

Press release

Swiss Re secures significant alternative capital via an innovative hybrid transaction

- **Swiss Re partners with J.P. Morgan and institutional investors to secure USD 1.15 billion in protection for severe underwriting-related losses**
- **The innovative hybrid transaction is first of its kind to combine bank financing and insurance-linked securities (ILS)**
- **The transaction supports Swiss Re's growth opportunities in an attractive reinsurance market**

Zurich, 14 April 2022 – Swiss Re has successfully closed an innovative multi-year stop-loss transaction, with financing ultimately provided by J.P. Morgan and various institutional investors. The transaction, which covers underwriting risks across the entire Swiss Re Group, is the first of its kind to combine both bank financing and insurance-linked securities.

Swiss Re's Group Chief Financial Officer John Dacey, said: "The innovative partnership is a great example of how the Group considers all sources of capital holistically and aims to further enhance its flexible capital structure. With this transaction, the Alternative Capital Partners division delivers another material contribution to Swiss Re's efficient capital management."

The transaction utilises a newly-established segregated account of the existing Matterhorn Re Ltd. special purpose insurer vehicle. J.P. Morgan provides USD 1 billion financing via a senior loan, while various institutional investors will participate via a USD 150 million investment in junior insurance-linked notes issued by the segregated account.

With this deal, Swiss Re has protection from severe underwriting losses for the financial years 2022–2026, thereby supporting growth opportunities in an attractive reinsurance market. Further, the transaction is expected to have a positive benefit for Swiss Re's ratings and regulatory capital requirements.

The transaction is fully collateralised, with the proceeds to be held in notes issued by the European Bank for Reconstruction and Development, which has Aaa/AAA/AAA (Moody's/S&P/Fitch, all stable) ratings.

Philipp Rüede, Head of Swiss Re Alternative Capital Partners, said: "Through Alternative Capital Partners' expertise and strong relationships,

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we have been able to structure this first-of-its-kind hybrid transaction, bringing together bank financing and insurance-linked securities markets. In doing so, we have leveraged the complementary nature of the two sources of capital in a landmark transaction within the reinsurance and ILS markets. It is another example of Swiss Re's long tradition of innovation in the alternative capital space and underscores the strength of its franchise."

Alternative Capital Partners was launched in 2019 by combining Swiss Re's Insurance-Linked Securities (ILS) and Retro & Syndication teams. By leveraging the combined strength of both teams and building a unified centre of expertise, it has become a key division supporting Swiss Re's strategy and franchise.

About 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.

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", "target", "aim", "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 or acts of war;
- mortality, morbidity and longevity experience;
- the cyclical nature of the reinsurance sector;
- central bank intervention in the financial markets, trade wars or other protectionist measures relating to international trade arrangements, adverse geopolitical events, domestic political upheavals or other developments that adversely impact global economic conditions;
- increased volatility of, and/or disruption in, global capital and credit markets;
- 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;
- the Group's inability to realise amounts on sales of securities on the Group's balance sheet equivalent to their values recorded for accounting purposes;

- the Group's inability to generate sufficient investment income from its investment portfolio, including as a result of fluctuations in the equity and fixed income markets, the composition of the investment portfolio or otherwise;
- changes in legislation and regulation, including changes related to environment, social and governance ("ESG") matters or the interpretations thereof by regulators and courts, affecting the Group or its ceding companies, including as a result of comprehensive reform or shifts away from multilateral approaches to regulation of global operations;
- the Group's ability to fully achieve one or more of its ESG or sustainability goals or to fully comply with applicable ESG or sustainability standards;
- matters negatively affecting the reputation of the Group, its board of directors or its management, including matters relating to ESG or sustainability, such as allegations of greenwashing, lack of diversity and similar allegations;
- the lowering or loss of one of the financial strength or other ratings of one or more companies in the Group, and developments adversely affecting its ability to achieve improved ratings;
- uncertainties in estimating reserves, including differences between actual claims experience and underwriting and reserving assumptions;
- 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 and social inflation litigation, 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;
- legal actions or regulatory investigations or actions, including in respect of industry requirements or business conduct rules of general applicability, the intensity and frequency of which may also increase as a result of social inflation;
- the outcome of tax audits, the ability to realise tax loss carryforwards and 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 the Group's business model;
- changes in accounting estimates or assumptions that affect reported amounts of assets, liabilities, revenues or expenses, including contingent assets and liabilities;
- changes in accounting standards, practices or policies, including the contemplated adoption of IFRS;
- strengthening or weakening of foreign currencies;
- reforms of, or other potential changes to, benchmark reference rates;
- failure of the Group's hedging arrangements to be effective;
- significant investments, acquisitions or dispositions, and any delays, unforeseen liabilities or other costs, lower-than-expected benefits, impairments, ratings action or other issues experienced in connection with any such transactions;
- extraordinary events affecting the Group's clients and other counterparties, such as bankruptcies, liquidations and other credit-related events;
- changing levels of competition;
- the effects of business disruption due to terrorist attacks, cyberattacks, natural catastrophes, public health emergencies, hostilities or other events;
- limitations on the ability of the Group's subsidiaries to pay dividends or make other distributions; and
- operational factors, including the efficacy of risk management and other internal procedures in anticipating and managing the foregoing 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.