Swiss Re Finance (UK) Plc

(formerly Swiss Re Specialised Investments Holdings (UK) Limited)

Annual report 2020

Registered number 04442605

Contents

Company information

Board of Directors	Drew Price Stephen Hjorring Ian Bullock Giovanni Gentile (Appointed 24 February 2020) Daniel Bell (Appointed 24 February 2020) Damon Lambert (Resigned 31 July 2020)
Company Secretary	Maples Fiduciary Services (UK) Limited
Registered Office	11th Floor 200 Aldersgate Street London, EC1A 4HD
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH

Strategic report

The Board of Directors ("the Board", "Directors") present their strategic report of Swiss Re Finance (UK) Plc (formerly Swiss Re Specialised Investments Holdings (UK) Limited) ("SRFUK" or the "Company") for the year ended 31 December 2020.

Results and dividends
The Company's results for the year ended 31 December 2020 show a profit for the financial year of £426,000 (2019: £872,000). Whereas the 2019 profit was primarily driven by a substantial increase in dividends received from subsidiaries, and the sale of a subsidiary, net of impairment, the 2020 profit was driven by the net interest margin earned on the funds loaned and borrowed. The Company paid an ordinary dividend of £900,000 during the year (2019: £13,850,000). The Company's total assets for the year ended 31 December 2020 were £1,597,326,000 (2019: £2,749,000).

The Directors consider the overall results for the year to be satisfactory. The uncertainties related to coronavirus pandemic, mostly related to recoverability of loans extended to undertakings within the Swiss Re Group (the "Group"), have not materialized in 2020. The Directors assessed the Company was not significantly impacted by the pandemic situation at year-end.

Development and performance
The Company changed its core business during the year from being a holding company investing in Group companies to being a treasury services company whose main activity is to raise external finance for the purposes of on-lending the proceeds to other members of the Group. In 2020, the Company issued two subordinated bonds to external investors, one denominated in EUR with a final maturity in 2052 and carrying an initial fixed interest rate of 2.714% and the other denominated in SGD with a final maturity in 2035 and carrying an initial fixed interest rate of 3.125%, and assumed one senior EUR denominated bond previously issued to external investors by another Group company, with a final maturity in 2023 and carrying a fixed interest rate of 1.375%. The three bonds are guaranteed by Swiss Re Ltd ("SRL"), the parent of the Company and the ultimate controlling party of the Group. The proceeds of each bond were used to fund back-to-back loans to Group companies as part of financing operations within the Group. Funds loaned have the same, final maturity and currency as the issued bonds and bear fixed interest with a margin over the coupon of the issued bonds. The new core business area and principal activities are appropriate to the ultimate parent undertaking and controlling party's risk appetite and strategy. This is not envisaged to change in the near future.

Principal objectives and strategies
The Company is a treasury services company whose principal activities are raising, on-lending and investing of funds on behalf of the Group.

The Company's immediate parent is SRL which is incorporated in Switzerland.

Business model
The risk profile of the Company is low as it primarily conducts activities on behalf of the Group. The Company enters into debt issuance and related back-to-back financing of the Group activities only where suitable opportunities exist. The Company's level of capitalisation and its capital structure are determined by management's view of risks and opportunities arising from its business operations and from capital markets.

Strategic report (continued)

Future Outlook
The Company will continue to be an issuer under the Swiss Re USD 10,000,000,000 Debt Issuance Programme ("Programme") which gives it the ability to raise external debt on the terms set out in the Programme's pre-approved set of documentation however there are no issuances planned for 2021.

Principal risks and uncertainties
Refer to Note 21 for details of the Company's policies relating to financial risk management.

Section 172 (1) statement
The directors have acted in a way that they considered, in good faith, to be most likely to promote the long-term success of the Company for the benefit of its members, having regard to the following:

The likely consequences of any decision in the long term. The Company is wholly owned by SRL and as such will always operate to the standards set by the Group. Any decision taken will be aligned to the strategy of the wider group and be made in the best interests of all stakeholders. Impacts of any decisions will be determined through ongoing risk assessment conducted with all relevant stakeholders. Refer to the Development and performance section above for details on the activity of the Company during the year 2020 and the main decisions taken.

The Company has no employees on its own but outsourced expertise from other Group companies, all operating to the HR standards and fairness requirements set by the Group.

The Directors consider the key stakeholders of the Company to be its shareholder, SRL, the Group companies it extends loans to, external investors it receives funding from, Luxembourg EUR MTF Exchange, and the relevant regulators. The Company recognises the importance of building strong relationships and actively engages with both to ascertain their views and take them into account when making significant decisions. The Company and its Directors rely on the compliance department of the Group to represent the Company to the relevant regulators and, in the opposite direction, to reflect the relevant regulatory requirements or recommendations to the Directors and ensure that any decision will be taken in accordance with them. The composition of the Board of Directors equally ensures the presence of at least one front office representative of the new core business line. Business counterpart's views and considerations are therefore assured to be reflected in any Directors discussion and ultimately decisions.

The Directors recognise the importance of assessing the impact of their action on the community and the environment. While assessing this impact as not significant due to the nature of business activities of the Company, the Directors refer to the Results and dividends and Coronavirus sections for details on the current environment and impact of the coronavirus pandemic on the Company.

Regardless of how the competencies are assigned internally with the Group, externally the Company is an independent legal entity. The Directors bear sole responsibility and liability for meeting legal obligations and complying with the legal and regulatory environment to which they are subject. They have the right and obligation to take all measures to fulfil their legal duties

Strategic report (continued)

The Company is wholly owned by SRL and that shareholder is actively involved in key decisions of the Company. Information is shared effectively to ensure that the shareholder is engaged.

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 Group will continue to monitor pandemic-related developments and their impact on its operations and its investments. Also refer to Results and dividends section.

Key performance indicators ("KPIs")

Given the nature of the business and the limited number of transactions undertaken, the Company's Directors are of the opinion that analysis using quantitative KPIs is not necessary for an understanding of the development, performance or financial position of the business. Investing of funds obtained externally on a back-to-back basis within the Group minimizes the liquidity risk and ensures the payment of the Company's liabilities when they become due.

On behalf of the Board

Drew_Price@swissre.com
Digitally signed by Drew Price
Date: 2021.03.10 15:07:37 Z

Drew Price
Director
10 March 2021

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2020.

Directors and Directors' interests
The Directors who held office during the year and up to the date of signing of these financial statements were as follows:

Drew Price
Stephen Hjorring
Ian Bullock
Giovanni Gentile (Appointed 24 February 2020)
Daniel Bell (Appointed 24 February 2020)
Damon Lambert (Resigned 31 July 2020)

No Director had any interest in any material contract or arrangement with the Company during or at the end of the year, or any interest in the Company shares.

Political and charitable contributions
The Company made no political or charitable contributions during the current year or previous year.

Company Secretary
The current company secretary is Maples Fiduciary Services (UK) Limited, whose registered office is 11th Floor, 200 Aldersgate Street, London EC1A 4HD, UK.

Place of Registration
The Company is registered with the Companies House in the UK. The registration number is 04442605. The registered office is 11th Floor, 200 Aldersgate Street, London EC1A 4HD, UK.

Principal place of business
The offices of the Company and the location of board meetings during the year was 30 St Mary Axe, London EC3A 8EP, UK.

Dividends
In 2020, the Company did not declare a dividend. On 18 December 2019, the Company declared a dividend of £900,000, which was paid on 6 January 2020. On 3 April 2019, the Company declared a dividend of £13,850,000, which was paid on 4 April 2019 (Note 11).

Future developments
The Company will continue to be an issuer under the Swiss Re USD 10,000,000,000 Debt Issuance Programme which gives it the ability to raise external debt on the terms set out in the Programme's pre-approved set of documentation however there are no issuances planned for 2021.

Principal risks and uncertainties
Refer to Note 21 for details of the Company's policies relating to financial risk management.

Directors' report (continued)

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 Group will continue to monitor pandemic-related developments and their impact on its operations and its investments. Also refer to Going concern section below.

Going concern
The Directors have considered the going concern position of the Company for a period of 12 months from the date of this report. The uncertainties related to coronavirus pandemic, mostly related to recoverability of loans extended to the Group undertakings, have not materialized in 2020. The Directors assessed the Company was not significantly impacted by the pandemic situation at year-end.

The Directors believe the Company will continue to operate as a going concern and has sufficient resources to meet its liabilities as they fall due within that period.

Statement of engagement with suppliers, customers and others in a business relationship with the Company
This statement is part of Section 172 (1) Statement in the Strategic report.

Directors indemnity
As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;

Directors' report (continued)

- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation.

Statement of disclosure of information to auditors
In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors
Following the global change of the independent auditors by the Group, the appointment of the auditors, PricewaterhouseCoopers LLP, will terminate after completion of the audit of the financial statements for the year ended 31 December 2020. The new auditors, KPMG LLP, will be proposed for appointment in accordance with section 487(2) of the Companies Act 2006.

On behalf of the Board

Drew_Price@swissre.com
Digitally signed by Drew Price
Date: 2021.03.10 15:08:20 Z

Drew Price
Director
10 March 2021

pwc

Independent auditors' report to the members of Swiss Re Finance (UK) Plc

Report on the audit of the financial statements

Opinion

In our opinion, Swiss Re Finance (UK) Plc's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: Balance sheet as at 31 December 2020; statement of income and retained earnings for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to other listed entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the company.

We have provided no non-audit services to the company in the period under audit.

Our audit approach

Context

For the year ended 31 December 2020 the Company is operating as a private investment company whose principal activities are raising and investing of funds on behalf of the Group and it has debt listed on the Luxembourg Stock Exchange - Euro MTF. The debt raised by the Company is lent to other Swiss Re Group entities with a 0.05% margin compared to the coupon rate for the bonds issued.

Overview

Audit scope

- The scope of our audit and the nature, timing and extent of audit procedures performed were determined by our risk assessment and other qualitative factors (including evaluation of history of misstatements through fraud or error.
- We tailored the scope of our audit to ensure that we performed sufficient work to enable us to opine on the financial statements.
- We identified all material financial statement line items and disclosures, including those that were considered qualitatively material, and conducted our work over these accordingly.

Key audit matters

- External bond issuance to fund other Swiss Re Group entities
- COVID 19

Materiality

- *Overall materiality: £15,900,000 (2019: £54,180) based on 1% of total assets.*
- Performance materiality: £11,920,000 (2019: £40,635).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Capability of the audit in detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined in the Auditors' responsibilities for the audit of the financial statements section, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to acts by the company which were contrary to applicable laws and regulations, including the Luxembourg Stock Exchange - Euro MTF listing requirements, such as fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates.. Audit procedures performed by the engagement team included:

- Making inquiries with management about whether there was any inappropriate or unusual activity relating to journal entries
- Testing the appropriateness of journal entries.
- Understanding and reviewing significant transactions throughout the year for evidence of management bias.
- Performing unpredictable procedures.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

External bond issuance to fund other group entities and COVID-19 are new key audit matters this year. In the prior year no key audit matters were required to be disclosed in our audit report as the Company was not a Public Interest Entity ("PIE"). During the year under audit the Company has become a PIE due to its issuance of debt on the Luxembourg Stock Exchange - Euro MTF.

Key audit matter	How our audit addressed the key audit matter
External bond issuance to fund other group entities The company issued £1,576millon of debt during the year. This is comprised of: • EUR 750million 1.375% debt due 27 May 2023 • SGD 350million 3.125% debt due 3 July 2035 • EUR 800million 2.714% debt due 4 June 2052 These bonds are listed on Luxembourg Stock Exchange – Euro MTF. This debt was used as funding for the Swiss Re Group, and the repayment of the external debt is reliant on the recoverability of the intercompany receivable balances. Refer to note 17 – Bonds issued and note 16 Creditors: amounts falling due after more than one year.	We agreed the year end balances, interest rates and profiles of the bonds to the Luxembourg Stock Exchange – Euro MTF website with no differences noted. We recalculated the interest expense on the bonds using the outstanding balances throughout the year and the prevailing interest rates per the agreed terms with no material differences noted. We evaluated management's assessment of the recoverability of intercompany receivables, including their assessment of impairment under FRS 102. We independently tested the ability of the Group entities to repay by comparing the intercompany receivable to the net assets of the relevant counterparties. We tested the completeness and accuracy of the disclosures in relation to the bonds issued and associated intercompany receivables. Based on the procedures performed, we are satisfied over the recoverability of the intercompany receivable balances.
COVID-19 The COVID-19 pandemic, and measures taken by governments in order to contain COVID-19 as well as to provide support to business have a significant impact on operations of the company. As a result of the pandemic the only significant judgement that impacts financial reporting that management have considered and the areas of our audit most impacted by COVID-19 is going concern assessment. The company's financial statements are prepared on the going concern basis of accounting. We focused on the appropriateness of using a going concern basis of accounting given the uncertainty about the long-term economic outlook and potential impact on the business model as a result of the economic and social impacts of COVID-19. The ability of the company to continue as going concerns is dependent on the business model resilience which is not impacted by COVID-19 in the short term and maintenance of adequate liquidity and capital resources.	In assessing the Directors' consideration of the impact of COVID-19 on the financial statements, we have undertaken the following audit procedures. In assessing the Directors' going concern assessment: • Evaluated and challenged management's assessment of the impact of COVID-19 on their financial plans, liquidity and capital position, and operating arrangements; • Substantiated the nature and existence of the company's financial resources and liquidity financing facilities; • Evaluated the adequacy of the disclosures made in the financial statements with respect to the impact of COVID-19. As a result of these procedures, we concluded that the impact of COVID-19 has been appropriately evaluated and reflected in the preparation of the financial statements.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates. We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company which were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. We focused on laws and regulations that could give rise to a material misstatement in the company's financial statements, including, but not limited to, UK tax legislation, Companies Act 2006 and UK Generally Accepted Accounting Practice (FRS 102).

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall company materiality	£15,900,000 (2019: £54,180).
How we determined it	1% of total assets (2019: 2% of total assets)
Rationale for benchmark applied	Total assets is considered the most appropriate basis as the purpose of the entity is to issue debt for the purpose of raising funds for the Swiss Re Group. Although the entity is lower risk and has no history of misstatements, the Company has as a result of raising external debt which is transferable, become a Public Interest Entity during the year and so a lower threshold of 1% is deemed appropriate. Due to the raising of debt on the Luxembourg Stock Exchange - Euro MTF during the year under audit, which the company has then lent to Swiss Re Group entities, the total assets figure has increased year on year, but the benchmark applied continues to be appropriate for its circumstances.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £11,920,000 for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £795,000 (2019: £5,418) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating and challenging management's assessment of the impact of COVID-19 on their financial plans, liquidity and capital position, and operating arrangements;

- Substantiated the nature and existence of the company's financial resources and liquidity financing facilities; and
- Considering the impact of covenants in place for external debt issued.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK *Companies Act 2006 have been included.*

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

D Brydon

Daniel Brydon (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

10 March 2021

Statement of income and retained earnings
for the year ended 31 December 2020

	Note	2020 £000	2019 £000
Investment income	4	-	908
Administrative expenses	5	(47)	(44)
Operating profit/(loss)		(47)	864
Interest receivable and similar income	8	21,185	-
Interest payable and similar expenses	9	(20,612)	-
Profit before taxation		526	864
Tax on profit	10	(100)	8
Profit for the financial year		426	872
Retained earnings at 1 January		1,714	14,692
Dividends paid	11	(900)	(13,850)
Retained earnings at 31 December		1,240	1,714

The Company has no recognised other comprehensive income other than the profit for the financial year. Accordingly, no statement of comprehensive income is presented.

The Company's results are derived from continuing operations.

The notes on pages 16 to 25 form part of these financial statements.

Balance sheet
as at 31 December 2020

	Note	2020 £000	2019 £000
Non-current assets			
Debtors: amounts falling due after more than one year	12	1,575,807	8
		1,575,807	8
Current assets			
Debtors: amounts falling due within one year	13	19,716	1,726
Investments	14	-	-
Cash at bank and in hand		1,803	1,015
		21,519	2,741
Current liabilities			
Creditors: amounts falling due within one year	15	(19,179)	(35)
		(19,179)	(35)
Net current assets		2,340	2,706
Total assets less current liabilities		1,578,147	2,714
Non-current liabilities			
Creditors: amounts falling due after more than one year	16	(1,575,907)	-
Net assets		2,240	2,714
Capital and reserves			
Called up share capital	18	1,000	1,000
Retained earnings	19	1,240	1,714
Total equity		2,240	2,714

The notes on pages 16 to 25 form part of these financial statements.

The financial statements on pages 14 to 25 were approved by the Directors on 10 March 2021 and were signed on its behalf by:

Drew_Price@swissre.com

Digitally signed by Drew Price
Date: 2021.03.10 15:09:01 Z

Drew Price
Director

Notes to the financial statements
(forming part of the financial statements)

1 General information

The Company is a public limited company limited by shares and is incorporated, domiciled, managed and controlled in the United Kingdom. The Company changed its name to Swiss Re Finance (UK) Plc (formerly Swiss Re Specialised Investments Holdings (UK) Limited) and its legal form to a public limited company (formerly limited liability company) on 25 February 2020. The offices of the Company and the location of board meetings throughout the year were 30 St Mary Axe, London EC3A 8EP, UK. The Company's equity is not listed on any exchange; however, it has three bond securities listed on Euro MTF market of The Luxembourg Stock Exchange. The Company is registered in the UK under the registration number 04442605.

The financial statements were authorised for issue by the Directors on 10 March 2021. Once approved, the financial statements cannot be amended without re-presenting them for approval by the Board.

2 Statement of compliance

The financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements.

Basis of preparation
These financial statements are prepared on the going concern basis, under the historical cost convention.

Financial instruments
The Company has chosen to adopt Section 11 of FRS 102 in respect of financial instruments. Basic financial assets and liabilities are initially recognised at transaction price adjusted for transaction costs. Such assets and liabilities are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment.

Taxation
The tax expense represents the sum of tax currently payable and deferred tax. Tax payable is based on the taxable profit for the year. Taxable profit differs from profit before tax as reported in the statement of income and retained earnings because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's current tax balance is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Notes to the financial statements (continued)

3 Accounting policies (continued)

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except where it is more likely than not that deferred tax assets will not be recoverable. Timing differences arise where transactions or events during the year result in an obligation to pay more tax in the future, or a right to pay less tax in the future.

Deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Investment income
Investment income represents income generated through Group investment. Dividend income on ordinary shares classified as equity is recognised when declared.

Consolidated financial statements
As of 31 December 2020, the Company had no investments in subsidiaries. In the previous years, the Company had taken advantage of the exemption contained within s401 of the Companies Act 2006 not to prepare consolidated financial statements.

Foreign currencies
The company's functional and presentation currency is the pound sterling.

Transactions in currencies other than the reporting currency of the entity are recorded at the rate of exchange prevailing on the date of transaction.

Monetary assets and liabilities in the balance sheet are restated at the prevailing rate of exchange on the balance sheet date with any foreign exchange difference taken to the statement of income and retained earnings in the period.

The following table shows the main foreign currencies in which the Company operated in 2020 (2019: no significant operations in foreign currencies):

			2020
		Closing rate	**Average rate**
Currency exchange rates in GBP per 100 units of foreign currency			
Euro	EUR	89.45	88.79
Signapore dollar	SGD	55.34	56.54

Investments – Investments in Subsidiaries
Equity shares intended to be held on a continuing basis are disclosed as non-current asset investments. These are included in the balance sheet at cost, adjusted for any amortisation of premium or discount incurred at acquisition, or adjustments for any repayments of capital, on an appropriate basis. Impairment is made for any permanent diminution in value of the investment (Note 14).

Dividend distribution
Dividend distributions to the Company's shareholder are recognised as liabilities in the year in which the dividends are approved by the shareholder.

Notes to the financial statements (continued)

3 Accounting policies (continued)

Cash at bank and in hand
Cash at bank and in hand comprises deposits repayable on demand with any qualifying financial institution, less overdrafts from any qualifying financial institution repayable on demand. Deposits are repayable on demand if they can be withdrawn at any time without notice and without penalty or if a maturity or period of notice of not more than 24 hours or one working day has been agreed. Cash includes cash in hand and deposits denominated in foreign currencies. Cash held in current accounts is not interest generating.

Interest receivable and payable
Interest expense on financing and interest income on funds lent that are generated through investment strategies are included under "interest payable and similar expenses" and "interest receivable and similar income", respectively, using the effective interest method.

Exemptions for qualifying entities under FRS 102
The Company's ultimate parent company and ultimate controlling party is Swiss Re Ltd which is registered in Switzerland. The Company's financial statements are included in the consolidated financial statements of Swiss Re Ltd, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 102 paragraph 1.12(b). The Company is also exempt under FRS 102 paragraph 1.12(e) from disclosing key management personnel compensation in total and disclosing related party transactions with other companies that are wholly owned within a Group according to FRS 102 paragraph 33.1A. Shareholders have been notified and have not objected to the exemptions. It is also the Company's intention to use these exemptions next year.

Critical accounting estimates and judgements
Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The financial statements do not contain any significant areas involving estimates or judgements.

4 Investment income

	2020 £000	2019 £000
Dividend income from investments in Group companies	-	9,850
Impairment of investments in Group companies	-	(9,859)
Realised gain on sale	-	917
	-	908

The impairment of investments in Group companies was due to the change in the book value of the underlying company (Note 14). The impairment of investments and the realised gain on sale related to the sale of subsidiary Ampersand during 2019 (Note 14).

Notes to the financial statements (continued)

5 Administrative expenses

	2020 £000	2019 £000
Audit fees	(33)	(33)
Other expenses	(8)	(9)
Bank charges	(6)	(2)
	(47)	(44)

Audit fees relate to the statutory audit and are payable to PricewaterhouseCoopers LLP for work performed in the year on behalf of the Company. There are no fees payable to the auditors and their associates for services other than the statutory audit.

6 Employees

The Company had no employees during the current or prior year with all services being provided by Swiss Re Management Limited or other companies of the Group.

7 Directors' emoluments

The Directors received no remuneration in respect of their services to the Company in the current or prior year.

8 Interest receivable and similar income

	2020 £000	2019 £000
Group companies		
- Interest on funds loaned	21,185	-
	21,185	-

9 Interest payable and similar expenses

	2020 £000	2019 £000
- Interest on bonds issued	(20,609)	-
- Foreign exchange gains and losses, net	(3)	-
	(20,612)	-

10 Tax on profit

Analysis of tax (charge)/credit in the financial year	2020 £000	2019 £000
Non-current/current tax:		
UK corporation tax	(100)	8
Total non-current/current tax	(100)	8

Notes to the financial statements (continued)

10 Tax on profit (continued)

The Group relief receivable of £8,000 related to 2019 is classified as current since it will be received within 2021 (Note 13). Tax payable of £100,000 related to 2020 has been classified as non-current since it is expected to be settled in 2022 (Note 16).

The tax reconciliation for the year and explanation of the differences using the standard rate of corporation tax in the United Kingdom at 19.00% (2019: 19.00%) are as follows:

	2020 £000	2019 £000
Profit before taxation	526	864
Profit multiplied by standard rate of corporation tax in the United Kingdom of 19.00% (2019: 19.00%)	(100)	(164)
Capital gain offset by capital gains tax losses brought forward	-	174
Non deductible expenditure	-	(1,873)
Non taxable income	-	1,871
Tax on profit	(100)	8

In 2019, non-deductible expenditure and non-taxable income related to impairment expense of investment in Group companies and dividend income, respectively.

The aggregate current and deferred tax relating to items that are recognised as items of other comprehensive income is £nil (2019: £nil).

The amount of the net reversal of deferred tax expected to occur next year is £nil (2019: £nil).

There is deferred tax unprovided of £6,057,171 (2019: £16,026,000) on capital gains tax losses that are available for offset against future chargeable gains of the Company.

11 Dividends paid

	2020 £000	2019 £000
Ordinary shares		
£0.9 (2019: £13.85) per £1 ordinary share	(900)	(13,850)

On 18 December 2019, the Company declared a dividend of £900,000, which was paid on 6 January 2020. On 3 April 2019, the Company declared a dividend of £13,850,000, which was paid on 4 April 2019.

Notes to the financial statements (continued)

12 Debtors: amounts falling due after more than one year

	2020 £000	2019 £000
Amounts owed by Group undertakings		
Amounts falling due between one and five years		
- Group relief receivable	-	8
- Funds loaned, net of deferred transaction costs	668,501	-
Amounts falling due after more than five years		
- Funds loaned, net of deferred transaction costs	907,306	-
	1,575,807	8

Funds loaned to Group undertakings are unsecured loans with an initial fixed interest rate. The interest rate on each loan is higher by a 0.05% margin compared to the coupon rate for the corresponding bond issued externally to fund the relevant loan (Note 16 and 17). The maturity date of each loan is the same day or day preceding the maturity day of the corresponding bond issued (Note 16 and 17), with early redemption at the borrowers' discretion or mutual agreement for the loan with principal amount of EUR 750 million (Note 17). For the other two loans, the borrowers may only repay on redemption dates and subject to approval from FINMA.

13 Debtors: amounts falling due within one year

	2020 £000	2019 £000
Amounts owed by Group undertakings		
- Group relief receivable	8	1,726
- Accrued interest on funds loaned, net of deferred transaction costs	19,708	-
	19,716	1,726

14 Investments

Investments	2020 £000	2019 £000
As at 1 January	-	9,916
Repayment of capital	-	(57)
Impairment of investments in Group companies	-	(9,859)
As at 31 December	-	-

The Company sold its investment in Swiss Re Strategic Investments UK Limited on 22 April 2020 and in Ampersand Investments (UK) Limited (now Swiss Pillar Investments UK Limited) on 20 December 2019.

As of 31 December 2020, the Company held no investments.

Notes to the financial statements (continued)

15 Creditors: amounts falling due within one year

	2020 £000	2019 £000
- Accrued interest on bonds, net of deferred transaction costs	(19,145)	-
- Expenses payable	(34)	(35)
	(19,179)	(35)

16 Creditors: amounts falling due after more than one year

	2020 £000	2019 £000
Amounts falling due between one and five years		
- Bonds, net of deferred transaction costs	(668,502)	-
- Corporation tax	(100)	-
Amounts falling due after more than five years		
- Bonds, net of deferred transaction costs	(907,305)	-
	(1,575,907)	-

17 Bonds issued

Instruments	Maturity	Interest rate	Original currency	Issuance in '000 of original currency	Principal 2020 in '000 of original currency	Book value 2020 in £000
Bond [1]	27.5.2023	1.375%	EUR	(750,000)	(750,000)	(670,882)
Bond [2]	3.7.2035	3.125%	SGD	(350,000)	(350,000)	(192,543)
Bond [3]	4.6.2052	2.714%	EUR	(800,000)	(800,000)	(712,382)
Total						(1,575,807)

[1] The bond has been assumed from another Group entity on 28 April 2020.
[2] The bond has two options for early redemption, on 3 July 2025 and on 3 July 2030, subject to no objection from FINMA.
[3] The bond has an early redemption option on 4 June 2032 and each anniversary thereof, subject to no objection from FINMA.

The bonds issued are guaranteed to the external investors by the ultimate parent company Swiss Re Ltd.

18 Called up share capital

	2020 £000	2019 £000
Allotted, called up and fully paid		
1,000,000 (2019: 1,000,000) Ordinary shares of £1 each	1,000	1,000

Notes to the financial statements (continued)

19 Retained earnings

	2020 £000	2019 £000
At 1 January	1,714	14,692
Profit for the financial year	426	872
Dividends paid	(900)	(13,850)
At 31 December	1,240	1,714

20 Fair value disclosure

With the exception of the funds loaned and the bonds issued, the carrying value of financial assets and financial liabilities of the Company approximates their fair value as of 31 December 2020. The fair value of the funds loaned (Note 12) is £1,796,480,000 (2019: nil) and measured using the discounted future cash flows method. The fair value of the bonds issued (Note 17) is £1,696,995,000 (2019: nil) and measured using the current quoted prices as of 31 December 2020.

21 Financial risk management

Risk management is an inherent part of the business activities of a Group, of which this Company is a part. The Company's risk management framework and governance structure are intended to provide comprehensive controls and ongoing management of its major risks. The Company exercises oversight through the Directors.

An overview of the key aspects of risk management and use of financial instruments is provided below:

Liquidity risk
Liquidity risk arises from the general funding needs of the Company's activities and in the management of its assets and liabilities. The Company's funding needs are met externally and guaranteed by its parent company and the funds are managed in a manner consistent with the overall Group liquidity management framework.

The bonds outstanding have long-term final maturity and early redemption dates with interest paid at least annually. The liquidity risk is reduced since the Company has provided back-to-back loans to Group companies with the same maturity and early redemption dates and interest payment dates, with higher interest rate, resulting in the overall net cash inflows.

A maturity analysis of the financial liabilities from bonds issued is shown below (2019: none). The amounts in the table are the gross undiscounted contractual cash flows calculated up to the ultimate maturity date, not taking into account early redemption options or future changes in interest rates (Note 17).

Notes to the financial statements (continued)

21 Financial risk management (continued)

2020:	Total	Less than one year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£000	£000	£000	£000	£000
Bonds issued - principal	(1,580,175)	-	-	(670,882)	(909,293)
Bonds issued - interest	(739,979)	(34,724)	(34,699)	(85,647)	(584,909)
Total contractual cash flows	(2,320,154)	(34,724)	(34,699)	(756,529)	(1,494,202)

Credit risk

The Company's exposure to credit risk arises from the possibility that counterparties may default on their obligations to the Company. The Company manages its credit risk by minimising its exposure to external counterparties. The amount of the Company's maximum exposure to credit risk is indicated by the carrying value of its financial assets. The cash balance of £1,803,000 (2019: £1,015,000) is held at JPMorgan having excellent Moody's long-term rating. The Company has credit risk related to the funds loaned to Group companies of £1,595,523,000 (2019: a Group relief receivable of £1,734,000). The funds loaned are unsecured and subordinated to any other obligations. The funds loaned are neither past due, nor impaired as provided to Group companies having Moody's financial strength rating as Aa3 (excellent). The Company did not identify an objective evidence of impairment for these assets as of 31 December 2020.

Market risk

Market risk represents the potential loss in value of portfolios and financial instruments caused by adverse movements in market variables. At the balance sheet date, the Company does not have any significant exposure to market risk.

Interest rate risk

Interest rate risk is the risk of loss resulting from movements in interest rates. The Company has significant long-term funds loaned positions with fixed interest rates with Group companies. The Company also has significant long-term bonds issued at fixed interest rates. The maturity of the funds loaned and borrowed is identical. The net interest margin on these back-to-back positions is 0.05%. Due to interest being fixed for both financial assets and financial liabilities, the interest rate risk is considered low.

Foreign exchange risk

Foreign exchange risk is the risk of fluctuations in future cash flows arising from changes in foreign exchange rates. At the balance sheet date the Company had foreign currency bank balances, funds loaned and bonds issued, the net of which is not significant. The Company therefore is not considered to have significant exposure to foreign exchange risk.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed processes or systems, human factors or external events. To monitor and control operating risk, the Group and the Company maintain a system of comprehensive policies and a control framework designed to provide a sound and well-controlled operational environment.

Notes to the financial statements (continued)

21 Financial risk management (continued)

Capital management

The Company regards its equity and retained profits as its capital, which amounts to £2,240,000 as of 31 December 2020 (2019: £2,714,000). The Company's objectives when managing its capital are to safeguard the Company's ability to continue as a going concern, and to manage its market risk, interest rate risk and credit risk and its cost of capital. To maintain or adjust its capital structure, the Company may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce its debt. To manage its market risk and credit exposure the Company lends only to, and invests in, highly rated Group companies and regularly monitors those credit ratings. To manage its interest rate and foreign exchange risk the, Company funds loans under agreements with the same terms and conditions as for its bonds issued.

The Company is imposed to ensure its assets exceed its liabilities, and to maintain its financial, capital and/or solvency position. The Company is not in the solvency event as of 31 December 2020.

22 Ultimate parent undertaking

The ultimate parent company and the ultimate controlling party is Swiss Re Ltd, a company incorporated in Switzerland.

The smallest and largest group in which the results of the Company are consolidated is that headed by Swiss Re Ltd. The consolidated financial statements of the Group are available to the public and may be obtained from Mythenquai 50/60, 8002 Zurich, Switzerland.

23 Post balance sheet date events

The Company has evaluated whether events or transactions have occurred after 31 December 2020 that would require recognition or disclosure in these financial statements through 10 March 2021, which is the issuance date of these financial statements. There are no subsequent events that have had a material effect on the Company.