

## Media information

# Baloise delivers strong operating performance

Basel, 30 August 2016: In the first half of 2016, Baloise generated a profit of CHF 223.6 million (H1 2015: CHF 248.7 million) for its shareholders. The decrease was due to the addition of CHF 54.8 million to reserves in the German non-life business, which reduced the profit for the period by CHF 37.9 million. If it had not added to its reserves, Baloise would have generated a profit of CHF 261.5 million for its shareholders. Despite the competitive environment, Baloise's business volume remained unchanged year on year at CHF 5,623.9 million. After the addition to its reserves, Baloise's net combined ratio was a healthy 92.5 per cent, only just above the prior-year level. The net return on insurance assets rose to 1.8 per cent (H1 2015: 1.6 per cent).

The key financial performance indicators for the **first half of 2016** are as follows:

CHF million	30 June 2015	31 December 2015	30 June 2016	Change (vs 30 June 2015)
<b>Profit for the period<sup>3)</sup></b>	248.7	512.1	223.6	-10.1%
<b>Basic earnings per share</b>	5.30	10.96	4.82	-9.1%
<b>Total equity</b>	5,188.1	5,453.6	5,435.5	-0.3% <small>vs 31 Dec 2015</small>
<b>Total volume of business</b>	5,621.3	8,918.6	5,623.9	0.0%
<b>Of which:</b>				
Gross premiums written	4,710.5	6,833.4	4,545.0	-3.5%
Non-life	2,063.9	3,050.0	2,128.3	3.1%
Life	2,646.6	3,783.4	2,416.8	-8.7%
Investment-type premiums	910.7	2,085.1	1,078.9	18.5%
<b>Investment yield<sup>1)</sup></b>	1.6% <sup>2)</sup>	3.1%	1.8% <sup>2)</sup>	0.2 pp
<b>Net combined ratio</b>	92.3%	93.3%	92.5%	0.2 pp
<b>New business margin</b>	7.0%	9.8%	7.3%	0.3 pp

1) Insurance assets excluding investments for investment-linked business; investment yield including costs but excluding changes in unrealised capital gains and losses.

2) Non-annualised.

3) Attributable to shareholders.

Gert De Winter, CEO of the Baloise Group said: “We can be very satisfied with our operating performance during the first six months of this year. Our financial stability and operational business have improved. We have strengthened the reserves for our non-life business in Germany. A substantial amount was also added to the technical reserve for our life business and we generated a healthy investment return. Excluding these additions to reserves in the German non-life business, earnings would have risen by 4.8 per cent year on year.”

**Overview:** Baloise generated a profit of CHF 223.6 million for its shareholders in the first half of 2016. This represented a decline of 10.1 per cent compared with the first half of 2015 and resulted from the strengthening of reserves in Germany. Excluding this action, Baloise generated a profit of CHF 261.5 million for its shareholders, which constituted a year-on-year increase of 4.8 per cent. Despite the competitive environment, the Baloise Group’s business volume remained unchanged year on year at CHF 5,623.9 million. This was largely attributable to growth in Belgium and Luxembourg.

Despite the measures taken in Germany, the non-life division (indemnity and personal insurance) generated EBIT of CHF 208.4 million (H1 2015: CHF 262.0 million). In operating terms, EBIT was up by 0.5 per cent. The net combined ratio for non-life business was a healthy 92.5 per cent and so was only just above the prior-year level. Excluding the impact in Germany, the net combined ratio at the end of the half-year would have been 88.7 per cent. The volume of non-life business grew to CHF 2,128.3 million, which was a rise of 3.1 per cent.

Profits from Baloise’s life business were down overall, with profit before taxes and borrowing costs (EBIT) falling to CHF 45.5 million. Because interest rates are low, more than CHF 250 million was added to reserves. Investment-type premiums recorded growth of 18.5 per cent, while the premium income for traditional life insurance was down by 8.7 per cent.

Profit before taxes and borrowing costs (EBIT) in the banking business increased to CHF 53.5 million. The improvement was largely attributable to a reduction in operating expenses, because they were offset by a non-recurring item arising from changes to the pension scheme at Baloise Bank SoBa.

**Business units:** Despite a fall in premiums, the Swiss business held its ground in a competitive market, with EBIT rising by 18.4 per cent to CHF 241.1 million. The rise in earnings was partly attributable to the fact that the net combined ratio of 78.4 per cent for non-life business had decreased again and was 6.5 percentage points lower than in the first half of 2015. This was primarily due to the relatively favourable claims environment in all divisions. Premium income in the unit’s life business, including investment-type premiums, declined to CHF 2,122.8 million, while annual premiums for group life grew by 1.4 per cent. Business involving Perspectiva, a partially autonomous pension solution, also received a further boost. Baloise Bank SoBa generated healthy results for the first half of 2016 in accordance with local accounting standards. The profit for the period edged up to CHF 13 million, while net interest income increased significantly, rising by 3.23 per cent to CHF 39.1 million.

In the Group’s German non-life business, reserves were strengthened by CHF 54.8 million, a one-off measure that resulted in a loss before taxes and borrowing costs of CHF 50.6 million for the German unit. As a result, the net combined ratio was 116.3 per cent instead of 101.1 per cent (H1 2015: 106.0 per cent), but this strengthening of reserves means that future profits are

no longer likely to be impaired by legacy issues. Life business, which was not affected, generated EBIT of CHF 8.0 million. Overall, the growth rate in Germany increased to 3.2 per cent.

The EBIT generated by the Belgian business declined to CHF 70.1 million (H1 2015: CHF 91.3 million). Its total volume of business rose to CHF 807.3 million (H1 2015: CHF 738.9 million), largely helped by growth of 8.4 per cent in its non-life business, which was above the market average, and growth of 14.9 per cent in investment-type premiums. Focusing on corporate-client business and expanding to Brussels and Wallonia resulted in growth of 9.3 per cent in the volume of life and non-life business. The net combined ratio increased by 1.3 percentage points to 94.1 per cent. Growth in life business was down by 0.9 per cent, making the rate of decline lower than that of the Belgian life market as a whole.

EBIT for the Luxembourg business fell to CHF 10.3 million (H1 2015: CHF 13.0 million). As a result of the merger with HDI-Gerling Assurances, the volume of business rose to CHF 810.4 million (H1 2015: CHF 637.1 million). Growth in the unit's non-life business remained encouraging at 12.4 per cent. The net combined ratio decreased by two percentage points to 87.2 per cent. In the unit's life division, traditional business was up by 6.7 per cent but investment-type premiums achieved a particularly high growth rate of 30.5 per cent.

**Investments:** Recurring income was virtually unchanged at CHF 779.9 million (H1 2015: CHF 784.4 million). In an environment of progressively lower interest rates, this was achieved by reallocating investments, primarily in the bond portfolio, and by further increasing real-estate investments. More gains were actually generated than in the first half of 2015. Together with book gains on interest-rate derivatives, they were largely used to strengthen life reserves. The net income of CHF 1,016.3 million was higher than the figure of CHF 921.0 million for the first half of 2015. The net return on insurance assets was slightly improved at 1.8 per cent (H1 2015: 1.6 per cent).

**Balance sheet:** Consolidated equity at the end of the first half of the year stood at CHF 5,435.5 million, and was thus slightly lower than the figure for the end of the previous year (31 December 2015 restated: CHF 5,453.6 million). This means that Baloise remains very well capitalised, as reflected in the fact that rating agency Standard & Poor's has re-affirmed its credit rating of 'A with a stable outlook'. The total volume of business came to CHF 5,623.9 million, virtually level with the first half of the previous year (H1 2015: CHF 5,621.3 million).

**Outlook:** The results for the first half of 2016 show that Baloise is able to deliver an excellent operating performance in this challenging environment. Its financial stability received a further boost. At its strategy conference on 26 October, Baloise will present the key aspects and objectives of its new strategic phase in more detail.

### Further information

- [Media information at www.baloise.com](http://www.baloise.com)
- [Half-Year Report 2016 \(PDF\)](#)
- [Video presentation of the financial results for the first half of 2016](#)
- [Full presentation on the 2016 half-year financial results \(PDF\)](#)
- [Media kit for the 2016 half-year financial results](#)

### Important dates

- **Tuesday, 30 August 2016:** Conference calls for the half-year financial results
  - 9.30am – 11.00 am CEST: Media
  - 11.00am – 12.30pm CEST: Analysts

### Dial-in

Europe: +41 (0)58 310 5000  
US: +1 (1)631 570 5613  
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- **Wednesday, 26 October 2016:** Strategy day
- **Tuesday, 15 November 2016:** Q3 2016 interim statement

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Headquartered in Basel, Switzerland, the Baloise Group is a European provider of insurance and pension solutions and has positioned itself as a market player that offers an intelligent 'Safety World' prevention strategy. In Switzerland the Company operates as a focused financial services provider, offering a combination of insurance and banking services. It also has a market presence in Belgium, Germany and Luxembourg. Its distribution network includes its own sales organisation as well as brokers and other partners. The Company uses its competence centre in Luxembourg to run its business in innovative pension products for private customers throughout Europe. Baloise Holding Ltd shares are listed in the main segment of the SIX Swiss Exchange. The Baloise Group employs some 7,400 people.

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