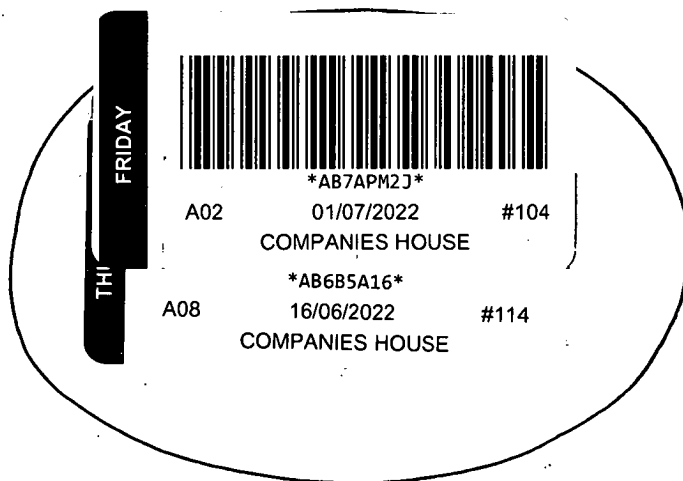


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2021 Annual Report

Swiss Re Management Ltd



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2021 Annual Report

Swiss Re Management Ltd

FC 032707

Swiss Re Management Ltd  
8134 Adliswil  
Switzerland

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## Board of Directors, Auditor

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**Board of Directors**

Christian Mumenthafer  
Cathy Desquesses  
John Dacey

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**Auditor**

KPMG Ltd

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# Annual Report

## Swiss Re Management Ltd

Swiss Re Management Ltd (the Company), is a wholly owned subsidiary of Swiss Re Ltd, the ultimate parent company domiciled in Zurich, Switzerland. The Company's purpose is to provide business support services for Swiss Re Group entities. The Company is headquartered in Switzerland and in addition operates through branches in Slovakia and the United Kingdom.

### Income Statement

Net income for 2021 amounted to CHF 47 million (2020: 62 million) and is mainly driven by the net result of revenues from services and administrative expenses of CHF 49 million, other revenue of CHF 12 million and other non-operating income of CHF 3 million, partially offset by income tax expense of CHF 13 million and interest expense of CHF 4 million.

### Assets

Total assets increased from CHF 983 million as of 31 December 2020 to CHF 1020 million as of 31 December 2021.

Total current assets increased from CHF 563 million as of 31 December 2020 to CHF 645 million as of 31 December 2021 mainly due to an increase in receivables from subsidiaries and affiliated companies of CHF 91 million and an increase in other receivables of CHF 5 million, partially offset by a decrease in other prepaid expenses of CHF 15 million.

Total non-current assets decreased from CHF 420 million as of 31 December 2020 to CHF 376 million as of 31 December 2021 due to a decrease in right of use asset of CHF 37 million and a decrease in tangible assets of CHF 7 million.

### Liabilities

Total liabilities decreased from CHF 756 million as of 31 December 2020 to CHF 745 million as of 31 December 2021.

Short-term liabilities increased from CHF 363 million as of 31 December 2020 to CHF 385 million as of 31 December 2021 mainly due to an increase in other current liabilities of CHF 31 million and an increase in other payables of CHF 13 million, partially offset by a decrease in payables to subsidiaries and affiliated companies of CHF 11 million, a decrease in accrued expenses of CHF 6 million, a decrease in tax provisions of CHF 4 million and a decrease in short-term lease liabilities of CHF 1 million.

Long-term liabilities decreased from CHF 393 million as of 31 December 2020 to CHF 360 million as of 31 December 2021 mainly due to a decrease in long-term lease liabilities of CHF 33 million, a decrease in provision for currency fluctuation of CHF 3 million and a decrease in other provisions of CHF 1 million, partially offset by an increase in subordinated loan of CHF 4 million.

### Shareholder's equity

Shareholder's equity increased from CHF 228 million as of 31 December 2020 to CHF 275 million as of 31 December 2021 driven by the net income for the financial year 2021 of CHF 47 million.

### Coronavirus

The global spread of the novel coronavirus and the disease it causes ("COVID-19"), and the actions taken to slow the spread of the pandemic, have had an adverse impact on communities, social and business interactions, economic activity and economies across the globe. Following the significant contractions of 2020, economic growth momentum is expected to carry over into 2022. However, the expectation of post-crisis global growth and the recovery remains fragile and uneven across economies, which are less resilient to face any subsequent shocks and/or challenges. As the COVID-19 crisis continues, the ultimate toll of the pandemic in terms of lives lost, societal dislocations, business activity, economic growth, broader costs to society and industry losses remains highly uncertain. The Swiss Re Group will continue to monitor pandemic-related developments and their impact on its operations and its investments.

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# Income statement

## Swiss Re Management Ltd

For the periods ended 31 December

CHF thousands	Notes	2020	2021
<b>Operating result</b>			
<b>Operating revenues</b>			
Revenue from services <sup>1</sup>	2	1 519 986	1 653 232
Other revenue <sup>1</sup>	2	4 180	11 760
<b>Total operating revenues</b>		<b>1 524 166</b>	<b>1 664 992</b>
<b>Operating expenses</b>			
Administrative expenses <sup>1</sup>	2	-1 437 783	-1 603 943
Other operating expenses	2	-70	-60
<b>Total operating expenses</b>		<b>-1 437 853</b>	<b>-1 604 003</b>
<b>Total operating result</b>		<b>86 313</b>	<b>60 989</b>
<b>Non-operating result</b>			
<b>Non-operating revenues</b>			
Interest income		285	240
Other non-operating income		0	3 150
<b>Total non-operating revenues</b>		<b>285</b>	<b>3 390</b>
<b>Non-operating expenses</b>			
Interest expense		-7 402	-4 364
Other non-operating expenses		-335	-135
<b>Total non-operating expenses</b>		<b>-7 737</b>	<b>-4 499</b>
<b>Total non-operating result</b>		<b>-7 452</b>	<b>-1 109</b>
<b>Income before income tax expense (benefit)</b>		<b>78 861</b>	<b>59 881</b>
<b>Income tax expense (benefit)</b>		<b>-17 027</b>	<b>-12 521</b>
<b>Net income</b>		<b>61 834</b>	<b>47 360</b>

<sup>1</sup> The comparative figures for the year 2020 for Revenue from services, Other revenue and Administrative expenses were adjusted for elimination of intra-company transactions. The change in presentation within the Income Statement had no impact on Total operating result and Net income of the Company reported for the year 2020. For more details, refer to Note 2.

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

# Balance sheet

## Swiss Re Management Ltd

As of 31 December

### Assets

CHF thousands	Notes	2020	2021
<b>Current assets</b>			
Cash and cash equivalents		706	531
Receivables from subsidiaries and affiliated companies	3	497 438	588 430
Other receivables		11 181	16 475
Other prepaid expenses		54 056	39 128
<b>Total current assets</b>		<b>563 381</b>	<b>644 564</b>
<b>Non-current assets</b>			
Investments in subsidiaries and affiliated companies	4	72 424	72 424
Tangible assets		93 688	86 887
Right of use assets	5	253 939	216 531
<b>Total non-current assets</b>		<b>420 051</b>	<b>375 842</b>
<b>Total assets</b>		<b>983 432</b>	<b>1 020 406</b>

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

Th Augustin

signed by Theres Augustin, Secretary

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## Liabilities and shareholder's equity

CHF thousands	Notes	2020	2021
<b>Liabilities</b>			
<b>Short-term liabilities</b>			
Other payables		39 061	52 172
Payables to subsidiaries and affiliated companies	3	26 792	15 447
Tax provisions		12 021	8 456
Other current liabilities		143 210	174 173
Short-term lease liabilities	5	48 033	47 176
Accrued expenses		94 030	87 662
<b>Total short-term liabilities</b>		<b>363 147</b>	<b>385 086</b>
<b>Long-term liabilities</b>			
Loans	6	142 309	146 678
Provision for currency fluctuation		8 551	5 805
Long-term lease liabilities	5	203 015	169 855
Other provisions		38 640	37 852
<b>Total long-term liabilities</b>		<b>392 515</b>	<b>360 190</b>
<b>Total liabilities</b>		<b>755 662</b>	<b>745 276</b>
<b>Shareholder's equity</b>			
Share capital		100	100
Legal reserves from capital contribution		100 000	100 000
Legal capital reserves		100 000	100 000
Legal profit reserves		50	50
Voluntary profit reserves <sup>1</sup>		65 786	127 620
Net income for the financial year		61 834	47 360
<b>Total shareholder's equity</b>		<b>227 770</b>	<b>275 130</b>
<b>Total liabilities and shareholder's equity</b>		<b>983 432</b>	<b>1 020 406</b>

<sup>1</sup> Voluntary profit reserves as of 31 December 2020 include a merger gain of CHF 14 million as disclosed on page 13

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

Th Augustin

signed by Theres Augustin, Secretary

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# Notes

## Swiss Re Management Ltd

### 1 Significant accounting principles

#### **Basis of presentation**

The financial statements are prepared in accordance with Swiss Law.

#### **Time period**

The financial year 2021 comprises the accounting period from 1 January 2021 to 31 December 2021.

#### **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, right of use assets and tangible assets, which are reported in Swiss francs at historical exchange rates. Income and expenses in foreign currencies are converted into Swiss francs using the exchange rate prevailing at the date of transaction.

#### **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.

#### **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.

#### **Other prepaid expenses**

Other prepaid expenses consist 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.

#### **Investments in subsidiaries and affiliated companies**

These assets are carried at cost less necessary value adjustments to reflect other than temporary decreases in the value in use.

#### **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.

#### **Right of use assets**

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

#### **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.

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**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.

**Provision for currency fluctuation**

The provision for currency fluctuation comprises the net effect of foreign exchange gains and losses arising from the revaluation of the balance sheet at year-end. This net impact is recognized 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 loss for the financial year, the provision for currency fluctuation is reduced to zero and the excess foreign exchange loss is recognized in the income statement.

**Lease liabilities**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for leases of low value assets (a value of USD 200 000 or less). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

**Other provisions/Tax 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 mainly includes provisions for long-term employee benefits 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 income or other non-operating expenses, respectively.

**Administrative expenses**

Staff costs, services and other charges are recognised as administrative expenses in the accounting period in which they are incurred by the Company.

**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.

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## 2 Operating result

CHF thousands	2020	2021
<b>Operating result</b>		
<b>Operating revenues</b>		
Revenue from services <sup>1</sup>	1 519 986	1 653 232
Other revenue	4 180	11 760
<b>Total operating revenues</b>	<b>1 524 166</b>	<b>1 664 992</b>
<b>Operating expenses</b>		
Administrative expenses including <sup>1</sup>	1 437 783	1 603 943
Staff costs	610 173	714 548
IT expenses	364 944	418 050
Consulting & Contractors	74 611	71 628
Office costs	29 019	29 062
Intercompany recharges in	231 013	250 091
Depreciation	71 845	70 682
Travel expenses	1 725	754
Marketing	22 938	15 178
Other <sup>1</sup>	31 515	33 950
Other operating expenses	70	60
<b>Total operating expenses</b>	<b>1 437 853</b>	<b>1 604 003</b>
<b>Total operating result</b>	<b>86 313</b>	<b>60 989</b>

<sup>1</sup> The intra-company transactions from recharges of services amongst the Company's headquarters in Switzerland and branches in Slovakia and the United Kingdom recognized in the Income statement lines Total operating revenues and Total operating expenses have been eliminated from 1 January 2021. To enable the consistency and comparability of the reported periods, the comparative figures for the year 2020 were adjusted accordingly with the changes in the current period. Previously reported Revenue from services of CHF 1 810 605 thousand were adjusted by CHF 290 620 thousand, previously reported Intercompany recharges in from services of CHF 464 773 thousand were adjusted by CHF 233 769 thousand and previously reported Other of CHF 88 373 thousand were adjusted by CHF 66 858 thousand. The change in presentation within the Income Statement had no impact on Total operating result, Net Income, or Total shareholder's equity of the Company reported for the year 2020.

## 3 Receivables / Payables from/to subsidiaries and affiliated companies

As of 31 December 2021	Receivable	Payable
CHF thousands		
Swiss Re Ltd	69 699	0
Subsidiaries	1 270	11 445
Affiliated companies	517 461	4 002
<b>Total</b>	<b>588 430</b>	<b>15 447</b>
As of 31 December 2020	Receivable	Payable
CHF thousands		
Swiss Re Ltd	94 401	0
Subsidiaries	1 404	13 125
Affiliated companies	401 632	13 668
<b>Total</b>	<b>497 438</b>	<b>26 792</b>

## 4 Investments in subsidiaries and affiliated companies

As of 31 December 2021 and 31 December 2020, the Company held directly the following investments in subsidiaries and affiliated companies, neither of these investments have been impaired at the balance sheet date:

As of 31 December 2021	Domicile	Currency	% Affiliation	% Voting Interest
Swiss Re Management (US) Corporation	Delaware	USD	100.00	100.00
Swiss Re Global Business Solutions India Private Limited	Bangalore	INR	0.01	0.01
Swiss Re Global Business Solutions India Private Limited	Bangalore	INR	99.99	99.99
Swiss Re Solutions Ltd (established in November 2021)	Switzerland	CHF	100.00	100.00
As of 31 December 2020	Domicile	Currency	% Affiliation	% Voting Interest
Swiss Re Management (US) Corporation	Delaware	USD	100.00	100.00
Swiss Re Global Business Solutions India Private Limited	Bangalore	INR	0.01	0.01
Swiss Re Global Business Solutions India Private Limited	Bangalore	INR	99.99	99.99

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## 5 Leases

The Company has entered into multiple agreements in the position of a lessee. The Company assesses whether a contract is or contains a lease, at inception of a contract.

The Company has recognized the following amounts related to leases in its annual report:

in thousand of CHF	31 December 2020	31 December 2021
<b>Balance sheet:</b>		
Right-of-use asset	253 939	216 531
Lease liability	251 048	217 031
<b>Income statement (for the year):</b>		
Depreciation expense	46 984	48 689
Interest expense	473	429

The overview of contractual future lease liability payments are as follows:

in thousand of CHF	31 December 2021
within 1 year	47 515
1-5 years	157 357
over 5 years	13 305
<b>Total</b>	<b>218 177</b>

in thousand of CHF	31 December 2020
within 1 year	48 472
1-5 years	154 065
over 5 years	50 193
<b>Total</b>	<b>252 730</b>

## 6 Contingent liabilities

The Company provided a number of guarantees to its subsidiaries in total amount of USD 43 million (2021: CHF 40 million, 2020: CHF 38 million) 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 part of the Swiss Re value added tax (VAT) group and is therefore jointly liable for existing and future VAT claims for the Swiss Federal Tax Administration.

## 7 Loans

In December 2015 the Company entered into an uncommitted subordinated revolving loan facility agreement of USD 300 million with its parent company Swiss Re Ltd. As of 31 December 2021, the facility was drawn down in the amount of USD 161 million (CHF 147 million) with interest rate of 3M USD Libor plus 1.54% and with maturity date of 6 January 2025. The Company also had an undrawn short-term investment facility agreement with its parent company Swiss Re Ltd in total amount of USD 200 million.

in thousand of CHF	31 December 2021
within 1 year	0
1-5 years	146 678
over 5 years	0
<b>Total</b>	<b>146 678</b>

in thousand of CHF	31 December 2020
within 1 year	0
1-5 years	142 309
over 5 years	0
<b>Total</b>	<b>142 309</b>

## 8 Commitments

Total off-balance-sheet commitments, primarily from non-cancellable IT service contracts for the next five years and thereafter are as follows:

CHF thousands	2021 Commitments
2022	74 900
2023	50 120
2024	23 708
2025	14 878
2026	2 424
After 2027	4 779
<b>Total commitments</b>	<b>170 809</b>
Non-cancellable sub-lease	0
<b>Total net commitments</b>	<b>170 809</b>

CHF thousands	2020 Commitments
2021	56 855
2022	40 586
2023	24 177
2024	17 220
2025	13 120
After 2026	0
<b>Total commitments</b>	<b>151 959</b>
Non-cancellable sub-lease	0
<b>Total net commitments</b>	<b>151 959</b>

## 9 Release of undisclosed reserves

In the financial years 2021 and 2020, there were no net undisclosed reserves.

## 10 Obligations towards employee pension fund

As of 31 December 2021, other current liabilities included CHF 6 million (2020: CHF 6 million) payable to the employee pension fund.

## 11 Personnel information

As of 31 December 2021, the Company employed staff at an average of 3 164 (2020: 3 036) full time equivalents. Personnel expenses including salary, bonus, social security and other personnel expenses for the financial year 2021 amounted to CHF 715 million (2020: CHF 610 million).

## 12 Subsequent events

The military conflict unfolding in Ukraine, and the resulting trade and economic sanctions, are likely to have geopolitical, economic, business and financial asset implications that are difficult to predict at this stage. The Swiss Re Group's exposures linked to the military conflict are being monitored and evaluated.

Subsequent events for the current reporting period have been evaluated up to 16 May 2022. This is the date on which the financial statements are available to be issued.

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# Proposal for allocation of disposable profit

The Board of Directors proposes to the Annual General Meeting to be held in Zurich on 18 May 2022 to approve the following allocation of profit and payment of a cash dividend.

## Retained earnings

CHF thousands	2020	2021
Retained earnings brought forward	-	-
Net income for the financial year	61 834	47 360
<b>Disposable profit</b>	<b>61 834</b>	<b>47 360</b>
Allocation to voluntary profit reserves	-61 834	-47 360
<b>Retained earnings after allocation</b>	<b>-</b>	<b>-</b>

## Voluntary profit reserves

CHF thousands	2020	2021
Voluntary profit reserves brought forward	52 041	127 620
Merger gain <sup>1</sup>	13 745	0
Allocation from retained earnings	61 834	47 360
Proposed cash dividend	-	-110 000
<b>Voluntary profit reserves after allocation</b>	<b>127 620</b>	<b>64 980</b>

<sup>1</sup> On 21 February 2020, the Company purchased 100% participation in the company Emisum Investments AG ('Emisum') for CHF 2.3 million. On 18 March 2020, the Board of the Company approved the merger of Emisum into the Company, effective retroactively from 1 January 2020 resulting in CHF 14 million merger gain.

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## Cautionary note on forward-looking statements

Certain statements and illustrations contained herein are forward-looking. These statements and illustrations provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to a historical fact or current fact. Forward-looking statements typically are identified by words or phrases such as "anticipate", "assume", "believe", "continue", "estimate", "expect", "foresee", "intend", "may increase" and "may fluctuate" and similar expressions or by future or conditional verbs such as "will", "should", "would" and "could". These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the Company's actual results, performance, achievements or prospects to be materially different from any future results, performance, achievements or prospects expressed or implied by such statements. Such factors include, among others:

- further instability affecting the global financial system and developments related thereto;
- changes in global economic conditions;
- uncertainties in estimating reserves;
- extraordinary events affecting Swiss Re's clients and other counterparties, such as bankruptcies, liquidations and other
- credit-related events;
- changes in accounting standards;
- changing levels of competition; and
- operational factors, including the efficacy of risk management and other internal procedures in managing the foregoing risks.

These factors are not exhaustive.

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