted shares

For the years ended 31 December 2016 and 2017, neither the members of the Board of Directors nor the members of the Group EC held any restricted shares.

Vested options

For the years ended 31 December 2016 and 2017, neither the members of the Board of Directors nor the members of the Group EC held any vested options.

Proposal for allocation of disposable profit

The Board of Directors proposes to the Annual General Meeting to be held in Zurich on 20 April 2018 to approve the following allocations and dividend payment:

CHF millions	2016	2017
Retained earnings brought forward	4	4
Net income for the financial year	3 972	4 043
Disposable profit	3 976	4 047
Allocation to voluntary profit reserves	-3 972	-4 043
Retained earnings after allocation	4	4

CHF millions	2016	2017
Voluntary profit reserves brought forward	11 890	14 305
Allocation from retained earnings	3 972	4 043
Ordinary dividend payment out of voluntary profit reserves	-1 557 ¹	-1 573 ²
Voluntary profit reserves after allocation and dividend payment	14 305	16 775

¹ Since the Board of Directors' proposal for allocation of disposable profit, included in the Annual Report 2016, the number of registered shares eligible for dividend, at the dividend payment date of 27 April 2017, decreased due to the share buy-back programme of 5 077 780 shares and transfer of 44 378 shares for employee participation purposes from not eligible to eligible for dividend. This resulted in a lower dividend of CHF 24 million, compared to the Board of Directors' proposal, and higher voluntary profit reserves by the same amount.

² The Board of Directors' proposal to the Annual General Meeting of 20 April 2018 is based on the number of shares eligible for dividend as of 31 December 2017. The actual dividend payment will depend on the number of shares eligible for dividend as of 23 April 2018.

Dividend

If the Board of Directors' proposal for allocations and dividend payment is accepted, an ordinary dividend of CHF 5.00 per share will be paid on 26 April 2018 from voluntary profit reserves.

Share structure per 31 December 2017	Number of registered shares	Nominal capital in CHF
Eligible for dividend ¹	314 585 765	31 458 577
Not eligible for dividend	34 866 516	3 486 652
Total shares issued	349 452 281	34 945 228

¹ The Board of Directors' proposal to the Annual General Meeting of 20 April 2018 is based on the number of shares eligible for dividend as of 31 December 2017. The actual dividend payment will depend on the number of shares eligible for dividend as of 23 April 2018.

Zurich, 14 March 2018

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 (the “Company”), which comprise the income statement, balance sheet and notes (pages 299 to 309), for the year ended 31 December 2017.

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 Association. 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 judgement, 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 Company’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 Company’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 2017 comply with Swiss law and the Company’s Articles of Association.

Report on a key audit matter based on the circular 1/2015 of the Federal Audit Oversight Authority

A key audit matter is a matter that, in our professional judgement, was of most significance in our audit of the financial statements of the current period. The matter was addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Impairment assessment of investments in subsidiaries and affiliated companies

Key audit matter

The Company applies individual valuations of investments in subsidiaries and affiliated companies in accordance with Swiss Law.

In performing impairment assessments of investments in subsidiaries and affiliated companies, management uses considerable judgement in determining valuation-method inputs. Management applies a consistent market value method for each investment and applies adjustments to the model based on specific characteristics of the investment.

The impairment assessment is considered a key audit matter due to the considerable judgement in the valuation model and inputs and adjustments applied.

How our audit addressed the key audit matter

In relation to the matter set out opposite, our substantive testing procedures included the following:

- Evaluating management's method and assumptions to determine a market value.
- Assessing whether the model applied for each subsidiary is reasonable, including any adjustments applied.
- Understanding judgements applied by management for each investment to ensure they are in accordance with our own expectation based on our knowledge of the business and industry.
- Engaging our internal valuation specialists to assist in the testing of key assumptions and inputs.

On the basis of the work performed, we consider the methods and assumptions used by management to be reasonable. We agree with their conclusion that the book values for all investments in subsidiaries are recoverable.

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 Association. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers Ltd



Alex Finn

Audit expert
Auditor in charge



Bret Griffin

Zurich, 14 March 2018