
Swiss Re Management Ltd
Adliswil

***Report of the
statutory auditor to the
General Meeting
on the financial statements
for the period from 8 July
2015 to 31 December 2016***



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29/06/2017

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Report of the statutory auditor to the General Meeting of Swiss Re Management Ltd Adliswil

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of Swiss Re Management Ltd (the 'Company'), which comprise the income statement, balance sheet and notes, for the period from 8 July 2015 to 31 December 2016.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the Company's Articles of Association. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 period from 8 July 2015 to 31 December 2016 comply with Swiss law and the Company's Articles of Association.

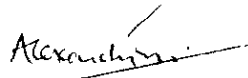
Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

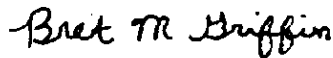
We further confirm that the proposal for allocation of disposable profit complies with Swiss law and the Company's Articles of Association. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers Ltd

A handwritten signature in black ink, appearing to read 'Alex Finn'.

Alex Finn

Audit expert
Auditor in charge

A handwritten signature in black ink, appearing to read 'Bret M. Griffin'.

Bret Griffin

Zurich, 8 May 2017

Enclosures:

- Financial statements (income statement, balance sheet and notes)
- Proposal for allocation of disposable profit

Income statement

Swiss Re Management Ltd

For the period dated 8 July 2015 until 31 December 2016

CHF thousands	Notes	2016
Operating result		
Operating revenues		
Revenue from services	2	1 260 391
Total operating revenues		1 260 391
Operating expenses		
Administrative expenses	2	-1 233 618
Other operating expenses	2	-271
Total operating expenses		-1 233 889
Total operating result		26 502
Non-operating result		
Non-operating revenues		
Interest income		186
Total non-operating revenues		186
Non-operating expenses		
Interest expense		-2 600
Other non-operating expenses		-15 153
Total non-operating expenses		-17 753
Total non-operating result		-17 567
Income before income tax expense		8 935
Income tax expense		-4 995
Net income		3 940

The accompanying notes form an integral part of the annual accounts.

Balance sheet

Swiss Re Management Ltd

As of 31 December 2016

Assets

CHF thousands	Notes	2016
Current assets		
Cash and cash equivalents		17 032
Receivables from subsidiaries and affiliated companies	3	391 506
Other receivables		824
Accrued income		11 720
Total current assets		421 082
Non-current assets		
Tangible assets		72 722
Investments in subsidiaries and affiliated companies	4	45 254
Total non-current assets		117 976
Total assets		539 058

The accompanying notes form an integral part of the annual accounts.

Liabilities and shareholder's equity

CHF thousands	Notes	2016
Liabilities		
Short-term liabilities		
Payables to third party		36 782
Payables to subsidiaries and affiliated companies	3	9 745
Tax provisions		4 915
Other current liabilities		171 754
Accrued expenses		68 921
Total short-term liabilities		292 117
Long-term liabilities		
Loans	7	102 636
Other Provisions		40 265
Total long-term liabilities		142 901
Total liabilities		435 018
Shareholders' equity	5	
Share capital	5	100
<i>Legal reserves from capital contribution</i>		100 000
Legal capital reserves		100 000
Net Income for the financial year		3 940
Total shareholders' equity		104 040
Total liabilities and shareholders' equity		539 058

The accompanying notes form an integral part of the annual accounts.

Notes

Swiss Re Management Ltd

1 Significant accounting principles

Basis of presentation

The financial statements are prepared in accordance with Swiss Company Law.

Time period

The financial year 2016 comprises the accounting period from 8 July 2015 to 31 December 2016.

Use of estimates in the preparation of annual accounts

The preparation of the annual accounts requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses as well as the related disclosures. Actual results could differ from these estimates.

Foreign currency translation

Assets and liabilities denominated in foreign currencies are converted into Swiss francs at year-end exchange rates with the exception of participations, which are maintained in Swiss francs at historical exchange rates. Income and expenses in foreign currencies are converted into Swiss francs at average exchange rates for the reporting year.

Cash and cash equivalents

Cash and cash equivalents include cash at bank, short-term deposits and certain investments in money market funds with an original maturity of three months or less. Such current assets are held at nominal value.

Short-term investments

Short-term investments contain investments with an original maturity between three months and one year. Such investments are carried at cost, less necessary and legally permissible depreciation.

Receivables from subsidiaries and affiliated companies/other receivables

These assets are carried at nominal value. Value adjustments are recorded where the expected recovery value is lower than the nominal value.

Accrued income

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

Loans to subsidiaries and affiliated companies

Loans to subsidiaries and affiliated companies are carried at nominal value. Value adjustments are recorded where the expected recovery value is lower than the nominal value.

Investments in subsidiaries and affiliated companies

These assets are carried at cost, less necessary and legally permissible depreciation. Value adjustments are recorded where the expected recovery value is lower than the nominal value.

Tangible assets

Tangible assets are carried at cost, less individually scheduled straight-line depreciation over their useful lives. Items of minor value are not capitalised.

Intangible assets

Intangible assets, consisting of capitalised development costs for software for internal use, are measured at cost less straight-line amortisation over the estimated useful life of software.

Payables to third party / subsidiaries and affiliated companies/ other liabilities

These liabilities are carried at nominal value.

Accrued expenses

Accrued expenses consist of both income received before the balance sheet date but relating to a subsequent financial year, and charges relating to the current financial year but which are payable in a subsequent financial year.

Loans

Loans are carried at nominal value.

Provisions for currency fluctuation

The provision for currency fluctuation comprises the net effect of foreign exchange gains and losses arising from the yearly revaluation of the opening balance sheet and the translation adjustment of the income statement from average to closing exchange rates at year-end. These net impacts are recognised in the income statement over a period of up to three years. Where the provision for currency fluctuation is insufficient to absorb net foreign exchange losses for the financial year, the provision for currency fluctuation is reduced to zero and the excess foreign exchange loss is recognised in the income statement.

Other Provisions

Other Provisions are recognised if there is an obligation in an event that took place prior to the balance sheet date, the amount and / or due date of which is uncertain but capable of being estimated. It also includes provision for staff costs and provision for taxation, which represents an estimate of taxes payable in respect of the reporting year.

Revenue from Services

Revenue from services provided are recognised in the accounting period in which the services are rendered. The Company operates on a cost-plus pricing method in line with contractual agreements.

Dividends from subsidiaries and affiliated companies

Dividends from subsidiaries and affiliated companies are recognised as other non-operating revenues in the year in which they are declared.

Foreign exchange transaction gains and losses

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

Capital and indirect taxes

Capital and indirect taxes related to the financial year are included in other non-operating expenses. Value-added taxes are included in the respective expense lines in the income statement.

Income tax expense

The Income tax expense relates to the financial year under report.

Subsequent events

Subsequent events for the current reporting period have been evaluated up to 8 May 2017. This is the date on which the financial statements are available to be issued.

2 Operating result

CHF thousands	2016
Operating result	
Operating revenues	
Revenue from services	1 260 391
Total operating revenues	1 260 391
Operating expenses	
Administrative expenses including	1 233 618
Staff costs	576 922
IT expenses	304 065
Consulting & Contractors	88 875
Office costs	60 598
Intercompany recharges in	49 915
Depreciations	23 868
Other	129 375
Other Operating expenses	271
Total operating expenses	1 233 889
Total operating result	26 502

3 Receivables / Payables from subsidiaries and affiliated companies

As of December 2016	Receivable	Payable
CHF thousands		
Swiss Re Ltd	35 669	0
Subsidiaries	60	69
Affiliated companies	355 777	9 676
Total	391 506	9 745

4 Investments in subsidiaries and affiliated companies

As of 31 December 2016, Swiss Re Management Ltd held directly the following investments in subsidiaries and affiliated companies, neither of these investments have been impaired at the balance sheet date:

As of December 2016	Domicile	Currency	% Affiliation	% Voting Interest
SR Management Ltd (US) Corporation	Armonk	USD	100.00	100.00
Swiss Re Global Business Solutions India Private Limited	Bangalore	INR	99.99	99.99

The remaining 0.01% of share capital in Swiss Re Global Business Solutions India Private Limited is held by Swiss Re Management Ltd (US) Corporation

5 Change in shareholder's equity

CHF thousands	2016
Shareholder's equity as of incorporation on 8th July 2015	100
Capital increase	100 000
Net Income / loss for the financial year	3 940
Shareholder's equity as of 31st December before proposed dividends payment	104 040

6 Contingent liabilities

Swiss Re Management Ltd has issued a number of guarantees to its subsidiaries in order to guarantee the leases of the offices occupied by the employees. These guarantees are not limited by a nominal amount but rather by the exposure of the underlying business. The Company is a member of the Swiss VAT Group, headed by Swiss Reinsurance Company Ltd, due to this, a joint liability exists between the members in relation to Swiss VAT.

7 Loans

In December 2015 the Company entered into a revolving loan facility of USD 300 million with its parent company Swiss Re Ltd under which the Company has the obligation to pay interest of 3m USD at Libor plus 185 bps per annum with a maturity date of 6 January 2019.

As of 31 December 2016, the facility was drawn down in the amount of USD 100 million (CHF 103 million)

8 Commitments

Total off-balance-sheet commitments from operating leases for the next five years and thereafter are as follows:

	2016	2016
	Operating lease commitments	Other commitments
CHF thousands		
2017	39 936	37 575
2018	38 830	29 838
2019	30 119	33 283
2020	29 772	0
2021	26 359	0
After 2022	75 955	0
Total commitments	240 971	100 696
Non-cancellable sub-lease	-2 405	0
Total net commitments	238 566	100 696

The operating lease commitments pertain to the non-cancellable contract periods and refer primarily to office and apartment space rented by the Company. The Other Commitments pertain to a non-cancellable IT service contract. In addition, a financial lease of IT hardware with a net book value of CHF 7150 thousand was recognised on the Company's balance sheet which will be fully repaid by 2019.

9 Release of undisclosed reserves

In the year under report, no undisclosed reserves on investments or on provisions were released.

10 Obligations towards employee pension fund

As of 31 December 2016, other liabilities included CHF 2 million payable to the employee pension fund.

11 Personnel information

As of 31 December 2016, the Company employed a staff at an average of 2 924 full time equivalents.

Personnel expenses including salary, bonus and social security for the 2016 financial year amounted to CHF 577 million.

Proposal for allocation of disposable profit

The Board of Directors proposes to the Annual General Meeting to be held in Zurich on 11 May 2017 to approve the following allocations:

CHF thousands	2016
Retained earnings brought forward	0
Net income for the financial year	3 940
Disposable profit	3 940
Allocation to legal profit reserves	50
<i>Allocation to voluntary profit reserves</i>	3 890
Retained earnings after allocation	0