



ANNUAL REPORT 2015

SI Re – Mutually yours
Sustainable, agile, committed

Table of contents

| | |
|--|----|
| SIRe at a glance | 4 |
| Key figures | 5 |
| Report of the Board of Directors and the Executive Board | 7 |
| Review of the 2015 financial year | 9 |
| | |
| Balance sheet in EUR | 15 |
| Income statement in EUR | 16 |
| Cash flow statement in EUR | 17 |
| Notes to the financial statements in EUR | 18 |
| | |
| Balance sheet in CHF | 27 |
| Income statement in CHF | 28 |
| Cash flow statement in CHF | 29 |
| Notes to the financial statements in CHF | 30 |
| | |
| Proposal for the appropriation of profits in EUR | 39 |
| Proposal for the appropriation of profits in CHF | 41 |
| | |
| Auditor's report | 42 |
| | |
| Publisher's Imprint | 46 |

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

Beat Landtwing, Finance

Shareholders

100% SIGNAL IDUNA Allgemeine Versicherung AG,
Dortmund

Rating

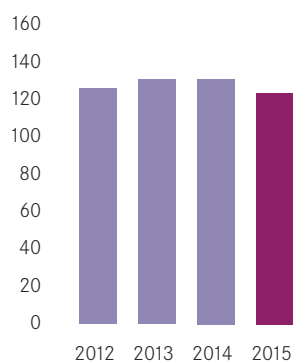
Fitch: A- «Outlook stable»

Auditors

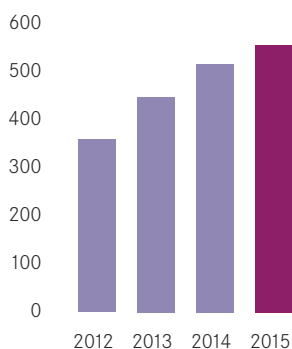
PricewaterhouseCoopers AG, Zurich

Key figures

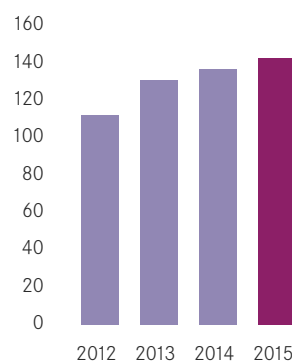
Gross Written Premiums
(in mio. EUR)



Investments
(in mio. EUR)



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



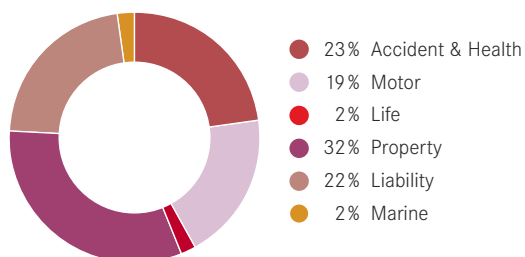
| | 2015 (in mio. EUR) | 2014 (in mio. EUR)** |
|---|-----------------------|-------------------------|
| Net written premiums | 120.2 | 129.6 |
| Net earned premiums | 118.5 | 129.1 |
| Technical result | 5.2* | 4.4 |
| Net investment income | 11.7 | 13.2 |
| Net income | 6.8 | 6.8 |
| Net technical provisions | 426.2 | 389.3 |
| Investments | 547.3 | 505.6 |
| Shareholders' equity (before dividend distribution) | 141.3 | 139.9 |

*See number 19 in the Notes to the financial statements 2015

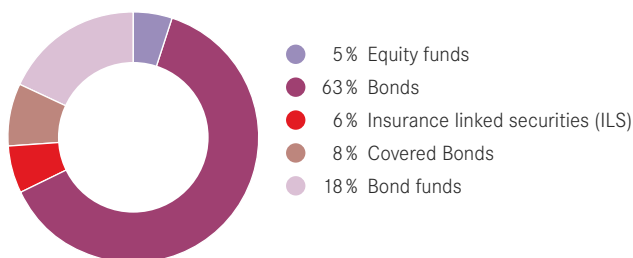
** at the exchange rate EUR/CHF of 1.2024 at 31.12.2014

Portfolio composition 2015

Business lines (Gross Written Premiums)



Investments





Dr. Klaus Sticker



Bertrand R. Wollner

Report of the Board of Directors and the Executive Board

Dear readers

Two key developments dominated the 2015 financial year at SIRe. On the operational side, we further expanded our portfolio. This places us in a better position to face the challenges of the current market, which is continuously shaped by persistent low or negative interest rates and substantial excess risk capital. At the administrative level, we implemented some major alterations to our corporate governance structure and our accounting methodology. Since we have changed the reporting currency for our financial statements from Swiss Francs to Euros, our year-on-year comparability has been substantially impacted by this change.

SIRe closed its twelfth financial year successfully. We increased our balance sheet total to EUR 612 million in 2015. Net income, at EUR 6.8 million, was level with the prior year's figure. Shareholder equity was EUR 141.3 at year's end, thus, it still accounts for well over one quarter of our balance sheet total.

Restructuring measures and increased retentions at two major clients in particular led to a 7.2% decrease in our net written premiums, which now stand at EUR 120.2 million. Nevertheless, the structural composition of our portfolio was unaffected by this development. The number of new clients increased by 5.5%. We also stepped up our presence in the Benelux countries, Finland, Iceland, Portugal and the Czech Republic. At the same time, we maintained our conservative reserving approach. Technical provisions amounted to EUR 426.2 million at year-end. This translated into an increase in the coverage ratio (the ratio of technical provisions to premiums earned) from 301% to a comfortable level of 359%. The technical result closed positively at EUR 5.2 million. This figure corresponds to 4.3% of premiums earned (prior year: 3.4%).

As at 31 December 2015, SIRe was managing investment assets with a book value of EUR 547.3 million, equating to a year-on-year increase of 8.3%. Current income from investments was EUR 13.9 million. This represents a return of 2.6%, slightly lower than the previous year's return of 2.9%.

Administration costs in the year under review amounted to EUR 7.0 million, equivalent to an administrative expense ratio of 5.9%; this parameter was at 4.9% the prior year. The increase is essentially due to the strengthening of the Swiss Franc against the Euro, coupled with an increase in personnel expenses as well as additional audit and reporting obligations as the regulatory environment becomes more stringent.

The Board of Directors is again proposing a dividend to the General Meeting in the amount of EUR 5.1 million. After payment of this sum, SI Re's shareholder equity will be EUR 136.2 million.

We would like to take this opportunity to thank our clients, whose trust is the basis for our success. We shall undertake every effort to continue supporting them in the future by offering dependable and customised reinsurance products. We would also like to thank our employees – the cornerstone of our long-term success – for their ongoing commitment.



Dr. Klaus Sticker
Chairman of the Board of Directors



Bertrand R. Wollner
Chief Executive Officer

Review of the 2015 financial year

Adjustments to SIRe's Reporting and Corporate Governance

As already announced in the preceding year, we changed our accounting currency from Swiss Francs to Euros as of 1 January 2015. This change was made possible by new accounting legislation that came into force on 1 January 2013. Our reporting currency is now the same as our principal transaction currency; the Euro has been crucially important for SIRe from the very outset, given our focus on the European insurance markets. This move greatly simplifies our accounting principles and procedures and makes it consistent with the Swiss Solvency Test (SST), for which we have also been using Euros since 2012.

An additional factor in this context is that the Swiss Financial Market Supervisory Authority (FINMA) has issued new classification requirements for balance sheets and income statements in the insurance industry: these are applicable to the 2015 closing financial statements. Together with the change of reporting currency (from CHF in 2014 to EUR in 2015), these requirements naturally affect comparability with the prior year. The 2015 financial year was dominated by the Swiss National Bank's decision on 15 January 2015, to discontinue the minimum exchange rate of CHF 1.20 per Euro. However, SIRe sustained no exchange rate losses when the Swiss Franc temporarily strengthened to parity with the Euro since we had already converted to Euros on 1 January 2015. Nevertheless, the exchange rate situation triggered an increase in our administrative expenses, which still incur in Swiss Francs.

In the middle of last year, FINMA also introduced a change to the Insurance Supervision Ordinance which companies must implement within the next two years. SIRe has decided to implement this change immediately. Specifically, the Supervision Ordinance stipulates that no duplication of functions between the Board of Directors and the Executive Board exists, and that there must be a strict separation between the functions of Responsible Actuary, Risk Management and Compliance. Bertrand R. Wollner has thus stepped down as a member and delegate of the Board of Directors and will act solely as CEO of our company in the future. The functions of Responsible Actuary, Risk Management and Compliance Officer were performed in the past by our Chief Risk Officer (CRO), Andreas Gadmer. Thomas Schneider of KPMG now obtains the function of Responsible Actuary as an external service provider. The CRO continues to be in charge of Risk Management while Adrian Suter, Head of Finance and Accounting, takes responsibility for the Compliance function that was introduced in 2007.

The reinsurance industry: still under pressure

According to Aon Benfield, global reinsurance capital decreased to USD 565 billion by the end of 2015, equivalent to a 2% decrease since 31 December 2014. Traditional capital has fallen to USD 493 billion – a reduction of no less than 4%. This is principally due to the strong US Dollar and the impact of rising interest rates on bonds. Alternative capital has continued to grow, albeit at a slower pace than hitherto: by the end of December 2015, it had increased by 12% to USD 72 billion. Operating results for leading primary insurers and reinsurers remained stable thanks to the low level of catastrophe losses, economic recovery in the USA and growth potential available in developing countries. The high level of reinsurance supply therefore remains unchanged.

Gross Written Premiums (in mio. EUR)



In response to the sustained soft market phase, the industry is seeking to reinforce client relationships in an effort to both retain existing customers and advance into new segments. The industry is also having to cope with a more stringent regulatory framework as well as an increase in the capital requirement, due to stricter capital models introduced by the rating agencies. Both factors are putting pressure on reinsurers' margins.

These developments are prompting many players to step up their acquisition activities in order to benefit from economies of scale. Nevertheless, this trend cannot in itself generate impetus for the market; thus, we are witnessing the continued consolidation of an industry where only a few companies have managed to keep on developing their reinsurance business through organic growth.

SI Re: maintaining a reliable business approach

Against this backdrop, SI Re has continued to diversify its portfolio while adding to the number of its client relationships and thereby strengthening its organisation. We pursue a selective underwriting strategy by focusing on risks that match our long-term orientation and enhance the resilience of our portfolio. Thanks to this approach, we are largely able to lessen the price pressure that is particularly prevalent in the generic property lines. Despite this, we have not been unaffected by the current market trend entirely.

Our net premiums written totalled EUR 120.2 million, and the technical result was EUR 5.2 million.

At year-end, SI Re was managing investments with a book value of EUR 547.3 million, on which we earned current income of EUR 13.9 million.

Technical Result (in mio. EUR)



Our net income was a pleasing EUR 6.8 million for the year. The Board of Directors of SI Re is proposing a dividend of EUR 5.1 million to the General Meeting. After this dividend distribution, our shareholders' equity will be reduced to EUR 136.2 million from the year-end figure of EUR 141.3 million.

Ongoing portfolio diversification

SI Re continued to press ahead with its geographical diversification in 2015. Smaller markets such as Benelux, Finland, Iceland, Portugal and the Czech Republic took on a more important role in our portfolio. At the same time, there was a reduction in the share of markets exposed to exceptionally severe price pressure. In overall terms, SI Re endeavoured to offset the impact of premium adjustments and restructuring on existing treaties by increasing the share of business with existing clients and/or selectively taking on new business. By doing so, we were able to increase the number of new clients by 5.5%. However, the portfolio mix by lines of business remains largely unchanged. General Liability was the only line to be reduced (from 24% to 21.9%) while Motor insurance increased from 17% to almost 19%.

*See number 19 in the Notes to the financial statements 2015

Reference is frequently made to the reduction of reinsurance panels, i.e. the concentration of primary insurers on a smaller number of typically larger reinsurers. However, this trend had no impact on the primary insurers with whom SIRe writes business. On the contrary: SIRe was able to strengthen its position with many of its clients and could even expand its shares of business. At the same time, the intra-group portion of our business with our parent company, the SIGNAL IDUNA Group, rose to 40.9%.

In 2015, however, two of our major clients decided to restructure their reinsurance programmes and increase their retentions. These developments reduced our net premiums written by 7.2% to EUR 120.2 million. Thanks to SIRe's continued adherence to its «gross for net» policy, the retrocession premium was a mere EUR 0.1 million. After changes to unearned premiums, this resulted in net premiums earned of EUR 118.5 million.

The combined ratio was 98.5% of premiums earned, thereby 0.8 percentage points below the prior year's figure of 99.3%. The technical result, including internal technical interest, closed with a positive result of EUR 5.2 million, representing an increase of 0.9 percentage points in our technical profitability compared to the prior year, when the technical result accounted for 3.4% of premiums earned.

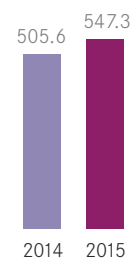
We maintained our conservative reserving approach in the financial year 2015. At year-end, our technical provisions amounted to EUR 426.2 million. This translates into an increase in the coverage ratio of 58 percentage points – from 301% in 2014 to a very comfortable 359% in 2015.

Consistent investment strategy

The low-interest environment presents difficulties for investors, and it also impacted the investment income from our portfolio. At year-end, SIRe was managing investments of EUR 547.3 million, a year-on-year increase of 8.3%. We earned current income of EUR 13.9 million from these assets in the course of the year. This corresponds to a return of 2.6%, slightly below the prior year's level of 2.9%. The quality of the portfolio remains high. The weighted average rating based on the WARF approach is still AA-. Fixed-income investments continue to dominate with a quota of 70.7%. They are followed by bond funds with an 18.2% share. The quota of insurance linked securities (ILS) grew slightly from 5.2% to 6.3% in 2015. These are used for risk diversification purposes on the insurance side.

SIRe increased its overall equalisation provision for fixed-income investments by EUR 6.6 million to EUR 22.5 million during financial 2015, in order to shield itself against the persistently high risks on the capital market. This provision is of a purely preventive nature and for the purpose of cushioning unexpected losses on our investment portfolio.

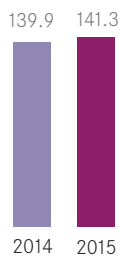
Investments
(in mio. EUR)



Net technical provisions
(in mio. EUR)



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



Solid profits in an adverse environment

Our administrative expenses amounted to EUR 7.0 million in 2015. This is equivalent to an administrative expense ratio of 5.9%, or 1.0 percentage points above the 2014 level of 4.9%. Our costs increased in relation to our reduced premium income, due mainly to the appreciation of the Swiss Franc against the Euro. Although our costs are comparatively low, they were driven up by other factors such as an increase in our headcount from 14 to 18 employees as well as a stricter regulatory framework, including additional audit and reporting requirements.

Net income for the year amounted to EUR 6.8 million. Taxes, at EUR 0.8 million, remained stable year-on-year. On the balance sheet date at the end of December, SIRe obtained shareholders' equity of EUR 141.3 million. The Board of Directors of SIRe is proposing to the General Meeting that a dividend of EUR 5.1 million be distributed. After distribution of the dividend, shareholders' equity will be reduced to EUR 136.2 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; it is closely aligned with the Swiss Solvency Test and the internal control system. Furthermore, our risk management system 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 risk 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. It also gives details of any corporate governance incidents.

Good start to the 2016 financial year

For the first time in many years, global reinsurance capital remained stagnant at the prior year's level in 2015, despite the ongoing inflow of alternative capital. The consequences of this are well known. SIRe expects pressure on insurance premiums to persist as the sector continues its consolidation – all the more so as there is no likelihood of a rise in interest rates in the foreseeable future.

SIRe started out well in the new year. We continue to adhere to our business model of an underwriting policy that is reliable, cautious and selective. SIRe is forging ahead with its diversification since the beginning of the year. In the Nordic countries, we have entered new programs by writing moderate shares with several new clients. We have also expanded our portfolio in Switzerland, Italy, the Iberian peninsula and Eastern Europe. At the same time, we have acquired new clients in Germany, France and Italy. We have decided to make selective use of our capacity in those countries where competition among reinsurers is intense at present.

SIRe writes about 90% of its premium volume in the year-end renewals. Increased business shares and restructuring of business with existing customers totalled 14.6%, thereby more than offsetting the decline of 13% premium volume for business that was restructured or no longer ceded. We increased our premium income by 4% in the January renewals. The number of new client relationships rose by 10% and there was a 6% increase in the number of treaties, while premium contributions from existing business grew by 1.6%. In addition, there were premium contributions of 2.5% from new business with existing clients as well as new clients.

Our outlook for the current year is cautiously optimistic. Our longstanding relationships with our clients are the best proof of trust in the quality of our services. We have consistently been able to strengthen our position over time by steadily increasing our business shares. We shall resolutely continue to follow this path in 2016.

Renewals

(in mio. EUR)





Balance sheet

(EUR)

| Assets | Notes | 31. 12. 2015 EUR |
|--|-------|---------------------|
| Investments | | |
| Fixed-income securities | 9 | 421'565'407 |
| Other investments | 10 | 125'733'093 |
| Total investments | | 547'298'500 |
| Deposits on ceded reinsurance business | | 14'452'249 |
| Cash and cash equivalents | | 17'253'734 |
| Tangible assets | | 306'466 |
| Intangible assets | | 665'985 |
| Receivables from insurance operations | 6 | 25'852'413 |
| Other receivables | | 17'308 |
| Accrued income and prepaid expenses | | 5'885'270 |
| Total assets | | 611'731'925 |

Liabilities and shareholders' equity

| | | |
|---|----|--------------------|
| Technical provisions | 11 | 426'185'154 |
| Non-technical provisions | 12 | 31'308'310 |
| Liabilities from insurance operations | 7 | 11'594'852 |
| Other liabilities | 8 | 1'189'520 |
| Accrued expenses and deferred income | | 115'030 |
| Total liabilities | | 470'392'866 |
| Share capital | | 83'166'999 |
| Legal capital reserves | | 44'190'127 |
| General legal reserves | | 4'998'337 |
| Free reserves | | 8'983'596 |
| Total shareholders' equity | 3 | 141'339'059 |
| Total liabilities and shareholders' equity | | 611'731'925 |

Income statement

(EUR)

| | <i>Notes</i> | <i>2015 EUR</i> |
|--|--------------|---------------------|
| Gross written premiums | | 120'355'081 |
| Reinsurer's share of gross premiums | | -118'657 |
| Net written premiums | | 120'236'424 |
| Net changes in reserves for unearned premiums | | -1'767'769 |
| Reinsurer's share of net changes in reserves for unearned premiums | | - |
| Net earned premiums | | 118'468'655 |
| Other income from insurance operations - technical interest | | 3'855'414 |
| Total income from technical insurance operations | | 122'324'069 |
| Payments for insurance claims, gross | | -57'736'681 |
| Reinsurer's share of payments for insurance claims | | - |
| Net change in technical provisions | 13 | -29'641'982 |
| Reinsurer's share of change in technical provisions | | - |
| Total expenses on insurance claims for own account | | -87'378'663 |
| Acquisition costs and administration expenses | 14 | -36'100'877 |
| Reinsurer's share of acquisition costs and administration expenses | | - |
| Acquisition costs and administration expenses for own account | | -36'100'877 |
| Other technical expenses for own account | | -678'875 |
| Total expenses due to technical insurance operations | | -124'158'415 |
| Income from investments | 15 | 24'769'016 |
| Expenses on investments | 16 | -16'482'561 |
| Investment result | | 8'286'455 |
| Other financial income | | 1'337'923 |
| Other financial expenses | | -71'610 |
| Operating result | | 7'718'422 |
| Other income | | 13'074 |
| Other expenses | | -175'748 |
| Net income before tax | | 7'555'748 |
| Direct tax | | -759'788 |
| Net income | | 6'795'960 |

Cash flow statement

(EUR)

| | <i>2015</i> |
|---|--------------------|
| | <i>EUR</i> |
| Net income | 6'795'960 |
| Accrual of technical provisions | 36'890'033 |
| Valuation adjustments on tangible and intangible assets | 336'553 |
| Realised gains and losses on fixed-income securities | -2'571'166 |
| Valuation adjustments on fixed-income securities | 889'091 |
| Write-ups and write-downs on other investments | -2'524'829 |
| Change in equalisation provisions on investments | 6'571'530 |
| Change in non-technical provisions | 4'134'692 |
| Change in balances resulting from technical accounts | 1'031'361 |
| Changes in other assets | 19'968 |
| Change in accrued income | 399'800 |
| Change in other liabilities | 17'263 |
| Change in accrued expenses | 88'942 |
| Cash flow from operating activities | 52'079'198 |
| Fixed-income securities | -20'492'091 |
| Other investments | -17'004'441 |
| Tangible and intangible assets | -241'077 |
| Cash flow from investment activities | -37'737'609 |
| Dividend distribution | -5'322'688 |
| Capital contribution | - |
| Cash flow from financing activities | -5'322'688 |
| Net cash flow | 9'018'901 |
| Cash on 1 January 2015 | 8'234'833 |
| Cash on 31 December 2015 | 17'253'734 |
| Change in cash | 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. This is by far the most important currency for the company's business operations. Balance-sheet values in CHF as at 31.12.2014 were converted into EUR as at 01.01.2015 at the rate of 1.2024.

The statutory transitional provisions stipulate that citation of the prior year's figures may be waived when the accounting regulations are applied for the first time.

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' 2015 financial year. Cedant accounts not available at the time of closing have been estimated. General income and expenses are congruent with the 2015 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. 2015</i> |
|-----------------|---------------------|
| USD | 1.0858 |
| GBP | 0.7368 |
| CHF | 1.0884 |

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.

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 |

4. Ownership restrictions on recorded assets pledged to secure own liabilities

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

| | <i>EUR</i> |
|---|--------------------|
| Securities | 205'554'159 |
| Current account | 78'098 |
| Total book value of pledged assets | 205'632'257 |

The Zürcher Kantonalbank, Zurich, has granted SIGNAL IDUNA Reinsurance Ltd a credit facility of up to 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 2015, EUR 15 000 000 and GBP 54 817 279 of the above credit facility had been used.

5. Off-balance-sheet leasing commitments

Rental contract for office space with a set term until 30 September 2020: EUR 982 297 (CHF 1 069 000)

6. Receivables from insurance operations

EUR

| | |
|--|-------------------|
| Receivables from agents, brokers and intermediaries | 18'084'118 |
| Receivables from insurance companies (third parties) | 5'899'469 |
| Receivables from Group companies | 1'868'826 |
| Total receivables from insurance operations | 25'852'413 |

7. Liabilities from insurance operations

EUR

| | |
|--|-------------------|
| Liabilities to agents, brokers and intermediaries | 4'684'752 |
| Liabilities to insurance companies (third parties) | 5'416'406 |
| Liabilities to Group companies | 1'493'694 |
| Total receivables from insurance operations | 11'594'852 |

8. Other liabilities

EUR

| | |
|--------------------------------------|------------------|
| Other liabilities to third parties | 422'794 |
| Other liabilities to Group companies | 766'726 |
| Total other liabilities | 1'189'520 |

9. Breakdown of fixed-income securities

EUR

| | |
|--------------------------------------|--------------------|
| Bonds | 343'393'615 |
| Covered bonds | 43'486'442 |
| Insurance linked securities (ILS) | 34'685'350 |
| Total fixed-income securities | 421'565'407 |

NOTES TO THE FINANCIAL STATEMENTS
(EUR)

10. Breakdown of other investment assets

| | <i>EUR</i> |
|--------------------------------------|--------------------|
| Bond funds | 99'528'731 |
| Equity funds | 26'204'362 |
| Total other investment assets | 125'733'093 |

11. Breakdown of technical provisions

| | <i>EUR Gross</i> | <i>EUR Retro</i> | <i>EUR Net</i> |
|------------------------------------|----------------------|----------------------|--------------------|
| 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

| | <i>EUR</i> |
|--|-------------------|
| Equalisation provision for fixed-income investments | 22'457'000 |
| Equalisation provision for insurance linked securities (ILS) | 2'278'858 |
| Unrealised foreign exchange gains | 5'277'200 |
| Tax | 787'412 |
| Miscellaneous | 507'840 |
| Total non-technical provisions | 31'308'310 |

13. Breakdown of changes to technical provisions

| | <i>EUR Gross</i> | <i>EUR Retro</i> | <i>EUR Net</i> |
|--|----------------------|----------------------|--------------------|
| 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>EUR</i> |
|--|--------------------|
| Commissions and profit commissions | -29'112'215 |
| Personnel expenses | -3'533'351 |
| Asset management expenses | -1'163'284 |
| Depreciation | -336'553 |
| Other administrative expenses | -1'955'474 |
| Total acquisition costs and administration expenses | -36'100'877 |

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> |
| 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 |

NOTES TO THE FINANCIAL STATEMENTS
(EUR)

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> |
|--|--------------|--------------------------|--|-----------------------|-------------------------|--------------------|
| | <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 |
| Total expenses on investments | | | | | | -16'482'561 |

17. Information on the auditor's fee

| | <i>EUR</i> |
|----------------|------------|
| Audit services | 140'938 |
| Other services | 18'353 |

18. Additional information on gross premiums

| | <i>%</i> |
|------------------------------------|----------|
| Motor Liability | 14.9 |
| Motor Hull | 3.8 |
| General Liability | 21.9 |
| Property / Fire / BI / Engineering | 31.9 |
| Accident | 20.9 |
| Marine | 2.0 |
| Health | 2.4 |
| Life | 2.2 |
| Total | 100.0 |

Group business accounts for 40.9% of total gross premiums.

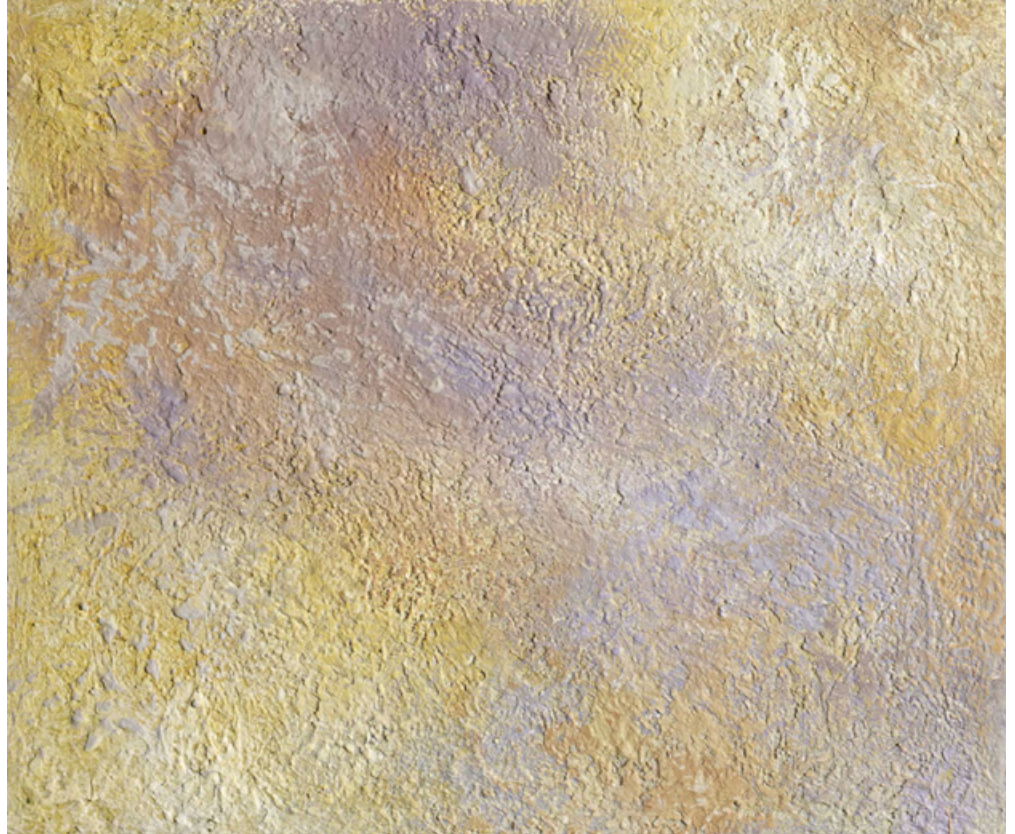
19. Additional information on the technical result

EUR

| | |
|--|------------------|
| Net earned premiums | 118'468'655 |
| Technical interest | 3'855'414 |
| Commissions and profit commissions | -29'112'215 |
| Expenses on insurance claims for own account | -87'378'663 |
| Other technical income and expenses | -678'875 |
| Total technical result | 5'154'316 |

20. Significant events after the balance sheet date

There were no significant events after the balance sheet date which have a material impact on the financial statements.



Balance sheet

(CHF)

Assets

| | Notes | 31. 12. 2015 CHF | 31. 12. 2014 CHF |
|--|-------|---------------------|---------------------|
| Investments | | | |
| Fixed-income securities | 9 | 458'821'731 | 480'095'993 |
| Other investments | 10 | 136'844'899 | 127'831'517 |
| Total investments | | 595'666'629 | 607'927'510 |
| Deposits on ceded reinsurance business | | 15'729'483 | 15'080'544 |
| Cash and cash equivalents | | 18'778'552 | 9'901'597 |
| Tangible assets | | 333'550 | 472'059 |
| Intangible assets | | 724'842 | 812'016 |
| Receivables from insurance operations | 6 | 28'137'150 | 32'307'725 |
| Other receivables | | 18'838 | 44'818 |
| Accrued income and prepaid expenses | | 6'405'388 | 7'557'168 |
| Total assets | | 665'794'433 | 674'103'437 |

Liabilities and shareholders' equity

| | | | |
|---|----------|--------------------|--------------------|
| Technical provisions | 11 | 463'849'754 | 468'090'160 |
| Non-technical provisions | 12 | 34'075'218 | 24'753'662 |
| Liabilities from insurance operations | 7 | 12'619'560 | 11'626'962 |
| Other liabilities | 8 | 1'294'645 | 1'413'220 |
| Accrued expenses and deferred income | | 125'196 | 44'811 |
| Total liabilities | | 511'964'373 | 505'928'815 |
| 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 | | 10'026'975 | 9'030'414 |
| Conversion difference | | -15'341'123 | - |
| Total shareholders' equity | 3 | 153'830'060 | 168'174'622 |
| Total liabilities and shareholders' equity | | 665'794'433 | 674'103'437 |

Income statement

(CHF)

| | Notes | 2015 CHF | 2014 CHF |
|--|-------|---------------------|---------------------|
| Gross written premiums | | 130'991'599 | 155'998'281 |
| Reinsurer's share of gross premiums | | -129'144 | -172'551 |
| Net written premiums | | 130'862'455 | 155'825'730 |
| Net changes in reserves for unearned premiums | | -1'923'997 | -553'043 |
| Reinsurer's share of net changes in reserves for unearned premiums | | - | - |
| Net earned premiums | | 128'938'459 | 155'272'687 |
| Other income from insurance operations - technical interest | | 4'196'140 | 4'182'197 |
| Total income from technical insurance operations | | 133'134'598 | 159'454'884 |
| Payments for insurance claims, gross | | -62'839'226 | -62'065'122 |
| Reinsurer's share of payments for insurance claims | | - | - |
| Net change in technical provisions | 13 | -32'261'626 | -54'034'910 |
| Reinsurer's share of change in technical provisions | | - | - |
| Total expenses on insurance claims for own account | | -95'100'852 | -116'100'032 |
| Acquisition costs and administration expenses | 14 | -39'291'333 | -44'712'687 |
| Reinsurer's share of acquisition costs and administration expenses | | - | - |
| Acquisition costs and administration expenses for own account | | -39'291'333 | -44'712'687 |
| Other technical expenses for own account | | -738'871 | -823'804 |
| Total expenses due to technical insurance operations | | -135'131'056 | -161'636'523 |
| Income from investments | 15 | 26'958'006 | 24'156'065 |
| Expenses on investments | 16 | -17'939'226 | -12'076'765 |
| Investment result | | 9'018'780 | 12'079'300 |
| Other financial income | | 1'456'163 | - |
| Other financial expenses | | -77'939 | -655'221 |
| Operating result | | 8'400'546 | 9'242'440 |
| Other income | | 14'230 | 7'061 |
| Other expenses | | -191'280 | -182'797 |
| Net income before tax | | 8'223'496 | 9'066'704 |
| Direct tax | | -826'935 | -895'162 |
| Net income | | 7'396'561 | 8'171'542 |

Cash flow statement

(CHF)

| | <i>2015</i> <i>CHF</i> |
|---|---------------------------|
| Net income | 7'396'561 |
| Accrual of technical provisions | 40'150'232 |
| Valuation adjustments on tangible and intangible assets | 366'296 |
| Realised gains and losses on fixed-income securities | -2'798'396 |
| Valuation adjustments on fixed-income securities | 967'665 |
| Write-ups and write-downs on other investments | -2'747'964 |
| Change in equalisation provisions on investments | 7'152'296 |
| Change in non-technical provisions | 4'500'100 |
| Change in balances resulting from technical accounts | 1'122'509 |
| Changes in other assets | 21'733 |
| Change in accrued income | 435'133 |
| Change in other liabilities | 18'789 |
| Change in accrued expenses | 96'802 |
| Cash flow from operating activities | 56'681'757 |
| Fixed-income securities | -22'303'103 |
| Other investments | -18'507'228 |
| Tangible and intangible assets | -262'382 |
| Cash flow from investment activities | -41'072'713 |
| Dividend distribution | -6'400'000 |
| Capital contribution | - |
| Cash flow from financing activities | -6'400'000 |
| Net cash flow | 9'209'043 |
| Cash on 1 January 2015 | 9'901'597 |
| Exchange rate difference on cash | 332'087 |
| Cash on 31 December 2015 | 18'778'552 |
| Change in cash | 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. This is by far the most important currency for the company's business operations. Balance-sheet values in CHF as at 31.12.2014 were converted into EUR as at 01.01.2015 at the rate of 1.2024.

The statutory transitional provisions stipulate that citation of the prior year's figures may be waived when the accounting regulations are applied for the first time.

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' 2015 financial year. Cedant accounts not available at the time of closing have been estimated. General income and expenses are congruent with the 2015 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. 2015</i> |
|-----------------|---------------------|
| USD | 1.0858 |
| GBP | 0.7368 |
| CHF | 1.0884 |

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.

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 |

4. Ownership restrictions on recorded assets pledged to secure own liabilities

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

| | <i>CHF</i> |
|---|--------------------|
| Securities | 223'720'243 |
| Current account | 85'000 |
| Total book value of pledged assets | 223'805'243 |

The Zürcher Kantonalbank, Zurich, has granted SIGNAL IDUNA Reinsurance Ltd a credit facility of up to 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 2015, CHF 97 294 829 (EUR 15 000 000 and GBP 54 817 279) of the above credit facility had been used.

5. Off-balance-sheet leasing commitments

Rental contract for office space with a set term until 30 September 2020: CHF 1 069 000 (EUR 982 297)

6. Receivables from insurance operations

CHF

| | |
|--|-------------------|
| Receivables from agents, brokers and intermediaries | 19'682'323 |
| Receivables from insurance companies (third parties) | 6'420'841 |
| Receivables from Group companies | 2'033'986 |
| Total receivables from insurance operations | 28'137'150 |

7. Liabilities from insurance operations

CHF

| | |
|--|-------------------|
| Liabilities to agents, brokers and intermediaries | 5'098'772 |
| Liabilities to insurance companies (third parties) | 5'895'087 |
| Liabilities to Group companies | 1'625'701 |
| Total receivables from insurance operations | 12'619'560 |

8. Other liabilities

CHF

| | |
|--------------------------------------|------------------|
| Other liabilities to third parties | 460'159 |
| Other liabilities to Group companies | 834'486 |
| Total other liabilities | 1'294'645 |

9. Breakdown of fixed-income securities

CHF

| | |
|--------------------------------------|--------------------|
| Bonds | 373'741'418 |
| Covered bonds | 47'329'606 |
| Insurance linked securities (ILS) | 37'750'707 |
| Total fixed-income securities | 458'821'731 |

NOTES TO THE FINANCIAL STATEMENTS (CHF)

10. Breakdown of other investment assets

| | <i>CHF</i> |
|--------------------------------------|--------------------|
| Bond funds | 108'324'696 |
| Equity funds | 28'520'202 |
| Total other investment assets | 136'844'899 |

11. Breakdown of technical provisions

| | <i>CHF Gross</i> | <i>CHF Retro</i> | <i>CHF Net</i> |
|------------------------------------|----------------------|----------------------|--------------------|
| 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

| | <i>CHF</i> |
|--|-------------------|
| Equalisation provision for fixed-income investments | 24'441'663 |
| Equalisation provision for insurance linked securities (ILS) | 2'480'255 |
| Unrealised foreign exchange gains | 5'743'579 |
| Tax | 857'000 |
| Miscellaneous | 552'721 |
| Total non-technical provisions | 34'075'218 |

13. Breakdown of changes to technical provisions

| | <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>CHF</i> |
|--|--------------------|
| Commissions and profit commissions | -31'685'040 |
| Personnel expenses | -3'845'615 |
| Asset management expenses | -1'266'091 |
| Depreciation | -366'296 |
| Other administrative expenses | -2'128'291 |
| Total acquisition costs and administration expenses | -39'291'333 |

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> |
| 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 |

NOTES TO THE FINANCIAL STATEMENTS
(CHF)

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> |
|--|--------------|--------------------------|--|-----------------------|-------------------------|--------------------|
| | <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 |
| Total expenses on investments | | | | | | -17'939'226 |

17. Information on the auditor's fee

| | <i>CHF</i> |
|----------------|------------|
| Audit services | 153'394 |
| Other services | 19'975 |

18. Additional information on gross premiums

| | <i>%</i> |
|------------------------------------|----------|
| Motor Liability | 14.9 |
| Motor Hull | 3.8 |
| General Liability | 21.9 |
| Property / Fire / BI / Engineering | 31.9 |
| Accident | 20.9 |
| Marine | 2.0 |
| Health | 2.4 |
| Life | 2.2 |
| Total | 100.0 |

Group business accounts for 40.9% of total gross premiums.

19. Additional information on the technical result

| | <i>CHF</i> |
|--|------------------|
| Net earned premiums | 128'938'458 |
| Technical interest | 4'196'140 |
| Commissions and profit commissions | -31'685'040 |
| Expenses on insurance claims for own account | -95'100'852 |
| Other technical income and expenses | -738'871 |
| Total technical result | 5'609'835 |

20. Significant events after the balance sheet date

There were no significant events after the balance sheet date which have a material impact on the financial statements.



Proposal for the appropriation of profits

(EUR)

EUR

| | |
|---|------------------|
| Voluntary profit reserves after appropriation of profits for 2014 | 2'187'636 |
| Net income for 2015 | 6'795'960 |
| Free reserves available to the General Meeting | 8'983'596 |

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 | 3'883'596 |

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 10'026'975.



Proposal for the appropriation of profits

(CHF)

CHF

| | |
|---|-------------------|
| Voluntary profit reserves after appropriation of profits for 2014 | 2'630'414 |
| Net income for 2015 | 7'396'561 |
| Free reserves available to the General Meeting | 10'026'975 |

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

| | |
|---|------------------|
| Dividend distribution | 5'800'162 |
| Free reserves carried forward to new account | 4'226'813 |

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 10'026'975.

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 2015.

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.

Auditors' responsibility

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

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

Opinion

In our opinion, the financial statements for the year ended 31 December 2015 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 profits 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

Zurich, 29 April 2016





Publisher's imprint

Publisher:
SIGNAL IDUNA Reinsurance Ltd, Zug

Concept and text:
Dr. Schanz, Alms & Company Ltd, Zurich

Design and typesetting:
Screenlounge AG, Zurich

Translation:
MOTIF Executive Communications, Zurich

June 2016

The Annual Report is published in German, English and French. In the case of inconsistencies in the English and French translations, the German original version shall prevail.

Photographs:
© Susanne Keller

Cover picture: detail of «Big curry lane (Triptychon)»
Page 14: «Geflecht»
Page 26: detail of the series «Light»
Page 38: detail of the series «Light»
Page 40: detail of the series «Tide»
Pages 44/45: «Big curry lane»

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,

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