



ANNUAL REPORT 2019

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SI Re at a glance

SIGNAL IDUNA Reinsurance Ltd (SIRe) 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
Carl Mäder

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

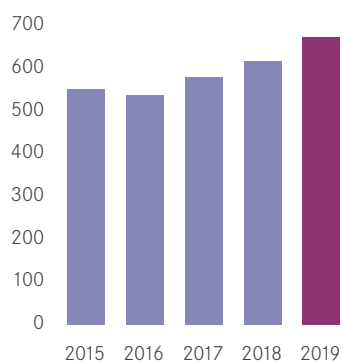
KPMG AG, Zurich

Key figures

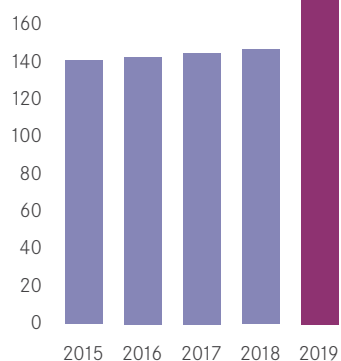
Gross Written Premiums
(in mio. EUR)



Investments
(in mio. EUR)



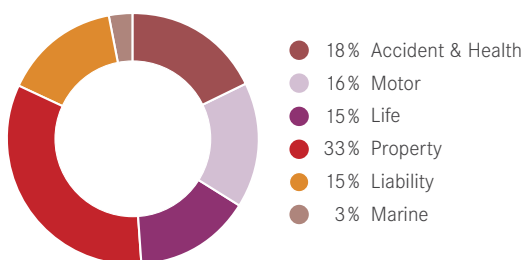
Shareholders' equity
before dividend distribution
(in mio. EUR)



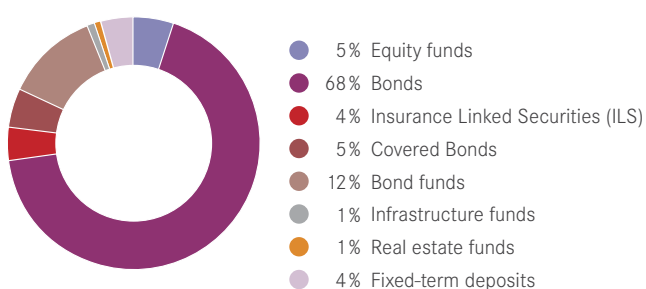
| | 2019 (in mio. EUR) | 2018 (in mio. EUR) |
|---|-----------------------|-----------------------|
| Net written premiums | 162.5 | 139.1 |
| Net earned premiums | 163.7 | 138.5 |
| Technical result | 6.2 | 5.5 |
| Net investment income, before deduction of technical interest | 11.2 | 10.3 |
| Annual result after taxes | 7.7 | 7.1 |
| Net technical provisions | 540.2 | 509.1 |
| Investments | 673.7 | 607.1 |
| Shareholders' equity (before dividend distribution) | 174.6 | 147.1 |

Portfolio composition 2019

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 achieved a record result in 2019. This outstanding performance reflects first and foremost our strategy of consistent and prudent expansion that has been in place for sixteen years by now and is evident in all our main key figures. Net income rose by 8.4% to EUR 7.7 million, and the balance sheet total increased by EUR 74.5 million to EUR 769.9 million. In mid-2019, we increased our equity base by the means of a EUR 25.0 million allocation to the capital reserves. We are using this extra capital to implement our business strategy. Thus, reported shareholder equity of EUR 174.6 million remains at a high level of 22.7% of the balance sheet total.

The market's hopes for a change of direction remained unfulfilled in the 2019 financial year. In spite of the previous year featuring the fourth highest natural catastrophe losses ever, the reinsurance markets remained in the soft phase, which now has endured for ten years. However, more demand for cover and improved underwriting discipline occurred. Yet, there was no noticeable effect on prices as the influx of convergence capital only reduced slightly. As a result, the reinsurance sector's risk appetite remained high in 2019.

The business result achieved by SIRe is all the more remarkable in this context. The net combined ratio improved slightly from 97.6% to 97.4%. We again increased our client base by over 10% and added to its diversification. Net earned premiums grew by 18.2% to EUR 163.7 million. This boost resulted mainly from one single high-volume proportional life insurance contract. The relative share of life business thus increased from 1.1% in 2018 to 15.3% in 2019 within an otherwise basically unchanged portfolio. The pronounced growth in external business entailed a drop in the share of group business from 35.0% in the previous year to now 29.7%.

As with premium growth, the technical result increased by 12.8% to EUR 6.2 million. That corresponds to 3.8% of net earned premiums, only slightly below the 4.0% in the previous year.

In line with our sustainable strategy, we continued our prudent reserving in 2019. The coverage ratio accordingly remained high at 330.0%.

At 31 December 2019, our investment portfolio amounted to EUR 673.7 million, an increase of 11.0% over the previous year. SIRe achieved a total return of 1.9%, which was the same as in 2018, in spite of the central banks' ongoing expansionary monetary policy and the sustained trade conflict between the US and China. All the asset categories contributed positively to the result during the year under review, which was not the case in 2018.

Acquisition costs for insurance contracts rose markedly from EUR 32.4 million to EUR 52.0 million. This corresponds to a 31.8% share of premiums earned. The increased share of the life business in our portfolio accounts for 84% of this cost increase. A structural change in our staff with an unchanged headcount of 20 employees, project costs and an appreciation of the Swiss franc against the euro accounted for an increase in our administrative costs from EUR 6.0 million to EUR 7.1 million.

In 2019, the SIRe Board of Directors approved a successive increase of our participation in the Insurance-Linked Securities market from USD 50 million to a maximum of USD 100 million, provided the offering matches in-house risk diversification and pricing quality requirements. Moreover, with effect from 2020, we will manage our Insurance-Linked Securities (ILS) business as a standalone business unit under the name «SIRe ILS Markets». This reflects our dual business strategy covering traditional reinsurance business and the convergence market. With regards to classical reinsurance, we are maintaining our current underwriting strategy, which mainly comprises covering European direct insurance business. In addition to that, we apply a comprehensive underwriting strategy to Insurance-Linked Securities (ILS).

SIRe remains in excellent condition. In the autumn of 2019, Fitch again confirmed its «A-» rating. Our solvency ratio of 208% (before increasing shareholder equity) is still significantly higher than what is required by the Swiss Financial Market Supervisory Authority FINMA. Given our excellent results and SIRe's strong position, the Board of Directors proposes to the General Meeting a higher dividend of EUR 5.6 million, compared to EUR 5.2 million in the previous year. Following the distribution of the dividend, our shareholder equity will increase to EUR 169.0 million.

We would like to thank both our cedants and business partners for their confidence in us as well as our employees for their valued contribution. We look forward to continuing these successful business relationships.



Dr. Klaus Sticker
Chairman of the Board of Directors



Bertrand R. Wollner
Chief Executive Officer

Review of the 2019 financial year

Business performance

SIRe achieved a pleasing result for the 2019 financial year. We were successful in growing our result across all main key figures, thereby demonstrating that business performance in 2019 has reflected the strategy we have consistently pursued for a number of years based on moderate and prudent expansion.

Net income increased to EUR 7.7 million, 8.4% higher than the previous year (EUR 7.1 million). The balance sheet total also rose to EUR 769.9 million, which was EUR 74.5 million higher than the previous year. Reported shareholder equity remains at the same comfortable level. We boosted our capital contribution reserve in mid-year by EUR 25.0 million to EUR 174.6 million to support the implementation of our business strategy. Thus, our shareholder equity now accounts for 22.7% of the balance sheet total, which is slightly above the previous year's level of 21.2%. In the current market environment, this solid capital base provides us with the necessary flexibility to allocate our resources efficiently. These figures outline SIRe as a financially strong company that is well equipped for the challenges in the reinsurance market.

Following two years of extraordinarily high losses, insured natural catastrophe losses in 2019 amounted to USD 52 billion, thereby returning to levels below the average of the past ten years. Nevertheless, a large number of smaller loss events demonstrated that natural catastrophe risks remain highly volatile. Moreover, Europe experienced a combination of heat waves and heavy hail storms. The prolonged dry spell impacted harvests in many countries.

The capital markets also remained volatile. The equity markets developed positively in spite of the sustained trade conflict between the US and China as well as a weakening economy. Nonetheless, the central banks maintained their expansionary money market policy and kept interest rates low or even negative, such as in Switzerland. As a result, potential fixed-income investment yields stayed at a modest level.

Traditional capital for writing reinsurance risks remained high in 2019, due to the ongoing ready availability of cheap capital combined with limited investment opportunities. It grew by 7% from USD 585 billion to USD 625 billion in the first nine months of 2019. At the same time, the supply of convergence capital to the capital markets for writing insurance risks reduced by USD 4 billion to USD 93 billion, mainly due to the drop in collateralised reinsurance.

Gross written premiums (in mio. EUR)



Solid premium development due to a stable client base

Against this backdrop, significant rate increases again failed to materialise during the reporting year. The only price rises were in those programmes that incurred losses, while loss-free programmes hardly changed at all. In keeping in line with our strategy, we continued our geographic diversification and expanded our client base by a pleasing 10.9% over the previous year. Net earned premiums posted a 18.2% growth to EUR 163.7 million. In addition to our growing appeal to cedants, as demonstrated by greater shares and access to better risks, we are also valued for our structured solutions capabilities that are tailored to individual clients' specific requirements. That played a significant part in our premium growth in 2019, and in the composition of our portfolio. In absolute terms, the breakdown of our business by line of business hardly changed, however, with one exception. The share of life business in our portfolio underwent a major increase from 1.1% in 2018 to 15.3% in 2019. This growth stems from a high-volume contract with one life insurer. The increase in external business entailed a drop in the share of group business from 35.0% in the previous year to 29.7% in 2019.

Technical result (in mio. EUR)



There were no major shifts in our portfolio composition by market. In France, we saw market price increases in non-proportional motor business. The company also benefits from the fact that its clients still value a highly diversified reinsurance panel. This enabled us to achieve significant gains and higher market shares, mainly in Italy where we increased our share from 3.2% to 4.6% and in Eastern Europe (from 3.8% to 4.5%).

Stable net combined ratio

Our net combined ratio improved slightly in 2019 to 97.4%, compared to 97.6% in the previous year. We maintained our prudent reserving approach during the year under review. Technical provisions rose by EUR 31.1 million to EUR 540.2 million. The coverage ratio – the ratio of technical provisions to net earned premiums – remained high at 330%.

We improved our technical result by 12.8% over the previous year to EUR 6.2 million. That corresponds to 3.8% of net earned premiums, slightly below the previous year's level of 4.0%.

Solid return on investments

Capital market interest rates in the US and Eurozone fell to new lows against the backdrop of a subdued economic outlook and the continuation of the low interest rate policy including further central bank interest rate reductions. SIRe posted current income of EUR 13.7 million during the year under review, which is slightly above the previous year's level of EUR 13.1 million. Measured in terms of average investment levels, this corresponds to an unchanged return of 2.2% relative to the previous year. The total return on investment was unchanged at 1.9% after asset management expenses and allocations to equalisation provisions.

SIRe's investments increased in line with premium growth. As at 31 December 2019, their value came to EUR 673.7 million, 11.0% higher than in 2018. There were no major adjustments to our investment portfolio relative to the previous year. The value of our portfolio, including liquidities but excluding Insurance-Linked Securities, remained at a high credit rating of A- according to the WARF approach. Fixed-income investments account for the largest share at 77.0%. Bond funds account for 11.5% of investments. The persistently low interest rates in the Eurozone and Switzerland made it difficult to identify new and reinvestments that met our requirements.

SIRe has been investing in Insurance-Linked Securities (ILS) for ten years now. ILS accounted for 4.3% of investments in the entire portfolio in 2019 and in 2018, with an investment volume of EUR 29.0 million at year-end 2019. This was just slightly higher than the previous year, as the ILS must comply with our internal underwriting standards. As a result of our positive experiences with ILS in recent years in combination with the maturity displayed by the market at the end of 2017 and 2018 following the major natural catastrophe losses and/or initial fund losses, the Board of Directors has decided to increase the available investment volume threshold. Until now, the volume was at USD 50 million. We can now increase it incrementally to a maximum of USD 100 million, provided the offerings meet our risk diversification and pricing quality requirements.

In view of the positive development on the financial markets, we also strengthened our equalisation provisions with an allocation of EUR 9.8 million during the year under review. At year-end, equalisation provisions amounted to 5.2% of our investments, compared to 4.1% in the previous year.

Investments
(in mio. EUR)



Net technical provisions
(in mio. EUR)



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



Higher acquisition costs in accordance with a changed portfolio structure

Acquisition costs rose markedly in 2019 from EUR 32.4 million to EUR 52.0 million. Measured by earned premiums, their share increased from 23.4% to 31.8%. As with premium growth, this increase is mainly due to the higher share of life business. Administrative costs also grew from EUR 6.0 million to EUR 7.1 million because the average number of full-time posts (FTE) increased from 15.6 to 16.5 and major ICT infrastructure projects were implemented. Furthermore, the Swiss franc appreciated against the euro again, which added to our costs as a Swiss reinsurer.

Strong dividend growth

The Board of Directors is proposing a higher dividend of EUR 5.6 million (EUR 5.2 million in 2018) to the General Meeting. Following the distribution of the dividend, SIRe shareholder equity will rise to EUR 169.0 million.

Risk management assessment

SIRe employs modern company-specific risk management and internal control systems. The risk management is structured to reflect the complexity and size of the company. Risk management at SIRe involves implementing the supervisory requirements of the Swiss Financial Market Supervisory Authority FINMA and the application of our own internal corporate risk management model. In addition, SIRe is integrated in the SIGNAL IDUNA Group risk management framework.

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 analyses 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.

Exceptional events

Apart from the EUR 25 million allocation to the capital reserves, which strengthens our solvency and contributes to the implementation of our strategy, there were no other extraordinary events at SIRe during the year under review.

Outlook: SI Re has made a good start to 2020

SI Re has accomplished a good start into the new financial year. We benefited from our growing market reputation, increased our premium volume, improved our share in attractive programmes, and achieved better prices and conditions in some instances. SI Re is increasingly being allocated a role that often exceeds our available capacity in the market. That fills us with pride and confidence. At the same time, given the current development of COVID-19 infections and its knock-on effect on the global economy, we do have concerns about business performance for the rest of 2020.

In the January renewal, when we typically renew 95% of our book, market and claims developments from recent years led to significantly differing pricing developments. The programmes with a positive claims experience did not see any price increases for the most part, while those programmes that incurred losses underwent significant price increases or even had to be re-structured.

We significantly increased our premium volume by 5.6% or EUR 8.5 million to EUR 161.2 million. The share of external business rose by 5 percentage points to 68%. New business with existing and new cedants was particularly pleasing. Volume with existing clients was up 3.1%, and by 1.5% for new clients. This positive trend has been evident for five years now and indicates the strength and credibility of our brand.

Pricing only exercised a moderate influence on our volume with a 0.4% increase. Furthermore, we successfully transferred some of our catastrophe capacity to higher layers. This reduces our exposure to smaller catastrophe events that can occur with greater frequency. We further diversified our geographic portfolio mix in the January renewals with new contracts in Hungary and Croatia. There were no notable changes to the line of business mix apart from increased marine and engineering business.

France, Belgium and Luxembourg accounted for over 50% of our premium growth, and we achieved price improvements in those markets. We also grew our business in Spain and Italy and achieved higher prices for programmes that incurred losses. Furthermore, we grew our market presence in almost all Central and Eastern European markets from 4.4% to 5.7% in the renewal season. Growth in the Scandinavian countries was also pleasing: premium volume was up by almost 27% over the previous year, since we gain access to the more attractive long-tail business as well. In the German speaking countries (Germany, Austria, Switzerland), some cedants reduced their exposure in the industrial business to return to profitability. Overall, we maintained our market share and grew our engineering business.

Renewals
(in mio. EUR)





Balance sheet

(EUR)

Assets

| | Notes | 31. 12. 2019 EUR | 31. 12. 2018 EUR |
|--|-------|---------------------|---------------------|
| Fixed-income securities | 9 | 521'588'810 | 486'869'336 |
| Other investments | 10 | 152'099'348 | 120'217'447 |
| Total investments | | 673'688'158 | 607'086'783 |
| Deposits on ceded reinsurance business | | 16'747'459 | 16'160'987 |
| Cash and cash equivalents | | 32'861'003 | 25'393'207 |
| Tangible assets | | 1'154'786 | 1'149'727 |
| Intangible assets | | 425'971 | 140'639 |
| Receivables from insurance operations | 6 | 39'713'966 | 40'305'096 |
| Other receivables | | 95'684 | 46'061 |
| Accrued income and prepaid expenses | | 5'167'717 | 5'058'561 |
| Total assets | | 769'854'744 | 695'341'060 |

Liabilities and shareholders' equity

| | | | |
|---|----|--------------------|--------------------|
| Technical provisions | 11 | 540'215'174 | 509'107'335 |
| Non-technical provisions | 12 | 40'265'523 | 29'904'904 |
| Liabilities from insurance operations | 7 | 14'192'214 | 8'785'196 |
| Other liabilities | 8 | 213'038 | 167'880 |
| Accrued expenses and deferred income | | 388'521 | 253'533 |
| Total liabilities | | 595'274'470 | 548'218'848 |
| Share capital | | 83'166'999 | 83'166'999 |
| Legal capital reserves | | 69'190'126 | 44'190'127 |
| General legal reserves | | 4'998'337 | 4'998'337 |
| Free reserves | | 17'224'812 | 14'766'750 |
| Total shareholders' equity | 3 | 174'580'274 | 147'122'212 |
| Total liabilities and shareholders' equity | | 769'854'744 | 695'341'060 |

Income statement

(EUR)

| | Notes | 2019 EUR | 2018 EUR |
|--|-------|---------------------|---------------------|
| Gross written premiums | | 163'893'581 | 139'108'252 |
| Reinsurer's share of gross written premiums | | -1'350'000 | - |
| Net written premiums | | 162'543'581 | 139'108'252 |
| Net changes in reserves for unearned premiums | | 618'324 | -642'779 |
| Reinsurer's share of net changes in reserves for unearned premiums | | 562'500 | - |
| Net earned premiums | | 163'724'405 | 138'465'473 |
| Other income from insurance operations - technical interest | | 1'926'024 | 2'241'191 |
| Total income from technical insurance operations | | 165'650'430 | 140'706'664 |
| Payments for insurance claims, gross | | -77'598'788 | -65'235'388 |
| Reinsurer's share of payments for insurance claims | | - | - |
| Net change in technical provisions | 13 | -28'972'099 | -36'792'283 |
| Reinsurer's share of change in technical provisions | | - | - |
| Total expenses on insurance claims for own account | | -106'570'887 | -102'027'672 |
| Acquisition costs and administration expenses | 14 | -59'075'189 | -38'376'811 |
| Reinsurer's share of acquisition costs and administration expenses | | - | - |
| Acquisition costs and administration expenses for own account | | -59'075'189 | -38'376'811 |
| Other technical expenses for own account | | -845'069 | -810'918 |
| Total expenses due to technical insurance operations | | -166'491'145 | -141'215'400 |
| Income from investments | 15 | 23'279'071 | 13'138'249 |
| Expenses on investments | 16 | -13'461'409 | -4'609'340 |
| Investment result | | 9'817'663 | 8'528'909 |
| Other financial income | | - | - |
| Other financial expenses | | -497'636 | -116'054 |
| Operating result | | 8'479'311 | 7'904'119 |
| Other income | | 38'903 | 26'117 |
| Other expenses | | -118'107 | -104'797 |
| Net income before tax | | 8'400'107 | 7'825'438 |
| Direct tax | | -742'045 | -757'739 |
| Net income | | 7'658'062 | 7'067'699 |

Cash flow statement

(EUR)

| | 2019 EUR | 2018 EUR |
|---|--------------------|--------------------|
| Net income | 7'658'062 | 7'067'699 |
| Accrual of technical provisions | 31'107'838 | 36'109'466 |
| Valuation adjustments on tangible and intangible assets | 401'340 | 177'264 |
| Realised gains and losses on fixed-income securities | -1'621'559 | 172'863 |
| Valuation adjustments on fixed-income securities | -1'366'342 | 3'911'215 |
| Write-ups and write-downs on other investments | -8'008'411 | -28'651 |
| Change in equalisation provisions on investments | 9'808'321 | -2'947'407 |
| Change in non-technical provisions | 552'298 | 611'532 |
| Change in balances resulting from technical accounts | 5'411'676 | -8'488'084 |
| Changes in other assets | -49'623 | -28'484 |
| Change in accrued income | -109'156 | 162'074 |
| Change in other liabilities | 45'158 | -90'195 |
| Change in accrued expenses | 134'988 | 139'768 |
| Cash flow from operating activities | 43'964'590 | 36'769'058 |
| Fixed-income securities | -31'731'573 | -21'615'855 |
| Other investments | -23'873'489 | -13'755'643 |
| Tangible and intangible assets | -691'732 | -1'318'273 |
| Cash flow from investment activities | -56'296'794 | -36'689'771 |
| Dividend distribution | -5'200'000 | -5'100'000 |
| Capital contribution | 25'000'000 | - |
| Cash flow from financing activities | 19'800'000 | -5'100'000 |
| Net cash flow | 7'467'796 | -5'020'712 |
| Cash on 1 January | 25'393'207 | 30'413'919 |
| Cash on 31 December | 32'861'003 | 25'393'207 |
| Change in cash | 7'467'796 | -5'020'712 |

Notes to the financial statements

(EUR)

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. 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' 2019 financial year. Cedant accounts not available at the time of closing have been estimated. General income and expenses are congruent with the 2019 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. 2019</i> | <i>31. 12. 2018</i> |
|-----------------|---------------------|---------------------|
| EUR/USD | 1.12120 | 1.14653 |
| EUR/GBP | 0.84567 | 0.89912 |
| EUR/CHF | 1.08507 | 1.12689 |

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. Shares in bond, equity and real estate funds are carried at fair value on the balance sheet date. Infrastructure funds are recorded at acquisition cost or at the net investment value, if lower.

Receivables

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

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 – provisions are established for:

- Fixed equalisation provision for fixed-income investments. This provision will be built up prudently and over a long time horizon.
- Provisions for real estate funds. The build-up of this provision is oriented toward the development of the net investment value and is based on an assessment of the risks in the real estate market.
- 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 fixed-term deposits

Going forward, the fixed-term deposits are attributed to Other investments and no longer under Cash and cash equivalents. The previous year's figures (fixed-term deposits EUR 9'123'190) in the balance sheet, cash flow statement and Notes 10, 15 and 16 have been adjusted for comparison purposes in due course.

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 31. 12. 2017 | 83'166'999 | 44'190'126 | 4'998'337 | 12'799'051 | 145'154'513 |
| Movements during 2018 | | | | | |
| – Appropriation of profits from prior year – dividend | - | - | - | -5'100'000 | -5'100'000 |
| – Result for 2018 | - | - | - | 7'067'699 | 7'067'699 |
| As at 31. 12. 2018 | 83'166'999 | 44'190'126 | 4'998'337 | 14'766'750 | 147'122'212 |
| Movements during 2019 | | | | | |
| – Appropriation of profits from prior year – dividend | - | - | - | -5'200'000 | -5'200'000 |
| – Allocation | - | 25'000'000 | - | - | 25'000'000 |
| – Result for 2019 | - | - | - | 7'658'062 | 7'658'062 |
| As at 31. 12. 2019 | 83'166'999 | 69'190'126 | 4'998'337 | 17'224'812 | 174'580'274 |

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. 2019</i> | <i>31. 12. 2018</i> |
|---|---------------------|---------------------|
| | <i>EUR</i> | <i>EUR</i> |
| Securities | 176'312'557 | 183'075'334 |
| Current account | 567'624 | 224'186 |
| Total book value of pledged assets | 176'880'181 | 183'299'520 |

The Zürcher Kantonalbank, Zurich, has granted SIGNAL IDUNA Reinsurance Ltd a credit facility of up to EUR 115.2 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 2019, EUR 64.3 million (CHF 69.7 million) of the above credit facility had been used.

A number of securities are held at BNP Paribas and HSBC, which are used to guarantee the technical provisions. This amount totalled EUR 112.1 million on the balance sheet date, 31 December 2019.

5. Off-balance-sheet leasing commitments

Rental contract for office space with a set term until 30 September 2023: EUR 1'099'219 (CHF 1'192'730)
(previous year: EUR 1'340'673 and CHF 1'510'791 respectively)

6. Receivables from insurance operations

| | 31. 12. 2019 EUR | 31. 12. 2018 EUR |
|--|---------------------|---------------------|
| Receivables from agents, brokers and intermediaries | 33'316'888 | 31'529'098 |
| Receivables from insurance companies (third parties) | 4'532'489 | 5'585'567 |
| Receivables from Group companies | 1'864'589 | 3'190'431 |
| Total receivables from insurance operations | 39'713'966 | 40'305'096 |

7. Liabilities from insurance operations

| | 31. 12. 2019 EUR | 31. 12. 2018 EUR |
|--|---------------------|---------------------|
| Liabilities to agents, brokers and intermediaries | -8'566'299 | -8'166'199 |
| Liabilities to insurance companies (third parties) | -893'627 | -494'521 |
| Liabilities to Group companies | -4'732'288 | -124'476 |
| Total liabilities from insurance operations | -14'192'214 | -8'785'196 |

8. Other liabilities

| | 31. 12. 2019 EUR | 31. 12. 2018 EUR |
|--------------------------------------|---------------------|---------------------|
| Other liabilities to third parties | -178'440 | -167'880 |
| Other liabilities to Group companies | -34'598 | - |
| Total other liabilities | -213'038 | -167'880 |

9. Fixed-income securities

| | 31. 12. 2019 EUR | 31. 12. 2018 EUR |
|--------------------------------------|---------------------|---------------------|
| Bonds | 461'213'968 | 426'600'961 |
| Covered bonds | 31'388'091 | 33'910'675 |
| Insurance Linked Securities (ILS) | 28'986'750 | 26'357'700 |
| Total fixed-income securities | 521'588'810 | 486'869'336 |

NOTES TO THE FINANCIAL STATEMENTS
(EUR)

10. Other investment assets

| | 31. 12. 2019 EUR | 31. 12. 2018 EUR |
|---|---------------------|---------------------|
| Other investments – recorded at fair values | 121'071'492 | 106'094'257 |
| Bond funds | 77'706'195 | 70'395'943 |
| Equity funds | 36'383'592 | 31'675'507 |
| Real estate funds | 6'981'705 | 4'022'808 |
| Other investments – valued at the lower of cost or market | 31'027'856 | 14'123'190 |
| Fixed-term deposits | 26'027'856 | 9'123'190 |
| Infrastructure funds | 5'000'000 | 5'000'000 |
| Total Übrige Kapitalanlagen | 152'099'348 | 120'217'447 |

11. Technical provisions

| 31. 12. 2019 | <i>EUR Brutto</i> | <i>EUR Retro</i> | <i>EUR Netto</i> |
|------------------------------------|-----------------------|----------------------|----------------------|
| Unearned premiums | -8'850'990 | 562'500 | -8'288'490 |
| Provision for outstanding claims | -447'536'675 | - | -447'536'675 |
| Other technical provisions | -69'438'318 | - | -69'438'318 |
| Provision for future life benefits | -14'951'691 | - | -14'951'691 |
| Total technical provisions | -540'777'674 | 562'500 | -540'215'174 |
| 31. 12. 2018 | <i>EUR Brutto</i> | <i>EUR Retro</i> | <i>EUR Netto</i> |
| Unearned premiums | -9'413'335 | - | -9'413'335 |
| Provision for outstanding claims | -426'151'052 | - | -426'151'052 |
| Other technical provisions | -58'939'541 | - | -58'939'541 |
| Provision for future life benefits | -14'603'407 | - | -14'603'407 |
| Total technical provisions | -509'107'335 | - | -509'107'335 |

12. Non-technical provisions

| | 31. 12. 2019 EUR | 31. 12. 2018 EUR |
|--|---------------------|---------------------|
| Equalisation provision for fixed-income investments | -32'287'000 | -23'387'000 |
| Equalisation provision for Insurance Linked Securities (ILS) | -2'564'213 | -1'750'000 |
| Equalisation reserve for real estate funds | -98'378 | -4'270 |
| Unrealised foreign exchange gains | -3'786'064 | -3'248'878 |
| Tax | -840'696 | -854'974 |
| Miscellaneous | -689'172 | -659'782 |
| Total non-technical provisions | -40'265'523 | -29'904'904 |

13. Changes to technical provisions

| | EUR Brutto | EUR Retro | EUR Netto |
|--|--------------------|--------------|--------------------|
| 2019 | | | |
| Provision for outstanding claims | -18'771'388 | - | -18'771'388 |
| Other technical provisions | -9'852'427 | - | -9'852'427 |
| Provision for future life benefits | -348'284 | - | -348'284 |
| Total changes to technical provisions | -28'972'099 | - | -28'972'099 |
| 2018 | | | |
| Provision for outstanding claims | -26'706'825 | - | -26'706'825 |
| Other technical provisions | -9'590'238 | - | -9'590'238 |
| Provision for future life benefits | -495'220 | - | -495'220 |
| Total changes to technical provisions | -36'792'283 | - | -36'792'283 |

14. Acquisition costs and administration expenses

| | 2019 EUR | 2018 EUR |
|--|--------------------|--------------------|
| Commissions and profit commissions | -52'022'354 | -32'360'004 |
| Personnel expenses | -4'235'402 | -3'631'725 |
| Depreciation | -401'340 | -177'264 |
| Other administrative expenses | -2'416'094 | -2'207'818 |
| Total acquisition costs and administration expenses | -59'075'189 | -38'376'811 |

NOTES TO THE FINANCIAL STATEMENTS
(EUR)

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

| | <i>Current income</i> | <i>Write-ups</i> | <i>Realised gains</i> | <i>Other income</i> | <i>Total income from investments</i> |
|----------------------|---------------------------|------------------|---------------------------|-------------------------|--|
| 2019 | | | | | |
| <i>EUR</i> | | | | | |
| Bonds | 8'224'721 | - | 1'495'961 | - | 9'720'682 |
| Covered bonds | 822'795 | - | 125'598 | - | 948'393 |
| Insurance | | | | | |
| Linked Securities | 1'704'950 | - | - | - | 1'704'950 |
| Bond funds | 926'440 | 3'170'552 | - | 168'128 | 4'265'120 |
| Equity funds | 594'400 | 4'708'085 | - | 347'063 | 5'649'548 |
| Real estate funds | 268'210 | 97'262 | - | - | 365'471 |
| Infrastructure funds | 139'920 | - | - | - | 139'920 |
| Fixed-term deposits | 399'152 | - | - | - | 399'152 |
| | - | - | - | 85'835 | 85'835 |
| Total | 13'080'588 | 7'975'899 | 1'621'559 | 601'025 | 23'279'071 |
| 2018 | | | | | |
| <i>EUR</i> | | | | | |
| Bonds | 8'352'440 | - | - | - | 8'352'440 |
| Covered bonds | 853'302 | - | - | - | 853'302 |
| Insurance | | | | | |
| Linked Securities | 1'257'398 | - | 203 | - | 1'257'601 |
| Bond funds | 1'500'840 | - | - | 167'180 | 1'668'020 |
| Equity funds | 422'822 | - | - | 309'396 | 732'218 |
| Real estate funds | 83'082 | 28'651 | - | - | 111'733 |
| Infrastructure funds | 96'416 | - | - | - | 96'416 |
| Fixed-term deposits | 7'791 | - | - | - | 7'791 |
| | - | - | - | 58'728 | 58'728 |
| Total | 12'574'091 | 28'651 | 203 | 535'304 | 13'138'249 |

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

| | <i>Write-downs and valuation adjustments</i> | <i>Accrual of equalisation provision</i> | <i>Realised losses</i> | <i>Technical interest debited Non-life insurance</i> | <i>Asset management expenses</i> | <i>Total expenses on investments</i> |
|----------------------|--|--|----------------------------|--|--|--|
| 2019 | | | | | | |
| <i>EUR</i> | | | | | | |
| Bonds | - | -8'900'000 | - | - | - | -8'900'000 |
| Covered bonds | - | - | - | - | - | - |
| Insurance | | | | | | |
| Linked Securities | -1'337'100 | -757'575 | - | - | - | -2'094'675 |
| Bond funds | - | - | - | - | - | - |
| Equity funds | - | - | - | - | - | - |
| Real estate funds | -3'154 | -94'108 | - | - | - | -97'262 |
| Infrastructure funds | - | - | - | - | - | - |
| Fixed-term deposits | - | - | - | - | - | - |
| | - | - | - | -1'420'936 | -948'536 | -2'369'472 |
| Total | -1'340'254 | -9'751'683 | - | -1'420'936 | -948'536 | -13'461'409 |
| 2018 | | | | | | |
| <i>EUR</i> | | | | | | |
| Bonds | - | 3'420'000 | -42'285 | - | - | 3'377'715 |
| Covered bonds | - | - | - | - | - | - |
| Insurance | | | | | | |
| Linked Securities | - | - | - | - | - | - |
| Bond funds | -754'799 | -468'323 | -108'940 | - | - | -1'332'062 |
| Equity funds | -3'676'536 | -4'270 | -21'840 | - | - | -3'702'646 |
| Real estate funds | -24'381 | - | - | - | - | -24'381 |
| Infrastructure funds | - | - | - | - | - | - |
| Fixed-term deposits | - | - | - | - | - | - |
| | - | - | - | -1'751'648 | -1'176'317 | -2'927'965 |
| Total | -4'455'717 | 2'947'407 | -173'065 | -1'751'648 | -1'176'317 | -4'609'340 |

NOTES TO THE FINANCIAL STATEMENTS
(EUR)

17. Information on the auditor's fee

| | <i>2019</i> <i>EUR</i> | <i>2018</i> <i>EUR</i> |
|----------------|---------------------------|---------------------------|
| Audit services | 86'613 | 69'367 |
| Other services | - | - |

18. Information on gross premiums

| | <i>2019</i> <i>%</i> | <i>2018</i> <i>%</i> |
|--|-------------------------|-------------------------|
| Property / Fire / BI / Engineering | 32.9 | 38.3 |
| Accident | 16.7 | 19.4 |
| Life | 15.3 | 1.1 |
| General Liability | 14.6 | 17.8 |
| Motor Liability | 13.7 | 15.6 |
| Marine | 3.1 | 2.9 |
| Motor Hull | 2.6 | 3.8 |
| Health | 1.0 | 1.1 |
| Total | 100.0 | 100.0 |
| Group business accounts for percentage of total gross premiums | 29.7 | 35.0 |

19. Information on the technical result

| | <i>2019</i> | <i>2018</i> |
|--|------------------|------------------|
| | <i>EUR</i> | <i>EUR</i> |
| Net earned premiums | 163'724'405 | 138'465'473 |
| Technical interest | 1'926'024 | 2'241'191 |
| Commissions and profit commissions | -52'022'354 | -32'360'004 |
| Expenses on insurance claims for own account | -106'570'887 | -102'027'672 |
| Other technical income and expenses | -845'069 | -810'918 |
| Total technical result | 6'212'120 | 5'508'070 |
| Combined Ratio (without technical interest) | 97.4 % | 97.6 % |

20. Significant events after the balance sheet date

The global spread of the coronavirus, and subsequent steps taken at official and national levels entail massive consequences for economies and societies on a worldwide scale. We evaluated the reinsurance business and investments at the time of preparing the financial statements. In doing so, we concluded that the situation has no influence on the 2019 financial statements. We assume, however, that there will be consequences in the 2020 financial year, which currently cannot be measured reliably. Due to our business continuity management, our company is able to maintain operations, even under difficult conditions, both to serve our clients and act in the interests of our employees' health by the means of home office work.



Balance sheet

(CHF)

Assets

| | Notes | 31. 12. 2019 CHF | 31. 12. 2018 CHF |
|--|-------|---------------------|---------------------|
| Fixed-income securities | 9 | 565'960'370 | 548'648'186 |
| Other investments | 10 | 165'038'439 | 135'471'839 |
| Total investments | | 730'998'809 | 684'120'025 |
| Deposits on ceded reinsurance business | | 18'172'165 | 18'211'654 |
| Cash and cash equivalents | | 35'656'489 | 28'615'351 |
| Tangible assets | | 1'253'024 | 1'295'616 |
| Intangible assets | | 462'209 | 158'484 |
| Receivables from insurance operations | 6 | 43'092'433 | 45'419'410 |
| Other receivables | | 103'823 | 51'905 |
| Accrued income and prepaid expenses | | 5'607'335 | 5'700'442 |
| Total assets | | 835'346'287 | 783'572'888 |

Liabilities and shareholders' equity

| | | | |
|---|----|--------------------|--------------------|
| Technical provisions | 11 | 586'171'279 | 573'707'965 |
| Non-technical provisions | 12 | 43'690'911 | 33'699'537 |
| Liabilities from insurance operations | 7 | 15'399'545 | 9'899'949 |
| Other liabilities | 8 | 231'161 | 189'182 |
| Accrued expenses and deferred income | | 421'573 | 285'704 |
| Total liabilities | | 645'914'469 | 617'782'338 |
| Share capital | | 100'000'000 | 100'000'000 |
| Legal capital reserves | | 80'915'458 | 53'134'208 |
| General legal reserves | | 6'010'000 | 6'010'000 |
| Free reserves | | 19'176'153 | 16'905'224 |
| Conversion difference | | -16'669'793 | -10'258'882 |
| Total shareholders' equity | 3 | 189'431'818 | 165'790'550 |
| Total liabilities and shareholders' equity | | 835'346'287 | 783'572'888 |

Income statement

(CHF)

| | <i>Notes</i> | <i>2019 CHF</i> | <i>2018 CHF</i> |
|--|--------------|---------------------|---------------------|
| Gross written premiums | | 177'836'008 | 156'759'698 |
| Reinsurer's share of gross written premiums | | -1'464'845 | - |
| Net written premiums | | 176'371'164 | 156'759'698 |
| Net changes in reserves for unearned premiums | | 670'925 | -724'342 |
| Reinsurer's share of net changes in reserves for unearned premiums | | 610'352 | - |
| Net earned premiums | | 177'652'441 | 156'035'356 |
| Other income from insurance operations – technical interest | | 2'089'871 | 2'525'576 |
| Total income from technical insurance operations | | 179'742'312 | 158'560'932 |
| Payments for insurance claims, gross | | -84'200'117 | -73'513'107 |
| Reinsurer's share of payments for insurance claims | | - | - |
| Net change in technical provisions | 13 | -31'436'755 | -41'460'856 |
| Reinsurer's share of change in technical provisions | | - | - |
| Total expenses on insurance claims for own account | | -115'636'872 | -114'973'963 |
| Acquisition costs and administration expenses | 14 | -64'100'716 | -43'246'444 |
| Reinsurer's share of acquisition costs and administration expenses | | - | - |
| Acquisition costs and administration expenses for own account | | -64'100'716 | -43'246'444 |
| Other technical expenses for own account | | -916'959 | -913'815 |
| Total expenses due to technical insurance operations | | -180'654'547 | -159'134'222 |
| Income from investments | 15 | 25'259'422 | 14'805'362 |
| Expenses on investments | 16 | -14'606'571 | -5'194'219 |
| Investment result | | 10'652'851 | 9'611'143 |
| Other financial income | | - | - |
| Other financial expenses | | -539'970 | -130'780 |
| Operating result | | 9'200'646 | 8'907'072 |
| Other income | | 42'212 | 29'431 |
| Other expenses | | -128'154 | -118'095 |
| Net income before tax | | 9'114'704 | 8'818'408 |
| Direct tax | | -805'170 | -853'889 |
| Net income | | 8'309'533 | 7'964'519 |

Cash flow statement

(CHF)

| | 2019 CHF | 2018 CHF |
|---|--------------------|--------------------|
| Net income | 8'309'533 | 7'964'519 |
| Accrual of technical provisions | 33'754'182 | 40'691'396 |
| Valuation adjustments on tangible and intangible assets | 435'482 | 199'757 |
| Realised gains and losses on fixed-income securities | -1'759'505 | 194'797 |
| Valuation adjustments on fixed-income securities | -1'482'577 | 4'407'509 |
| Write-ups and write-downs on other investments | -8'689'687 | -32'287 |
| Change in equalisation provisions on investments | 10'642'714 | -3'321'404 |
| Change in non-technical provisions | 599'282 | 689'129 |
| Change in balances resulting from technical accounts | 5'872'048 | -9'565'137 |
| Changes in other assets | -53'844 | -32'098 |
| Change in accrued income | -118'442 | 182'640 |
| Change in other liabilities | 49'000 | -101'640 |
| Change in accrued expenses | 146'472 | 157'503 |
| Cash flow from operating activities | 47'704'658 | 41'434'684 |
| Fixed-income securities | -34'430'978 | -24'358'691 |
| Other investments | -25'904'407 | -15'501'096 |
| Tangible and intangible assets | -750'577 | -1'485'549 |
| Cash flow from investment activities | -61'085'962 | -31'064'504 |
| Dividend distribution | -6'038'604 | -5'747'139 |
| Capital contribution | 27'126'750 | - |
| Cash flow from financing activities | 21'088'146 | -5'747'139 |
| Net cash flow | 7'706'841 | 4'623'041 |
| Cash on 1 January | 28'615'351 | 35'576'074 |
| Exchange rate difference on cash and cash equivalents | 665'703 | 1'302'932 |
| Cash on 31 December | 35'656'489 | 28'615'351 |
| Change in cash | 7'706'841 | 4'623'041 |

Notes to the financial statements

(CHF)

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. 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' 2019 financial year. Cedant accounts not available at the time of closing have been estimated. General income and expenses are congruent with the 2019 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. 2019</i> | <i>31. 12. 2018</i> |
|-----------------|---------------------|---------------------|
| EUR/USD | 1.12120 | 1.14653 |
| EUR/GBP | 0.84567 | 0.89912 |
| EUR/CHF | 1.08507 | 1.12689 |

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. Shares in bond, equity and real estate funds are carried at fair value on the balance sheet date. Infrastructure funds are recorded at acquisition cost or at the net investment value, if lower.

Receivables

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

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 – provisions are established for:

- Fixed equalisation provision for fixed-income investments. This provision will be built up prudently and over a long time horizon.
- Provisions for real estate funds. The build-up of this provision is oriented toward the development of the net investment value and is based on an assessment of the risks in the real estate market.
- 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 fixed-term deposits

The fixed-term deposits are now shown under Other investments and no longer under Cash and cash equivalents. The previous year's figures (fixed-term deposits CHF 10'280'832) in the balance sheet, cash flow statement and Notes 10, 15 and 16 have been adjusted for comparison purposes.

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 31. 12. 2017 | 100'000'000 | 53'134'208 | 6'010'000 | 14'406'375 | -3'758'994 | 169'791'589 |
| Movements during 2018 | | | | | | |
| - Appropriation of profits from prior year – dividend | - | - | - | -5'465'670 | - | -5'465'670 |
| - Result for 2018 | - | - | - | 7'964'519 | - | 7'964'519 |
| Conversion difference | | | | | -6'499'888 | -6'499'888 |
| As at 31.12. 2018 | 100'000'000 | 53'134'208 | 6'010'000 | 16'905'224 | -10'258'882 | 165'790'550 |
| Movements during 2019 | | | | | | |
| - Appropriation of profits from prior year – dividend | - | - | - | -6'038'604 | - | -6'038'604 |
| - Allocation | - | 27'781'250 | - | - | - | 27'781'250 |
| - Result for 2019 | - | - | - | 8'309'533 | - | 8'309'533 |
| Conversion difference | | | | | -6'410'911 | -6'410'911 |
| As at 31.12. 2019 | 100'000'000 | 80'915'458 | 6'010'000 | 19'176'153 | -16'669'793 | 189'431'818 |

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. 2019 CHF</i> | <i>31. 12. 2018 CHF</i> |
|---|-----------------------------|-----------------------------|
| Securities | 191'311'466 | 206'305'763 |
| Current account | 615'912 | 252'633 |
| Total book value of pledged assets | 191'927'378 | 206'558'397 |

The Zürcher Kantonalbank, Zurich, has granted SIGNAL IDUNA Reinsurance Ltd a credit facility of up to EUR 115.2 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 2019, EUR 64.3 million (CHF 69.7 million) of the above credit facility had been used.

A number of securities are held at BNP Paribas and HSBC, which are used to guarantee the technical provisions. This amount totalled EUR 112.1 million (CHF 121.6 million) on the balance sheet date, 31 December 2019.

5. Off-balance-sheet leasing commitments

Rental contract for office space with a set term until 30 September 2023: CHF 1'192'730 (previous year: CHF 1'510'791)

6. Receivables from insurance operations

| | 31. 12. 2019 CHF | 31. 12. 2018 CHF |
|--|---------------------|---------------------|
| Receivables from agents, brokers and intermediaries | 36'151'155 | 35'529'826 |
| Receivables from insurance companies (third parties) | 4'918'068 | 6'294'320 |
| Receivables from Group companies | 2'023'210 | 3'595'265 |
| Total receivables from insurance operations | 43'092'433 | 45'419'410 |

7. Liabilities from insurance operations

| | 31. 12. 2019 CHF | 31. 12. 2018 CHF |
|--|---------------------|---------------------|
| Liabilities to agents, brokers and intermediaries | -9'295'034 | -9'202'408 |
| Liabilities to insurance companies (third parties) | -969'648 | -557'271 |
| Liabilities to Group companies | -5'134'863 | -140'270 |
| Total liabilities from insurance operations | -15'399'545 | -9'899'949 |

8. Other liabilities

| | 31. 12. 2019 CHF | 31. 12. 2018 CHF |
|--------------------------------------|---------------------|---------------------|
| Other liabilities to third parties | -193'620 | -189'182 |
| Other liabilities to Group companies | -37'541 | - |
| Total other liabilities | -231'161 | -189'182 |

9. Fixed-income securities

| | 31. 12. 2019 CHF | 31. 12. 2018 CHF |
|--------------------------------------|---------------------|---------------------|
| Bonds | 500'449'441 | 480'732'357 |
| Covered bonds | 34'058'276 | 38'213'600 |
| Insurance Linked Securities (ILS) | 31'452'653 | 29'702'229 |
| Total fixed-income securities | 565'960'370 | 548'648'186 |

NOTES TO THE FINANCIAL STATEMENTS
(CHF)

10. Other investment assets

| | 31. 12. 2019 CHF | 31. 12. 2018 CHF |
|---|---------------------|---------------------|
| Other investments – recorded at fair values | 131'371'044 | 119'556'558 |
| Bond funds | 84'316'661 | 79'328'484 |
| Equity funds | 39'478'745 | 35'694'813 |
| Real estate funds | 7'575'638 | 4'533'262 |
| Other investments – valued at the lower of cost or market | 33'667'396 | 15'915'282 |
| Fixed-term deposits | 28'242'046 | 10'280'832 |
| Infrastructure funds | 5'425'350 | 5'634'450 |
| Total other investments | 165'038'439 | 135'471'839 |

11. Technical provisions

| 31.12. 2019 | CHF Brutto | CHF Retro | CHF Netto |
|------------------------------------|---------------------|----------------|---------------------|
| Unearned premiums | -9'603'944 | 610'352 | -8'993'592 |
| Provision for outstanding claims | -485'608'620 | - | -485'608'620 |
| Other technical provisions | -75'345'435 | - | -75'345'435 |
| Provision for future life benefits | -16'223'631 | - | -16'223'631 |
| Total technical provisions | -586'781'630 | 610'352 | -586'171'279 |
| 31.12. 2018 | CHF Brutto | CHF Retro | CHF Netto |
| Unearned premiums | -10'607'793 | - | -10'607'793 |
| Provision for outstanding claims | -480'225'359 | - | -480'225'359 |
| Other technical provisions | -66'418'380 | - | -66'418'380 |
| Provision for future life benefits | -16'456'433 | - | -16'456'433 |
| Total technical provisions | -573'707'965 | - | -573'707'965 |

12. Non-technical provisions

| | 31. 12. 2019 CHF | 31. 12. 2018 CHF |
|--|---------------------|---------------------|
| Equalisation provision for fixed-income investments | -35'033'655 | -26'354'576 |
| Equalisation provision for Insurance Linked Securities (ILS) | -2'782'350 | -1'972'058 |
| Equalisation reserve for real estate funds | -106'747 | -4'812 |
| Unrealised foreign exchange gains | -4'108'144 | -3'661'129 |
| Tax | -912'214 | -963'462 |
| Miscellaneous | -747'800 | -743'502 |
| Total non-technical provisions | -43'690'911 | -33'699'537 |

13. Changes to technical provisions

| 2019 | CHF Brutto | CHF Retro | CHF Netto |
|--|--------------------|--------------|--------------------|
| Provision for outstanding claims | -20'368'269 | - | -20'368'269 |
| Other technical provisions | -10'690'573 | - | -10'690'573 |
| Provision for future life benefits | -377'913 | - | -377'913 |
| Total changes to technical provisions | -31'436'755 | - | -31'436'755 |
| 2018 | CHF Brutto | CHF Retro | CHF Netto |
| Provision for outstanding claims | -30'095'655 | - | -30'095'655 |
| Other technical provisions | -10'807'143 | - | -10'807'143 |
| Provision for future life benefits | -558'058 | - | -558'058 |
| Total changes to technical provisions | -41'460'856 | - | -41'460'856 |

14. Acquisition costs and administration expenses

| | 2019 CHF | 2018 CHF |
|--|--------------------|--------------------|
| Commissions and profit commissions | -56'447'895 | -36'466'165 |
| Personnel expenses | -4'595'707 | -4'092'554 |
| Depreciation | -435'482 | -199'757 |
| Other administrative expenses | -2'621'631 | -2'487'968 |
| Total acquisition costs and administration expenses | -64'100'716 | -43'246'444 |

NOTES TO THE FINANCIAL STATEMENTS
(CHF)

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

| | <i>Current income</i> | <i>Write-ups</i> | <i>Realised gains</i> | <i>Other income</i> | <i>Total income from investments</i> |
|--------------------------------|---------------------------|------------------|---------------------------|-------------------------|--|
| 2019 | | | | | |
| <i>CHF</i> | | | | | |
| Bonds | 8'924'398 | - | 1'623'222 | - | 10'547'620 |
| Covered bonds | 892'790 | - | 136'282 | - | 1'029'072 |
| Insurance Linked Securities | 1'849'990 | - | - | - | 1'849'990 |
| Bond funds | 1'005'252 | 3'440'271 | - | 182'430 | 4'627'954 |
| Equity funds | 644'966 | 5'108'602 | - | 376'587 | 6'130'155 |
| Real estate funds | 291'026 | 105'536 | - | - | 396'562 |
| Infrastructure funds | 151'823 | - | - | - | 151'823 |
| Fixed-term deposits | 433'108 | - | - | - | 433'108 |
| | - | - | - | 93'137 | 93'137 |
| Total | 14'193'354 | 8'654'409 | 1'759'505 | 652'155 | 25'259'422 |
| 2018 | | | | | |
| <i>CHF</i> | | | | | |
| Bonds | 9'412'281 | - | - | - | 9'412'281 |
| Covered bonds | 961'578 | - | - | - | 961'578 |
| Insurance Linked Securities | 1'416'950 | - | 229 | - | 1'417'178 |
| Bond funds | 1'691'282 | - | - | 188'393 | 1'879'675 |
| Equity funds | 476'474 | - | - | 348'656 | 825'129 |
| Real estate funds | 93'624 | 32'287 | - | - | 125'911 |
| Infrastructure funds | 108'650 | - | - | - | 108'650 |
| Fixed-term deposits | 8'780 | - | - | - | 8'780 |
| | - | - | - | 66'180 | 66'180 |
| Total | 14'169'618 | 32'287 | 229 | 603'229 | 14'805'362 |

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

| | <i>Write-downs and valuation adjustments</i> | <i>Accrual of equalisation provision</i> | <i>Realised losses</i> | <i>Technical interest debited Non-life insurance</i> | <i>Asset management expenses</i> | <i>Total expenses on investments</i> |
|----------------------|--|--|----------------------------|--|--|--|
| 2019 | | | | | | |
| <i>CHF</i> | | | | | | |
| Bonds | - | -9'657'123 | - | - | - | -9'657'123 |
| Covered bonds | - | - | - | - | - | - |
| Insurance | | | | | | |
| Linked Securities | -1'450'847 | -822'022 | - | - | - | -2'272'869 |
| Bond funds | - | - | - | - | - | - |
| Equity funds | - | - | - | - | - | - |
| Real estate funds | -3'422 | -102'114 | - | - | - | -105'536 |
| Infrastructure funds | - | - | - | - | - | - |
| Fixed-term deposits | - | - | - | - | - | - |
| | - | - | - | -1'541'815 | -1'029'227 | -2'571'042 |
| Total | -1'454'269 | -10'581'259 | - | -1'541'815 | -1'029'227 | -14'606'571 |
| 2018 | | | | | | |
| <i>CHF</i> | | | | | | |
| Bonds | - | 3'853'964 | -47'651 | - | - | 3'806'313 |
| Covered bonds | - | - | - | - | - | - |
| Insurance | | | | | | |
| Linked Securities | - | - | - | - | - | - |
| Bond funds | -850'576 | -527'749 | -122'763 | - | - | -1'501'088 |
| Equity funds | -4'143'051 | -4'812 | -24'611 | - | - | -4'172'474 |
| Real estate funds | -27'475 | - | - | - | - | -27'475 |
| Infrastructure funds | - | - | - | - | - | - |
| Fixed-term deposits | - | - | - | - | - | - |
| | - | - | - | -1'973'915 | -1'325'580 | -3'299'495 |
| Total | -5'021'103 | 3'321'404 | -195'026 | -1'973'915 | -1'325'580 | -5'194'219 |

NOTES TO THE FINANCIAL STATEMENTS
(CHF)

17. Information on the auditor's fee

| | <i>2019</i> <i>CHF</i> | <i>2018</i> <i>CHF</i> |
|----------------|---------------------------|---------------------------|
| Audit services | 93'981 | 78'169 |
| Other services | - | - |

18. Information on gross premiums

| | <i>2019</i> <i>%</i> | <i>2018</i> <i>%</i> |
|--|-------------------------|-------------------------|
| Property / Fire / BI / Engineering | 32.9 | 38.3 |
| Accident | 16.7 | 19.4 |
| Life | 15.3 | 1.1 |
| General Liability | 14.6 | 17.8 |
| Motor Liability | 13.7 | 15.6 |
| Marine | 3.1 | 2.9 |
| Motor Hull | 2.6 | 3.8 |
| Health | 1.0 | 1.1 |
| Total | 100.0 | 100.0 |
| Group business accounts for percentage of total gross premiums | 29.7 | 35.0 |

19. Information on the technical result

| | 2019 CHF | 2018 CHF |
|--|------------------|------------------|
| Net earned premiums | 177'652'441 | 156'035'356 |
| Technical interest | 2'089'871 | 2'525'576 |
| Commissions and profit commissions | -56'447'895 | -36'466'165 |
| Expenses on insurance claims for own account | -115'636'872 | -114'973'963 |
| Other technical income and expenses | -916'959 | -913'815 |
| Total technical result | 6'740'585 | 6'206'989 |
| Combined Ratio (without technical interest) | 97.4 % | 97.6 % |

20. Significant events after the balance sheet date

The global spread of the coronavirus, and subsequent steps taken at official and national levels entail massive consequences for economies and societies on a worldwide scale. We evaluated the reinsurance business and investments at the time of preparing the financial statements. In doing so, we concluded that the situation has no influence on the 2019 financial statements. We assume, however, that there will be consequences in the 2020 financial year, which currently cannot be measured reliably. Due to our business continuity management, our company is able to maintain operations, even under difficult conditions, both to serve our clients and act in the interests of our employees' health by the means of home office work.



Proposal for the appropriation of profits

(EUR)

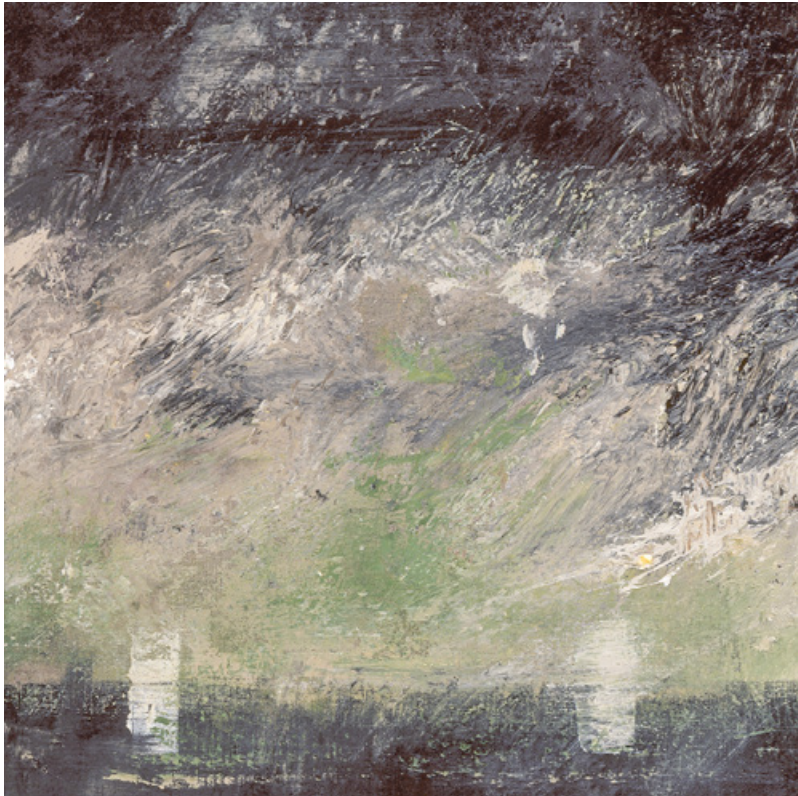
EUR

| | |
|---|-------------------|
| Voluntary profit reserves after appropriation of profits for 2018 | 9'566'749 |
| Net income for 2019 | 7'658'062 |
| Free reserves available to the General Meeting | 17'224'811 |

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

| | |
|---|-------------------|
| Dividend distribution | 5'600'000 |
| Free reserves carried forward to new account | 11'624'811 |

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 19'176'149.



Proposal for the appropriation of profits

(CHF)

CHF

| | |
|---|-------------------|
| Voluntary profit reserves after appropriation of profits for 2018 | 10'866'620 |
| Net income for 2019 | 8'309'529 |
| Free reserves available to the General Meeting | 19'176'149 |

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

| | |
|---|-------------------|
| Dividend distribution | 6'360'893 |
| Free reserves carried forward to new account | 12'815'256 |

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 19'176'149.

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 financial statements of SIGNAL IDUNA Reinsurance Ltd, which comprise the balance sheet, income statement, cash flow statement and notes (pages 18 to 27) for the year ended 31 December 2019.

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 2019 comply with Swiss law and the company's articles of incorporation.

Other facts

The financial statements of SIGNAL IDUNA Reinsurance Ltd for the year ended 31 December 2018 have been audited by other auditors who issued an unmodified opinion on these financial statements on 1 April 2019.

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 reserves complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Rainer Pfaffenzeller
Licensed Audit Expert
Auditor in Charge

Elina Monsch
Licensed Audit Expert

Zurich, 24 April 2020



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Cover picture: «So far away» detail
Page 14: «Paradise now» detail
Page 28: «Dante» detail
Page 42: «Ithaka revisited» detail
Page 44: «At night» detail
Page 48: «Lotsen» detail

Born in 1954, Susanne Keller is a freelance artist living and working in the old town 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. Since 1982 she has also presented her work in numerous exhibitions in the USA, Korea, Belgium, France and Germany, etc.

SIGNAL IDUNA
Reinsurance Ltd

A subsidiary of
SIGNAL IDUNA Group

Bundesplatz 1
Postfach 7737
CH-6302 Zug
Switzerland
Telephone +41 41 709 05 05
Fax +41 41 709 05 00
www.sire.ch