

News release

Swiss Re Capital Markets structures and places the first parametric earthquake catastrophe bond to hedge mortgage risk caused by earthquakes for Bayview

New York, 13 January 2020 — Swiss Re Capital Markets successfully closed the USD 225 million Series 2020-1 Principal At-Risk Variable Rate Notes transaction issued by Sierra Ltd. on behalf of Bayview's MSR Opportunity Fund ("Bayview"). This transaction is the first catastrophe bond issued under Rule 144A with a parametric trigger that is designed to cover mortgage default risk caused by earthquakes in California, Oregon, Washington and South Carolina. Swiss Re Capital Markets acted as the sole structuring agent and joint-bookrunner.

The pioneering transaction had two classes of principal at-risk variable rate notes issued by Sierra Ltd., a special purpose vehicle incorporated in Bermuda (the "Issuer"). As part of the transaction structure, Bayview has entered into a derivative agreement with Sierra Ltd, which provides protection on a parametric per occurrence basis against earthquakes. The notes have a three-year risk period and provide protection using the data provided by the U.S. Geological Survey.

Jean-Louis Monnier, Head of Retro & ILS Structuring of Swiss Re's Alternative Capital Partners says: "We're proud to have worked with Bayview in structuring and placing the first parametric catastrophe bond designed to protect against mortgage default caused by earthquakes. Parametric solutions help speed up the claims process, while offering greater transparency to investors. This landmark transaction underscores the potential of the capital markets in helping to reduce the hedging gap and build resilience against uninsured risks prevalent in the U.S. mortgage markets."

The Sierra Ltd. notes were sold pursuant to Rule 144A of the U.S. Securities Act of 1933, as amended (the "Securities Act") and have not been registered under the Securities Act or any state securities laws; they may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to the registration requirements of the Securities Act and applicable state securities laws.

Notes to editors

Swiss Re Capital Markets

In the U.S., securities products and services are offered through Swiss Re Capital Markets Corporation, a registered broker dealer and a member of FINRA and SIPC. In the European Union, securities products and services are offered through Swiss Re Capital Markets Limited. Swiss Re Capital Markets Limited is authorized and regulated in the U.K. by the Financial Conduct Authority, and benefits from a passport into certain Member States of the European Union pursuant to the Markets in Financial Instruments Directive

Media Relations,
New York
Telephone +1 914 828 6511

Zurich
Telephone +41 43 285 7171

Singapore
Telephone +65 6232 3302

Hong Kong
Telephone +852 2582 3660

Investor Relations,
Zurich
Telephone +41 43 285 4444

Swiss Re Ltd
Mythenquai 50/60
CH-8022 Zurich

Telephone +41 43 285 2121
Fax +41 43 285 2999

www.swissre.com
 @SwissRe

2004/39/EC. Swiss Re Capital Markets Corporation and Swiss Re Capital Markets Limited, together "Swiss Re Capital Markets", are wholly owned subsidiaries of Swiss Re Ltd.

Swiss Re

The Swiss Re Group is one of the world's leading providers of reinsurance, insurance and other forms of insurance-based risk transfer, working to make the world more resilient. It anticipates and manages risk – from natural catastrophes to climate change, from ageing populations to cyber crime. The aim of the Swiss Re Group is to enable society to thrive and progress, creating new opportunities and solutions for its clients. Headquartered in Zurich, Switzerland, where it was founded in 1863, the Swiss Re Group operates through a network of around 80 offices globally. It is organised into three Business Units, each with a distinct strategy and set of objectives contributing to the Group's overall mission.

For logos and photography of Swiss Re executives, directors or offices go to www.swissre.com/media

For media 'b-roll' please send an e-mail to media_relations@swissre.com



Cautionary note on forward-looking statements

Certain statements and illustrations contained herein are forward-looking. These statements (including as to plans, objectives, targets, and trends) 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”, “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 Group’s actual results of operations, financial condition, solvency ratios, capital or liquidity positions or prospects to be materially different from any future results of operations, financial condition, solvency ratios, capital or liquidity positions or prospects expressed or implied by such statements or cause Swiss Re to not achieve its published targets. Such factors include, among others:

- the frequency, severity and development of insured claim events, particularly natural catastrophes, man-made disasters, pandemics, acts of terrorism and acts of war;
- mortality, morbidity and longevity experience;
- the cyclical nature of the insurance and reinsurance sectors;
- instability affecting the global financial system;
- deterioration in global economic conditions;
- the effect of market conditions, including the global equity and credit markets, and the level and volatility of equity prices, interest rates, credit spreads, currency values and other market indices, on the Group’s investment assets;
- changes in the Group’s investment result as a result of changes in the Group’s investment policy or the changed composition of the Group’s investment assets, and the impact of the timing of any such changes relative to changes in market conditions;
- the Group’s ability to maintain sufficient liquidity and access to capital markets, including sufficient liquidity to cover potential recapture of reinsurance agreements, early calls of debt or debt-like arrangements and collateral calls due to actual or perceived deterioration of the Group’s financial strength or otherwise;
- any inability to realise amounts on sales of securities on the Group’s balance sheet equivalent to their values recorded for accounting purposes;
- changes in legislation and regulation, and the interpretations thereof by regulators and courts, affecting us or the Group’s ceding companies, including as a result of shifts away from multilateral approaches to regulation of global operations;
- the outcome of tax audits, the ability to realise tax loss carryforwards, the ability to realise deferred tax assets (including by reason of the mix of earnings in a jurisdiction or deemed change of control), which could negatively impact future earnings, and the overall impact of changes in tax regimes on business models;
- failure of the Group’s hedging arrangements to be effective;
- the lowering or loss of one of the financial strength or other ratings of one or more Swiss Re companies, and developments adversely affecting the Group’s ability to achieve improved ratings;
- uncertainties in estimating reserves;
- policy renewal and lapse rates;
- uncertainties in estimating future claims for purposes of financial reporting, particularly with respect to large natural catastrophes and certain large man-made losses, as significant uncertainties may be involved in estimating losses from such events and preliminary estimates may be subject to change as new information becomes available;

- extraordinary events affecting the Group's clients and other counterparties, such as bankruptcies, liquidations and other credit-related events;
- legal actions or regulatory investigations or actions, including those in respect of industry requirements or business conduct rules of general applicability;
- changes in accounting standards;
- significant investments, acquisitions or dispositions, and any delays, unexpected costs, lower-than expected benefits, or other issues experienced in connection with any such transactions;
- changing levels of competition, including from new entrants into the market; and
- operational factors, including the efficacy of risk management and other internal procedures in managing the foregoing risks and the ability to manage cybersecurity risks.

These factors are not exhaustive. The Group operates in a continually changing environment and new risks emerge continually. Readers are cautioned not to place undue reliance on forward-looking statements. Swiss Re undertakes no obligation to publicly revise or update any forward-looking statements, whether as a result of new information, future events or otherwise.

This communication is not intended to be a recommendation to buy, sell or hold securities and does not constitute an offer for the sale of, or the solicitation of an offer to buy, securities in any jurisdiction, including the United States. Any such offer will only be made by means of a prospectus or offering memorandum, and in compliance with applicable securities laws.