

Annual Report 2020

Summary

Baloise key figures

	2019	2020	Change (%)
CHF million			
Business volume			
Gross non-life premiums written	3,542.1	3,802.5	7.3
Gross life premiums written	4,060.3	3,291.3	-18.9
Sub-total of IFRS gross premiums written ¹	7,602.4	7,093.8	-6.7
Investment-type premiums	1,907.5	1,832.7	-3.9
Total business volume	9,509.9	8,926.5	-6.1
Operating profit (loss)			
Profit / loss for the period before borrowing costs and taxes			
Non-life	398.9	302.2	-24.2
Life ²	274.8	282.2	2.7
Asset Management & Banking	91.1	79.4	-12.8
Other activities	-41.0	-61.0	48.8
Consolidated profit for the period	689.5	428.3	-37.9
Balance sheet			
Technical provisions	48,333.3	48,585.0	0.5
Equity	6,715.6	6,985.7	4.0
Ratios (per cent)			
Return on equity (RoE)	11.1	6.4	-
Gross non-life combined ratio	88.3	91.7	-
Net non-life combined ratio	90.4	91.2	-
New business margin (life)	37.3	42.7	-
Investment performance (insurance) ³	4.7	3.0	-
New life insurance business			
Annual premium equivalent (APE)	413.5	294.5	-28.8
Value of new business	154.0	125.9	-18.2
Key figures on the Company's shares			
Shares issued (units)	48,800,000	48,800,000	0.0
Basic earnings per share ⁴ (CHF)	15.02	9.65	-35.8
Diluted earnings per share ⁴ (CHF)	14.99	9.63	-35.8
Equity per share ⁴ (CHF)	145.3	155.1	6.7
Closing price (CHF)	175.00	157.50	-10.0
Market capitalisation (CHF million)	8,540.0	7,686.0	-10.0
Dividend per share ⁵ (CHF)	6.40	6.40	0.0

1 Premiums written and policy fees (gross).

2 Of which deferred gains / losses from other operating segments (31 December 2019: CHF -1.8 million; 31 December 2020: CHF -3.2 million).

3 Excluding investments for the account and at the risk of life insurance policyholders.

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

5 2020 based on the proposal submitted to the Annual General Meeting.

At a glance

Profit (attributable to the shareholders) of CHF **434.3** million

Equity of CHF **6,985.7** million

Dividend of CHF **6.40** per share
(to be proposed to the Annual General Meeting on 30 April 2021)

Return on equity (RoE) of **6.4 %**

Net combined ratio of **91.2 %**

-3.9 %
decline in volume of business with investment-type premiums

New business margin in the life business of **42.7 %**

Net investment yield on insurance assets of **2.1 %**

86 %
of employees recommend Baloise as an employer

-18.1 %
CO₂ reduction

+225,000
additional customers

Inclusion in the FTSE4Good Index Series

Letter to shareholders



Dr Andreas Burckhardt, Chairman of the Board of Directors (right), and Gert De Winter, Group CEO (left), with a view from the 7th floor of the Group headquarters at Baloise Park.

DEAR SHAREHOLDERS,

Baloise achieved good results in 2020, reporting a profit attributable to shareholders of CHF 434.3 million. It was especially encouraging in light of the fact that the prior year's result was boosted by just under CHF 150 million due to one-off tax-related positive effects. The outbreak of the Covid-19 pandemic in the first quarter and the measures subsequently introduced throughout Europe to contain the virus were extremely challenging for us as an insurer in 2020. However, even during this period Baloise proved itself to be a strong and reliable partner, particularly for our customers, our shareholders and our employees. Despite the difficult situation, we met our obligations towards these stakeholder groups quickly and accommodatingly. We paid out around CHF 178 million to our policyholders for Covid-related costs incurred in 2020.

The majority of the expenses arose as a result of business closures ordered by the authorities, particularly in the hospitality sector. Baloise thereby played a role in supporting the economy and the affected businesses. The Covid-19 pandemic is the largest gross loss event to hit the Baloise Group since

1980. The gross combined ratio increased by 3.4 percentage points to 91.7 per cent as a result.

Despite the circumstances, Baloise is proving to be stable and resilient. We have been operating cautiously and with a focus on the long term for many years. Thanks to the hedging of our risks, the net combined ratio, i.e. the ratio after reinsurance payments received, rose only slightly from the prior year to 91.2 per cent. In total, the net cost of Covid-related claims amounted to around CHF 72 million.

The volume of life business fell slightly, but the profit contribution remained stable. The decline in business volume was expected, partly because in the prior year we had benefited from a competitor leaving the comprehensive insurance market and partly because of the continuing intentionally cautious approach to the volume of traditional life insurance business taken on. Earnings in the life business amounted to CHF 282.2 million. The massive falls in share prices in the equity markets in March were counteracted by positive effects in technical reserves. This meant that the year ended with a slight increase compared to 2019.

2021 will be the final year of our 'Simply Safe' strategic phase. Since 2017, Baloise has managed to sign up 738,000 additional customers and transfer CHF 1,744 million in cash to the holding company, and we have already achieved our target of being in the top 10 per cent of most attractive employers in the European financial sector. We are on track to achieve our goals by the end of the year, despite the difficult environment. It is still impossible to predict how quickly the European economy will recover in 2021. However, we believe that Baloise is sufficiently robust to overcome these challenges and enjoy lasting success.

NEXT STRATEGIC FOUR-YEAR PHASE TO 2025

On Investor Day last autumn, the Company outlined its plans for the next four-year phase of the strategy up to 2025, which will be called 'Simply Safe: Season 2'. The current strategic direction will continue and be pursued even more vigorously. The three strategic targets are retained, but are now even more ambitious. We want to be among the top 5 per cent of employers in Europe in 2025, to attract 1.5 million new customers in four years and to increase cash generation by 25 per cent compared to the first strategic phase.

Baloise will approach this next strategic phase under a new strategic leadership. Dr Thomas von Planta, a member of the Board of Directors since 2017, will be nominated as the new Chairman of the Board of Directors at the Annual General Meeting on 30 April, replacing Dr Andreas Burckhardt who is retiring. Together with the Board of Directors and the Corporate Executive Committee, Dr Planta will continue to lead Baloise on its current path of success and drive forward the launch of the next strategic phase.

The strategic phase starting in 2022 will also have the additional goal of expanding the Mobility and Home ecosystems. The aim in future is to generate income not only from the core insurance business, but also from insurance-related services that will be bundled into so-called ecosystems. Another important pillar alongside the core insurance business and the ecosystems is the expansion of services for third parties in the investment business. As well as strengthening its core business, Baloise expanded its ecosystems in 2020. Within the mobility ecosystem, the 'aboDeinauto' service was launched in Germany in autumn. This is the first car subscription service to focus specifically on used vehicles and enables subscribers to use their chosen car simply and flexibly for a fixed monthly fee.

Baloise also invested in the Berlin start-up 'Ben Fleet Services' (Ben), an online platform for vehicle fleet management services. 'Ben' was founded last year by 'Energie Baden-Württemberg' (EnBW) and 'Bridgemaker', a service provider that specialises in business start-ups. Within the Home ecosystem, the company invested in 'Houzy', a Swiss platform that offers digital solutions for home owners. Property owners can use the platform to obtain valuations, plan and calculate the cost of renovations or optimise energy efficiency in a property. The platform opens up an additional service area within the Home ecosystem. The equity investment in 'Houzy' was the fourth alliance within the Home ecosystem last year, following on from Keypoint, Batmaid and ImmoPass. Keypoint is a digital assistant that makes the work of property management companies in Belgium easier. ImmoPass is also based in Belgium and provides services in the area of technical property inspection that can be used both by property management companies and potential buyers. Batmaid digitalises the provision of cleaning services for private individuals in Switzerland and takes the hassle out of finding domestic cleaners.

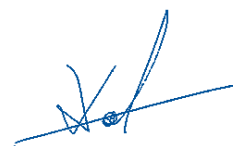
'Simply Safe: Season 2' marks the start of Baloise's new strategic phase and underlines the sustainability of its strategic ambitions. The course that it has been pursuing since 2016 will be continued in a focused way with more ambitious targets. We are confident of our long-term strategy. This also includes our sustainable dividend policy – despite the current difficult circumstances. The Board of Directors is proposing an unchanged dividend of CHF 6.40 to this year's Annual General Meeting.

Basel, March 2021



Dr Andreas Burckhardt

Chairman of the Board of Directors



Gert De Winter

Group CEO

Baloise successfully enters the home straight of simply safe in 2020

As the 2020 financial year drew to a close, Baloise successfully entered the home straight of its Simply Safe strategic phase. The Company is on track to achieve its ambitions for the 2017 to 2021 period in spite of the challenging conditions that have arisen from the Covid-19 pandemic. The results for 2020 demonstrate that Baloise is resilient in times of crisis – thanks to its far-sighted strategy with a strong focus on long-term success – and that the Company is meeting the demands made of it by its stakeholders. From this solid position, Baloise is looking ahead with confidence to ‘Simply Safe: Season 2’, the next strategic phase that will cover the period 2022 to 2025. The Company’s objectives and ambitions for this phase were presented in detail at the Investor Day on 29 October 2020.

OVERVIEW, PROFIT AND BUSINESS VOLUME

Status of target achievement

The macroeconomic impact of the Covid-19 pandemic and particularly the measures adopted to contain the spread of the virus significantly affected many sectors of the economy. The insurance industry permeates all areas of the economy and has therefore been especially hard hit, primarily due to payouts on claims for financial losses. Against the backdrop of this global crisis, Baloise can nevertheless look back on a successful 2020. The Company has helped thousands of customers in difficult circumstances and has mitigated risks. In addition to granting payouts for loss or damage, it also offered assistance in the form of deferrals of invoice payments and, in some cases, even rent waivers. The full range of services was provided to customers without restriction throughout the entire year, with rigorous hygiene protocols being observed. As a result, the Company was able to maintain high profit levels and generate growth in relevant target segments, both organically and through acquisitions. Baloise has thus proven its resilience in a crisis and demonstrated that its business model with a focus on long-term success, its strong corporate culture and its investment in digitalisation in recent years have paid off, particularly during this time of global challenges.

Baloise considers itself within touching distance of achieving the three strategic goals for the phase from 2017 to 2021.

The goal of becoming one of the top 10 per cent of employers in the financial sector in Europe was already achieved in the second half of 2020. Baloise thus managed to improve its performance in the benchmark index by more than 20 percentage points within just four rather than five years and now ranks among the top 8 per cent of its peer group.

The Company also wants to attract one million additional customers by the end of 2021. In 2020, around 225,000 new customers were gained, bringing the total number of new customers since 2017 to around 738,000. This figure does not include around 500,000 customers that were added as a result of acquisitions in Belgium in 2019.

The generation of cash is also progressing according to schedule and came to around CHF 424 million in 2020. Since 2017, a total of CHF 1,743 million of the targeted CHF 2 billion has been generated.

Baloise is therefore well on track to achieve its ‘Simply Safe’ targets by 2021. Based on the successes achieved in previous years, it can now also tackle the next strategic phase ‘Simply Safe: Season 2’ from a position of strength. This phase will start in 2022 and was presented at the Investor Day.

Profit

Profit attributable to shareholders for 2020 amounted to CHF 434.3 million and was therefore 37.4 per cent lower than in the previous year (2019: CHF 694.2 million). The figure for 2019 had been boosted in part by a non-recurring tax effect of around CHF 149 million that was not repeated in 2020. Other factors that contributed to this decline in profit alongside the tax effect were expenses in connection with the Covid-19 pandemic and a fall in net financial income, as previously communicated in the 2020 half-year financial statements. Gains on investments came to CHF 1,270.5 million and thus fell short of the prior-year figure by 6.3 per cent (2019: CHF 1,355.7 million). This was attributable to disruptions in the capital markets caused by the Covid-19 pandemic and the resulting impairment losses on securities and to the persistent environment of low interest rates.

The gross expenses incurred for 2020 in connection with Covid-19, including the necessary reserves, amounted to around CHF 178 million. Net expenses incurred for 2020 in connection with Covid-19 after reinsurance came to around CHF 72 million. Payouts to cafés, bars and restaurants in Switzerland that were forced to close temporarily as a result of government-imposed measures to combat the spread of coronavirus accounted for the bulk of the volume. Baloise is thus helping thousands of business customers during this period of crisis. The majority of the net expenses were posted in the first half of 2020.

Earnings before interest and tax (EBIT) came to CHF 602.9 million, which represents a year-on-year decline of 16.7 per cent (2019: CHF 723.9 million). This fall was caused to a significant extent by lower gains on investments.

Business volume and combined ratio

The growth in the volume of business was encouraging. In 2019, the withdrawal of a competitor from business involving comprehensive insurance solutions resulted in a positive non-recurring effect of around CHF 569 million. Against this backdrop, the business volume for 2020 was down by 6.1 per cent year on year at CHF 8,926.5 million (2019: CHF 9,509.9 million). In local currency terms, the decrease was 4.2 per cent. The selective underwriting policy in the life business further contributed to the reduction in business volume. In its target segments, especially in the attractive non-life business, Baloise generated both organic growth and growth through acquisitions.

BUSINESS VOLUME

	2019	2020	+/- %
CHF million			
Total business volume	9,509.9	8,926.5	-6.1
Life	4,060.3	3,291.3	-18.9
Non-life	3,542.1	3,802.5	7.3
Investment-type premiums	1,907.5	1,832.7	-3.9

In the non-life business, Baloise was able to maintain profitability almost on a par with the record level achieved in 2019. The net combined ratio – including net claims incurred in connection with Covid-19 – was 91.2 per cent and thus at the lower

end of the communicated target range of 90–95 per cent (2019: 90.4 per cent). All core markets contributed to this excellent result. The achievement of such a solid performance in a year that was severely impacted by Covid-19 demonstrates that the portfolio is of outstanding quality and that reinsurance cover was taken out prudently.

BUSINESS VOLUME IN 2020 (GROSS) BY STRATEGIC BUSINESS UNIT

As a percentage

Switzerland	46.3
Germany	15.0
Belgium	24.5
Luxembourg	13.8



Equity, dividend and capitalisation: confirmation of a dividend of CHF 6.40 requested

Consolidated equity went up by 4.0 per cent year on year to reach CHF 6,985.7 million at the end of 2020 (31 December 2019: CHF 6,715.6 million). In June 2020, Standard & Poor's (S&P) confirmed its rating of A+ for Baloise. The outlook for the German business unit Basler Sachversicherungs-AG was upgraded from 'stable' to 'positive' by S&P in light of its improved profitability. In the Swiss Solvency Test (SST)*, a ratio of over 180 per cent is expected as of 1 January 2021. Baloise was thus able to reaffirm its strong capitalisation in spite of challenging conditions.

The repurchase programme for more than three million shares that was initiated in April 2017 reached completion in March 2020. As a result of this programme, CHF 481.2 million was returned to shareholders. Of this volume, 565,925 shares worth CHF 92.8 million in total were bought back in 2020.

In light of the solid results, the Board of Directors of Baloise Holding Ltd intends to propose to the Annual General Meeting on 30 April 2021 that the dividend be maintained at the same attractive level as in 2019, at CHF 6.40 per share.

*The SST ratio will be published at the end of April 2021.

DEVELOPMENT OF NET COMBINED RATIO

As a percentage



CORE INSURANCE BUSINESS

Non-life division: healthy growth and a good combined ratio

The premium volume in the non-life business increased by 7.3 per cent to CHF 3,802.5 million (2019: CHF 3,542.1) thanks to the inclusion of Fidea NV and the non-life portfolio of Athora in Belgium for the first full year following their acquisition and to encouraging organic growth in all core markets. In local currency terms, the rate of growth came to an even more impressive 10.1 per cent. After adjustment for the acquisitions in Belgium, the growth rate in local currency was still a very good 4.3 per cent. The premium volume in Switzerland amounted to CHF 1,368.4 million, up by a solid 1.8 per cent compared with the previous year (2019: CHF 1,344.2 million). Translated into Swiss francs, the volume of premiums in Germany fell by 1.7 per cent to CHF 776.4 million (2019: CHF 790.0 million). But in local currency terms, the volume saw a healthy increase of 2.1 per cent. Belgium and Luxembourg recorded strong growth in the volume of premiums, both in Swiss francs and in the local

currency. The Belgian business benefited significantly from the two acquisitions. The volume of premiums there jumped by 18.9 per cent to CHF 1,487.4 million (2019: CHF 1,251.1 million), which equated to growth of 23.6 per cent in local-currency terms (7.5 per cent excluding the acquisitions). This shows that the Belgian business is diversifying the portfolio at Group level and helping to create stability. Luxembourg also delivered healthy growth of 1.4 per cent to reach CHF 138.6 million (2019: CHF 136.7 million). This equated to growth of 5.3 per cent in local currency terms.

EBIT in the non-life business fell by 24.2 per cent year on year to CHF 302.2 million (2019: CHF 398.9 million), which was mainly attributable to lower gains on investments. Nevertheless, profitability in the non-life business remained very strong, which highlights the high quality of Baloise's non-life portfolio. The net combined ratio was maintained at a very good level of 91.2 per cent (2019: 90.4 per cent). This was mainly due to the fact that the majority of Covid-19-related expenses were covered by reinsurance and that the general level of claims and the number of large claims and natural disasters was otherwise low in 2020. All business units contributed to this very strong result.

Life business: normalisation in premium volume and a solid profit contribution

The volume of business in the life insurance business fell by 14.1 per cent year on year to CHF 5,124.0 million (2019: CHF 5,967.7 million). In local currency terms, the decrease was 12.7 per cent. This was mainly attributable to a selective underwriting policy for occupational pension products and a non-recurring positive effect in this segment of the Swiss market the previous year. A competitor in the group life business withdrew

PROPRIETARY INVESTMENTS BY CATEGORY¹

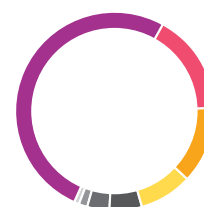
	31.12.2019	31.12.2020	+/- %
CHF million			
Investment property	8,120.1	8,410.3	3.6
Equities	3,576.6	3,574.6	-0.1
Alternative financial assets	1,102.8	911.4	-17.4
Fixed-income securities	34,587.6	35,092.4	1.5
Mortgage assets	11,069.3	11,250.6	1.6
Policy loans and other loans	5,743.6	5,764.3	0.4
Derivatives	469.7	493.2	5.0
Cash and cash equivalents	2,412.6	2,590.1	7.4
Total	67,082.4	68,086.8	1.5

¹ Excluding investments for the account and at the risk of life insurance policyholders and third parties.

INVESTMENT COMPONENTS IN 2020

As a percentage

	Fixed-income securities	51.5
	Mortgage assets	16.5
	Investment property	12.4
	Policy loans and other loans	8.5
	Equities	5.3
	Cash and cash equivalents	3.8
	Alternative financial assets	1.3
	Derivatives	0.7



ASSETS HELD BY BALOISE

as at 31 December 2019	Non-life	Life	Asset Management and Banking	Total for the Group
CHF million				
Investments for own account and at own risk	10,396.8	49,711.3	7,911.1	67,082.4
Asset portfolio for the account and at risk of life insurance policyholders and third parties		15,337.8		15,939.0
Total recognised assets	10,396.8	65,049.1	7,911.1	83,021.4
Third-party assets				10,748.6

as at 31 December 2020	Non-life	Life	Asset Management and Banking	Total for the Group
CHF million				
Investments for own account and at own risk	10,926.3	49,875.2	8,522.2	68,086.8
Asset portfolio for the account and at risk of life insurance policyholders and third parties		15,564.1		16,050.1
Total recognised assets	10,926.3	65,439.3	8,522.2	84,136.9
Third-party assets				11,758.8

its comprehensive insurance products from the market in 2019, which resulted in a sharp rise in business volume that was mainly driven by single premiums. All in all, this gave the business volume in the life insurance business an uplift of around CHF 569 million in 2019. In 2020, the volume of premiums in the traditional life business normalised as expected, contracting by 18.9 per cent to CHF 3,291.3 million (2019: CHF 4,060.3 million). For the Swiss business, this translated into a decline in gross premiums written in the traditional life business of 22.6 per cent to CHF 2,648.2 million (2019: CHF 3,422.9 million). In Swiss francs, the German business recorded a slight uptick of 0.6 per cent in gross premiums written, reaching CHF 380.2 million. In local currency terms, the rate of growth was 4.6 per cent. Gross premiums written in Belgium grew by 4.7 per cent in Swiss francs to CHF 190.3 million, which equated to growth of 8.8 per cent in local currency terms. In Luxembourg, the volume of gross premiums written in the life business contracted by 5.6 per cent to CHF 72.5 million. This equated to a decline of 1.9 per cent in local currency terms.

The volume of investment-type premiums dropped by 3.9 per cent year on year to CHF 1,832.7 million (2019: CHF 1,907.5 million). This was due to persistently challenging market conditions for the 'Freedom of Service' business. But with more than

CHF 10 billion in assets under management, Baloise is maintaining its position as a key player in this segment. Negative currency effects and Baloise's market-driven decision not to offer a tranche product in Switzerland in 2020 that had generated a positive effect in the prior-year period also contributed to this decline.

EBIT in the life business amounted to a solid CHF 282.2 million, thus exceeding the minimum expected profit contribution of CHF 200 million (2019: CHF 274.8 million). Net financial income in the life business was also adversely affected by impairment losses. This was counteracted by positive effects in technical reserves. The amount needed to strengthen reserves was lower than in 2019. As a result, EBIT increased slightly.

The interest margin stood at a good level of 102 basis points (2019: 109 basis points). The average guaranteed rate of return in the traditional life business dropped from 1.2 per cent to 1.1 per cent due to the interest rate-related strengthening of reserves and an improved business mix.

The new business margin in the life business was very healthy at 42.7 per cent in 2020, representing a return to a more normal level compared with the prior-year figure, which had been influenced by a one-off spike in volume in the group life business in Switzerland (2019: 37.3 per cent).

Key figures for the national Baloise companies

KEY FIGURES FOR SWITZERLAND

	2019	2020	+/- %
CHF million			
Business volume	4,920.5	4,130.8	-16.0
Of which: life	3,576.4	2,762.4	-22.8
Of which: non-life	1,344.2	1,368.4	1.8
Net combined ratio (per cent)	87.9	88.5	0.6
Profit before borrowing costs and taxes	500.2	386.3	-22.8

KEY FIGURES FOR GERMANY

	2019	2020	+/- %
CHF million			
Business volume	1,363.5	1,339.0	-1.8
Of which: life	573.5	562.6	-1.9
Of which: non-life	790.0	776.4	-1.7
Net combined ratio (per cent)	90.9	94.9	4.0
Profit before borrowing costs and taxes	20.2	20.9	3.5

KEY FIGURES FOR BELGIUM

	2019	2020	+/- %
CHF million			
Business volume	1,936.9	2,188.7	13.0
Of which: life	685.8	701.3	2.3
Of which: non-life	1,251.1	1,487.4	18.9
Net combined ratio (per cent)	94.5	90.9	-3.6
Profit before borrowing costs and taxes	195.2	245.8	25.9

KEY FIGURES FOR LUXEMBOURG

	2019	2020	+/- %
CHF million			
Business volume	1,267.9	1,236.1	-2.5
Of which: life	1,131.1	1,097.5	-3.0
Of which: non-life	136.7	138.6	1.4
Net combined ratio (per cent)	97.7	89.3	-8.4
Profit before borrowing costs and taxes	22.7	28.9	27.3

ASSET MANAGEMENT AND BANKING

Following the outbreak of Covid-19 in early 2020, the ensuing lockdowns caused economic activity to grind to a halt in an unprecedented manner in March. In response, the financial markets rapidly plunged into turmoil. After a crash that saw global share prices plummet by 34 per cent within 24 trading days, most markets quickly began to recover. Concerns in connection with the pandemic intermittently caused volatility, but the central banks' policy of low interest rates and new asset purchase programmes as well as comprehensive support packages provided by governments boosted the stock markets and stabilised bonds.

Insurance assets: solid investment yield in an unusual trading year

In light of the market turmoil, gains on the investment of insurance assets were lower than in the previous year at CHF 1,270.5 million (2019: CHF 1,355.7 million). Current income fell to CHF 1,101.0 million owing to the persistently low level of interest rates (2019: CHF 1,176.5 million). This trend was mitigated, to an extent, by reallocating assets to private debt and building up positions in corporate bonds at attractive credit spreads.

At CHF 579.1 million, the capital gains recognised in the income statement were up by CHF 5.6 million compared with the prior year. This was attributable to high contributions from bonds and equities. Impairment losses were up by CHF 122.5 million year on year. This increase was mainly driven by European equities and was linked to the disruption in the capital markets caused by the Covid-19 pandemic.

The net gains and losses relating to currency hedging costs and currency effects arising on unhedged currency exposures improved by CHF 102.3 million to a gain of CHF 74.9 million owing to lower currency hedging costs and exchange rate movements.

The gains on investments achieved for insurance assets equated to a net return of 2.1 per cent, which was down a little on the 2019 figure of 2.3 per cent. Unrealised gains rose by CHF 546.2 million owing to changes in interest rates and the narrowing of spreads. The rate of return on insurance assets according to IFRS – which includes unrealised net gains and losses on investments, but excludes gains and losses on held-to-maturity debt instruments – was 3.0 per cent, representing a decrease on the 4.7 per cent rate of return according to IFRS in 2019.

Significant increase in external customers' assets

As at 31 December 2020, the total assets under management stood at CHF 66.2 billion, a rise of 4 per cent on the prior year. The increase in volume was due not only to the recovery in the financial markets in the second half-year and a strong performance towards the end of 2020, but also to additional inflows, which included both insurance assets and assets in business with external customers. The latter was primarily attributable to growth in assignments for real estate portfolio management.

On average over the year, the volume of assets under management remained lower than in 2019 and thus generated lower returns. Alongside the smaller average volume, other one-off effects also contributed to the decline. Most notably, additional non-recurring income was generated in 2019 as a result of the capital increase of the Baloise Swiss Property Fund.

Business with external customers was once again expanded substantially in 2020. Net new assets amounted to CHF 1,244.4 million, a year-on-year increase of 48 per cent. The volume of business with external customers was thus increased significantly and further skills and expertise were accumulated.

The asset management mandates at Baloise Bank SoBa also made a significant contribution to the rise in net new assets. The number of asset management mandates increased to 3,212 (up by 21.4 per cent), highlighting the benefits of the bank's unique offering in Switzerland of insurance, banking and asset management from a single source, and of integrating pension and wealth management services.

The real estate segment saw strong growth. At the start of 2020, Baloise acquired two plots of land that form part of the Giessen development in Dübendorf. Plans for the approximately 35,000 square metre site include the construction of around 500 new homes, as well as commercial units and green spaces, by 2026. In August 2020, the Group's new headquarters at Baloise Park was officially opened. The complex, which comprises three buildings, is a striking new landmark in Basel right by the central train station. In addition to the Group headquarters, two investment properties were constructed that have already been almost fully let.

Baloise also further underpinned its ambitions as a real estate service provider by entering into a partnership with Pensionskasse Basel-Stadt at the end of 2020.

In the market for liquid assets, the Baloise Global Bonds CHF Optimized fund and the Baloise Senior Secured Loans fund enjoyed strong demand and became the flagship portfolios in their respective product categories. In the summer of 2020, Baloise Asset Management invested in Zurich-based asset manager Tolomeo Capital AG as part of a strategic partnership, which strengthened its position as one of Switzerland's leading rule-based asset managers. The Group entities Baloise Asset Management Schweiz AG and Baloise Immobilien Manage-

ment AG were merged in order to simplify the structure. They now operate under the single name Baloise Asset Management AG. In addition, Baloise continued to evolve its culture in order to become an increasingly customer-oriented organisation. To this end, employees now collaborate in self-organised cross-functional teams with end-to-end responsibility. The aim behind this change is to strengthen the focus on customers and increase efficiency.

Baloise Asset Management contributes to the sustainability strategy of the Baloise Group by taking a responsible investment approach. The Baloise Responsible Investment Policy (RI Policy) provides a fundamental framework for the implementation of a sustainable value creation process. In 2020, the scope of the sustainable investment approach was expanded to all assets managed by Baloise in products for external customers, the Baloise Senior Secured Loans fund, the selection of third-party funds and real estate investments.

The climate strategy and the launch of the active ownership approach in the first quarter of 2021 mark two milestones in the implementation of the sustainable investment strategy. The aim of the climate strategy is to reduce risks that arise in connection with climate change and to manage these risks prudently in the portfolio. The active ownership approach focuses on an active dialogue with companies on specific issues and sustainability topics. This enables us to generate a positive environmental and social impact with the assets we manage. In addition, the requirements of the European regulator under the EU Action Plan are being implemented in order to improve transparency on the subject of sustainability for investors.

ECOSYSTEMS & INNOVATION

At the Investor Day in October 2020, Baloise presented the next strategic phase, 'Simply Safe: Season 2', which covers the period 2022 to 2025. This phase will be decisive for digital advances at Baloise. The aim is to become a technology-driven financial services provider and a key actor within the Home and Mobility ecosystems, making Baloise an indispensable partner to customers in their everyday lives. In addition to its core insurance business and its asset management and banking activities, the Company is therefore also focusing on innovation, the third pillar of its business model. The ambition is to reach a value creation figure of approximately CHF 1 billion with the Baloise innovations by 2025 and to generate additional business volume of more than CHF 350 million in this area over the same period.

Alongside the core insurance business, the Group-wide innovation focus will be on the Home and Mobility ecosystems, which were further expanded in 2020. We expect the business volume in each of these ecosystems to grow to around CHF 100 million by 2025. The target for our digital insurance service FRIDAY is to reach a business volume of more than CHF 150 million in 2025.

Home ecosystem

In Switzerland, Baloise invested in cleaning services provider Batmaid in the first half of 2020 and established a partnership with quitt., a leading platform facilitating hiring, payroll and social security administration processes for domestic support workers. It thus expanded its existing range of partnerships with Movu, Bubblebox and Devis in the Home ecosystem.

Customers visiting the batmaid.ch website can hire properly insured and qualified cleaning staff online within one minute. The company's integrated trust service registers workers and takes care of payroll taxes on behalf of its customers. The cleaning staff have the benefit of declared work and social insurance cover.

Quitt. is a leading provider of registration and administration services for domestic support workers in compliance with legal requirements in Switzerland. The company takes care of registering workers with all relevant authorities, running the payroll and organising the necessary insurance cover, thus guaranteeing that all domestic support workers are properly employed and insured. To this end, quitt. collaborates with all cantonal compensation offices and tax authorities in Switzerland and also offers customers a pension fund solution of its own.

In September 2020, Baloise invested in the start-up Houzy, a Zurich-based technology platform that enables owners of houses and apartments to manage every aspect of their property digitally in one place. Houzy intelligently connects its customers with the right partners, whether they are buying, renovating, maintaining or selling their property.

In Belgium, Baloise impressed customers with three new innovations. In collaboration with the Belgian start-up Keypoint, Baloise has developed a new digital assistant designed to simplify the work of property managers. In a bid to address the shortage of professional property managers in Belgium, Keypoint has developed a digital platform that brings all relevant parties together and helps them to carry out property management tasks.

The second innovation involved an investment by Baloise in the Walloon start-up ImmoPass, a service provider in the field of technical property checks. Potential buyers or property managers can use the ImmoPass system to assess the technical condition of their building in order to avoid unexpected renovation costs.

The third investment in Belgium, towards the end of the year, was made in Rentio – an innovative Flemish start-up that digitalises, centralises and automates all manner of tasks in connection with lettings processes. Property management companies, landlords and tenants can use the frictionless functionalities of its online platform or app to enter into contracts, monitor payments, exchange documents and sort out everyday problems such as a broken radiator or a routine boiler service.

In addition, Baloise used this period of widespread working from home as an opportunity to expand the offering of its B-Tonic health platform in Belgium in order to support the mental and physical well-being of its employees, brokers and customers. The platform provides tips on how to stay resilient, especially during the pandemic, for example by eating healthily and taking daily exercise. B-Tonic uses a combination of activities such as the 'Healthy in 100 days' challenge, free health guides, webinars and Facebook live sessions to provide useful input. This successful concept is on track to become a firmly established part of Baloise's activation offers in Belgium.

Mobility ecosystem

Baloise continued to drive forward the expansion of the Mobility ecosystem in 2020. In addition to existing investments and partnerships, e.g. with Drivolution, Gowago and Stratos*, Baloise launched two further initiatives in the second half of 2020.

Its subsidiary Mobly founded the mobility platform Moveasy in collaboration with the roadside assistance company Europ Assistance. Moveasy uses the concept of 'mobility as a service' and integrates more than 20 transport service providers in Belgium with the aim of providing residents in urban areas with sustainable and environmentally-friendly alternatives to the car as a mode of transport, while always enabling users to keep an eye on their travel budget.

In November 2020, Baloise announced a partnership with TWIICE, a Swiss start-up that specialises in the development of exoskeletons. This project enables Baloise to better integrate the mobility needs of a specific target group, i.e. people with musculoskeletal conditions. In line with its approach to sustainability and its commitment to fulfilling its corporate social responsibility, Baloise is taking this opportunity to shape the future of mobility in a way that makes it open to everyone, including those with disabilities.

At the end of the year, Baloise also announced the foundation of aboDeinauto and an investment in Ben Fleet Services in Germany. aboDeinauto is a start-up founded by Baloise with support from Berlin-based corporate venture builder Bridgemaker and the first car subscription service to focus specifically on used vehicles. Its concept is based on close collaboration with car dealers who gain the opportunity to get involved in the rapidly growing market of car subscription services through aboDeinauto. The monthly fee is affordably priced and the subscription model is simple and flexible. aboDeinauto enables customers to use a second-hand car of their choice on a monthly subscription basis with no long-term commitment. The close relationships with car dealers allow it to draw on a large pool of second-hand vehicles and to offer them at particularly attractive

rates. This differentiates aboDeinauto from existing car subscription services in the market.

Ben Fleet Services was founded in 2019 and its digital service platform has been revolutionising the market for fleet-based services ever since. Its portfolio of services, which can be used for individual vehicles or entire fleets, includes on-site cleaning, refuelling and charging, maintenance and repairs, and delivery and collection. The company looks after not only cars (both conventional and electric) but also vans, buses and trains, bicycles and e-scooters. The platform efficiently integrates these services with existing customer systems via digital interfaces. Its automated processes generate time and cost savings and offer customers a high degree of flexibility.

* Formerly 'Carhelper'.

FRIDAY

FRIDAY achieved its targets for the 2020 financial year and now has a base of more than 100,000 customers. The outbreak of the Covid-19 pandemic caused a dip in new vehicle registrations in Germany, but thanks to its digital offering, FRIDAY was still able to meet its growth targets. Gross premiums written by FRIDAY doubled year on year to more than CHF 30 million in 2020. This growth was accompanied by high customer satisfaction and continuous improvement of the claims ratio. FRIDAY intends to achieve further growth in 2021. The company's planned market launch in France will be an important step in this regard. FRIDAY plans to generate a contribution of more than CHF 150 million to total business volume by 2025.

An overview of the innovative projects launched at Baloise since the start of Simply Safe can be found here:

www.baloise.com/innovations

OUTLOOK

The good results for 2020 show that Baloise is well on track to achieve its targets for the Simply Safe strategic phase by 2021 despite the substantial challenges posed by the Covid-19 pandemic. A reliably strong balance sheet, solid profitability levels and a healthy volume of business show that Baloise is continuing to operate in a prudent and sustainably successful way despite challenging conditions. At the Investor Day on 29 October 2020, the Baloise Group presented the content of 'Simply Safe: Season 2', the next phase of its strategy that sets out the Company's targets and ambitions for the period 2022 to 2025. By 2025, Baloise is aiming to be in the top 5 per cent of the best companies to work for in Europe, to have gained 1.5 million new customers and generated CHF 2 billion in cash. Of this cash, it intends to distribute 60 to 80 per cent as dividends. Baloise also wants to further

exploit the substantial potential for growth of its digital insurance enterprise FRIDAY. And in addition to the two existing pillars of insurance and asset management & banking, it wants to establish the Home and Mobility ecosystems – along with further innovations – as a new third pillar of its business and reach a value creation figure of CHF 1 billion in these new areas.

Consolidated income statement

FIVE-YEAR OVERVIEW

	2016	2017	2018	2019	2020
CHF million					
Income					
Premiums earned and policy fees (gross) ¹	6,680.6	6,726.4	6,737.0	7,571.3	7,034.8
Reinsurance premiums ceded	-168.2	-183.4	-209.0	-241.5	-268.0
Premiums earned and policy fees (net)	6,512.4	6,542.9	6,528.0	7,329.8	6,766.8
Investment income	1,476.6	1,392.5	1,376.0	1,257.0	1,176.5
Realised gains and losses on investments ²					
For own account and at own risk	303.1	427.8	96.1	336.1	288.3
For the account and at risk of life insurance policyholders and third parties	364.1	696.5	-1,087.8	1,709.5	179.5
Income from services rendered	110.1	116.9	130.4	126.0	118.5
Share of profit (loss) of associates	7.1	5.5	6.2	10.8	64.1
Other operating income	136.8	235.0	227.6	227.7	193.4
Income	8,910.2	9,417.1	7,276.6	10,996.9	8,787.0
Expense					
Claims and benefits paid (gross)	-5,664.2	-5,726.5	-5,904.4	-6,090.4	-6,182.6
Change in technical reserves (gross)	-669.1	-535.0	412.4	-956.7	33.1
Reinsurance share of claims incurred	108.2	80.8	83.3	117.0	236.4
Acquisition costs	-502.9	-482.1	-535.8	-554.6	-581.3
Operating and administrative expenses for insurance business	-763.9	-765.8	-810.8	-816.0	-831.6
Investment management expenses ³	-60.3	-77.2	-82.2	-108.1	-107.4
Interest expenses on insurance liabilities	-30.5	-21.9	-19.2	-17.2	-15.2
Gains or losses on financial contracts	-342.9	-613.4	801.2	-1,388.0	-259.5
Other operating expenses ³	-300.9	-591.8	-483.6	-459.0	-476.1
Expense	-8,226.6	-8,733.0	-6,539.1	-10,273.0	-8,184.1
Profit before borrowing costs and taxes	683.6	684.1	737.5	723.9	602.9
Borrowing costs	-38.0	-34.3	-39.9	-37.7	-34.3
Profit before taxes	645.6	649.8	697.6	686.2	568.6
Income taxes	-111.7	-117.9	-174.7	3.3	-140.3
Profit for the period	533.9	531.9	522.9	689.5	428.3
Attributable to					
Shareholders	534.8	548.0	523.2	694.2	434.3
Non-controlling interests	-0.9	-16.1	-0.3	-4.7	-6.1
Earnings / loss per share					
Basic (CHF)	11.53	11.50	11.14	15.02	9.65
Diluted (CHF)	11.22	11.48	11.12	14.99	9.63

1 In line with the accounting principles applied by the Baloise Group, investment-type insurance premiums are not included in premiums earned and policy fees.

2 Including financial liabilities held for trading purposes (derivative financial instruments).

3 The harmonisation of the recognition of investment administration costs caused a minor shift in the prior-year figures for other operating expenses and investment management expenses.

Consolidated balance sheet

FIVE-YEAR OVERVIEW

as at 31.12.	2016	2017	2018	2019	2020
CHF million					
Assets					
Property, plant and equipment	349.3	353.3	318.3	362.8	466.2
Intangible assets	836.1	1,002.5	1,041.2	1,034.7	1,155.4
Investments in associates	160.4	138.4	221.1	387.4	263.4
Investment property	6,817.5	7,480.3	7,904.0	8,120.1	8,410.3
Financial instruments with characteristics of equity	14,305.6	15,874.9	14,137.9	16,232.9	16,539.8
Financial instruments with characteristics of liabilities	33,766.5	35,360.1	33,775.1	36,749.0	37,078.9
Mortgages and loans	16,354.7	16,568.6	16,396.2	16,812.9	17,014.9
Derivative financial instruments	757.3	800.4	914.8	1,048.1	1,089.1
Other assets / receivables	4,024.3	3,305.1	2,036.6	2,184.3	2,254.7
Deferred tax assets	69.3	88.8	73.5	97.4	87.9
Cash and cash equivalents	3,173.3	3,551.6	4,036.1	3,988.0	4,004.0
Total assets	80,614.3	84,523.9	80,854.8	87,017.8	88,364.5

as at 31.12.	2016	2017	2018	2019	2020
CHF million					
Equity and liabilities					
Equity					
Equity before non-controlling interests	5,741.3	6,346.2	5,970.6	6,714.0	6,983.7
Non-controlling interests	32.4	63.0	37.6	1.6	2.0
Total equity	5,773.7	6,409.2	6,008.2	6,715.6	6,985.7
Liabilities					
Gross technical reserves	46,209.0	48,008.5	46,575.2	48,333.3	48,585.0
Liabilities arising from banking business and financial contracts	20,317.7	22,696.5	21,539.0	24,540.4	25,283.5
Derivative financial instruments	299.0	145.3	117.3	117.5	152.6
Other accounts payable	7,070.0	6,341.9	5,707.2	6,372.6	6,357.4
Deferred tax liabilities	944.9	922.4	907.8	938.5	1,000.4
Total liabilities	74,840.6	78,114.7	74,846.6	80,302.2	81,378.8
Total equity and liabilities	80,614.3	84,523.9	80,854.8	87,017.8	88,364.5

Business volume, premiums and combined ratio

BUSINESS VOLUME

2019	Group	Switzerland	Germany	Belgium	Luxembourg
CHF million					
Non-life	3,542.1	1,344.2	790.0	1,251.1	136.7
Life	4,060.3	3,422.9	377.9	181.7	76.8
Sub-total of IFRS gross premiums written ¹	7,602.4	4,767.1	1,167.9	1,432.8	213.5
Investment-type premiums	1,907.5	153.4	195.6	504.1	1,054.3
Total business volume	9,509.9	4,920.5	1,363.5	1,936.9	1,267.9

2020	Group	Switzerland	Germany	Belgium	Luxembourg
CHF million					
Non-life	3,802.5	1,368.4	776.4	1,487.4	138.6
Life	3,291.3	2,648.2	380.2	190.3	72.5
Sub-total of IFRS gross premiums written ¹	7,093.8	4,016.7	1,156.6	1,677.6	211.1
Investment-type premiums	1,832.7	114.2	182.5	511.0	1,025.0
Total business volume	8,926.5	4,130.8	1,339.0	2,188.7	1,236.1

¹ Premiums written and policy fees (gross).

NET COMBINED RATIO

2019	Group	Switzerland	Germany	Belgium	Luxembourg
as a percentage of premiums earned					
Claims ratio ¹	57.9	60.6	54.6	59.8	63.1
Expense ratio	32.5	27.3	36.3	34.7	34.6
Combined ratio	90.4	87.9	90.9	94.5	97.7

2020	Group	Switzerland	Germany	Belgium	Luxembourg
as a percentage of premiums earned					
Claims ratio ¹	59.6	61.5	58.3	58.1	55.2
Expense ratio	31.6	27.0	36.6	32.8	34.1
Combined ratio	91.2	88.5	94.9	90.9	89.3

¹ Including the profit-sharing ratio.

GROSS AND NET COMBINED RATIO

	Gross		Net	
	2019	2020	2019	2020
as a percentage of premiums earned				
Claims ratio ¹	57.2	61.4	57.9	59.6
Expense ratio	31.1	30.3	32.5	31.6
Combined ratio	88.3	91.7	90.4	91.2

¹ Including the profit-sharing ratio.

FUNDING RATIO (NON-LIFE)

	2019	2020
CHF million		
Technical reserve for own account ¹	5,984.9	6,235.8
Premiums written and policy fees for own account	3,329.4	3,577.6
Funding ratio (per cent)	179.8	174.3

¹ Not including capitalised settlement premiums.

Income statement of Baloise Holding Ltd

	2019	2020
CHF million		
Income from long-term equity investments	646.6	384.6
Income from interest and securities	38.5	58.7
Other income	17.4	8.8
Total income	702.5	452.1
Administrative expenses	-51.7	-43.8
Depreciation, amortisation and impairment	-62.5	-1.8
Interest expenses	-32.7	-31.0
Other expenses	-3.7	-3.0
Total expenses	-150.6	-79.6
Tax expense	-0.2	-0.2
Profit for the period	551.7	372.3

Balance sheet of Baloise Holding Ltd

	31.12.2019	31.12.2020
CHF million		
Assets		
Cash and cash equivalents	46.2	21.2
Receivables from Group companies	361.0	408.1
Receivables from third parties	4.0	7.3
Current assets	411.2	436.6
Financial assets		
Loans to Group companies	1,063.2	1,148.8
	-	0.4
Long-term equity investments	1,836.4	1,871.2
Non-current assets	2,899.6	3,020.4
Total assets	3,310.8	3,457.0
Equity and liabilities		
Current liabilities		
Liabilities to Group companies	6.8	6.0
Liabilities to third parties	12.6	0.2
Current interest-bearing liabilities to third parties	300.0	375.0
Deferred income	23.2	19.5
Non-current liabilities		
Long-term interest-bearing liabilities to Group companies	580.0	777.0
Long-term interest-bearing liabilities to third parties	1,525.0	1,450.0
Provisions	0.3	-
Liabilities	2,447.9	2,627.7
Share capital	4.9	4.9
Statutory retained earnings		
General reserve	11.7	11.7
Reserve for treasury shares	8.3	9.2
Voluntary retained earnings		
Free reserves	683.2	922.3
Distributable profit:		
- Profit carried forward	0.8	0.1
- Profit for the period	551.7	372.3
Treasury shares	-397.7	-491.3
Equity	862.9	829.3
Total equity and liabilities	3,310.8	3,457.0

Remuneration

1. LETTER FROM THE CHAIRMAN OF THE REMUNERATION COMMITTEE

DEAR SHAREHOLDERS,

The Remuneration Committee has determined the remuneration to be paid for the 2020 financial year and has adopted a number of changes in respect of the remuneration model. In this – my first – letter to you, I would like to provide you with a summary of the most important facts:

REMUNERATION FOR 2020

The reporting year was challenging for Baloise due to the Covid-19 pandemic. Nonetheless, Baloise has weathered the crisis comparatively well thanks to its prudent management approach. The Company did not need to access government aid or compensation for employees on reduced working hours at any point. Employee satisfaction improved and we were able to pay a dividend to our shareholders as planned. We would like to thank all employees for their hard work and efforts to help us negotiate this crisis.

The Remuneration Committee does not see any need to adjust the fixed remuneration of the Corporate Executive Committee. However, after careful deliberation, we have set the performance pool factor at 90 per cent. The Remuneration Committee assessed four main indicators when taking this decision: Good progress was made in respect of targets relating to customers, employees and shareholders. The combined ratio came to a solid 91.3 per cent despite the coronavirus pandemic; however, operating profit was down year on year (including after adjustment for non-recurring effects). Our assessment of the risks taken did not change. The share price performance weakened slightly compared with 2019 but remained robust in a difficult market environment.

Nevertheless, the Covid-19 pandemic put substantial pressure on society and the overall economy. Against this backdrop, we regard it as prudent to exercise restraint with regard to variable remuneration in spite of the solid result.

CHANGES TO THE REMUNERATION MODEL AND ITS DISCLOSURE

The remuneration system of Baloise is continually being developed. As part of this ongoing enhancement process, we maintain a regular dialogue with our investors. This year, I would like to point out three new changes:

1. Integration of sustainability into the remuneration model of Baloise

The subject of sustainability is becoming ever more relevant for us and our investors. Going forward, this will also be reflected in the remuneration model. From 2021, the criterion “sustainability” will be added to the main indicator “strategy implementation”. We have selected two metrics that are strategically relevant and easily measurable: (i) a broad-based sustainability index that indicates how well Baloise is fulfilling its responsibilities towards all relevant stakeholders and (ii) an index that measures the reputation of Baloise in society.

2. Fixed weighting of the main indicators for the performance pool

In recent years, we have been improving our transparency with regard to the performance pool. The main indicator “business performance” is given a weighting of 40 per cent because it is a necessary prerequisite for the future competitiveness and long-term success of Baloise. The main indicators “strategy implementation”, “risks taken” and “capital markets perspective” are each given a weighting of 20 per cent. This approach makes remuneration decisions more transparent while also offering the Remuneration Committee the necessary scope for discretion.

3. Advisory vote on the remuneration report

From the next Annual General Meeting on 30 April 2021, you will have the opportunity to participate in an advisory vote on the remuneration report. This step is being adopted in the context of a reform of stock corporation laws, but one year ahead of the reform coming into force.

On behalf of all members of the Remuneration Committee, I would like to thank you, our esteemed shareholders, for your interest and trust.

Basel, March 2021



Thomas Pleines

Chairman of the Remuneration Committee

2. OVERVIEW OF REMUNERATION

A. REMUNERATION SYSTEM

The following table gives an overview of fixed and variable remuneration elements at Baloise.

Remuneration system of the Baloise Group

	DESCRIPTION	PAYMENT	INFLUENCING FACTORS	PURPOSE
Performance share units (PSUs)	<ul style="list-style-type: none"> ▶ Long-term variable remuneration ▶ Prospective entitlements to shares 	<ul style="list-style-type: none"> ▶ Prospective allocation ▶ Conversion into shares after three years 	<ul style="list-style-type: none"> ▶ Profit attributable to shareholders relative to peer group (STOXX Europe 600 Insurance) 	<ul style="list-style-type: none"> ▶ Strengthening loyalty of senior managers to the Company ▶ Aligning management interests with those of shareholders
Performance pool	<ul style="list-style-type: none"> ▶ Short-term variable remuneration ▶ Paid in cash or restricted shares (three-year closed period) ▶ Mandatory share subscription (50% for Corporate Executive Committee) 	<ul style="list-style-type: none"> ▶ Paid in arrears (March of the following year) 	<ul style="list-style-type: none"> ▶ Strategy implementation ▶ Business performance ▶ Risks taken ▶ Capital markets perspective 	<ul style="list-style-type: none"> ▶ Reward for the achievement of annual targets (company, team and individual targets) ▶ Participation in the success of the business
Fixed remuneration	<ul style="list-style-type: none"> ▶ Basic salary ▶ Fringe benefits (dependent on location) ▶ Pension provisions 	<ul style="list-style-type: none"> ▶ Paid over the course of the work year 	<ul style="list-style-type: none"> ▶ Tasks and responsibilities associated with the position ▶ Skills and expertise of the employee ▶ Market 	<ul style="list-style-type: none"> ▶ Competitiveness in the marketplace ▶ Fairness and transparency ▶ Financial hedging

More detailed information is provided in the following chapters of the remuneration report:

- ▶ Chapter 4. Remuneration policy and remuneration system
- ▶ Chapter 5. Components of remuneration

B. INDIVIDUAL REMUNERATION OF THE CORPORATE EXECUTIVE COMMITTEE

Gert De Winter	2019	52%	31%	17%	CHF 2.21 million
	2020	56%	25%	19%	CHF 2.04 million
Michael Müller	2019	53%	30%	17%	CHF 1.67 million
	2020	57%	25%	18%	CHF 1.54 million
Dr Thomas Sieber ¹	2019	54%	30%	16%	CHF 1.52 million
	2020	77%	23%		CHF 0.74 million
Dr Carsten Stolz	2019	60%	23%	17%	CHF 1.16 million
	2020	60%	23%	17%	CHF 1.16 million
Dr Matthias Henny	2019	55%	29%	16%	CHF 1.24 million
	2020	60%	22%	18%	CHF 1.11 million
Dr Alexander Bockelmann ²	2019	53%	31%	16%	CHF 1.38 million
	2020	57%	26%	17%	CHF 1.37 million

■ Fixed (comprising basic salary, non-cash remuneration and pension benefits)
 ■ Short-term variable remuneration (comprising share-based and cash payments from the performance pool)
 ■ Long-term variable remuneration (comprising allocations of share entitlements)

1 Until 31 August 2020; 2 Since 1 February 2019.

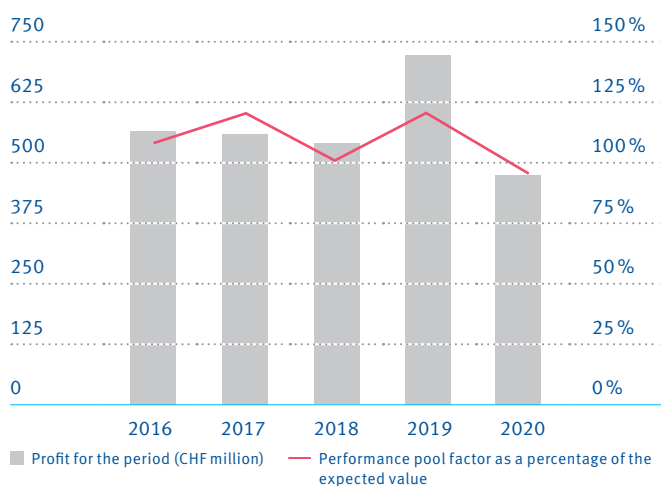
More detailed information is provided in the following chapter of the remuneration report:

- ▶ Chapter 12. Remuneration paid to the members of the Corporate Executive Committee

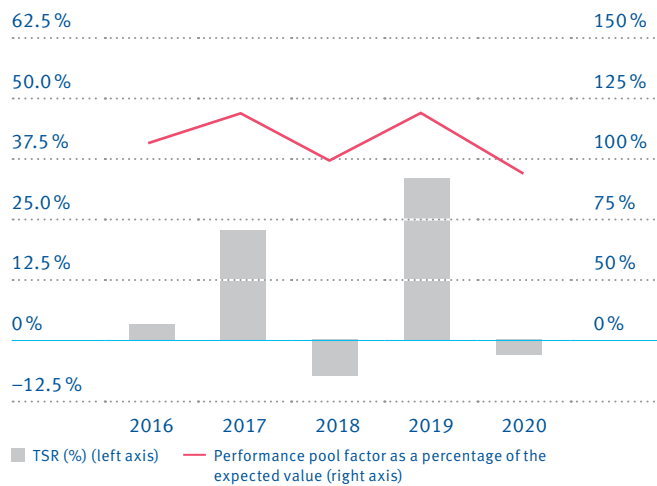
C. SHORT-TERM VARIABLE REMUNERATION

- ▶ The short-term variable remuneration is allocated by means of the performance pool.
- ▶ The Remuneration Committee assesses the Company's performance and success during the past financial year based on four main indicators (see pages 111 to 113) and determines the performance pool factor.
- ▶ As illustrated in the following charts, the performance pool factor fluctuates in line with the profit for the period and the return on equities (total shareholder return, TSR). However, it is also dependent on a number of other criteria and thus cannot be derived from these key figures alone.

Profit for the period vs. performance pool factor



Total shareholder return (TSR) vs. performance pool factor

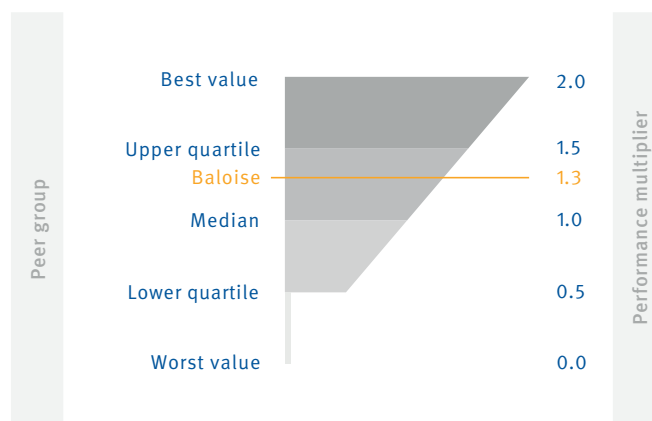


More detailed information is provided in the following chapter of the remuneration report:

- ▶ Chapter 5. Components of remuneration / Short-term variable remuneration: performance pool

D. LONG-TERM VARIABLE REMUNERATION

- ▶ Long-term variable remuneration is granted in the form of performance share units (PSUs).
- ▶ The Remuneration Committee determines the total amount to be awarded in PSUs and the allocation of PSUs to each individual Corporate Executive Committee member.
- ▶ After three years, the prospective entitlements are multiplied by a performance multiplier upon conversion into shares. Depending on the total shareholder return (TSR) relative to the peer group (STOXX Europe 600 Insurance), the performance multiplier can range from 0.0 to 2.0 (see illustration on the right). The performance multiplier for the 2020 financial year was set at 1.3.
- ▶ The budgeted figure also corresponds with the absolute TSR, as evidenced by the tables below.



Overview of ended and current plans (as at 31 December 2020)

2014 to 2020 plans			
1 Mar 2014 – 28 Feb 2017	15%	6%	21%
1 Mar 2015 – 28 Feb 2018	20%	41%	61%
1 Mar 2016 – 28 Feb 2019	29%	42%	71%
1 Mar 2017 – 29 Feb 2020	19%	40%	59%
1 Mar 2018 – 28 Feb 2021	6%	29%	35%
1 Mar 2019 – 28 Feb 2022	-3%	21%	18%
1 Mar 2020 – 28 Feb 2023	2%	11%	13%

■ Change in share value during programme term ■ Performance multiplier (current plans: as at 31 December 2020)

Overview of total shareholder return (TSR) of current plans

2014 to 2017 plans			
1 Mar 2014 – 28 Feb 2017	15%	13%	28%
1 Mar 2015 – 28 Feb 2018	20%	12%	32%
1 Mar 2016 – 28 Feb 2019	29%	13%	42%
1 Mar 2017 – 29 Feb 2020	19%	12%	31%

■ Change in share value during programme term ■ Dividend payments

More detailed information is provided in the following chapter of the remuneration report:

- ▶ Chapter 5. Components of remuneration / Long-term variable remuneration: performance share units

Financial calendar

30 APRIL 2021

Annual General Meeting

Bâloise Holding Ltd

26 AUGUST 2021

Half-year financial results

Conference call for analysts and the media

Publication of the 2021 half-year report

18 NOVEMBER 2021

Q3 interim statement

10 MARCH 2022

Preliminary annual financial results

Media conference

Conference call for analysts

29 MARCH 2022

Annual Report

Publication of the 2021 annual report

29 APRIL 2022

Annual General Meeting

Bâloise Holding Ltd

ANNUAL REPORT

The complete annual report is available on our website:

www.baloise.com/annual-report

It can also be ordered via the following website:

www.baloise.com/order

Bâloise Holding Ltd

Aeschengraben 21

CH-4002 Basel, Switzerland

www.baloise.com