



ANNUAL REPORT 2016

SI Re – Mutually yours
Sustainable, agile, committed

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SI Re at a glance

SIGNAL IDUNA Reinsurance Ltd (SI Re) is a Swiss reinsurer based in Zug, operational since 2004. We primarily serve mutual insurance companies and focus on selected European countries. Sustainability, agility and commitment are the building blocks of our franchise. We are strongly capitalized as evidenced by an «A-» financial strength rating from Fitch.

Board of Directors

Dr. Klaus Sticker, Chairman
Martin Berger
Dr. Otto Bruderer
Dr. Stefan Kutz
Armin Landtwing
Peter Schmid

Executive Board

Bertrand R. Wollner, Chief Executive Officer
Andreas Gadmer, Chief Risk Officer

Executive Management

Adrian Suter, Head of Finance

Shareholders

SIGNAL IDUNA Allgemeine Versicherung AG,
Dortmund

Rating

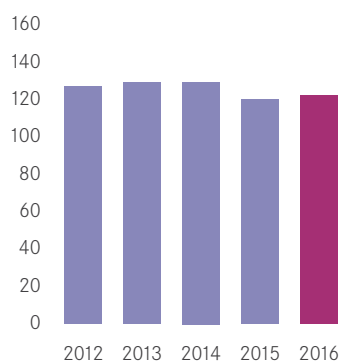
Fitch: A- «Outlook stable»

Auditors

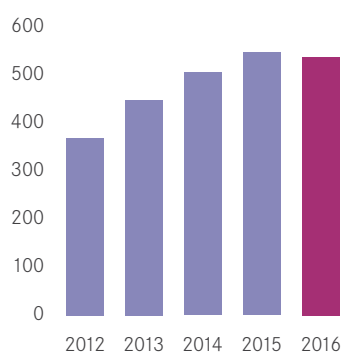
PricewaterhouseCoopers AG, Zurich

Key figures

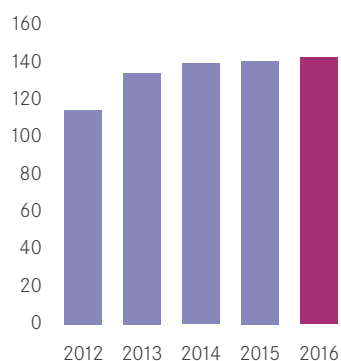
Gross Written Premiums
(in mio. EUR)



Investments
(in mio. EUR)



Shareholders' equity
before dividend distribution
(in mio. EUR)

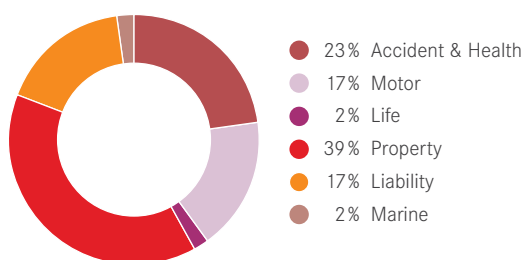


	2016 (in mio. EUR)	2015 (in mio. EUR)
Net written premiums	122.4	120.2
Net earned premiums	121.9	118.5
Technical result *	4.9	5.0
Net investment income, before deduction of technical interest *	12.1	10.7
Annual result after taxes	7.0	6.8
Net technical provisions	448.7	426.2
Investments	538.3	547.3
Shareholders' equity (before dividend distribution)	143.2	141.3

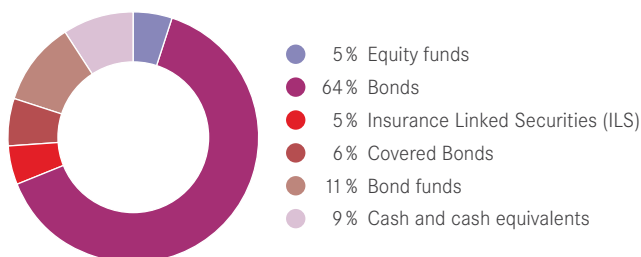
* Reclassification in the financial statements leads to the adjustment of prior-year figures.

Portfolio composition 2016

Business lines (Gross Written Premiums)



Investments incl. cash and cash equivalents





Dr. Klaus Sticker

Bertrand R. Wollner

Report of the Board of Directors and the Executive Board

Dear readers

SIRe has concluded its thirteenth financial year successfully again. Our company recorded a net income of EUR 7.0 million, up 2.7% over the previous year's results of EUR 6.8 million, with a balance sheet total of EUR 639.3 million. These figures are in line with the multi-year plan and demonstrate that SIRe has been successful in meeting the challenges of the reinsurance market. The total reported shareholder equity at year-end of EUR 143.2 million remained unchanged at a comfortable level of 22.4% of the balance sheet total.

Following a decline in the previous year, our net earned premiums increased by 2.9% to EUR 121.9 million. This positive development is attributable to the continuous expansion of our client base. No retrocessions were transacted in the past financial year. Group business accounted for 39.2% of total gross premiums (prior year: 40.9%). In a breakdown of the business by individual lines, the share of Property insurance rose to 39.3% (prior year: 31.9%), while that of General Liability fell to 17.3% (prior year: 21.9%). The other business lines decreased proportionately. During the year under review, the net combined ratio improved slightly to 98.25% as against 98.70% in the previous year.

We also maintained our conservative reserving approach during the past year. The coverage ratio, the ratio of technical provisions to premiums earned, rose from 359% to 368%.

The technical account closed with a positive result of EUR 4.9 million. This represents 4.0% of the net earned premiums (prior year: 4.2%).

Total investment holdings at 31 December 2016 amounted to EUR 538.3 million, representing a decrease of 1.6% compared to the previous year. This is attributable to a substantial sale of shares in a bond fund shortly before the end of the year. Accordingly, we held a high amount of cash and cash equivalents at the end of 2016, with the quality of the portfolio including liquidities remaining unchanged at a high level of A based on the WARF approach. Fixed-income investments continue to dominate with a quota of 70.4%. These are followed by bond funds with 10.5%. In the absence of suitable investment opportunities, the share of Insurance Linked Securities (ILS) decreased to 5.3% (prior year: 6.3%). However, the ILS continue to constitute a key component of our underwriting policy within the scope of risk diversification in the insurance business.

During the year under review, the investment result permitted a further strengthening of the equalization provision for fixed-income investments in the amount of EUR 2.9 million. The total amount of this provision at the end of the year accounted for 6.1% (prior year: 5.8%) of the fixed investment assets, without ILS.

The low-interest environment, still unattractive to investors, also impacted the investment income from our portfolio. In the year under review, we earned current income of EUR 12.7 million, which, measured in terms of average investment levels, corresponds to a return of 2.3% (prior year: 2.6%).

Our administrative costs, which comprise personnel expenses, depreciation and other administration expenses, amounted to EUR 6.0 million (prior year: EUR 5.8 million). Starting this year, the asset management expenses of EUR 1.0 million (prior year: EUR 1.0 million) are charged to the investment result. The collateralization costs continue to be factored into the technical account. After inclusion of the acquisition costs of EUR 31.9 million (prior year: EUR 29.1 million), the result is a net cost ratio of 31.1% (prior year: 29.5%). The rise is primarily attributable to the sharp increase in the proportional business. An amount of EUR 0.2 million of the budget for administrative expenses was not used.

The tax burden for financial year 2016 totalled EUR 0.8 million. The tax rate remained unchanged. On 12 February 2017, the Swiss voters rejected the Corporate Tax Reform III legislation. In the short-term, therefore, no change should occur in the company's tax burden. However, it can be assumed that the parliament will elaborate a new bill, which will then be resubmitted for voting to the Swiss electorate.

The Board of Directors is proposing an unchanged dividend of EUR 5.1 million to the General Meeting. After payment of this sum, SIRe's shareholder equity will amount to EUR 138.1 million.

We would like to take this opportunity to thank our clients for their loyalty and our employees for their performance and dedication. Both form a solid cornerstone for our long-term success.



Dr. Klaus Sticker
Chairman of the Board of Directors



Bertrand R. Wollner
Chief Executive Officer

Review of the 2016 financial year

Business performance

SIRe has concluded its thirteenth financial year successfully as well. The company recorded net income of EUR 7.0 million, up 2.7% over the previous year's result of EUR 6.8 million, with a balance sheet total of EUR 639.3 million. The result was in line with our expectations and demonstrates clearly that SIRe was again able to hold its own in a difficult market environment. The shareholder equity of EUR 143.2 million remained unchanged at year-end at a comfortable level of 22.4% of the balance sheet total.

Net earned premiums increased by 2.9% to EUR 121.9 million, after EUR 118.5 million in 2015. This encouraging development is an expression of the company's broad client basis. SIRe transacted no retrocessions during the past financial year.

At the end of 2016, the share of group business in the portfolio accounted for 39.2% of total gross premiums, slightly below the figure of 40.9% for the previous year. The General Liability line decreased from 21.9% in 2015 to 17.3% in 2016. At the same time, the share of Property insurance in the portfolio mix rose to 39.3%, after 31.9% the previous year. The other business lines decreased accordingly.

At 98.25%, the net combined ratio improved slightly as compared with 98.70% the previous year. Large losses formed only a below-average share of total losses in 2016.

SIRe also maintained its conservative reserving approach during the past year. The coverage ratio – the ratio of technical provisions to premiums earned – rose from 359% to 368%.

The technical account closed with a result of EUR 4.9 million. This represents 4.0% of net earned premiums, slightly below the previous year's figure of 4.2%.

Further portfolio diversification

SIRe continued its proven strategy during the past year. In the January 2016 renewals, SIRe increased the number of new clients by 10.4%, as compared to 5.5% in the previous year. The restructuring of large participations in primary insurers as predicted by many leading reinsurers had no impact on SIRe.

The company also broadened its portfolio geographically. Switzerland, Germany, France, Italy, Spain, Scandinavia and the Czech Republic all contributed to this expansion. In France and the Benelux countries, SIRe deployed its capacity selectively to avoid the substantial competitive pressure in these markets.

Gross written premiums (in mio. EUR)



Stable investment performance in a protracted low-interest environment

Total investment holdings at 31 December 2016 amounted to EUR 538.3 million, representing a decrease of 1.6% compared to the figure of EUR 547.3 million the year before. This decline is attributable to the sale of shares in a bond fund shortly before the end of the year. Accordingly, the amount of cash and cash equivalents increased for a short period at year-end.

The quality of the portfolio – including liquidities – remained unchanged at a high level of A based on the WARF approach. Fixed-income investments continue to dominate the portfolio with a quota of 70.4%. These are followed by bond funds with 10.5%. The share of Insurance Linked Securities (ILS) decreased to 5.3% following 6.3% the previous year, as the return on new issues diminished. Nonetheless, ILS continues to constitute a key component for risk diversification in the insurance business.

During the year under review, a further strengthening of the equalization provision for fixed-income investments was undertaken in the amount of EUR 2.9 million. This provision serves to absorb unexpected losses on the investment portfolio due to an interest rate turnaround or decline in credit rating. The total amount of this provision accounts for 6.1% of the fixed investment assets (without ILS), as against 5.8% in 2015.

Technical result (in mio. EUR)



Altogether SIRe earned current income of EUR 12.7 million on its investment portfolio in a still unattractive low-interest environment. Measured in terms of average investment levels, this corresponds to a return of 2.3%, after 2.6% in the previous year.

* Reclassification in the financial statements leads to the adjustment of prior-year figures.

Stable administrative costs and an unchanged dividend

The administrative costs, which comprise personnel expenses, depreciation and other administration expenses, amounted to EUR 6.0 million, after EUR 5.8 million in 2015. The unchanged asset management expenses of EUR 1.0 million were charged to the investment result, following new practice instituted at the beginning of 2016. However, the collateralization costs continue to form part of the technical account. Taking the acquisition costs of EUR 31.9 million into account, as compared with EUR 29.1 million in 2015, the result is a net cost ratio of 31.1%, after 29.5% in 2015. The rise is primarily attributable to the sharp increase in the proportional business. At year-end, SIRe employed a staff of 19 persons, as against 18 the previous year.

The tax burden for the financial year 2016 totalled EUR 0.8 million. The tax rate remained unchanged.

The Board of Directors is proposing an unchanged dividend of EUR 5.1 million to the General Meeting. After adjustment for this sum, SIRe's shareholder equity will amount to EUR 138.1 million.

Risk management assessment

SIRe employs modern company-specific risk management and internal control systems. Risk management is structured to reflect the complexity and size of the company and is closely aligned with the Swiss Solvency Test as well as the internal control system. Furthermore, the latter has been integrated into the SIGNAL IDUNA Group's central risk management system.

The risk management process is the responsibility of the company's Risk Manager, who provides the Executive Board with a half-yearly report based on information contained in the risk catalogue. The risk report analyzes the company's overall risk position and examines the development and quantification of technical, financial and company-wide risks.

The Executive Board reports twice a year on the findings of the report to the Board of Directors at its regular board meetings.

Investments

(in mio. EUR)



Net technical provisions

(in mio. EUR)



Shareholders' equity
before dividend
distribution
(in mio. EUR)



Adjustments to Corporate Governance

The Swiss Financial Market Supervisory Authority (FINMA) has recognized the minimum Business Continuity Management (BCM) standards proposed by the Swiss Insurance Association (SIA) as self-regulation. In this context, reinsurance companies subject to FINMA supervision are obliged to implement the minimum standards by 31 July 2017. SIRe tackled the BCM issue at an early stage and, thus, has already completely implemented the respective standards.

Exceptional events

No exceptional events occurred at SIRe during the financial year.

Significant events after the balance sheet date

On 27 February 2017, the government of Great Britain decided to lower the Ogden rate from the current 2.5% to minus 0.75%. This interest rate is applied by the British courts to calculate the liability coverage for personal injuries. The decision has had a significant effect on existing provisions as at 31 December 2016 for the corresponding contracts with Great Britain. Consequently, this significant event after the balance sheet date has been taken into account in the 2016 financial statements.

Outlook

In the 2017 January renewals, SIRe again increased its premium income and expanded its client base. Premium growth amounted to a good 13% as compared with last year's portfolio and stems mostly from new business, 80% of which was obtained via new clients. The number of client relationships rose by almost 17%, enabling SIRe to further strengthen its client base. The share of SIGNAL IDUNA group business in the renewed portfolio remained virtually unchanged at around 40% of premiums.

The business from Germany, Austria, Scandinavia and the Baltic States remained stable. SIRe was able to register moderate market share gains or secure new business among existing clients in the Nordic countries as well as in Germany. In France and the Benelux countries, SIRe succeeded in establishing new business relationships. Pressure on prices showed first signs of easing. The number of inquiries received by SIRe from the Iberian Peninsula, Italy, Switzerland and Eastern Europe rose considerably. Moreover, individual insurers increased their cessions to improve their solvency.

Only minimal changes occurred in the insurance lines. The share of the Motor line rose by approx. 2 percentage points to a good 20%, while the Property line diminished by 2.5 percentage points to about 29%. Overall, SIRe has a good mixture of short- and long-term business and feels confirmed in its strategy of steadily expanding and deepening its portfolio through continuity, reliability and market knowledge.

Renewals

(in mio. EUR)





Balance sheet

(EUR)

Assets

	Notes	31. 12. 2016 EUR	31. 12. 2015 EUR
Fixed-income securities	9	446'976'804	421'565'407
Other investments	10	91'342'907	125'733'093
Total investments		538'319'711	547'298'500
Deposits on ceded reinsurance business		15'829'078	14'452'249
Cash and cash equivalents		51'859'477	17'253'734
Tangible assets		234'020	306'466
Intangible assets		481'309	665'985
Receivables from insurance operations	6	26'944'899	25'852'413
Other receivables		15'868	17'308
Accrued income and prepaid expenses		5'579'430	5'885'270
Total assets		639'263'792	611'731'925

Liabilities and shareholders' equity

Technical provisions	11	448'689'870	426'185'154
Non-technical provisions	12	34'826'513	31'308'310
Liabilities from insurance operations	7	11'285'591	11'594'852
Other liabilities	8	1'135'764	1'189'520
Accrued expenses and deferred income		106'454	115'030
Total liabilities		496'044'192	470'392'866
Share capital		83'166'999	83'166'999
Legal capital reserves		44'190'127	44'190'127
General legal reserves		4'998'337	4'998'337
Free reserves		10'864'137	8'983'596
Total shareholders' equity	3	143'219'600	141'339'059
Total liabilities and shareholders' equity		639'263'792	611'731'925

Income statement

(EUR)

	Notes	2016 EUR	2015 EUR
Gross written premiums		122'390'692	120'355'081
Reinsurer's share of gross written premiums		-	-118'657
Net written premiums		122'390'692	120'236'424
Net changes in reserves for unearned premiums		-515'025	-1'767'769
Reinsurer's share of net changes in reserves for unearned premiums		-	-
Net earned premiums		121'875'667	118'468'655
Other income from insurance operations - technical interest		3'179'918	3'855'414
Total income from technical insurance operations		125'055'585	122'324'069
Payments for insurance claims, gross		-58'616'350	-57'736'681
Reinsurer's share of payments for insurance claims		-	-
Net change in technical provisions	13	-28'856'728	-29'641'982
Reinsurer's share of change in technical provisions		-	-
Total expenses on insurance claims for own account		-87'473'078	-87'378'663
Acquisition costs and administration expenses	14	-37'932'992	-34'937'593
Reinsurer's share of acquisition costs and administration expenses		-	-
Acquisition costs and administration expenses for own account		-37'932'992	-34'937'593
Other technical expenses for own account		-836'801	-839'466
Total expenses due to technical insurance operations		-126'242'871	-123'155'722
Income from investments	15	18'368'166	24'769'016
Expenses on investments	16	-9'024'642	-17'485'254
Investment result		9'343'524	7'283'762
Other financial income		16'818	1'337'923
Other financial expenses		-175'872	-71'610
Operating result		7'997'184	7'718'422
Other income		3'191	13'074
Other expenses		-179'834	-175'748
Net income before tax		7'820'541	7'555'748
Direct tax		-840'000	-759'788
Net income		6'980'541	6'795'960

Cash flow statement

(EUR)

	2016 EUR	2015 EUR
Net income	6'980'541	6'795'960
Accrual of technical provisions	22'504'716	36'890'033
Valuation adjustments on tangible and intangible assets	353'861	336'553
Realised gains and losses on fixed-income securities	-1'138'379	-2'571'166
Valuation adjustments on fixed-income securities	-671'025	889'091
Write-ups and write-downs on other investments	-1'543'732	-2'524'829
Change in equalisation provisions on investments	2'900'000	6'571'530
Change in non-technical provisions	618'203	4'134'692
Change in balances resulting from technical accounts	-2'778'576	1'031'361
Changes in other assets	1'440	19'968
Change in accrued income	305'840	399'800
Change in other liabilities	-53'756	17'263
Change in accrued expenses	-8'576	88'942
Cash flow from operating activities	27'470'557	52'079'198
Fixed-income securities	-23'601'993	-20'492'091
Other investments	35'933'918	-17'004'441
Tangible and intangible assets	-96'739	-241'077
Cash flow from investment activities	12'235'186	-37'737'609
Dividend distribution	-5'100'000	-5'322'688
Capital contribution	-	-
Cash flow from financing activities	-5'100'000	-5'322'688
Net cash flow	34'605'743	9'018'901
Cash on 1 January	17'253'734	8'234'833
Cash on 31 December	51'859'477	17'253'734
Change in cash	34'605'743	9'018'901

Notes to the financial statements

(EUR)

The following notes are an integral part of the income statement and balance sheet. Unless stated otherwise below, SIGNAL IDUNA Reinsurance Ltd has disclosed all information required for compliance with Art. 959c, paragraphs 1 and 2, and Art. 961a of the Swiss Code of Obligations (CO), and with the provisions of the FINMA Insurance Supervision Ordinance.

1. General

SIGNAL IDUNA Reinsurance Ltd of Zug (Switzerland) is a subsidiary of SIGNAL IDUNA Group, Dortmund/Hamburg. 100% of the shares are owned by SIGNAL IDUNA Allgemeine Versicherung AG, Dortmund. The annual average number of full-time posts (FTE) at SIGNAL IDUNA Reinsurance Ltd is less than 50 persons.

Book-keeping and accounting are presented in Euros for the first time in 2015. Pursuant to Art. 958d, paragraph 3, CO, figures must also be presented in Swiss Francs.

2. Accounting and valuation principles

Time period

Reinsurance business comprises the cedants' 2016 financial year. Cedant accounts not available at the time of closing have been estimated. General income and expenses are congruent with the 2016 financial year.

Foreign currency translation

As is common practice in the international reinsurance business, accounts are denominated in the original currencies. For the purposes of the balance sheet, translations are made into Euros at year-end exchange rates; income statement amounts are translated at the relevant quarterly exchange rates. The resulting exchange-rate differences are recognised in the income statement. Net non-realised gains derived from foreign-currency translations are reserved. The main rates are:

<i>Currency</i>	<i>31. 12. 2016</i>	<i>31. 12. 2015</i>
EUR/USD	1.05197	1.08578
EUR/GBP	0.85244	0.73680
EUR/CHF	1.07170	1.08840

Investments

Bonds, covered bonds and Insurance Linked Securities (ILS) are valued using the linear cost amortisation method. The difference between the purchase price and the redemption value is distributed evenly over the remaining time to maturity and is recorded in the income statement as write-ups or write-downs. Value adjustments are made to reflect any decline in credit ratings. Shares in bond and equity funds are carried at fair value on the balance sheet date.

Receivables

Receivables, deposits and other assets are carried at nominal value. In questionable cases, the value of the positions is reduced as appropriate.

Net technical provisions

Unearned premiums, provisions for future insurance benefits and other technical provisions are based on information supplied by cedants. Final calculations conducted internally may result in the original reported provisions being strengthened. Additional provisions are created based on estimates for claims incurred but not yet reported. In addition, equalization provisions are accrued to offset business volatility.

Premium and claim portfolio movements

Premiums consist of premium portfolio inflows and outflows, and claims paid consist of the corresponding claims portfolio inflows and outflows.

Non-technical provisions

- In the spirit of prudent risk management – and in order to ensure the long-term health of the company against a backdrop of rising investment risk – a fixed equalisation provision has been established for fixed-income investments. This provision will be built up prudently and over a long time horizon.
- The equalisation provision on Insurance Linked Securities (ILS) is designed to cover a large loss event on one of the ILS investments in our portfolio.
- The provision for taxes includes liabilities relating to taxes on income and capital at year-end as well as estimated income tax on years that have not yet been assessed for tax purposes.

Technical interest, non-life reinsurance

The interest recorded in the technical income statement corresponds to the income from technical interest calculated in the pricing for the entire portfolio of reinsurance contracts. It is calculated by currency and as accrued, using the risk-free interest rate curve in effect at the time of pricing.

Change in the presentation of the Income Statement

In the financial statements, the asset management expenses are no longer shown under acquisition costs and administration expenses for own account, but rather under expenses on investments. Furthermore, the letter of credit fees are no longer shown in the administration expenses but rather in the other technical expenses for own account. The presentation of the previous year's figures has been adjusted accordingly.

NOTES TO THE FINANCIAL STATEMENTS (EUR)

3. Statement of shareholders' equity

	<i>Share capital</i>	<i>Legal capital reserves</i>	<i>General legal reserves</i>	<i>Free reserves</i>	<i>Total</i>
	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>
As at 01.01.2015	83'166'999	44'190'127	4'998'337	7'510'324	139'865'787
Movements during 2015					
– Appropriation of profits from prior year – dividend	-	-	-	-5'322'688	-5'322'688
– Result for 2015	-	-	-	6'795'960	6'795'960
As at 31.12.2015	83'166'999	44'190'127	4'998'337	8'983'596	141'339'059
Movements during 2016					
– Appropriation of profits from prior year – dividend	-	-	-	-5'100'000	-5'100'000
– Result for 2016	-	-	-	6'980'541	6'980'541
As at 31.12.2016	83'166'999	44'190'127	4'998'337	10'864'137	143'219'600

4. Total amount of equities used to secure own liabilities and assets under reservation of ownership

Technical provisions and other liabilities secured by pledged securities
or current accounts:

	<i>31. 12. 2016</i>	<i>31. 12. 2015</i>
	<i>EUR</i>	<i>EUR</i>
Securities	210'620'825	205'554'159
Current account	79'314	78'098
Total book value of pledged assets	210'700'139	205'632'257

The Zürcher Kantonalbank, Zurich, has granted SIGNAL IDUNA Reinsurance Ltd a credit facility of up to EUR 116.6 million (CHF 125 million). The credit facility is available in various currencies and secures deposits, guarantees and letters of credit issued by this credit institution on our behalf. On the balance sheet date, 31 December 2016, EUR 84.7 million (CHF 90.8 million) of the above credit facility had been used.

A number of securities are held at BNP Paribas, which are used to guarantee the technical provisions. This amount totalled EUR 91.4 million on the balance sheet date, 31 December 2016.

5. Off-balance-sheet leasing commitments

Rental contract for office space with a set term until 30 September 2020: EUR 621'792 (CHF 666'375)

6. Receivables from insurance operations

	31. 12. 2016 EUR	31. 12. 2015 EUR
Receivables from agents, brokers and intermediaries	20'107'463	18'084'118
Receivables from insurance companies (third parties)	5'502'391	5'899'469
Receivables from Group companies	1'335'045	1'868'826
Total receivables from insurance operations	26'944'899	25'852'413

7. Liabilities from insurance operations

	31. 12. 2016 EUR	31. 12. 2015 EUR
Liabilities to agents, brokers and intermediaries	-5'224'620	-4'684'752
Liabilities to insurance companies (third parties)	-3'240'055	-5'416'406
Liabilities to Group companies	-2'820'916	-1'493'694
Total liabilities from insurance operations	-11'285'591	-11'594'852

8. Other liabilities

	31. 12. 2016 EUR	31. 12. 2015 EUR
Other liabilities to third parties	-377'771	-422'794
Other liabilities to Group companies	-757'993	-766'726
Total other liabilities	-1'135'764	-1'189'520

9. Breakdown of fixed-income securities

	31. 12. 2016 EUR	31. 12. 2015 EUR
Bonds	379'946'199	343'393'615
Covered bonds	35'584'835	43'486'442
Insurance Linked Securities (ILS)	31'445'770	34'685'350
Total fixed-income securities	446'976'804	421'565'407

NOTES TO THE FINANCIAL STATEMENTS
(EUR)

10. Breakdown of other investment assets

	31. 12. 2016 EUR	31. 12. 2015 EUR
Bond funds	62'254'722	99'528'731
Equity funds	29'088'185	26'204'362
Total other investment assets	91'342'907	125'733'093

11. Breakdown of technical provisions

	<i>EUR</i> <i>Gross</i>	<i>EUR</i> <i>Retro</i>	<i>EUR</i> <i>Net</i>
2016			
Unearned premiums	-11'783'282	-	-11'783'282
Provision for outstanding claims	-369'986'050	-	-369'986'050
Other technical provisions	-52'752'644	-	-52'752'644
Provision for future life benefits	-14'167'894	-	-14'167'894
Total technical provisions	-448'689'870	-	-448'689'870
	<i>EUR</i> <i>Gross</i>	<i>EUR</i> <i>Retro</i>	<i>EUR</i> <i>Net</i>
2015			
Unearned premiums	-11'348'708	-	-11'348'708
Provision for outstanding claims	-360'365'890	-	-360'365'890
Other technical provisions	-40'921'682	-	-40'921'682
Provision for future life benefits	-13'548'874	-	-13'548'874
Total technical provisions	-426'185'154	-	-426'185'154

12. Breakdown of non-technical provisions

	31. 12. 2016 EUR	31. 12. 2015 EUR
Equalisation provision for fixed-income investments	-25'357'000	-22'457'000
Equalisation provision for Insurance Linked Securities (ILS)	-2'278'858	-2'278'858
Unrealised foreign exchange gains	-5'580'625	-5'277'200
Tax	-863'732	-787'412
Miscellaneous	-746'298	-507'840
Total non-technical provisions	-34'826'513	-31'308'310

13. Breakdown of changes to technical provisions

	<i>EUR Gross</i>	<i>EUR Retro</i>	<i>EUR Net</i>
2016			
Provision for outstanding claims	-15'938'903	-	-15'938'903
Other technical provisions	-12'298'805	-	-12'298'805
Provision for future life benefits	-619'020	-	-619'020
Total changes to technical provisions	-28'856'728	-	-28'856'728
2015			
Provision for outstanding claims	-15'360'757	-	-15'360'757
Other technical provisions	-12'594'585	-	-12'594'585
Provision for future life benefits	-1'686'640	-	-1'686'640
Total changes to technical provisions	-29'641'982	-	-29'641'982

14. Breakdown of acquisition costs and administration expenses

	<i>2016 EUR</i>	<i>2015 EUR</i>
Commissions and profit commissions	-31'893'491	-29'112'215
Personnel expenses	-3'723'767	-3'533'351
Depreciation	-353'861	-336'553
Other administrative expenses	-1'961'873	-1'955'474
Total acquisition costs and administration expenses	-37'932'992	-34'937'593

NOTES TO THE FINANCIAL STATEMENTS
(EUR)

15. Information regarding income from investments, per reported asset class

	<i>Bonds</i>	<i>Covered bonds</i>	<i>Insurance Linked Securities</i>	<i>Bond funds</i>	<i>Equity funds</i>	<i>Total</i>
	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>
2016						
Current income	9'460'093	1'148'775	1'307'875	384'150	107'214	12'408'107
Write-ups	-	-	-	2'191'764	1'862'446	4'054'210
Realised gains	1'462'886	-	11'005	86'250	-	1'560'141
Other income						345'708
Total income from investments						18'368'166
2015						
Current income	10'405'884	1'311'132	1'490'581	248'850	115'400	13'571'847
Write-ups	-	-	-	2'410'695	5'898'977	8'309'672
Realised gains	2'522'940	-	48'375	-	-	2'571'315
Other income						316'182
Total income from investments						24'769'016

16. Information regarding expenses on investments, per reported asset class

	<i>Bonds</i>	<i>Covered bonds</i>	<i>Insurance Linked Securities</i>	<i>Bond funds</i>	<i>Equity funds</i>	<i>Total</i>
2016	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>
Write-downs and valuation adjustments	-	-	671'025	-432'957	-2'077'521	-1'839'453
Accrual of equalisation provision	-2'900'000	-	-	-	-	-2'900'000
Realised losses	-	-	-335'512	-229'139	-	-564'651
Technical interest debited Non-life insurance						-2'722'995
Asset management expenses						-997'543
Total expenses on investments						-9'024'642
2015	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>
Write-downs and valuation adjustments	-	-	-671'025	-1'841'334	-3'943'509	-6'455'868
Accrual of equalisation provision	-6'571'530	-	-	-	-	-6'571'530
Realised losses	-	-	-149	-	-	-149
Technical interest debited Non-life insurance						-3'455'014
Asset management expenses						-1'002'693
Total expenses on investments						-17'485'254

NOTES TO THE FINANCIAL STATEMENTS
(EUR)

17. Information on the auditor's fee

	<i>2016</i> <i>EUR</i>	<i>2015</i> <i>EUR</i>
Audit services	79'489	140'938
Other services	-	18'353

18. Additional information on gross premiums

	<i>2016</i> <i>%</i>	<i>2015</i> <i>%</i>
Motor Liability	13.6	14.9
Motor Hull	3.6	3.8
General Liability	17.3	21.9
Property / Fire / BI / Engineering	39.3	31.9
Accident	21.3	20.9
Marine	2.3	2.0
Health	1.3	2.4
Life	1.3	2.2
Total	100.0	100.0
Group business accounts for percentage of total gross premiums	39.2	40.9

19. Additional information on the technical result

	<i>2016</i>	<i>2015</i>
	<i>EUR</i>	<i>EUR</i>
Net earned premiums	121'875'667	118'468'655
Technical interest	3'179'919	3'855'414
Commissions and profit commissions	-31'893'491	-29'112'215
Expenses on insurance claims for own account	-87'473'078	-87'378'663
Other technical income and expenses	-836'801	-839'466
Total technical result	4'852'216	4'993'725
Combined Ratio (without technical interest for non-life insurance)	98.25%	98.70%

20. Significant events after the balance sheet date

On 27 Februar 2017 the government of Great Britain decided to lower the Ogden rate from the current 2.5% to minus 0.75%. This interest rate is used by the British courts to calculate the liability coverage for personal injuries. The decision has had a significant effect on existing provisions as at 31 December 2016 for the corresponding UK contracts. Consequently, this significant event after the balance sheet date has been taken into account in the 2016 financial statements.



Balance sheet

(CHF)

Assets

	Notes	31. 12. 2016 CHF	31. 12. 2015 CHF
Fixed-income securities	9	479'025'041	458'821'731
Other investments	10	97'892'193	136'844'899
Total investments		576'917'234	595'666'629
Deposits on ceded reinsurance business		16'964'023	15'729'483
Cash and cash equivalents		55'577'802	18'778'552
Tangible assets		250'799	333'550
Intangible assets		515'819	724'842
Receivables from insurance operations	6	28'876'848	28'137'150
Other receivables		17'006	18'838
Accrued income and prepaid expenses		5'979'475	6'405'388
Total assets		685'099'006	665'794'433

Liabilities and shareholders' equity

Technical provisions	11	480'860'934	463'849'754
Non-technical provisions	12	37'323'574	34'075'218
Liabilities from insurance operations	7	12'094'768	12'619'560
Other liabilities	8	1'217'198	1'294'645
Accrued expenses and deferred income		114'087	125'196
Total liabilities		531'610'561	511'964'373
Share capital		100'000'000	100'000'000
Legal capital reserves		53'134'208	53'134'208
General legal reserves		6'010'000	6'010'000
Free reserves		11'707'859	10'026'975
Conversion difference		-17'363'622	-15'341'123
Total shareholders' equity	3	153'488'445	153'830'060
Total liabilities and shareholders' equity		685'099'006	665'794'433

Income statement

(CHF)

	Notes	2016 CHF	2015 CHF
Gross written premiums		131'166'105	130'991'599
Reinsurer's share of gross written premiums		-	-129'144
Net written premiums		131'166'105	130'862'455
Net changes in reserves for unearned premiums		-551'952	-1'923'997
Reinsurer's share of net changes in reserves for unearned premiums		-	-
Net earned premiums		130'614'152	128'938'459
Other income from insurance operations - technical interest		3'407'918	4'196'140
Total income from technical insurance operations		134'022'070	133'134'598
Payments for insurance claims, gross		-62'819'142	-62'839'226
Reinsurer's share of payments for insurance claims		-	-
Net change in technical provisions	13	-30'925'755	-32'261'626
Reinsurer's share of change in technical provisions		-	-
Total expenses on insurance claims for own account		-93'744'898	-95'100'852
Acquisition costs and administration expenses	14	-40'652'788	-38'025'242
Reinsurer's share of acquisition costs and administration expenses		-	-
Acquisition costs and administration expenses for own account		-40'652'788	-38'025'242
Other technical expenses for own account		-896'800	-913'655
Total expenses due to technical insurance operations		-135'294'485	-134'039'749
Income from investments	15	19'685'164	26'958'006
Expenses on investments	16	-9'671'709	-19'030'533
Investment result		10'013'455	7'927'473
Other financial income		18'024	1'456'163
Other financial expenses		-188'482	-77'939
Operating result		8'570'582	8'400'546
Other income		3'420	14'230
Other expenses		-192'728	-191'280
Net income before tax		8'381'274	8'223'496
Direct tax		-900'228	-826'935
Net income		7'481'046	7'396'561

Cash flow statement

(CHF)

	2016 CHF	2015 CHF
Net income	7'481'046	7'396'561
Accrual of technical provisions	24'118'304	40'150'232
Valuation adjustments on tangible and intangible assets	379'233	366'296
Realised gains and losses on fixed-income securities	-1'220'001	-2'798'396
Valuation adjustments on fixed-income securities	-719'137	967'665
Write-ups and write-downs on other investments	-1'654'418	-2'747'964
Change in equalisation provisions on investments	3'107'930	7'152'296
Change in non-technical provisions	662'528	4'500'100
Change in balances resulting from technical accounts	-2'977'800	1'122'509
Changes in other assets	1'543	21'733
Change in accrued income	327'769	435'133
Change in other liabilities	-57'610	18'789
Change in accrued expenses	-9'191	96'802
Cash flow from operating activities	29'440'196	56'681'757
Fixed-income securities	-25'294'256	-22'303'103
Other investments	38'510'380	-18'507'228
Tangible and intangible assets	-103'675	-262'382
Cash flow from investment activities	13'112'449	-41'072'713
Dividend distribution	-5'465'670	-6'400'000
Capital contribution	-	-
Cash flow from financing activities	-5'465'670	-6'400'000
Net cash flow	37'086'975	9'209'043
Cash on 1 January	18'778'552	9'901'597
Exchange rate difference on cash and cash equivalents	287'725	332'087
Cash on 31 December	55'577'802	18'778'552
Change in cash	37'086'975	9'209'043

Notes to the financial statements

(CHF)

The following notes are an integral part of the income statement and balance sheet. Unless stated otherwise below, SIGNAL IDUNA Reinsurance Ltd has disclosed all information required for compliance with Art. 959c, paragraphs 1 and 2, and Art. 961a of the Swiss Code of Obligations (CO), and with the provisions of the FINMA Insurance Supervision Ordinance.

1. General

SIGNAL IDUNA Reinsurance Ltd of Zug (Switzerland) is a subsidiary of SIGNAL IDUNA Group, Dortmund/Hamburg. 100% of the shares are owned by SIGNAL IDUNA Allgemeine Versicherung AG, Dortmund. The annual average number of full-time posts (FTE) at SIGNAL IDUNA Reinsurance Ltd is less than 50 persons.

Book-keeping and accounting are presented in Euros for the first time in 2015. Pursuant to Art. 958d, paragraph 3, CO, figures must also be presented in Swiss Francs.

2. Accounting and valuation principles

Time period

Reinsurance business comprises the cedants' 2016 financial year. Cedant accounts not available at the time of closing have been estimated. General income and expenses are congruent with the 2016 financial year.

Foreign currency translation

As is common practice in the international reinsurance business, accounts are denominated in the original currencies. For the purposes of the balance sheet, translations are made into Euros at year-end exchange rates; income statement amounts are translated at the relevant quarterly exchange rates. The resulting exchange-rate differences are recognised in the income statement. Net non-realised gains derived from foreign-currency translations are reserved. The main rates are:

<i>Currency</i>	<i>31. 12. 2016</i>	<i>31. 12. 2015</i>
EUR/USD	1.05197	1.08578
EUR/GBP	0.85244	0.73680
EUR/CHF	1.07170	1.08840

Investments

Bonds, covered bonds and Insurance Linked Securities (ILS) are valued using the linear cost amortisation method. The difference between the purchase price and the redemption value is distributed evenly over the remaining time to maturity and is recorded in the income statement as write-ups or write-downs. Value adjustments are made to reflect any decline in credit ratings. Shares in bond and equity funds are carried at fair value on the balance sheet date.

Receivables

Receivables, deposits and other assets are carried at nominal value. In questionable cases, the value of the positions is reduced as appropriate.

Net technical provisions

Unearned premiums, provisions for future insurance benefits and other technical provisions are based on information supplied by cedants. Final calculations conducted internally may result in the original reported provisions being strengthened. Additional provisions are created based on estimates for claims incurred but not yet reported. In addition, equalization provisions are accrued to offset business volatility.

Premium and claim portfolio movements

Premiums consist of premium portfolio inflows and outflows, and claims paid consist of the corresponding claims portfolio inflows and outflows.

Non-technical provisions

- In the spirit of prudent risk management – and in order to ensure the long-term health of the company against a backdrop of rising investment risk – a fixed equalisation provision has been established for fixed-income investments. This provision will be built up prudently and over a long time horizon.
- The equalisation provision on Insurance Linked Securities (ILS) is designed to cover a large loss event on one of the ILS investments in our portfolio.
- The provision for taxes includes liabilities relating to taxes on income and capital at year-end as well as estimated income tax on years that have not yet been assessed for tax purposes.

Technical interest, non-life reinsurance

The interest recorded in the technical income statement corresponds to the income from technical interest calculated in the pricing for the entire portfolio of reinsurance contracts. It is calculated by currency and as accrued, using the risk-free interest rate curve in effect at the time of pricing.

Change in the presentation of the Income Statement

In the financial statements, the asset management expenses are no longer shown under acquisition costs and administration expenses for own account, but rather under expenses on investments. Furthermore, the letter of credit fees are no longer shown in the administration expenses but rather in the other technical expenses for own account. The presentation of the previous year's figures has been adjusted accordingly.

NOTES TO THE FINANCIAL STATEMENTS (CHF)

3. Statement of shareholders' equity

	<i>Share capital</i>	<i>Legal capital reserves</i>	<i>General legal reserves</i>	<i>Free reserves</i>	<i>Conversion difference</i>	<i>Total</i>
	<i>CHF</i>	<i>CHF</i>	<i>CHF</i>	<i>CHF</i>	<i>CHF</i>	<i>CHF</i>
As at 01.01.2015	100'000'000	53'134'208	6'010'000	9'030'414	-	168'174'622
Movements during 2015						
- Appropriation of profits from prior year - dividend	-	-	-	-6'400'000	-	-6'400'000
- Result for 2015	-	-	-	7'396'561	-	7'396'561
Conversion difference					-15'341'123	-15'341'123
As at 31.12.2015	100'000'000	53'134'208	6'010'000	10'026'975	-15'341'123	153'830'060
Movements during 2016						
- Appropriation of profits from prior year - dividend	-	-	-	-5'800'162	-	-5'800'162
- Result for 2016	-	-	-	7'481'046	-	7'481'046
Conversion difference					-2'022'499	-2'022'499
As at 31.12.2016	100'000'000	53'134'208	6'010'000	11'707'859	-17'363'622	153'488'445

4. Total amount of equities used to secure own liabilities and assets under reservation of ownership

Technical provisions and other liabilities secured by pledged securities or current accounts:

	<i>31. 12. 2016 CHF</i>	<i>31. 12. 2015 CHF</i>
Securities	225'722'338	223'720'243
Current account	85'000	85'000
Total book value of pledged assets	225'807'339	223'805'243

The Zürcher Kantonalbank, Zurich, has granted SIGNAL IDUNA Reinsurance Ltd a credit facility of up to EUR 116.6 million (CHF 125 million). The credit facility is available in various currencies and secures deposits, guarantees and letters of credit issued by this credit institution on our behalf. On the balance sheet date, 31 December 2016, EUR 84.7 million (CHF 90.8 million) of the above credit facility had been used.

A number of securities are held at BNP Paribas, which are used to guarantee the technical provisions. This amount totalled CHF 97.9 million on the balance sheet date, 31 December 2016.

5. Off-balance-sheet leasing commitments

Rental contract for office space with a set term until 30 September 2020: CHF 666'375

6. Receivables from insurance operations

	31. 12. 2016 CHF	31. 12. 2015 CHF
Receivables from agents, brokers and intermediaries	21'549'168	19'682'323
Receivables from insurance companies (third parties)	5'896'912	6'420'841
Receivables from Group companies	1'430'768	2'033'986
Total receivables from insurance operations	28'876'848	28'137'150

7. Liabilities from insurance operations

	31. 12. 2016 CHF	31. 12. 2015 CHF
Liabilities to agents, brokers and intermediaries	-5'599'225	-5'098'772
Liabilities to insurance companies (third parties)	-3'472'367	-5'895'087
Liabilities to Group companies	-3'023'176	-1'625'701
Total liabilities from insurance operations	-12'094'768	-12'619'560

8. Other liabilities

	31. 12. 2016 CHF	31. 12. 2015 CHF
Other liabilities to third parties	-404'857	-460'159
Other liabilities to Group companies	-812'341	-834'486
Total other liabilities	-1'217'198	-1'294'645

9. Breakdown of fixed-income securities

	31. 12. 2016 CHF	31. 12. 2015 CHF
Bonds	407'188'341	373'741'418
Covered bonds	38'136'268	47'329'606
Insurance Linked Securities (ILS)	33'700'432	37'750'707
Total fixed-income securities	479'025'041	458'821'731

NOTES TO THE FINANCIAL STATEMENTS
(CHF)

10. Breakdown of other investment assets

	31. 12. 2016 CHF	31. 12. 2015 CHF
Bond funds	66'718'386	108'324'696
Equity funds	31'173'808	28'520'202
Total other investment assets	97'892'193	136'844'899

11. Breakdown of technical provisions

	CHF Gross	CHF Retro	CHF Net
2016			
Unearned premiums	-12'628'143	-	-12'628'143
Provision for outstanding claims	-396'514'050	-	-396'514'050
Other technical provisions	-56'535'009	-	-56'535'009
Provision for future life benefits	-15'183'732	-	-15'183'732
Total technical provisions	-480'860'934	-	-480'860'934
2015			
Unearned premiums	-12'351'663	-	-12'351'663
Provision for outstanding claims	-392'213'637	-	-392'213'637
Other technical provisions	-44'538'182	-	-44'538'182
Provision for future life benefits	-14'746'271	-	-14'746'271
Total technical provisions	-463'849'754	-	-463'849'754

12. Breakdown of non-technical provisions

	31. 12. 2016 CHF	31. 12. 2015 CHF
Equalisation provision for fixed-income investments	-27'175'097	-24'441'663
Equalisation provision for Insurance Linked Securities (ILS)	-2'442'252	-2'480'255
Unrealised foreign exchange gains	-5'980'756	-5'743'579
Tax	-925'662	-857'000
Miscellaneous	-799'808	-552'721
Total non-technical provisions	-37'323'574	-34'075'218

13. Breakdown of changes to technical provisions

2016	<i>CHF Gross</i>	<i>CHF Retro</i>	<i>CHF Net</i>
Provision for outstanding claims	-17'081'722	-	-17'081'722
Other technical provisions	-13'180'629	-	-13'180'629
Provision for future life benefits	-663'404	-	-663'404
Total changes to technical provisions	-30'925'755	-	-30'925'755
2015	<i>CHF Gross</i>	<i>CHF Retro</i>	<i>CHF Net</i>
Provision for outstanding claims	-16'718'281	-	-16'718'281
Other technical provisions	-13'707'646	-	-13'707'646
Provision for future life benefits	-1'835'699	-	-1'835'699
Total changes to technical provisions	-32'261'626	-	-32'261'626

14. Breakdown of acquisition costs and administration expenses

	<i>2016 CHF</i>	<i>2015 CHF</i>
Commissions and profit commissions	-34'180'254	-31'685'040
Personnel expenses	-3'990'761	-3'845'615
Depreciation	-379'233	-366'296
Other administrative expenses	-2'102'539	-2'128'291
Total acquisition costs and administration expenses	-40'652'788	-38'025'242

NOTES TO THE FINANCIAL STATEMENTS
(CHF)

15. Information regarding income from investments, per reported asset class

	<i>Bonds</i>	<i>Covered bonds</i>	<i>Insurance Linked Securities</i>	<i>Bond funds</i>	<i>Equity funds</i>	<i>Total</i>
	<i>CHF</i>	<i>CHF</i>	<i>CHF</i>	<i>CHF</i>	<i>CHF</i>	<i>CHF</i>
2016						
Current income	10'138'382	1'231'142	1'401'650	411'694	114'901	13'297'768
Write-ups	-	-	-	2'348'913	1'995'983	4'344'897
Realised gains	1'567'775	-	11'794	92'434	-	1'672'003
Other income						370'495
Total income from investments						19'685'164
2015						
Current income	11'325'516	1'427'005	1'622'313	270'842	125'599	14'771'274
Write-ups	-	-	-	2'623'743	6'420'306	9'044'049
Realised gains	2'745'908	-	52'650	-	-	2'798'558
Other income						344'125
Total income from investments						26'958'006

16. Information regarding expenses on investments, per reported asset class

	<i>Bonds</i>	<i>Covered bonds</i>	<i>Insurance Linked Securities</i>	<i>Bond funds</i>	<i>Equity funds</i>	<i>Total</i>
2016	<i>CHF</i>	<i>CHF</i>	<i>CHF</i>	<i>CHF</i>	<i>CHF</i>	<i>CHF</i>
Write-downs and valuation adjustments	-	-	719'137	-464'000	-2'226'479	-1'971'342
Accrual of equalisation provision	-3'107'930	-	-	-	-	-3'107'930
Realised losses	-	-	-359'568	-245'568	-	-605'136
Technical interest debited Non-life insurance						-2'918'234
Asset management expenses						-1'069'067
Total expenses on investments						-9'671'709
2015	<i>CHF</i>	<i>CHF</i>	<i>CHF</i>	<i>CHF</i>	<i>CHF</i>	<i>CHF</i>
Write-downs and valuation adjustments	-	-	-730'328	-2'004'064	-4'292'021	-7'026'413
Accrual of equalisation provision	-7'152'296	-	-	-	-	-7'152'296
Realised losses	-	-	-162	-	-	-162
Technical interest debited Non-life insurance						-3'760'355
Asset management expenses						-1'091'307
Total expenses on investments						-19'030'533

NOTES TO THE FINANCIAL STATEMENTS
(CHF)

17. Information on the auditor's fee

	<i>2016</i> <i>CHF</i>	<i>2015</i> <i>CHF</i>
Audit services	85'188	153'394
Other services	-	19'975

18. Additional information on gross premiums

	<i>2016</i> <i>%</i>	<i>2015</i> <i>%</i>
Motor Liability	13.6	14.9
Motor Hull	3.6	3.8
General Liability	17.3	21.9
Property / Fire / BI / Engineering	39.3	31.9
Accident	21.3	20.9
Marine	2.3	2.0
Health	1.3	2.4
Life	1.3	2.2
Total	100.0	100.0
Group business accounts for percentage of total gross premiums	39.2	40.9

19. Additional information on the technical result

	<i>2016</i>	<i>2015</i>
	<i>CHF</i>	<i>CHF</i>
Net earned premiums	130'614'152	128'938'458
Technical interest	3'407'919	4'196'140
Commissions and profit commissions	-34'180'254	-31'685'040
Expenses on insurance claims for own account	-93'744'898	-95'100'852
Other technical income and expenses	-896'800	-913'655
Total technical result	5'200'120	5'435'051
Combined Ratio (without technical interest for non-life insurance)	98.25%	98.70%

20. Significant events after the balance sheet date

On 27 Februar 2017 the government of Great Britain decided to lower the Ogden rate from the current 2.5% to minus 0.75%. This interest rate is used by the British courts to calculate the liability coverage for personal injuries. The decision has had a significant effect on existing provisions as at 31 December 2016 for the corresponding UK contracts. Consequently, this significant event after the balance sheet date has been taken into account in the 2016 financial statements.



Proposal for the appropriation of profits

(EUR)

EUR

Voluntary profit reserves after appropriation of profits for 2015	3'883'596
Net income for 2016	6'980'541
Free reserves available to the General Meeting	10'864'137

The Board of Directors proposes to the General Meeting that the available free reserves be appropriated as follows:

Dividend distribution	5'100'000
Free reserves carried forward to new account	5'764'137

Note: The amount of the dividend is limited to the total in Swiss Francs of the free reserves available to the General Meeting. This amount is CHF 11'707'859.



Proposal for the appropriation of profits

(CHF)

CHF

Voluntary profit reserves after appropriation of profits for 2015	4'226'813
Net income for 2016	7'481'046
Free reserves available to the General Meeting	11'707'859

The Board of Directors proposes to the General Meeting that the available free reserves be appropriated as follows:

Dividend distribution	5'530'433
Free reserves carried forward to new account	6'177'426

Note: The amount of the dividend is limited to the total in Swiss Francs of the free reserves available to the General Meeting. This amount is CHF 11'707'859.

Auditor's report

Report of the statutory auditor
to the General Meeting of
SIGNAL IDUNA Reinsurance Ltd
Zug

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of SIGNAL IDUNA Reinsurance Ltd, which comprise the balance sheet, income statement, cash flow statement and notes, for the year ended 31 December 2016.

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 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 2016 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 proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Michael Stämpfli
Audit expert
Auditor in charge

Angela Marti
Audit expert

Zürich, 11 April 2017



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© Susanne Keller

Cover picture: detail of «zu Lande, zu Wasser und in den Lüften»
Page 14: detail of the series «zu Lande, zu Wasser und in den Lüften»
Page 28: detail of the series «zu Lande, zu Wasser und in den Lüften»
Page 42: «ice»
Page 44: detail of the series «zu Lande, zu Wasser und in den Lüften»
Page 48: detail of the series «zu Lande, zu Wasser und in den Lüften»

Born in 1954, Susanne Keller is a freelance artist living and working in the town of Stäfa in the canton of Zurich, Switzerland. After studying at the School of Art and Design in Zurich, she completed her degree in Art History in Florence in 1982. Upon graduation, Susanne moved into her first studio in Winterthur. She has been working in Zurich since 1983.

Her passion, talent and ability find expression in her creations, in expressive composition and layering of colours, in tension and in depth as well as the interplay of the elements of her work with the mysterious and the dynamic. Her positive personality grants her pictures a wealth of strength, thereby evoking unforeseen emotions.

Since 1991, she has increasingly been managing larger projects and her work can be found in public spaces (KiöR, Kunst am Bau) in Switzerland and its neighbouring countries. She has also presented her work in numerous exhibitions in the USA, Korea, Belgium, France and Germany, etc. since 1982.

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