

Media information

Baloise delivers outstanding results

Basel, 26 March 2015: Baloise earned an exceptionally good profit of CHF 711 million for 2014 thanks to the continued strength of its insurance operations, substantial gains on its investments and its sale of shareholdings. This constitutes the second-highest profit in its history. Its total business volume grew by 5.3 per cent to CHF 9,177 million¹. The fact that its net combined ratio improved by 1.3 percentage points to 93.6 per cent underlines the considerable quality of its insurance portfolio. With equity of CHF 5.8 billion and a solvency ratio of 354 per cent, the Company remained well capitalised. Baloise will propose to the Annual General Meeting to raise its dividend to CHF 5.00 per share. In addition, the Company will start to repurchase up to one million of its shares over the next two years.

The key performance indicators for the 2014 financial year are as follows:

- **Total business volume** **CHF 9,177 million**
(31 December 2013: CHF 8,773 million, up 5.3 per cent)
- **Profit for the period** **CHF 711 million**
(attributable to shareholders) (31 December 2013: CHF 453 million; up 57.0 per cent)
- **Equity** **CHF 5,831 million**
(31 December 2013: CHF 4,906 million; up 18.8 per cent)
- **Solvency ratio** **354 per cent**
(31 December 2013: 267 per cent)
- **Combined ratio (net)** **93.6 per cent**
(31 December 2013: 94.9 per cent)
- **New business margin (life)** **15.0 per cent**
(31 December 2013: 13.5 per cent)

¹ All key figures on premiums and business volumes have been calculated in local currency on a like-for-like basis and exclude discontinued operations (Austria, Croatia and Serbia).

Martin Strobel, the Chief Executive Officer (CEO) of the Baloise Group, was delighted with this performance: "The Company's strength and focus are clearly reflected in our excellent financial results – despite the tough macroeconomic environment. We are generating above-average growth in our target segments and optimising our portfolio by pursuing a selective underwriting policy in less profitable business lines. The solutions offered as part of our Safety World are now firmly established in our core markets and are increasingly proving to be crucial factors in Baloise's success. By increasing its regular dividend and starting to buy back shares, Baloise is underscoring its shareholder-friendly dividend policy and its strong capital base."

Summary: success rooted in a consistently strong operating performance

Baloise earned a profit of CHF 711 million for 2014, which represented the second-best result in its history and was boosted by the disposal of its shareholdings in Nationale Suisse and Helvetia and the sale of Basler Austria. Consequently, its return on equity rose by 3.7 percentage points to 13.5 per cent (31 December 2013: 9.8 per cent). Even excluding these one-off gains totalling roughly CHF 160 million, its operating performance improved significantly. Its aggregate business volume grew from CHF 8,773 million in 2013 to CHF 9,177 million in the reporting year; business in unit-linked life insurance achieved a particularly sharp increase of 21.5 per cent. Innovative and capital-efficient individual-life products accounted for 69 per cent of the total business mix. Because it pursued a selective underwriting policy, its premiums rose in highly profitable target segments and fell in less profitable areas. Despite these optimisation measures, the value of premiums earned from non-life insurance grew by 0.4 per cent. Baloise reduced its net combined ratio by 1.3 percentage points to 93.6 per cent on the back of its excellent operating performance in Switzerland and the improved quality of its portfolio. It also enhanced its efficiency, as reflected in its lower expense ratio. Earnings before interest and tax (EBIT) advanced by 14.4 per cent year on year to CHF 419 million, providing clear evidence of the Company's strong profitability in its non-life business.

Baloise raised the EBIT contributed by its life insurance business by 82.6 per cent to CHF 477 million (2013: CHF 261 million). This increase was attributable to the Company's strong operating performance as well as the gains that it realised on its shareholdings in Nationale Suisse and Helvetia. This factor – coupled with the excellent returns yielded by all asset classes – resulted in higher gains being achieved on investments.

EBIT from the banking business edged down by 2.3 per cent year on year to CHF 73.7 million owing to the continuing low-interest-rate environment and the associated decline in net interest income.

Balance sheet: strong capitalisation provides solid foundations

Baloise's solid foundations were underpinned by its strong balance sheet and capitalisation. Its consolidated equity grew by 18.8 per cent to CHF 5,831 million, largely on the back of the outstanding profit for the period and the lower level of interest rates, which had a positive impact on the valuation reserves of fixed-income securities. The solvency ratio reached an impressive 354 per cent compared with 267 per cent at the end of 2013. Despite the historically low level of interest rates, Baloise remained within the requirements and in the 'green zone' of the Swiss Solvency Test (SST).

Making you safer.

Investments: successful asset management

Baloise realised excellent gains on its investments, earning net income of CHF 2,411.4 million. This figure was well in excess of the CHF 1,907 million reported for 2013. Baloise achieved an impressive net return of 4.1 per cent on its slightly larger investment portfolios of insurance assets compared with 3.3 per cent in 2013. Including the higher unrealised gains on fixed-income securities, the Company's investment returns rose by a substantial 4.6 percentage points year on year to 6.9 per cent. Baloise invested further in equities that met its demanding quality criteria and offered the prospect of consistently attractive dividend payments. The resultant higher income earned from equities and alternative investments partly compensated for the lower income received from fixed-income securities.

Business units: growth in the target segments of the Company's core markets

In Switzerland, Basler Versicherung achieved particularly encouraging growth in its business in occupational pensions, unit-linked life insurance, motor vehicle insurance and property insurance, reaffirming its strong market position on the back of its excellent operating performance. The outstanding gross combined ratio of 83.9 per cent was largely attributable to the improved quality of the portfolio and the fairly low volume of claims incurred. In Germany, Basler Versicherungen remained firmly on track with its optimisation programme, achieving the right earnings trajectory and level of growth in its target segments. In Belgium, Baloise Insurance grew above the market rate thanks to new banking partnerships in its unit-linked life insurance business. Despite hail storm Ela, the Belgian unit improved its profitability on the back of its effective external reinsurance and the lower cost of basic claims. Our Luxembourg business also performed very well, with the integration of local firm P&V Assurances progressing according to plan.

Outlook: Baloise is consolidating its reputation as a shareholder-friendly organisation

Baloise is performing excellently in operational terms and is well positioned in the challenging market environment. Even excluding its one-off gains, it was able to significantly increase its profit year on year. In view of this robust operational profitability and financial strength, Baloise will propose to the Annual General Meeting to raise its dividend to CHF 5.00 per share. In addition, the Company will start to repurchase up to one million of its shares over the next two years. By focusing on its core markets, rigorously implementing its target-customer management policies and offering innovative supplementary services around safety and security, Baloise is confident of achieving its financial targets and objectives even in a challenging market environment.

Key performance indicators for the full year 2014¹

	2013	2014	Change %
CHF million			
Business volume			
Gross premiums written (non-life)	3,274.0	3,260.5	0.4
Gross premiums written (life)	3,735.6	3,798.1	2.0
Sub-total of IFRS gross premiums written²	7,009.6	7,058.6	1.2
Investment-type premiums	1,763.4	2,118.2	21.5
Total business volume	8,773.0	9,176.7	5.3
CHF million			
Operating performance			
Consolidated profit / loss for the period before borrowing costs and taxes			
Non-life	366.3	419.1	14.4
Life ³	261.1	476.8	82.6
Banking	75.4	73.7	-2.3
Other activities	-44.5	-41.1	-7.6
Profit for the period (attributable to shareholders)	452.6	710.7	57.0
CHF million			
Balance sheet			
Technical reserves	47,435.6	48,738.9	2.7
Equity	4,906.4	5,831.0	18.8
As a percentage			
Ratios			
Return on equity (RoE)	9.8	13.5	-
Gross combined ratio (non-life)	93.1	93.7	-
Net combined ratio (non-life)	94.9	93.6	-
New business margin (life)	13.5	15.0	-
Investment yield (insurance) ⁴	3.3	4.1	-
CHF million			
Embedded value of life insurances policies			
Embedded Value (MCEV)	3,808.6	3,610.2	-5.2
Annual premium equivalent (APE)	333.2	389.6	16.9
Value of new business	44.9	58.6	30.4
Key figures on Baloise shares			
Shares issued (units)	50,000,000	50,000,000	0.0
Basic earnings per share (CHF) ⁵	9.65	15.15	57.0
Diluted earnings per share (CHF) ⁵	9.38	14.63	56.0
Equity per share (CHF) ⁵	103.5	123.4	19.2
Closing price (CHF)	113.60	127.80	12.5
Market capitalisation (CHF million)	5,680.0	6,390.0	12.5
Dividend per share (CHF) ⁶	4.75	5.00	5.3

1 The key figures on premiums and business volumes have been calculated in local currency on a like-for-like basis and exclude discontinued operations (Austria, Croatia and Serbia).

2 Premiums written and policy fees (gross).

3 Of which deferred gains/losses from other operating segments (31 December 2013: CHF -1.7 million; 31 December 2014: CHF 0.6 million).

4 Insurance assets excl. investment-type assets; investment yield incl. costs, excl. movements in unrealised capital gains.

5 Calculation is based on the profit for the period attributable to shareholders and the equity attributable to shareholders.

6 2014 based on the proposal submitted to the Annual General Meeting.

7 Insurance assets excl. investment-type assets.

BUSINESS VOLUME (GROSS) BY STRATEGIC BUSINESS UNITS

As a percentage



Switzerland	49.1
Germany	17.8
Belgium	16.8
Luxembourg	16.2

COMBINED RATIO NET PERFORMANCE

As a percentage

2014	93.6
2013	94.9
2012	94.1
2011	95.5
2010	95.2

ALLOCATION OF INVESTMENTS (INSURANCE)⁷

As a percentage



Fixed-income securities	57
Mortgages	8
Policies & other loans	13
Investment property	10
Shares & investment funds	7
Other short-term investments	3
Alternative financial assets	2

Further information

- [Media information at www.baloise.com](http://www.baloise.com)
- [Media kit for the 2014 annual financial results](#)
- [Annual report 2014](#)
- [Full presentation on the annual financial results \(PDF\)](#)
- [Video presentation of the annual financial results >> Play](#)

Important dates

- **Thursday, 26 March 2015:** Annual financial results conferences
 - 07:15 – 07:35 CET: Conference call for newswires
 - 09:15 – 11:00 CET: Annual results media conference in Basel
 - 11:30 – 13:00 CET: Conference call for analysts

Dial-in:

+41 (0)58 310 5000

- **Thursday, 30 April 2015:** Annual General Meeting
- **Thursday, 27 August 2015:** 2015 half-year financial results
- **Tuesday, 17 November 2015:** Q3 2015 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 7,600 people.
