

Swiss Re Management Ltd

2020 Annual Report

Arten für

Swiss Re Management Ltd
8134 Zurich
Switzerland



Contents

Report of the statutory auditor	
Board of Directors, Auditor	2
Annual Report	3
Income statement	5
Balance sheet	6
Notes	8
Proposal for allocation of disposable profit	13
Cautionary note on forward-looking statements	14



Board of Directors, Auditor

Board of Directors

Christian Mumenthaler
Anette Bröder
John Dacey

Auditor

PricewaterhouseCoopers Ltd



2020 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 2020 amounted to CHF 62 million (2019: 18 million) and is mainly driven by the net result of revenues from services and administrative expenses of CHF 82 million and other revenue of CHF 4 million, partially offset by income tax expense of CHF 17 million and interest expense of CHF 7 million.

Assets

Total assets decreased from CHF 997 million as of 31 December 2019 to CHF 983 million as of 31 December 2020.

Total current assets increased from CHF 562 million as of 31 December 2019 to CHF 563 million as of 31 December 2020 mainly due to an increase in receivables from subsidiaries and affiliated companies of CHF 27 million, partially offset by a decrease in other prepaid expenses of CHF 17 million, a decrease in other receivables of CHF 5 million and a decrease in cash and cash equivalents of CHF 3 million.

Total non-current assets decreased from CHF 436 million as of 31 December 2019 to CHF 420 million as of 31 December 2020 due to a decrease in right of use asset of CHF 22 million, partially offset by an increase in tangible assets of CHF 6 million.

Liabilities

Total liabilities decreased from CHF 845 million as of 31 December 2019 to CHF 756 million as of 31 December 2020.

Short-term liabilities decreased from CHF 379 million as of 31 December 2019 to CHF 363 million as of 31 December 2020 mainly due to a decrease in other current liabilities of CHF 37 million and decrease in payables to subsidiaries and affiliated companies of CHF 7 million, partially offset by an increase in tax provisions of CHF 10 million, an increase in other payables of CHF 9 million, an increase of accrued expenses of CHF 5 million and an increase in short-term lease liabilities of CHF 3 million.

Long-term liabilities decreased from CHF 466 million as of 31 December 2019 to CHF 393 million as of 31 December 2020 mainly due to a decrease in subordinate loan of CHF 62 million and a decrease in long-term lease liabilities of CHF 26 million, partially offset by an increase in other provisions of CHF 11 million and an increase in provision for currency fluctuation of CHF 2 million.

Shareholder's equity

Shareholder's equity increased from CHF 152 million as of 31 December 2019 to CHF 228 million as of 31 December 2020 driven by the net income for the financial year 2020 of CHF 62 million and a merger gain of CHF 14 million from merger with Emisum Investments AG.

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. After significant contractions in 2020, the global economy is expected to experience a protracted and uneven recovery in 2021. 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.



This page is intentionally left blank.

A handwritten signature in black ink, consisting of stylized, cursive letters, likely representing the initials 'SR'.

Income statement

Swiss Re Management Ltd

For the periods ended 31 December

CHF thousands	Notes	2019	2020
Operating result			
Operating revenues			
Revenue from services	2	1 733 211	1 810 605
Other revenue	2	3 155	4 178
Total operating revenues		1 736 366	1 814 783
Operating expenses			
Administrative expenses	2	-1 707 736	-1 728 400
Other operating expenses	2	-247	-70
Total operating expenses		-1 707 983	-1 728 470
Total operating result		28 383	86 313
Non-operating result			
Non-operating revenues			
Interest income		429	285
Total non-operating revenues		429	285
Non-operating expenses			
Interest expense		-9 846	-7 402
Other non-operating expenses		-1 369	-335
Total non-operating expenses		-11 215	-7 737
Total non-operating result		-10 786	-7 452
Income before income tax expense (benefit)		17 597	78 861
Income tax expense (benefit)		45	-17 027
Net income		17 642	61 834

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



Balance sheet

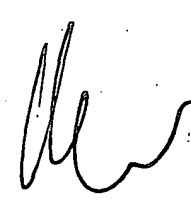
Swiss Re Management Ltd

As of 31 December

Assets

CHF thousands	Notes	2019	2020
Current assets			
Cash and cash equivalents		3 312	706
Receivables from subsidiaries and affiliated companies	3	470 766	497 438
Other receivables		16 584	11 181
Other prepaid expenses		71 132	54 056
Total current assets		561 794	563 381
Non-current assets			
Tangible assets		87 736	93 688
Right of use assets	5	275 537	253 939
Investments in subsidiaries and affiliated companies	4	72 423	72 424
Total non-current assets		435 696	420 051
Total assets		997 490	983 432

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



Liabilities and shareholder's equity

CHF thousands	Notes	2019	2020
Liabilities			
Short-term liabilities			
Other payables		29 628	39 061
Payables to subsidiaries and affiliated companies	3	33 987	26 792
Tax provisions		1 625	12 021
Other current liabilities		179 869	143 210
Short-term lease liabilities	5	44 818	48 033
Accrued expenses		88 936	94 030
Total short-term liabilities		378 863	363 147
Long-term liabilities			
Loans	6	204 350	142 309
Provision for currency fluctuation		6 056	8 551
Long-term lease liabilities	5	228 650	203 015
Other provisions		27 380	38 640
Total long-term liabilities		466 436	392 515
Total liabilities		845 299	755 662
Shareholder's equity			
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 ¹		34 399	65 788
Net income for the financial year		17 642	61 834
Total shareholder's equity		152 191	227 770
Total liabilities and shareholder's equity		997 490	983 432

¹ Voluntary profit reserves as of 31 December 2020 include a merger gain of CHF 16 million as disclosed on page 13

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

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 2020 comprises the accounting period from 1 January 2020 to 31 December 2020.

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. Until the end of the financial year 2019, income and expenses were converted into Swiss francs using the 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.

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. Starting from 1 January 2019, 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.



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. Until the end of the financial year 2019, the provision for currency fluctuation comprised 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 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. Starting from 1 January 2019, 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.

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 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.

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.

Subsequent events

Subsequent events for the current reporting period have been evaluated up to 18 May 2021. This is the date on which the financial statements are available to be issued.



2 Operating result

CHF thousands	2019	2020
Operating result		
Operating revenues		
Revenue from services	1 733 211	1 810 605
Other revenue	3 155	4 178
Total operating revenues	1 736 366	1 814 783
Operating expenses		
Administrative expenses including	1 707 736	1 728 400
Staff costs	569 173	610 173
IT expenses	343 145	364 944
Consulting & Contractors	105 831	74 610
Office costs	27 942	29 019
Intercompany recharges in	486 548	464 773
Depreciation	78 339	71 845
Travel expenses	18 196	1 725
Marketing	13 604	22 938
Other	64 958	88 373
Other operating expenses	247	70
Total operating expenses	1 707 983	1 728 470
Total operating result	28 383	86 313

3 Receivables / Payables from/to subsidiaries and affiliated companies

As of 31 December 2020	Receivable	Payable
CHF thousands		
Swiss Re Ltd	94 401	0
Subsidiaries	1 404	13 125
Affiliated companies	401 632	13 688
Total	497 438	26 792

As of 31 December 2019	Receivable	Payable
CHF thousands		
Swiss Re Ltd	36 252	0
Subsidiaries	179	22 025
Affiliated companies	434 335	11 962
Total	470 766	33 987

4 Investments in subsidiaries and affiliated companies

As of 31 December 2020 and 31 December 2019, 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 2020	Domicile	Currency	% Affiliation	% Voting Interest
Swiss Re Management Ltd (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

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.



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 2019	31 December 2020
Balance sheet:		
Right-of-use asset	275 537	253 939
Lease liability	273 468	251 048
Income statement (for the year):		
Depreciation expense	51 200	46 984
Interest expense	437	473

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

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

in thousand of CHF	31 December 2019
within 1 year	44 818
1-5 years	149 642
over 5 years	80 434
Total	274 894

6 Contingent liabilities

The Company provided a number of guarantees to its subsidiaries in total amount of USD 43 million (2020: CHF 38 million, 2019: CHF 41 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 2020, the facility was drawn down in the amount of USD 161 million (CHF 142 million) with interest rate of 3M USD at Libor plus 2.00% and with maturity date of 6 January 2022.

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

in thousand of CHF	31 December 2019
within 1 year	7 251
1-5 years	218 370
over 5 years	0
Total	225 621

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	2020 Commitments
2021	58 855
2022	40 586
2023	24 177
2024	17 220
2025	13 120
After 2026	0
Total commitments	151 959
Non-cancellable sub-lease	0
Total net commitments	151 959

CHF thousands	2019 Commitments
2020	56 989
2021	35 883
2022	26 717
2023	20 695
2024	30 340
After 2025	0
Total commitments	170 625
Non-cancellable sub-lease	0
Total net commitments	170 625

9 Release of undisclosed reserves

In the financial years 2020 and 2019, no net undisclosed reserves were released.

10 Obligations towards employee pension fund

As of 31 December 2020, other current liabilities included CHF 6 million (2019: CHF 5 million) payable to the employee pension fund.

11 Personnel information

As of 31 December 2020, the Company employed staff at an average of 3036 (2019: 3 028) full time equivalents. Personnel expenses including salary, bonus, social security and other personnel expenses for the financial year 2020 amounted to CHF 610 million (2019: CHF 569 million).



Proposal for allocation of disposable profit

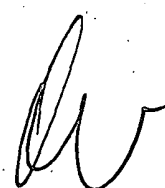
The Board of Directors proposes to the Annual General Meeting to be held in Zurich on 18 May 2021 to approve the following allocations:

Retained earnings

CHF thousands	2019	2020
Retained earnings brought forward	-	-
Net income for the financial year	17 642	61 834
Disposable profit	17 642	61 834
Allocation to voluntary profit reserves	-17 642	-61 834
Retained earnings after allocation	-	-

Voluntary profit reserves

CHF thousands	2019	2020
Voluntary profit reserves brought forward	34 399	52 041
Merger gain	-	13 745
Allocation from retained earnings	17 642	61 834
Voluntary profit reserves after allocation	52 041	127 620

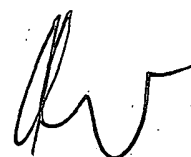


Cautionary note on forward-looking statements

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.



Swiss Re Management Ltd
6 Seodring
Ardlow
8134 Zurich
Switzerland
Telephones + 41 43 285 3310
www.swissre.com

