

Swiss Re Ltd

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

Speech
by

Christian Mumenthaler
Group Chief Executive Officer

Check against delivery.

Dear shareholders,

Ladies and gentlemen,

Welcome to the 159th Annual General Meeting of Swiss Re. It's nice to see you in person again and to speak to you directly instead of into a camera.

Today, I will first be giving you an overview of Swiss Re's results for the last financial year. Then I will share our outlook for the market environment, and talk about our project to make Swiss Re leaner and more client focused. I will then make a few comments on the challenges we face and the progress we have made with regard to climate change.

Let's start with the Swiss Re Group's annual results.

2022 was a year full of challenges, and was marked by the war in Ukraine, surging inflation, the tail end of the COVID-19 pandemic and elevated natural catastrophe losses.

In this environment, we achieved a net income for the year of USD 472 million. This is below our net income of USD 1.4 billion in the previous year. Naturally, I agree with Sergio Ermotti that we cannot be satisfied with this result.

Four factors in particular impacted this result:

First, we established reserves of USD 1.1 billion in anticipation of surging claims inflation.

Second, the sharp decline in global equity markets had a negative impact on our results of USD 0.6 billion.

Third, we recorded pandemic-related claims amounting to USD 0.6 billion.

And finally, natural catastrophe losses came in USD 0.5 billion above expectations.

For the individual business segments, the results were as follows:

Property & Casualty Reinsurance reported a net income of USD 312 million, supported by a strong fourth-quarter net income. The full-year result was negatively impacted in particular by higher economic inflation, for which we set up additional reserves of USD 1 billion for this segment alone.

In Life & Health Reinsurance, we returned to profitability in 2022, with a net income of USD 416 million. As a result, L&H Re exceeded its full-year target of approximately USD 300 million. COVID-19-related losses decreased from almost USD 2 billion in 2021 to USD 588 million in 2022.

Corporate Solutions, our direct insurance business for corporate clients, once again reported robust results. It achieved a net income of USD 486 million. Corporate Solutions' combined ratio was 93.1% for the full year, outperforming the target of less than 95%. Net premiums earned increased to USD 5.5 billion, driven by growth in selected focus portfolios.

I would also like to say a few words here about Asset Management.

Last year, Asset Management was faced with a very difficult environment. Prices in financial markets were subject to major fluctuations in the wake of a series of crises. Our return on investments decreased from 3.2% in the previous year to 2.0%. Suffice it to say that it was not a good year for stock markets.

Dear shareholders,

I have mentioned inflation several times now. Sergio Ermotti also addressed this topic. Let me briefly explain how inflation impacts the results of reinsurers. It has two important effects: one immediate and one longer-term.

The immediate effect is negative and arises from the fact that in our property and casualty business, economic inflation leads to claims amounts that are higher than originally calculated. Throughout the year, Swiss Re therefore took measures to create additional reserves to address this risk.

The longer-term effect is positive, and is on the investment side. Higher interest rates are already helping to compensate for the effects of higher inflation. In the fourth quarter, the contribution from our fixed-income portfolio increased by USD 170 million compared to the same period last year.

Inflation is therefore a double-edged sword for the insurance industry: an increased claims burden that has a direct impact, but also higher income on the investment side, which, however, only materialises with time.

Let me now turn to the market environment and our outlook.

2022 may have been a challenging year, but I'm more optimistic about the future!

The last quarter of 2022 was successful, with a net income of USD 757 million, representing a return on equity of 24.6%. The January 2023 renewals were also strong.

It was the best renewals round in many, many years. Reinsurance prices have risen significantly – and we were able to increase our prices by 18%.

Due to inflation and updates to risk models, we also had to increase our loss assumptions by 13%. However, this still leaves us with a net price increase of 5%.

Higher interest rates also have a positive effect for us in another area:

During the time when negative and zero-interest-rate policies prevailed at central banks, a significant amount of capital flowed into the reinsurance market in the search for returns. This

resulted in an excess of supply. With rising interest rates, this capital is now flowing elsewhere. We can already see this happening.

The sustainable price increases and the higher interest rates in the investment markets strengthen our profitability! That makes me optimistic in terms of the outlook.

In order to become even more effective in the market, we are repositioning Swiss Re in the reinsurance area and in the Group in 2023. By introducing a simpler and leaner organisational structure, we want to increase our proximity to our clients.

The new structure combines the responsibilities for client management, underwriting and claims management at the market unit level. This will significantly shorten decision-making processes. The responsibility for outcomes will be more clearly allocated. I am confident that this will provide the structural basis required for future success.

I would also like to give you a brief overview of some changes in the Group Executive Committee:

- After 25 years at Swiss Re, our Chief Investment Officer Guido Furer has decided to retire. We are therefore losing an experienced financial expert and proven investment professional. Through his tireless, rock-solid work over the years, Guido helped to strengthen Swiss Re's reputation as one of the pillars of the Swiss financial centre. We wish Guido all the best and thank him for his extraordinary commitment.
- We are, however, very happy to be able to fill Guido's position with someone from our own ranks, namely Velina Peneva, who has been working at Swiss Re since 2017. Prior to her appointment as Guido's successor, she worked as Co-Head Client Solutions and Analytics in Swiss Re's Asset Management. Velina assumed her new role on 1 April.
- At the beginning of this year, our Group Chief Underwriting Officer Thierry Léger resigned from the Group Executive Committee after 25 years at Swiss Re in various positions. I would like to thank Thierry for his dedication during all these years and wish him much success in his future role.

I would now like to share a few thoughts on climate change.

Climate change remains our greatest longer-term challenge. It affects the insurance industry by increasing the claims burden. But we can influence this by:

- Firstly, putting our own house in order as a company by reducing our greenhouse gas emissions to the greatest extent possible.
- And secondly, introducing the right incentives to encourage a move away from greenhouse gas-intensive activities in business and everyday life.

For many years, we have been reviewing how we can steadily accelerate the path to reducing Swiss Re's greenhouse gas emissions.

We have reduced our emissions from air travel by more than 50% compared to 2019, or in other words, prior to the outbreak of COVID-19. This target remains in place for 2023.

Further measures introduced at Swiss Re last year relating to climate change include tightening our internal rules on the insurance of oil and gas companies. We have also worked to further reduce the CO₂ intensity of our investment portfolio by 42% compared with 2018.

But Swiss Re's actions alone are not enough. The insurance industry must act as a whole, both on the investment and on the underwriting side of our business. Projects to this end are underway.

Ladies and gentlemen,

We need risk capital in order to be able to work successfully. And you provide us with that capital.

The competition for risk capital is fierce. The fact that you make your money available to us is an incentive and a mandate. I would like to express my sincere thanks for your loyalty and support – also on behalf of my colleagues in the Group Executive Committee.

I would like to conclude my presentation at this Annual General Meeting on a more personal note: the Chairman of our Board of Directors Sergio Ermotti mentioned his return to UBS in his speech. This return means that our work together is ending unexpectedly quickly.

But Sergio, even if your chairmanship was short, your influence during that time was important. And it came across in your speech: you placed a clear focus on our success factors and what is required for our future success.

Thank you for the fruitful collaboration; I wish you every success in your new and challenging job!

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