

Swiss Re Ltd

**12th Annual General Meeting
Zurich, Wednesday, 12 April 2023**

Speech
by

Sergio P. Ermotti
Chairman of the Board of Directors

Check against delivery.

Ladies and gentlemen,

The Annual General Meeting is an opportunity to look back on the past year and explain what the company has been doing, its results and the reasons behind those results. Sometimes, events occur that are unrelated to the company and that we cannot directly influence, but nevertheless have an impact on Swiss Re. UBS's rescue of Credit Suisse is one such event and, as you probably know, it will impact the Chairmanship of the Board of Directors. I will come back to this matter later. But today's event is first and foremost about Swiss Re, and only Swiss Re.

Market environment

2022 has once again made clear to all of us that risks exist everywhere, and they are real. After the pandemic came the war in Ukraine, and with it, high energy prices and inflation.

Geopolitical tensions also increased, a phenomenon that I refer to as a geopolitical recession.

In addition, there were a number of major natural disasters that caused a great deal of human suffering. And the turmoil in the banking sector in the United States, and especially here in Switzerland, would suggest that unfortunately, we will remain in crisis mode for some time to come. We should bear in mind that these crises have a direct impact on our business.

The pandemic is subsiding and the measures to combat it have been lifted. Mortality rates are falling in many regions. This is good news for society in general, and decreasing mortality rates also reduce the negative impact on our life and health insurance business.

On the other hand, there were a number of major natural disasters in 2022 that caused enormous damage all over the world. The biggest event last year was Hurricane Ian. It hit the US hard and underscored how important it is for global reinsurers to cover major losses.

But our industry is not only affected by strong hurricanes. 2022 also reminded us that secondary perils such as wildfires, droughts, hail and floods are increasingly leading to significant losses.

The major losses in recent years have led some competitors and opportunistic providers to reduce their activities in our business sector. The ensuing reduction in supply resulted in an increase in prices, from which we were able to benefit in the last renewals season.

We continue to see great potential in providing coverage for natural disasters, because insurance penetration is still very low in many places.

Although insurers had to absorb losses of USD 125 billion worldwide last year, this represents only 45% of the total cost of these natural disasters. The losses that were not covered by insurance amounted to almost USD 150 billion.

Unfortunately, the low level of insurance penetration also manifested itself in the earthquake of the century in Turkey and Syria in February. And even if we can cover losses by providing financial compensation and therefore helping to lay the foundations for new beginnings, we cannot erase human suffering; all we can do is alleviate it.

The same applies to the massive damage caused by a war like the one in Ukraine – insurance cannot cover the suffering caused by such events.

Inflation put an end to low interest rates. Central banks have introduced massive interest rate hikes to fight inflation. We should welcome the fact that the distortions caused by low and negative interest rates are coming to an end. However, having said that, we are still suffering the consequences in real terms, because inflation has risen more sharply than interest rates. Combating inflation must therefore be the central banks' top priority, because I believe that the long-term societal costs of inflation are much higher than those of a short-term recession.

The fact that we prepare our annual financial statements in accordance with US GAAP means we are more affected by the rise in interest rates than our competitors, who prepare them in accordance with IFRS. As announced, we will switch to IFRS in 2024 to make our results more comparable to those of our competitors.

Energy shortages have been and will remain an issue. Fortunately, a mild winter prevented power outages and even higher inflation. But the issue of energy security has not yet been resolved and is something that will continue to concern us.

Last year once again highlighted the role of reinsurers as reliable and long-term shock absorbers in a world shaken by crises. This is traditionally the most important function of our industry.

We reinsurers have also become more important for the Swiss economy. According to a study, reinsurers operating in Switzerland contributed CHF 4.8 billion to gross value added in Switzerland.

And because reinsurance also comes with a price tag, namely a premium, we set a price for risks, so to speak. This means we provide an incentive to reduce risk beforehand and thus reduce the expected losses. This is consistent with our vision of making the world more resilient.

But to achieve this, Swiss Re must also become more resilient. We cannot, therefore, be satisfied with our results for 2022.

Results

Let's take a brief look at the 2022 results. Christian Mumenthaler will provide you with further details.

- Swiss Re reported a net income of USD 472 million and a return on equity (ROE) of 2.6% for the full-year 2022, supported by a net income of USD 757 million in the fourth quarter.
- Swiss Re's capital position remained very strong with an SST ratio of 294% as of 1 January 2023.

This strong capital position has allowed us to propose a dividend of USD 6.40 per share. Starting this year, we are declaring the dividend in US dollars, as this is our reporting currency. The dividend will continue to be paid in Swiss francs, and will be converted accordingly. So nothing will change for you with regard to the dividend payment.

Strategy

Although we made good progress in the last quarter, our focus and top priority continues to be strengthening Swiss Re's earning power and profitability.

We aim to achieve this by ensuring the following:

1. Strict focus on profitable activities in our core business
2. A high-quality portfolio
3. Appropriate compensation for our risk-transfer services
4. Cost discipline

In particular, we must take into account the three stakeholder groups that, in my view, form the magic triangle for every company: clients, employees and investors.

This first part of this triangle is our clients. We work closely with them and our partners to better understand and minimise their risks. We are also developing new, innovative tools to better distribute risks. I think we made good progress in this area again last year.

Then we have our employees: You cannot be a great company if you do not have highly qualified and motivated employees who are proud to work for a successful and sustainable organisation. That's why it's so important to be at the forefront in the global competition for the best talent.

The third part of the magic triangle is the investors, that is to say you, our shareholders. We must be careful with the capital you have entrusted to us. And we need to generate sustainable profits that allow us to continue to invest in our business and generate an attractive return.

If we balance this magic triangle properly, our company will be successful. And all other stakeholders – such as the state or non-governmental organisations – will also benefit from our success.

Sustainability remains a strategic priority for Swiss Re. As demonstrated in our business with natural catastrophes, we are directly impacted by the effects of climate change. That is why we decided in 2019 to set ourselves a target of net-zero emissions by 2050. This applies both to our investment activities and to underwriting. In our own operations, we want to reach net zero by 2030.

We have therefore strengthened our governance and revised our sustainability strategy. We have two priorities in this area:

First, supporting our clients' decarbonisation efforts.

Second, promoting a resilient society, for example, by addressing and helping to close the natural catastrophe protection gap or by improving access to financial products such as health insurance.

Outlook

The successful implementation of our strategic priorities will help us to sustainably strengthen Swiss Re's profitability.

This brings me to our outlook and goals for 2023.

As I mentioned earlier, we cannot be satisfied with our results for 2022. That is why we aim to and must strengthen our profitability. Seeing Swiss Re's strong potential in the current market environment gives me great confidence in this regard:

- Swiss Re has extensive expertise and an excellent reputation in the market.
- We are seeing a very attractive market environment with rising insurance premiums that better reflect risks.
- The higher interest rates lead to higher revenues.

At the same time, we want to become even more efficient and closer to our clients.

These factors will increase our profitability and help us to better absorb risks.

In order to achieve this goal, we have already made some changes – both in the organisation and in terms of the composition of our Group Executive Committee. Our CEO will provide more details on these steps in his speech. The Board of Directors is convinced that this will make Swiss Re even more effective and agile.

This is also reflected in our targets for 2023:

- We target a net income of more than USD 3 billion.
- Property & Casualty Reinsurance will target a reported combined ratio of less than 95% and Corporate Solutions will target a reported combined ratio of less than 94%.
- In Life & Health Reinsurance, we are aiming for a net income of approximately USD 900 million.
- Looking at the longer term, we want to achieve a return on equity of 14% in 2024.
- We target 10% annual growth in economic net worth per share.

These are our goals.

A board of directors changes over time, and this year, two long-standing members are not up for re-election: Renato Fassbind and Susan L. Wagner.

We are proposing Vanessa Lau and Pia Tischhauser as new members of the Board of Directors.

I will say a few more words about the members who are leaving us and the new members later.

The upcoming changes will increase diversity on the Board of Directors; the share of women will be 33%, meaning that we have achieved our target.

Ladies and gentlemen, I would like to take this opportunity to comment briefly on my appointment as CEO of UBS.

We live in extraordinary times that call for extraordinary measures. The decision to return to UBS was not easy for me to make. My mandate at UBS requires my full commitment. I must focus on that, in the interests of Swiss Re, the bank and the financial centre.

After a short transition period, I will step down as Chairman of Swiss Re. We are grateful that Jacques de Vaucleroy has agreed to chair the Board of Directors ad interim until a new Chairperson is appointed. The Swiss supervisory authority agrees with this approach.

I will leave Swiss Re knowing that my work here is not yet completely finished, but that the company is well-positioned to achieve its goals. I will take many good memories with me of my time at Swiss Re and the effective cooperation on the Board of Directors and with the Group Executive Committee. In particular, I would like to thank CEO Christian Mumenthaler for the constructive and open cooperation.

Ladies and gentlemen, in order to achieve Swiss Re's goals in the next few years, we will continue to need the full commitment of our employees. You achieved a lot last year, and I thank you for that!

I would also like to thank all our clients for their loyalty over the past year.

And what would the magic triangle be without you, our shareholders. Thank you for your trust in Swiss Re and in the people who work for the company!

Grazie!

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