

# 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 2018 amounted to CHF 3 077 million (2017: CHF 4 043 million) and was mainly driven by cash dividends from subsidiaries and affiliated companies of CHF 3 562 million.

The Company earned trademark license fees of CHF 340 million and reported net realised foreign exchange gains of CHF 70 million, offset by valuation adjustments on investments in subsidiaries and affiliated companies of CHF 776 million and administrative expenses of CHF 133 million.

## Assets

Total assets increased from CHF 24 971 million as of 31 December 2017 to CHF 25 360 million as of 31 December 2018.

Current assets increased by CHF 198 million to CHF 4 156 million as of 31 December 2018, mainly driven by an increase in loans to subsidiaries and affiliated companies, partially offset by a decrease in receivables from subsidiaries and affiliated companies.

Non-current assets increased by CHF 191 million to CHF 21 204 million as of 31 December 2018, mainly driven by an increase in loans to subsidiaries and affiliated companies, partially offset by a decrease in investments in subsidiaries and affiliated companies.

## Liabilities

Total liabilities increased from CHF 726 million as of 31 December 2017 to CHF 890 million as of 31 December 2018.

Short-term liabilities decreased by CHF 434 million to CHF 263 million as of 31 December 2018, mainly driven by a decrease in loans from subsidiaries and affiliated companies.

Long-term liabilities increased by CHF 598 million to CHF 627 million as of 31 December 2018, mainly due to the issuance of convertible debt and an increase in the provision for currency fluctuation.

## Shareholders' equity

Shareholders' equity increased from CHF 24 245 million as of 31 December 2017 to CHF 24 470 million as of 31 December 2018, mainly due to net income of CHF 3 077 million, partially offset by dividends to shareholders of CHF 1 551 million and share buy-back programmes of CHF 1 304 million.

Share capital decreased by CHF 1 million to CHF 34 million as of 31 December 2018 and legal profit reserves decreased by CHF 991 million to CHF 6 294 million as of 31 December 2018 resulting from the cancellation of own shares.

Own shares (directly held by the Company) increased by CHF 310 million to CHF 1 946 million as of 31 December 2018 due to net purchases of own shares of CHF 6 million and share buy-back programmes of CHF 1 304 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	2017	2018
<b>Revenues</b>			
Investment income	2	4 018	3 778
Trademark license fees		347	340
Other revenues		2	70
<b>Total revenues</b>		4 366	4 188
<b>Expenses</b>			
Administrative expenses	3	-126	-133
Investment expenses	2	-2	-870
Other expenses		-179	-107
<b>Total expenses</b>		-307	-1 110
<b>Income before income tax expense</b>		4 059	3 078
Income tax expense		-16	-1
<b>Net income</b>		4 043	3 077

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	2017	2018
<b>Current assets</b>			
Cash and cash equivalents		6	1
Short-term investments	4	3	39
Receivables from subsidiaries and affiliated companies		765	442
Other receivables and accrued income		5	18
Loans to subsidiaries and affiliated companies		3 179	3 656
<b>Total current assets</b>		<b>3 958</b>	<b>4 156</b>
<b>Non-current assets</b>			
Loans to subsidiaries and affiliated companies		98	719
Investments in subsidiaries and affiliated companies	5	20 915	20 485
<b>Total non-current assets</b>		<b>21 013</b>	<b>21 204</b>
<b>Total assets</b>		<b>24 971</b>	<b>25 360</b>

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

## Liabilities and shareholders' equity

CHF millions	Notes	2017	2018
<b>Liabilities</b>			
<b>Short-term liabilities</b>			
Payables to subsidiaries and affiliated companies		43	120
Other liabilities and accrued expenses		225	143
Loans from subsidiaries and affiliated companies		429	–
<b>Total short-term liabilities</b>		697	263
<b>Long-term liabilities</b>			
Provisions		29	134
Debt	7	–	493
<b>Total long-term liabilities</b>		29	627
<b>Total liabilities</b>		726	890
<b>Shareholders' equity</b>			
Share capital	10	35	34
<i>Legal reserves from capital contributions</i>		192	192
<i>Other legal capital reserves</i>		1	0
Legal capital reserves		193	192
Legal profit reserves		7 285	6 294
Reserve for own shares (indirectly held by subsidiaries)		16	18
Voluntary profit reserves		14 305	16 797
Retained earnings brought forward		4	4
Net income for the financial year		4 043	3 077
Own shares (directly held by the Company)	9	–1 636	–1 946
<b>Total shareholders' equity</b>		24 245	24 470
<b>Total liabilities and shareholders' equity</b>		24 971	25 360

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

# Notes

# Swiss Re Ltd

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## 1 Significant accounting principles

### **Basis of presentation**

The financial statements are prepared in accordance with Swiss Law.

### **Time period**

The financial year 2018 comprises the accounting period from 1 January 2018 to 31 December 2018.

### **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 reported 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 generally carried at nominal value. Value adjustments are recorded where the expected recovery value is lower than the nominal value.

Receivables from subsidiaries and affiliated companies/Other receivables also include derivative financial instruments which are carried at the lower of cost or market 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 value adjustments to reflect other than temporary decreases in the value in use.

### **Payables to subsidiaries and affiliated companies/Other liabilities**

These liabilities are generally carried at nominal value.

Payables to subsidiaries and affiliated companies/Other liabilities also include derivative financial instruments which are carried at the lower of cost or market 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.

### **Debt**

Debt is held at redemption value.

### **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 13 March 2019. This is the date on which the financial statements are available to be issued.

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## 2 Investment income and expenses

CHF millions	2017	2018
Cash dividends from subsidiaries and affiliated companies	3 832	<b>3 562</b>
Realised gains on sale of investments	46	<b>19</b>
Income from short-term investments	6	<b>0</b>
Income from loans to subsidiaries and affiliated companies	63	<b>113</b>
Investment management income	1	<b>0</b>
Other interest revenues	70	<b>84</b>
<b>Investment income</b>	<b>4 018</b>	<b>3 778</b>

CHF millions	2017	2018
Realised losses on sale of investments	1	<b>66</b>
Valuation adjustments on derivative financial instruments <sup>1</sup>	0	<b>16</b>
Valuation adjustments on investments in subsidiaries and affiliated companies	–	<b>776</b>
Investment management expenses	1	<b>0</b>
Other interest expenses	0	<b>12</b>
<b>Investment expenses</b>	<b>2</b>	<b>870</b>

<sup>1</sup> The derivative financial instruments are included in Receivables from subsidiaries and affiliated companies.

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## 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.

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## 4 Securities lending

As of 31 December 2018, securities of CHF 10.7 million were lent to Group companies under securities lending agreements, whereas in 2017 securities of CHF 0.1 million were lent to Group companies. As of 31 December 2018 and 2017, there were no securities lent to third parties.

## 5 Investments in subsidiaries and affiliated companies

As of 31 December 2018 and 2017, Swiss Re Ltd held directly the following investments in subsidiaries and affiliated companies:

As of 31 December 2018	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 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

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 290 to 292 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 2018, 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% <sup>1</sup>	2025	2050
Dated subordinated fixed rate callable notes facility	2016	USD	400	3.92%	6.05% <sup>1</sup>	2031	2056
Dated subordinated fixed-to-floating rate callable notes facility	2016	USD	800	3.67%	5.625% <sup>1</sup>	2027	2052
Perpetual subordinated fixed spread callable notes facility	2017	USD	750	2.77%	4.625% <sup>1</sup>	2022	Perpetual <sup>2</sup>

<sup>1</sup> Until first optional redemption date.

<sup>2</sup> 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 2018, 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 Debt

In June 2018, the Company issued a six-year senior unsecured exchangeable instrument with issuer stock settlement. The instrument has a face value of USD 500 million, with a fixed coupon of 3.25% per annum payable semi-annually in arrear until the maturity date (13 June 2024).

To economically offset the settlement of a noteholder initiated exchange (in cash or in Swiss Re Ltd shares), the Company purchased matching call options on Swiss Re Ltd shares with a portion of the proceeds of the offering. Consequently, no new Swiss Re Ltd shares will be issued upon a noteholder initiated exchange. Further information are detailed in Note 11 Debt and contingent capital instruments on page 271 in the 2018 Financial Report.

As of 31 December 2018, Swiss Re Ltd had outstanding debts of CHF 493 million (2017: CHF 0) due after five years.

Instrument	Issued in	Currency	Nominal in millions	Interest rate	Maturity	Book value CHF millions
Convertible debt	2018	USD	500	3.25%	2024	493

## 8 Change in shareholders' equity

CHF millions	Share capital	Legal capital reserves <sup>2</sup>	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 1.1.2018	35	193	7 285	16	14 305	4	4 043	-1 636	24 245
Allocations relating to the dividend paid					4 043		-4 043		0
Dividend for the financial year 2017					-1 551				-1 551
Net income for the financial year							3 077		3 077
Share buy-back programme 2017 <sup>1</sup>								-415	-415
Share cancellation <sup>1</sup>	-1	-10	-989					1 000	0
Share buy-back programme 2018 <sup>2</sup>								-889	-889
Other movements in own shares		9	-2	2				-6	3
<b>Shareholders' equity 31.12.2018</b>	<b>34</b>	<b>192</b>	<b>6 294</b>	<b>18</b>	<b>16 797</b>	<b>4</b>	<b>3 077</b>	<b>-1 946</b>	<b>24 470</b>

CHF millions	Share capital	Legal capital reserves	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								-479	-479
Share cancellation	-1	-18	-981					1 000	0
Share buy-back programme 2017								-585	-585
Other movements in own shares		19	1	-1				-17	2
<b>Shareholders' equity 31.12.2017</b>	<b>35</b>	<b>193</b>	<b>7 285</b>	<b>16</b>	<b>14 305</b>	<b>4</b>	<b>4 043</b>	<b>-1 636</b>	<b>24 245</b>

<sup>1</sup> 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. The buy-back programme was completed on 16 February 2018. The total number of shares repurchased amounted to 10.8 million, of which 6.3 million and 4.5 million shares were repurchased by 31 December 2017 and between 1 January and 16 February 2018, respectively. On 20 April 2018, the 154th Annual General Meeting resolved the cancellation of the repurchased 10.8 million shares by way of share capital reduction. The shares were cancelled on 24 July 2018, 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.

<sup>2</sup> At the 154th Annual General Meeting held on 20 April 2018, 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 2019 Annual General Meeting through a public share buy-back programme for cancellation purposes.

<sup>3</sup> Under current Swiss tax legislation, CHF 0.7 million of the legal reserves have been confirmed by the Swiss Federal Tax Administration to qualify as reserves out of capital contributions and can be distributed exempt from Swiss federal withholding tax. For Swiss resident individual shareholders holding shares in private wealth, distributions out of the confirmed reserves from capital contributions are also exempt from Swiss income taxes.

## 9 Own shares (directly and indirectly held by the Company)

	2017	2018
Number of own shares		
<i>Own shares held by subsidiaries</i>	178 233	162 487
<i>Own shares held by Swiss Re Ltd directly</i>	33 915 601	34 704 029
Opening balance own shares	34 093 834	34 866 516
Purchase of own shares <sup>1</sup>	995 183	482 229
Sale of own shares <sup>2</sup>	-1 027 501	-476 363
Share buy-back programme (152nd AGM 2016) <sup>3</sup>	5 077 780	-
Share buy-back programme (153rd AGM 2017) <sup>4</sup>	6 347 500	4 485 316
Cancellation of shares bought back	-10 620 280	-10 832 816
Share buy-back programme (154th AGM 2018) <sup>5</sup>	-	10 050 442
<b>Own shares as of 31 December</b>	<b>34 866 516</b>	<b>38 575 324</b>

<sup>1</sup> Purchased at average price CHF 93.17 (2017: CHF 89.91).

<sup>2</sup> Sold at average price CHF 94.49 (2017: CHF 87.31).

<sup>3</sup> Purchased at average price CHF 94.33.

<sup>4</sup> Purchased at average price CHF 92.52 (2017: CHF 92.16).

<sup>5</sup> Purchased at average price CHF 88.50.

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## 10 Major shareholders

As of 31 December 2018, 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 <sup>1</sup>	Creation of the obligation to notify
BlackRock, Inc	17 037 445	5.03	27 December 2018

<sup>1</sup> 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 104 in the 2018 Financial Report.

In addition, Swiss Re Ltd held, as of 31 December 2018, directly and indirectly 38 575 324 (2017: 34 866 516) own shares, representing 11.39% (2017: 9.98%) of voting rights and share capital. Swiss Re Ltd cannot exercise the voting rights of own shares held.

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## 11 Release of undisclosed reserves

In 2018 and 2017, no net undisclosed reserves were released.

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## 12 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 165 to 170 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	2017	2018
Christian Mumenthaler, Group CEO	68 775	71 733
David Cole, former Group Chief Financial Officer <sup>1</sup>	82 982	n/a
John R. Dacey, Group Chief Financial Officer	23 671	27 124
Guido Fürer, Group Chief Investment Officer	61 077	66 007
Agostino Galvagni, CEO Corporate Solutions	94 591	99 521
Jean-Jacques Henchoz, former CEO Reinsurance EMEA <sup>2</sup>	49 020	n/a
Russell Higginbotham, CEO Reinsurance EMEA	n/a	3 918
Thierry Léger, CEO Life Capital	49 841	53 785
Moses Ojeisekhoba, CEO Reinsurance	36 194	38 998
Jayne Plunkett, CEO Reinsurance Asia	34 288	36 264
Patrick Raaflaub, Group Chief Risk Officer	–	3 944
Edouard Schmid, Group Chief Underwriting Officer	29 161	30 936
J. Eric Smith, CEO Reinsurance Americas	21 400	24 004
Thomas Wellauer, Group Chief Operating Officer	105 390	110 520
<b>Total</b>	<b>656 390</b>	<b>566 754</b>

<sup>1</sup> The number of shares held on 31 March 2018 when David Cole stepped down from the Group EC was 82 982.

<sup>2</sup> The number of shares held on 22 August 2018 when Jean-Jacques Henchoz stepped down from the Group EC was 53 168.

Members of the Board of Directors	2017	2018
Walter B. Kielholz, Chairman	399 987	407 523
Renato Fassbind, Vice Chairman, Chair Audit Committee	23 854	27 593
Raymond K.F. Ch'ien, Member	21 472	22 946
Mary Francis, former Member <sup>1</sup>	6 509	n/a
Karen Gavan, Member <sup>2,3</sup>	n/a	1 512
Rajna Gibson Brandon, former Member <sup>1</sup>	23 194	n/a
C. Robert Henrikson, former Chair Compensation Committee <sup>1</sup>	13 248	n/a
Trevor Manuel, Member	3 972	5 558
Jay Ralph, Member	868	2 115
Joerg Reinhardt, Member	1 168	14 415
Eileen Rominger, Member <sup>2</sup>	n/a	813
Philip K. Ryan, Chair Finance and Risk Committee	8 892	11 611
Sir Paul Tucker, Member	2 530	4 004
Jacques de Vaucheroy, Chair Compensation Committee	868	2 706
Susan L. Wagner, Chair Investment Committee	8 754	11 360
Larry Zimpleman, Member <sup>2</sup>	n/a	813
<b>Total</b>	<b>515 316</b>	<b>512 969</b>

<sup>1</sup> Term of office expired after the completion of the AGM of 20 April 2018 and did not stand for re-election.

<sup>2</sup> Elected to Swiss Re's Board of Directors at the AGM of 20 April 2018.

<sup>3</sup> Shareholdings for 2018 include 2 500 American Depository Receipts (ADRs), equivalent to 625 shares.

## Share-based compensation

The share-based compensation for the members of the Board of Directors for 2017 and 2018 was:

	2017		2018	
	Fees in blocked shares <sup>1</sup> (CHF thousands)	Number of shares <sup>2</sup>	Fees in blocked shares <sup>1</sup> (CHF thousands)	Number of shares <sup>2</sup>
Members of the Board of Directors				
Walter B. Kielholz, Chairman	1 663	19 674	1 547	17 536
Renato Fassbind, Vice Chairman, Chairman of the Audit Committee <sup>3</sup>	330	3 900	330	3 739
Raymond K.F. Ch'ien, Member	126	1 494	130	1 474
Mary Francis, former Member <sup>4</sup>	136	1 609	47	552
Karen Gavan, Member <sup>5</sup>	n/a	n/a	80	887
Rajna Gibson Brandon, former Member <sup>4</sup>	127	1 494	43	513
C. Robert Henrikson, former Chair Compensation Committee <sup>4</sup>	185	2 183	63	749
Trevor Manuel, Member	136	1 609	140	1 586
Jay Ralph, Member	73	868	110	1 247
Joerg Reinhardt, Member	73	868	110	1 247
Carlos E. Represas, former Member <sup>6</sup>	34	396	n/a	n/a
Eileen Rominger, Member <sup>5</sup>	n/a	n/a	74	813
Philip K. Ryan, Chair Finance and Risk Committee	233	2 758	240	2 719
Sir Paul Tucker, Member	126	1 494	130	1 474
Jacques de Vaucleroy, Chair Compensation Committee	73	868	163	1 838
Susan L. Wagner, Chair Investment Committee	223	2 643	230	2 606
Larry Zimpleman, Member <sup>5</sup>	n/a	n/a	74	813
<b>Total</b>	<b>3 538</b>	<b>41 858</b>	<b>3 511</b>	<b>39 793</b>

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> Acting as the Lead Independent Director.

<sup>4</sup> Term of office expired after the completion of the AGM of 20 April 2018 and did not stand for re-election.

<sup>5</sup> Elected to Swiss Re's Board of Directors at the AGM of 20 April 2018.

<sup>6</sup> Term of office expired after the completion of the AGM of 21 April 2017 and did not stand for re-election.

## Restricted shares

For the years ended 31 December 2017 and 2018, 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 2017 and 2018, 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 17 April 2019 to approve the following allocations and dividend payment:

CHF millions	2017	2018
Retained earnings brought forward	4	4
Net income for the financial year	4 043	3 077
<b>Disposable profit</b>	4 047	3 081
Allocation to voluntary profit reserves	-4 043	-3 077
<b>Retained earnings after allocation</b>	4	4

CHF millions	2017	2018
Voluntary profit reserves brought forward	14 305	16 797
Allocation from retained earnings	4 043	3 077
Ordinary dividend payment out of voluntary profit reserves	-1 551 <sup>1</sup>	-1 680 <sup>2</sup>
<b>Voluntary profit reserves after allocation and dividend payment</b>	16 797	18 194

<sup>1</sup> Since the Board of Directors' proposal for allocation of disposable profit, included in the Annual Report 2017, the number of registered shares eligible for dividend, at the dividend payment date of 26 April 2018, decreased due to the share buy-back programme of 4 485 316 shares and transfer of 46 926 shares for employee participation purposes from not eligible to eligible for dividend. This resulted in a lower dividend of CHF 22 million, compared to the Board of Directors' proposal, and higher voluntary profit reserves by the same amount.

<sup>2</sup> The Board of Directors' proposal to the Annual General Meeting of 17 April 2019 is based on the number of shares eligible for dividend as of 31 December 2018. The actual dividend payment will depend on the number of shares eligible for dividend as of 18 April 2019.

## Dividend

If the Board of Directors' proposal for allocations and dividend payment is accepted, an ordinary dividend of CHF 5.60 per share will be paid on 25 April 2019 from voluntary profit reserves.

Share structure per 31 December 2018	Number of registered shares	Nominal capital in CHF
Eligible for dividend <sup>1</sup>	300 044 141	3 000 441 414
Not eligible for dividend	38 575 324	3 857 532
<b>Total shares issued</b>	338 619 465	33 861 946

<sup>1</sup> The Board of Directors' proposal to the Annual General Meeting of 17 April 2019 is based on the number of shares eligible for dividend as of 31 December 2018. The actual dividend payment will depend on the number of shares eligible for dividend as of 18 April 2019.

Zurich, 13 March 2019

# 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 accompanying financial statements of Swiss Re Ltd (the "Company"), which comprise the income statement, balance sheet and notes (pages 307 to 319), for the year ended 31 December 2018.

## 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 about 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 2018 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.

On the basis of the work performed, we consider the methods and assumptions used by management to be reasonable.

## 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



Roy Clark

Audit expert  
Auditor in charge



Frank Trauschke

Zurich, 13 March 2019