

# Annual Report

## 2022 Summary

# Letter to shareholders

## Dear shareholders,

Over the past financial year, we succeeded in building on the progress we had already achieved and, despite the challenging market environment, achieved healthy results with profit attributable to shareholders of CHF 548.0 million (2021: CHF 588.4 million). In local currency terms, Baloise generated growth in its target segments in 2022. The net combined ratio stood at 91.9 per cent, a testament to the high quality of our business. The expense ratio improved slightly, while the claims ratio was robust in a mixed environment for claims. Extreme weather events impacted results again in 2022, and war in Europe exacerbated what was already a difficult economic situation due to the effects of the coronavirus pandemic. The economic environment was also shaped by latent geopolitical risks. These factors are increasingly affecting national economies and are slowing sustainable growth in many countries. Supply shortages, inflation and interest rates are also having an impact on our business and on customer behaviour. In line with our objective of sustainable and forward-looking business management, we have also recognised reserves to cushion potential inflation effects.

Our capital position remains strong. We expect the SST ratio as at 1 January 2023 to be over 230 per cent, and in summer 2022 Standard & Poor's confirmed its rating for the Baloise Group's core companies of A+ with a stable outlook. Based on the high operational profitability and reliable cash generation, we intend to ask the Annual General Meeting to increase the dividend by CHF 0.40 to CHF 7.40. Over the past 20 years, we have continuously increased the dividend or at least kept it constant. This is almost unparalleled within the Swiss insurance industry and confirms Baloise as a reliable and attractive investment.

Our business model and strategy are designed for the long term. Measured by these targets, the first year of the new strategic phase got off to a satisfactory start, especially in light of the difficult environment. We generated CHF 471 million of our target of CHF 2 billion in cash in 2022, 9 per cent more than in 2021. We also attracted a total of 173,000 new customers. For our employee target, we introduced a new measuring method and a significantly expanded benchmark group in 2022. We are consistently among the top 35 per cent of the best employers in Europe. We achieved an excellent 79 per cent approval rating for employee satisfaction, and only 4 per cent of responses to the survey were negative. Baloise is an excellent employer and we are not letting up in our efforts to improve our position.

## Change in the leadership of the Group

Having recovered from cancer, our Group CEO Gert De Winter has made the difficult decision to leave Baloise on 30 June 2023 after around 18 years. Following the personal events of recent months, he believes that now is the right time to reassess his priorities. The insurance industry is undergoing a fundamental transformation, and since taking on his role seven years ago Gert de Winter has made sure that Baloise is fully prepared for these changes. He has been a huge asset to Baloise and has earned the gratitude of the whole Board of Directors. The baton will pass to Michael Müller, currently CEO of Baloise in Switzerland, when he becomes the new CEO of the Baloise Group on 1 July. He has been with Baloise for 26 years and has been a member of the Corporate Executive Committee since 2011. Michael Müller represents continuity but will also provide impetus to take the Company forward in his new role. He will build on the strengths of previous years to ensure that Baloise remains a highly attractive, reliable and responsible company for our customers, employees and shareholders.

## Insurance companies strengthen society

Events of recent years illustrate the strengths and thus the importance of insurance companies. We continuously adapt our business activities in line with our sustainability strategy and the challenges facing society. Our role traditionally becomes even more important during phases of change. Baloise has always been part of any transition process, and that is why we are certain that we can play an important role in society when it comes to tackling climate change. We have the expertise and the solutions required to help economies overcome some of the leading risks such as cyber, earthquakes, power supply shortages or the next pandemic. In Switzerland, we have had a sustainable and community-based solution in the area of natural disasters for years. Not all the biggest risks are insurable, but we should work with the national government to find solutions for certain key risks because there are large gaps in cover. These gaps can prove very costly for individuals and economies.

Switzerland has been grappling with the thorny political issue of how to finance pension provision in a sustainable way for years. Other European countries are also facing similar challenges. Demographic change is testing the inter-generational contract and the growing number of pensioners is putting the state-funded part of retirement provision under pressure. Policymakers need to adjust the state parameters in occupational pension provision as a matter of urgency. As one of the few remaining providers with a comprehensive range of occupational pension solutions, we are responsible for a

great many small and medium-sized enterprises and thus for an equitable society. The importance of our services for private pension provision is likely to continue to grow in future.

Over the past 160 years, Baloise has tackled every economic challenge head-on. The qualities that set us apart and make us strong will continue to support us as we move into the future. We have excellent capitalisation, a stable and loyal customer base, and a committed workforce that we can rely on. We can therefore be sure of sustainable value generation that you, our valued shareholders, can continue to depend on in future.

Basel, March 2023



Dr Thomas von Planta  
Chairman of the Board of Directors



Gert De Winter  
Group CEO

**«Insurance companies play an especially important role in periods of change.»**



**Dr Thomas von Planta**, Chairman of the Board of Directors (left), and **Gert De Winter**, Group CEO (right)

# Key figures

	2021	2022	Change (%)
CHF million			
<b>Business volume</b>			
Gross non-life premiums written	4,063.4	3,969.1	-2.3
Gross life premiums written	3,389.7	3,160.8	-6.8
Sub-total of IFRS gross premiums written <sup>1</sup>	7,453.1	7,130.0	-4.3
Investment-type premiums	2,138.0	1,631.0	-23.7
<b>Total business volume</b>	<b>9,591.1</b>	<b>8,760.9</b>	<b>-8.7</b>
<b>Operating profit (loss)</b>			
Profit/loss for the period before borrowing costs and taxes			
Non-life	303.9	321.7	5.9
Life <sup>2</sup>	406.7	376.7	-7.4
Asset Management & Banking	82.5	63.5	-23.0
Other activities	-70.5	-56.5	-19.9
Consolidated profit for the period	583.3	544.5	-6.7
<b>Balance sheet</b>			
Technical provisions	48,661.4	44,605.2	-8.3
Equity	7,299.9	4,552.1	-37.6
<b>Ratios (per cent)</b>			
Return on equity (RoE)	8.3	9.4	-
Gross non-life combined ratio	99.3	91.7	-
Net non-life combined ratio	92.6	91.9	-
New business margin (life, as percentage)	39.0	53.5	-
Investment performance (insurance) <sup>3</sup>	1.4	-8.1	-
<b>New life insurance business</b>			
Annual premium equivalent (APE)	340.5	243.6	-28.5
Value of new business	133.1	130.3	-2.1
<b>Key figures on the Company's shares</b>			
Shares issued (units)	45,800,000	45,800,000	0.0
Basic earnings per share <sup>4</sup> (CHF)	13.06	12.13	-7.1
Diluted earnings per share <sup>4</sup> (CHF)	13.05	12.12	-7.1
Equity per share <sup>4</sup> (CHF)	161.7	100.5	-37.8
Closing price (CHF)	149.10	142.70	-4.3
Market capitalisation (CHF million)	6,828.8	6,535.7	-4.3
Dividend per share <sup>5</sup> (CHF)	7.00	7.40	5.7

1 Premiums written and policy fees (gross).

2 Of which deferred gains/losses from other operating segments (31 December 2021: CHF -2.5 million; 31 December 2022: CHF -2.8 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 2022 based on the proposal submitted to the Annual General Meeting.

# Solid results, increased cash remittance and higher dividend at Baloise

The global economy faced persistent challenges in 2022 that will affect the business activities of many companies this year too. Against the backdrop of these market conditions, we are especially proud that we can once again present solid financial results for 2022. In the attractive non-life business, Baloise generated growth in local currency terms and improved the profit contribution despite the strengthening of reserves to reflect inflation. We achieved an excellent level of earnings in the life business. This resulted in profit attributable to shareholders of CHF 548.0 million. Based on the high operational profitability and reliable cash remittance, we intend to request to increase the dividend by CHF 0.40 to CHF 7.40. This confirms once again that Baloise is a reliable and attractive investment. Over the past 20 years, we have continuously increased the dividend, one of only very few European insurance companies to do so.

## Annual financial results in brief

- **Profit attributable to shareholders** for 2022 amounted to CHF 548.0 million (2021: CHF 588.4 million). The rapid rise in inflation in 2022 resulted in non-recurring effects in the non-life business that had a net negative impact of CHF 37.2 million on profit.
- The **volume of business** amounted to CHF 8,760.9 million owing to a lower volume of premiums in the traditional life insurance business and unfavourable currency effects (2021: CHF 9,591.1 million). Adjusted for currency effects, this equated to a decrease of 5.1 per cent.
- The volume of premiums in the **non-life business** rose by a healthy 2.4 per cent, adjusted for currency effects. In Swiss francs, the volume of premiums fell slightly to CHF 3,969.1 million (2021: CHF 4,063.4 million).
- The **net combined ratio** of the Group was 91.9 per cent (2021: 92.6 per cent). Non-recurring effects during the reporting year, particularly the strengthening of reserves in view of inflation, had a negative impact on the net combined ratio, adding 1.4 percentage points.
- **Earnings before interest and tax (EBIT) in the non-life business** came to CHF 321.7 million, which represented a good year-on-year improvement of 5.9 per cent (2021: CHF 303.9 million).
- The level of gross premiums in the **life business** reflected the continuing trend towards partially autonomous occupational pension solutions. As a result, the volume of premiums in the traditional life insurance business fell by 6.8 per cent year on year to CHF 3,160.8 million (2021: CHF 3,389.7 million). **EBIT attributable to the life business** came to a very healthy CHF 376.7 million, which was down only slightly on the exceptionally strong prior-year figure (2021: CHF 406.7 million).
- The **new business margin** in the life business stood at a very solid 53.5 per cent in 2022 (2021: 39.0 per cent). The interest rate margin improved to 117 basis points (2021: 108 basis points) thanks to a rise in current income.

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- **Asset management** delivered a **net return on insurance assets** of 2.0 per cent (2021: 2.2 per cent). Net new assets from third parties increased once again, rising by around CHF 1 billion.
- Baloise's **capitalisation** remained robust. We expect the SST ratio as at 1 January 2023 to be over 230 per cent (2021: 220 per cent). Consolidated equity amounted to CHF 4,552.1 million (30 June 2022: CHF 5,021.0 million). In June 2022, Standard & Poor's confirmed its rating of A+ for the Baloise Group.
- In 2022, the **cash remittance** increased by 9 per cent to CHF 471 million (2021: CHF 431 million). The Board of Directors intends to request to increase the **dividend** by CHF 0.40 to CHF 7.40 per share.
- Reporting in accordance with the new **IFRS 17 and 9 accounting standards** will be published for the first time in the half-year financial statements on 20 September 2023. We will provide an update for capital market participants on 29 June 2023.

## Baloise sustainably successful in a challenging environment

**Profit attributable to shareholders** for 2022 amounted to CHF 548.0 million, a year-on-year fall of 6.9 per cent (2021: CHF 588.4 million). There was a non-recurring positive effect on profit from reserves that were no longer needed in view of the planned sale of the German hospital liability business and from the interest-rate-related reversal of reserves for the accident and health insurance business in Switzerland. Conversely, the strengthening of reserves to reflect the increase in inflation had an adverse effect on profit. These effects together had a net negative impact of CHF 37.2 million on profit. There was a particularly strong profit contribution from the Swiss life business, which benefited from a rise in interest rates and the continual optimisation of the life insurance portfolio. Overall, all operating segments contributed to Baloise's sound profit.

The **Group's earnings before interest and tax (EBIT)** amounted to CHF 705.3 million (2021: CHF 722.5 million).

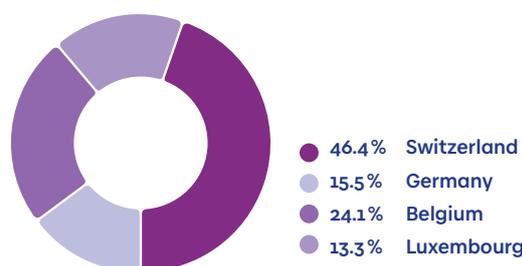
The **Group's business volume** declined year on year owing to shifts within the traditional life insurance business involving occupational pensions, lower volumes in the investment-linked life insurance business and currency effects. The total volume of business went down by 8.7 per cent to CHF 8,760.9 million (2021: CHF 9,591.1 million). In local currency terms, the decrease was 5.1 per cent.

## Business volume

	2021	2022	+/- %
CHF million			
Total business volume	9,591.1	8,760.9	-8.7
Life	3,389.7	3,160.8	-6.8
Non-life	4,063.4	3,969.1	-2.3
Investment-type premiums	2,138.0	1,631.0	-23.7

## Business volume in 2022 (gross)

by strategic business unit\*



\* 0.6% group business

## Higher profit contribution from non-life business; strengthening of reserves to reflect inflation takes its toll on the combined ratio

Adjusted for currency effects, the **non-life business** generated organic growth in all markets. In Swiss francs, there was a fall of 2.3 per cent to CHF 3,969.1 million (2021: CHF 4,063.4 million), whereas the increase in local currency terms was 2.4 per cent.

Gross premiums written in the Swiss market rose by a healthy 2.7 per cent to CHF 1,429.9 million (2021: CHF 1,392.7 million).

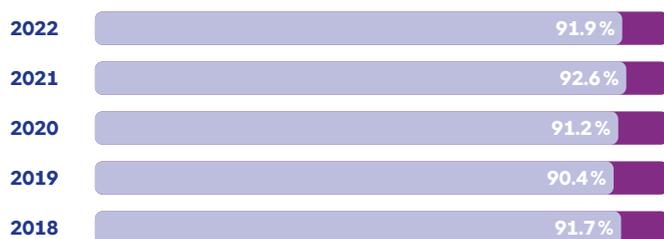
The Belgian unit recorded modest year-on-year growth of 0.7 per cent in local currency terms. In Swiss francs, gross premiums written decreased by 6.4 per cent to CHF 1,538.9 million (2021: CHF 1,644.3 million).

In Germany, we achieved very satisfying growth of 5.2 per cent in local currency terms. In Swiss francs, there was a fall of 2.2 per cent to CHF 802.5 million (2021: CHF 821.0 million).

Business in Luxembourg recorded gross premiums written of CHF 141.8 million. This amounted to growth of 2.7 per cent in local currency terms and a decrease of 4.5 per cent in Swiss francs (2021: CHF 148.5 million).

**Earnings before interest and tax (EBIT)** in the non-life business rose by 5.9 per cent to CHF 321.7 million despite the strengthening of reserves to cushion the effects of inflation (2021: CHF 303.9 million). The aforementioned non-recurring effects added 1.4 percentage points to the net combined ratio. Nonetheless, this ratio improved to a robust 91.9 per cent (2021: 92.6 per cent), partly due to the lower level of claims incurred compared with 2021 and partly due to a reduction in costs.

### Development of net combined ratio



### Another very good profit contribution from the life business thanks to the improved interest-rate situation and optimisation of the business mix

The volume of life insurance business fell by 13.3 per cent in Swiss francs and by 10.6 per cent in local currency terms to stand at CHF 4,791.8 million (2021: CHF 5,527.7 million). This decrease was primarily attributable to the emerging trend of a preference for partially autonomous solutions in the Swiss group life business over the comprehensive insurance model. We are therefore seeing a reduction in premiums in the **traditional life insurance business**, which declined by 6.8 per cent to CHF 3,160.8 million in 2022 (2021: CHF 3,389.7 million). The bulk of this decrease was attributable to business in Switzerland, which registered a fall of 7.9 per cent to CHF 2,512.6 million (2021: CHF 2,727.8 million).

In Germany, the volume of premiums grew by 4.2 per cent to CHF 385.4 million in local currency terms (2021: CHF 397.9 million) as a result of increased new business involving biometric products and pension products. In Swiss francs, the volume of premiums contracted by 3.1 per cent.

Gross premiums written in the life business in Belgium rose by a good 3.4 per cent to CHF 195.7 million (2021: CHF 189.3 million). In local currency terms, the increase was a substantial 11.2 per cent.

Business declined in Luxembourg, resulting in a premium volume of CHF 66.9 million (2021: CHF 74.5 million).

The volume of **investment-type premiums** slumped by 23.7 per cent year on year to CHF 1,631.0 million (2021: CHF 2,138.0 million). As observed in the recent past, the 'freedom of service' business – which is mainly operated from Luxembourg – is sensitive to market uncertainty and tends to react with a high level of volatility. Capital market conditions in 2022 and the significant uncertainty provoked by the war in Europe resulted in a sharp fall in premiums in the reporting year.

**EBIT in the life business** remained at a high level, amounting to a very healthy CHF 376.7 million in 2022 (2021: CHF 406.7 million). Although this was down slightly year on year, the prior-year figure had been exceptionally high owing to the very upbeat conditions in the capital markets in 2021. The profit contribution was excellent once again in 2022 thanks to continual optimisation of the business mix, profit contributions from our property portfolio and the improved interest-rate situation.

The new business margin in the life business swelled to 53.5 per cent in 2022 owing to the rise in interest rates (2021: 39.0 per cent).

The interest rate margin improved to a solid 117 basis points (2021: 108 basis points). This increase was due to higher current income, whereas the average guaranteed rate of return was on a par with 2021.

Buoyed by the trend towards partially autonomous collective foundations, the performance of the **Perspectiva** collective foundation was very satisfying in 2022. Perspectiva's customer base continued to see steady growth in its eighth year of operation and included 4,427 companies with around 19,600 policyholders at the end of 2022. The foundation assets stood at approximately CHF 1.4 billion. Despite the prevailing cautious sentiment, the trend towards partially autonomous pension solutions remains intact.

### Insurance assets: solid investment yield despite highly challenging market conditions

The war in Ukraine and rising inflation dominated the global economy in 2022. This triggered sharp rises in interest rates in the bond market. Moreover, the global equity market lost almost 20 per cent in value over the course of the year. Given the very challenging market conditions, the gains on the investment of insurance assets were at a healthy level at CHF 1,123.0 million (2021: CHF 1,351.2 million). Moreover, current income was on a par with the prior-year level at CHF 1,085.7 million as a result of further reallocations from bonds to private debt (2021: CHF 1,088.0 million). Gross impairment losses were up by CHF 76.9 million year on year and were mainly attributable to adverse market movements. The gain of CHF 414.0 million recognised in the income statement was therefore very satisfying (2021: CHF 507.4 million). Higher currency hedging costs and the depreciation of the euro against the Swiss franc caused an additional year-on-year reduction in profit of CHF 66.1 million. Nonetheless, the investment yield on insurance assets held up well at 2.0 per cent (2021: 2.2 per cent). Unrealised gains fell by CHF 5.7 billion due to significantly higher interest rates and spreads and due to the correction in the equity markets. The IFRS investment performance on insurance assets, which includes unrealised net gains and losses on investments but excludes gains and losses on held-to-maturity debt instruments, was minus 8.1 per cent, representing a decrease compared to the 1.4 per cent IFRS investment performance in 2021.

As at 31 December 2022, the total assets under management (AuM) at Baloise Asset Management stood at CHF 55.8 billion, a decrease of 15.1 per cent compared with the end of 2021 (31 December 2021: CHF 65.7 billion). This reduction was attributable to rising interest rates and the resulting decrease in value of the bond portfolio in the insurance assets, the downtrend in the equity markets, and the weakness of the euro against the Swiss franc. The favourable business mix meant that fee income remained at a good level despite the decrease in AuM.

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### Key figures for the national Baloise companies

#### Key figures for Switzerland

	2021	2022	+/- %
CHF million			
Business volume	4,239.9	4,068.5	- 4.0
Of which: life	2,847.2	2,638.6	- 7.3
Of which: non-life	1,392.7	1,429.9	2.7
Net combined ratio (per cent)	89.2	92.0	2.8
Profit before borrowing costs and taxes	584.6	540.9	- 7.5

#### Key figures for Belgium

	2021	2022	+/- %
CHF million			
Business volume	2,302.5	2,112.6	- 8.3
Of which: life	658.2	573.7	- 12.8
Of which: non-life	1,644.3	1,538.9	- 6.4
Net combined ratio (per cent)	93.0	92.1	- 0.9
Profit before borrowing costs and taxes	149.0	149.7	0.5

#### Key figures for Germany

	2021	2022	+/- %
CHF million			
Business volume	1,406.4	1,356.8	- 3.5
Of which: life	585.4	554.2	- 5.3
Of which: non-life	821.0	802.5	- 2.2
Net combined ratio (per cent)	96.8	93.5	- 3.3
Profit before borrowing costs and taxes	42.5	31.1	- 26.8

#### Key figures for Luxembourg

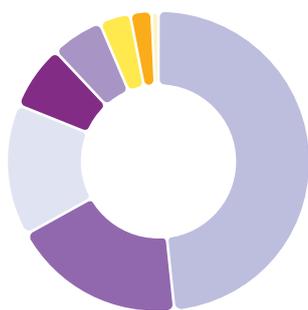
	2021	2022	+/- %
CHF million			
Business volume	1,585.3	1,167.0	- 26.4
Of which: life	1,436.7	1,025.2	- 28.6
Of which: non-life	148.5	141.8	- 4.5
Net combined ratio (per cent)	93.9	88.3	- 5.6
Profit before borrowing costs and taxes	12.5	13.8	10.4

### Assets held by Baloise

as at 31 December 2021	Non-life	Life	Asset Management & Banking	Total for the Group
CHF million				
Investments for own account and at own risk	10,593.7	49,528.2	8,599.6	67,793.5
Asset portfolio for the account and at risk of life insurance policyholders and third parties		17,309.2		17,879.0
<b>Total recognised assets</b>	<b>10,593.7</b>	<b>66,837.3</b>	<b>8,599.6</b>	<b>85,672.6</b>
Third-party assets				13,422.8

as at 31 December 2022	Non-life	Life	Asset Management & Banking	Total for the Group
CHF million				
Investments for own account and at own risk	9,520.5	43,228.4	8,442.1	60,411.7
Asset portfolio for the account and at risk of life insurance policyholders and third parties		14,864.8		15,429.4
<b>Total recognised assets</b>	<b>9,520.5</b>	<b>58,093.2</b>	<b>8,442.1</b>	<b>75,841.1</b>
Third-party assets				12,627.2

## Investment components in 2022



- 48.4% Fixed-income securities
- 18.6% Mortgage assets
- 14.1% Investment property
- 7.0% Policy loans and other loans
- 5.6% Equities
- 3.4% Cash and cash equivalents
- 2.1% Alternative financial assets
- 0.8% Derivates

Proprietary investments by category<sup>1</sup>

	31.12.2021	31.12.2022	+/- %
CHF million			
Investment property	8,464.5	8,495.1	0.4
Equities	3,946.4	3,378.7	-14.4
Alternative financial assets	1,236.9	1,240.7	0.3
Fixed-income securities	34,886.3	29,237.1	-16.2
Mortgage assets	11,269.3	11,255.3	-0.1
Policy loans and other loans	4,829.6	4,247.5	-12.1
Derivatives	583.3	512.2	-12.2
Cash and cash equivalents	2,577.3	2,045.1	-20.6
<b>Total</b>	<b>67,793.5</b>	<b>60,411.7</b>	<b>-10.9</b>

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

## Continued expansion of third-party businesses

The existing growth trend remained intact in spite of the generally difficult investment market. Net new assets in the business with external customers amounted to CHF 960.0 million in 2022, which matched the volume of growth in the prior year. Assets under management declined by 5.9 per cent, from CHF 13.4 billion to CHF 12.6 billion, owing to market conditions. Activities in the institutional investor business included the successful launch of a private market strategy for debt finance of infrastructure, in connection with which the first transaction was completed in an amount of EUR 75 million. The Group-wide Baloise brand was launched in the reporting period and, fittingly, collaboration between Asset Management and Banking again contributed to the volume of net new assets in 2022. We were entrusted with the management of assets of CHF 268.5 million in the reporting period.

## An attractive investment for the past 160 years – Baloise raises its dividend for the 13th time in 20 years, taking it to CHF 7.40

Consolidated equity went down from CHF 5,021.0 million as at 30 June 2022 to CHF 4,552.1 million at the end of 2022. As communicated in August 2022, the significant rise in interest rates during the year led to downward adjustments of the valuation of fixed-income investments. This in turn had an adverse effect on equity from an accounting perspective. In the previous ten years, equity had generally grown continuously due to falling interest rates and the resulting higher valuation of investments with more attractive yields. As expected, 2022 saw the inversion of this effect for the first time in a while owing to the sustained increase in interest rates. However, Baloise's capital adequacy remains comfortable, as was evident when Standard & Poor's reaffirmed its rating of A+ for the Baloise Group in June 2022. It awarded this credit rating in recognition of Baloise's excellent capitalisation – which is comfortably above the AAA level according to the S&P capital model – as well as its high operational profitability, robust risk management and solid competitive position in its profitable core markets. The complete report is available at [www.baloise.com/ratings](http://www.baloise.com/ratings).

In the **Swiss Solvency Test (SST)\***, a ratio of over 230 per cent is expected as at 1 January 2023. The Board of Directors of Baloise Holding Ltd is optimistic about Baloise's long-term success in view of its strong operational profitability. It will therefore propose to the 2023 Annual General Meeting that the dividend be raised by CHF 0.40 to CHF 7.40 per share. This means that Baloise will have raised its dividend a total of 13 times in the past 20 years. The average annual dividend increase over the past ten years is over 5 per cent, underlining that we are an attractive investment with long-term success.

\* The SST ratio will be published at the end of April 2023.

## Further growth through innovation, advancement of the sustainable business strategy, first cost savings achieved

In the first year of the new strategic programme, Simply Safe: Season 2, Baloise gained around 173,000 new customers. Ecosystem innovation initiatives played a major part in this increase.

The **innovation projects and the Home and Mobility ecosystems** generated revenue of CHF 82.5 million (2021: CHF 70.4 million). Baloise's digital insurer FRIDAY made a significant contribution, with a premium volume of CHF 51.9 million. In local currency terms, **FRIDAY** grew by 5.9 per cent.

In addition, we are also seeing the first efficiency gains, which – adjusted for growth – have amounted to around CHF 50 million since launch of the second phase of Simply Safe.

In 2022, existing sustainability criteria were tightened and embedded in more of the Company's business processes. They were also reviewed from a quality and usability perspective. In this context, we are introducing more transparent reporting on sustainability criteria in our underwriting

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processes. With a view to the future, we updated our Responsible Investment Policy to reflect the changing regulatory environment and it came into effect on 1 January 2023. The ESG ratings from MSCI and Sustainalytics improved once again in 2022. Baloise now holds an AA rating from MSCI, which is the second-highest level in MSCI's rating system. Sustainalytics lowered Baloise's risk exposure again, and it now stands at 20.4.

[www.baloise.com/sustainability-ratings-2022](https://www.baloise.com/sustainability-ratings-2022)

[www.baloise.com/sustainability](https://www.baloise.com/sustainability)

In 2022, Baloise entered a new strategic phase, Simply Safe: Season 2, which continues until 2025. We are building on the successes of the first strategic phase and continuing to focus our ambitious objectives on our stakeholders: customers, shareholders and employees. By the end of 2025, we are aiming to have gained a total of 1.5 million new customers, to have generated CHF 2 billion in cash (of which 60–80 per cent is to be distributed as dividends), and to be in the top 5 per cent of the best companies to work for in Europe. A substantially expanded benchmark of companies from various sectors across Europe was used to measure the latter target in 2022. The baseline measurement places us in the top 36 per cent of these companies.

Our Company is celebrating its 160th anniversary this year. Over the past century and a half, Baloise has repeatedly demonstrated its resilience and ability to adapt. We firmly believe that this will help us to live up to the expectations of all our stakeholders despite the impact of the war in Europe, stubbornly high inflation and disrupted supply chains, and we will continue to build on the successes we have achieved in the past.

# Consolidated income statement

## Five-year overview

	2018	2019	2020	2021	2022
CHF million					
<b>Income</b>					
Premiums earned and policy fees (gross) <sup>1</sup>	6,737.0	7,571.3	7,034.8	7,416.2	7,109.5
Reinsurance premiums ceded	-209.0	-241.5	-268.0	-326.5	-317.8
Premiums earned and policy fees (net)	6,528.0	7,329.8	6,766.8	7,089.7	6,791.7
Investment income	1,376.0	1,257.0	1,176.5	1,159.5	1,157.2
Realised gains and losses on investments <sup>2</sup>					
For own account and at own risk	96.1	336.1	288.3	370.5	124.0
For the account and at risk of life insurance policyholders and third parties	-1,087.8	1,709.5	179.5	1,534.2	-2,057.9
Income from services rendered	130.4	126.0	118.5	130.6	130.0
Share of profit (loss) of associates	6.2	10.8	64.1	4.9	4.9
Other operating income	227.6	227.7	193.4	213.2	178.2
<b>Income</b>	<b>7,276.6</b>	<b>10,996.9</b>	<b>8,787.0</b>	<b>10,502.5</b>	<b>6,328.1</b>
<b>Expense</b>					
Claims and benefits paid (gross)	-5,904.4	-6,090.4	-6,182.6	-5,813.4	-6,350.5
Change in technical reserves (gross)	412.4	-956.7	33.1	-1,184.7	929.0
Reinsurance share of claims incurred	83.3	117.0	236.4	529.6	251.7
Acquisition costs	-535.8	-554.6	-581.3	-655.6	-596.6
Operating and administrative expenses for insurance business	-810.8	-816.0	-831.6	-856.7	-867.0
Investment management expenses <sup>3</sup>	-82.2	-108.1	-107.4	-124.4	-122.9
Interest expenses on insurance liabilities	-19.2	-17.2	-15.2	-13.6	-11.6
Gains or losses on financial contracts	801.2	-1,388.0	-259.5	-1,168.3	1,609.9
Other operating expenses <sup>3</sup>	-483.6	-459.0	-476.1	-493.0	-464.8
<b>Expense</b>	<b>-6,539.1</b>	<b>-10,273.0</b>	<b>-8,184.1</b>	<b>-9,780.0</b>	<b>-5,622.8</b>
<b>Profit before borrowing costs and taxes</b>	<b>737.5</b>	<b>723.9</b>	<b>602.9</b>	<b>722.5</b>	<b>705.3</b>

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.

## Summary

### Five-year overview

	2018	2019	2020	2021	2022
CHF million					
<b>Profit before borrowing costs and taxes</b>	<b>737.5</b>	<b>723.9</b>	<b>602.9</b>	<b>722.5</b>	<b>705.3</b>
Borrowing costs	-39.9	-37.7	-34.3	-24.7	-22.4
<b>Profit before taxes</b>	<b>697.6</b>	<b>686.2</b>	<b>568.6</b>	<b>697.9</b>	<b>682.9</b>
Income taxes	-174.7	3.3	-140.3	-114.6	-138.4
<b>Profit for the period</b>	<b>522.9</b>	<b>689.5</b>	<b>428.3</b>	<b>583.3</b>	<b>544.5</b>
Attributable to					
Shareholders	523.2	694.2	434.3	588.4	548.0
Non-controlling interests	-0.3	-4.7	-6.1	-5.1	-3.5
Earnings/loss per share					
Basic (CHF)	11.14	15.02	9.65	13.06	12.13
Diluted (CHF)	11.12	14.99	9.63	13.05	12.12

# Consolidated balance sheet

## Five-year overview

as at 31.12.	2018	2019	2020	2021	2022
CHF million					
<b>Assets</b>					
Property, plant and equipment	318.3	362.8	466.2	419.5	411.5
Intangible assets	1,041.2	1,034.7	1,155.4	1,180.4	1,405.9
Investments in associates	221.1	387.4	263.4	316.0	344.7
Investment property	7,904.0	8,120.1	8,410.3	8,464.5	8,495.1
Financial instruments with characteristics of equity	14,137.9	16,232.9	16,539.8	19,172.0	16,275.9
Financial instruments with characteristics of liabilities	33,775.1	36,749.0	37,078.9	36,961.5	31,384.2
Mortgages and loans	16,396.2	16,812.9	17,014.9	16,098.9	15,502.8
Derivative financial instruments	914.8	1,048.1	1,089.1	902.1	812.9
Other assets/receivables	2,036.6	2,184.3	2,254.7	2,317.0	2,329.0
Deferred tax assets	73.5	97.4	87.9	73.7	217.9
Cash and cash equivalents	4,036.1	3,988.0	4,004.0	4,073.5	3,370.2
<b>Total assets</b>	<b>80,854.8</b>	<b>87,017.8</b>	<b>88,364.5</b>	<b>89,979.0</b>	<b>80,550.1</b>

as at 31.12.	2018	2019	2020	2021	2022
CHF million					
<b>Equity and liabilities</b>					
<b>Equity</b>					
Equity before non-controlling interests	5,970.6	6,714.0	6,983.7	7,285.1	4,539.5
Non-controlling interests	37.6	1.6	2.0	14.8	12.6
<b>Total equity</b>	<b>6,008.2</b>	<b>6,715.6</b>	<b>6,985.7</b>	<b>7,299.9</b>	<b>4,552.1</b>
<b>Liabilities</b>					
Gross technical reserves	46,575.2	48,333.3	48,585.0	48,661.4	44,605.2
Liabilities arising from banking business and financial contracts	21,539.0	24,540.4	25,283.5	26,882.4	24,576.3
Derivative financial instruments	117.3	117.5	152.6	89.8	136.1
Other accounts payable	5,707.2	6,372.6	6,357.4	6,043.4	6,089.9
Deferred tax liabilities	907.8	938.5	1,000.4	1,002.0	590.6
<b>Total liabilities</b>	<b>74,846.6</b>	<b>80,302.2</b>	<b>81,378.8</b>	<b>82,679.1</b>	<b>75,998.1</b>
<b>Total equity and liabilities</b>	<b>80,854.8</b>	<b>87,017.8</b>	<b>88,364.5</b>	<b>89,979.0</b>	<b>80,550.1</b>

# Business volume, premiums and combined ratio

## Business volume

2021	Group	Switzerland	Germany	Belgium	Luxembourg
CHF million					
Non-life	4,063.4	1,392.7	821.0	1,644.3	148.5
Life	3,389.7	2,727.8	397.9	189.3	74.5
Sub-total of IFRS gross premiums written <sup>1</sup>	7,453.1	4,120.6	1,218.9	1,833.7	223.0
Investment-type premiums	2,138.0	119.4	187.5	468.8	1,362.2
<b>Total business volume</b>	<b>9,591.1</b>	<b>4,239.9</b>	<b>1,406.4</b>	<b>2,302.5</b>	<b>1,585.3</b>

2022	Group	Switzerland	Germany	Belgium	Luxembourg
CHF million					
Non-life	3,969.1	1,429.9	802.5	1,538.9	141.8
Life	3,160.8	2,512.6	385.4	195.7	66.9
Sub-total of IFRS gross premiums written <sup>1</sup>	7,130.0	3,942.6	1,188.0	1,734.6	208.7
Investment-type premiums	1,631.0	126.0	168.8	377.9	958.3
<b>Total business volume</b>	<b>8,760.9</b>	<b>4,068.5</b>	<b>1,356.8</b>	<b>2,112.6</b>	<b>1,167.0</b>

<sup>1</sup> Premiums written and policy fees (gross).

**Net combined ratio**

2021	Group	Switzerland	Germany	Belgium	Luxembourg
as a percentage of premiums earned					
Claims ratio <sup>1</sup>	60.4	62.3	61.3	59.0	60.3
Expense ratio	32.2	26.9	35.5	34.0	33.6
<b>Combined ratio</b>	<b>92.6</b>	<b>89.2</b>	<b>96.8</b>	<b>93.0</b>	<b>93.9</b>

2022	Group	Switzerland	Germany	Belgium	Luxembourg
as a percentage of premiums earned					
Claims ratio <sup>1</sup>	60.1	65.7	58.5	57.9	54.7
Expense ratio	31.8	26.3	35.0	34.2	33.6
<b>Combined ratio</b>	<b>91.9</b>	<b>92.0</b>	<b>93.5</b>	<b>92.1</b>	<b>88.3</b>

1 Including the profit-sharing ratio.

**Gross and net combined ratio**

	Gross		Net	
	2021	2022	2021	2022
as a percentage of premiums earned				
Claims ratio <sup>1</sup>	68.6	61.5	60.4	60.1
Expense ratio	30.7	30.2	32.2	31.8
<b>Combined ratio</b>	<b>99.3</b>	<b>91.7</b>	<b>92.6</b>	<b>91.9</b>

1 Including the profit-sharing ratio.

**Funding ratio (non-life)**

	2021	2022
CHF million		
Technical reserve for own account <sup>1</sup>	6,133.6	5,836.3
Premiums written and policy fees for own account	3,791.6	3,684.8
<b>Funding ratio (per cent)</b>	<b>161.8</b>	<b>158.4</b>

1 Not including capitalised settlement premiums.

## Income statement of Bâloise Holding Ltd

	2021	2022
CHF million		
Income from long-term equity investments	393.0	432.4
Income from interest and securities	58.1	38.5
Other income	8.2	11.8
<b>Total income</b>	<b>459.3</b>	<b>482.7</b>
Administrative expenses	-39.0	-44.5
Financial expenses	-3.0	-6.0
Interest expenses	-22.3	-19.8
Other expenses	-2.6	-3.5
<b>Total expenses</b>	<b>-66.9</b>	<b>-73.8</b>
<b>Tax expense</b>	<b>-0.9</b>	<b>-1.5</b>
<b>Profit for the period</b>	<b>391.5</b>	<b>407.3</b>

# Balance sheet of Bâloise Holding Ltd

	31.12.2021	31.12.2022
CHF million		
<b>Assets</b>		
Cash and cash equivalents	89.2	97.0
Receivables from group companies	345.5	378.2
Receivables from third parties	7.4	7.6
Other short-term receivables	80.0	84.0
<b>Current assets</b>	<b>522.1</b>	<b>566.8</b>
Financial assets		
Loans to group companies	1,158.8	1,219.1
Other investments	3.1	-
Long-term equity investments	1,907.9	1,953.4
<b>Non-current assets</b>	<b>3,069.8</b>	<b>3,172.5</b>
<b>Total assets</b>	<b>3,591.9</b>	<b>3,739.3</b>
<b>Equity and liabilities</b>		
Current liabilities		
Liabilities to group companies	4.3	7.6
Liabilities to third parties	2.3	2.3
Current interest-bearing liabilities to third parties	350.0	225.0
Deferred income	9.8	9.4
Non-current liabilities		
Long-term interest-bearing liabilities to group companies	765.6	637.1
Long-term interest-bearing liabilities to third parties	1,550.0	1,860.0
Provisions	0.7	0.9
<b>Liabilities</b>	<b>2,682.8</b>	<b>2,742.3</b>
Share capital	4.6	4.6
Statutory retained earnings		
General reserve	11.7	11.7
Reserve for treasury shares	7.6	7.8
Voluntary retained earnings		
Free reserves	502.8	573.6
Distributable profit:		
- Profit carried forward	0.1	0.0
- Profit for the period	391.5	407.3
Treasury shares	-9.3	-8.1
<b>Equity</b>	<b>909.1</b>	<b>997.0</b>
<b>Total equity and liabilities</b>	<b>3,591.9</b>	<b>3,739.3</b>

# Letter from the Chairman of the Remuneration Committee

## Dear shareholders,

I took over the role of Chairman of the Remuneration Committee at the Annual General Meeting at the end of April 2022. Now, I am delighted to present to you the first remuneration report of my tenure and to inform you about the activities of the Remuneration Committee in the reporting year.

At the 2022 Annual General Meeting, a binding vote was held on the maximum total remuneration for the Board of Directors and the Corporate Executive Committee, and an advisory vote was held on the remuneration report, in order to give our shareholders the opportunity to express their opinion of our remuneration policies. The shareholders approved the proposed remuneration figures for the Board of Directors and the Corporate Executive Committee with a large majority. In contrast, the advisory vote on the remuneration report returned an approval rate of 79.3 per cent.

This result prompted us to engage in a dialogue with our investors and shareholder representatives in order to gain a better understanding of their reservations about our remuneration policies. I personally participated in a number of these conversations. The Remuneration Committee used the insights gained during this process in order to implement measures to improve our remuneration system and our disclosure practices.

An overview of the outcomes of these improvement measures is provided on pages 55 to 57 of the remuneration report. It summarises the issues raised by our dialogue partners along with information on how the Remuneration Committee addressed each of them.

The structure of the remuneration report was also improved as a result of this review process. It has now been subdivided into a 'static' and a 'dynamic' part. Chapter 7 gives the reader direct access to the remuneration data for the reporting year. Chapters 3 to 6 describe our remuneration governance and principles and the remuneration systems for the Board of Directors and the Corporate Executive Committee in more general terms, without reference to the actual remuneration paid in any specific year.

As announced in the 2021 remuneration report, the short-term variable remuneration model was simplified significantly with effect from 2022 and aligned more closely with the Company's strategic objectives. The 2022 remuneration report provides the first comprehensive explanation of the new, simplified performance pool (see page 63 of the remuneration report). The model is centred on the cash remittance into Bâloise Holding, which also forms the basis for the distributions to shareholders, and on four supplementary performance quality metrics: strategic customer targets, employee targets, a sustainability assessment and an integral risk assessment.

The report also explains which factual criteria were applied by the Remuneration Committee in its determination of the performance pool factor (see page 71 of the remuneration report).

These are just two examples of the changes that the Remuneration Committee has adopted in the reporting year. We are confident that the improved transparency and clearer structure will meet the expectations of our shareholders.

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

Basel, March 2023



**Christoph Mäder**  
Chairman of the Remuneration Committee

## Overview of remuneration

### Remuneration system for the Board of Directors

The members of the Board of Directors receive fixed remuneration for their service as members of the board and its committees, as set out in the table below. These amounts provide appropriate compensation for the responsibility and workload involved in their various functions and have not been raised since 2008.

#### Board of Directors' fees and mandatory share ownership

	CHF thousand/ year	of which shares in Baloise Holding Ltd <sup>1</sup>
Total fee – Chairman	1,300	1/3
Base fee – Member	125	1/4
Additional fee – Vice-Chairman	50	1/4
Additional fee – Chair of Committee	70	1/4
Additional fee – Committee Member	50	1/4
Mandatory share ownership		1,000 shares each

<sup>1</sup> The share elements of the fee are blocked for three years, the 1,000 mandatory shares until resignation.

### Remuneration paid to the members of the Board of Directors for the reporting year

The Annual General Meeting held on 30 April 2021 approved

an amount of CHF 3.4 million for the remuneration (including social security contributions and Share Subscription Plan discount) payable to the Board of Directors for 2022. The amount paid out was CHF 3.4 million.

### Remuneration system for the Corporate Executive Committee

Members of the Corporate Executive Committee of the Baloise Group receive fixed remuneration and variable remuneration that comprises a short-term component (performance pool) and a long-term component (performance share units, PSUs). At least 50 per cent of short-term variable remuneration is awarded in shares. PSUs under the long-term variable remuneration plan are prospective entitlements to shares that are either converted and definitively allocated after three years or expire at this point, depending on whether or not the performance requirement has been met. These elements ensure that remuneration is competitive and reflective of performance. They also incentivise recipients to achieve ambitious targets while simultaneously emphasising the importance of sustainable management practices. In addition, they strengthen the Company's ability to retain high performers and to align their interests with those of stakeholder groups, particularly the shareholders.

All elements of Corporate Executive Committee remuneration are determined individually by the Remuneration Committee in keeping with the maximum amounts approved by the Annual General Meeting.

Description	Purpose
<b>Fixed remuneration</b> <ul style="list-style-type: none"> <li>Basic salary</li> <li>Fringe benefits</li> <li>Social security contributions</li> </ul>	<ul style="list-style-type: none"> <li>Competitiveness in the marketplace</li> <li>Fairness and transparency</li> <li>Financial hedging</li> </ul>
<b>Short-term variable remuneration</b> <ul style="list-style-type: none"> <li>Performance pool</li> <li>Paid in cash and restricted shares</li> </ul>	<ul style="list-style-type: none"> <li>Remuneration for the achievement of annual targets (Company, team and individual targets)</li> <li>Participation in the success of the business</li> </ul>
<b>Long-term variable remuneration</b> <ul style="list-style-type: none"> <li>Performance share units (PSUs)</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening of senior managers' loyalty, to the Company</li> <li>Alignment of senior managers' interests with those of shareholders</li> </ul>

### Remuneration paid to the members of the Corporate Executive Committee for the reporting year

The Annual General Meeting held on 30 April 2021 approved an amount of CHF 4.0 million for the fixed remuneration (including social security contributions) payable to the Corporate Executive Committee for 2022. The amount paid out was CHF 4.0 million. In addition, the Annual General Meeting held

on 29 April 2022 approved a maximum amount of CHF 4.8 million for the variable remuneration (including social security contributions and discounted subscriptions under the Share Subscription Plan) payable for 2022. The total amount paid out was CHF 3.6 million. The chart below shows the remuneration of the individual members of the Corporate Executive Committee for 2022 and the breakdown by remuneration component.

Name	Year	Fixed	Short-term variable	Long-term variable	Total
Gert De Winter	2022	55%	27%	18%	CHF 2.1 million
Dr Alexander Bockelmann	2022	56%	27%	17%	CHF 1.4 million
Dr Matthias Henny	2022	58%	26%	16%	CHF 1.2 million
Michael Müller	2022	54%	30%	17%	CHF 1.7 million
Dr Carsten Stolz	2022	58%	26%	17%	CHF 1.2 million

■ Fixed (includes basic salaries, non-cash remuneration and employer contributions to the state-run social security schemes and the occupational pension scheme)

■ Short-term variable remuneration (includes payments from the performance pool in shares and cash)

■ Long-term variable remuneration (includes allocations of shares)

# Financial calendar

**28 April 2023**

**Annual General Meeting**

Bâloise Holding Ltd

**20 September 2023**

**Half-year financial results**

Publication of the 2023 half-year report

Conference call for analysts and the media

**16 November 2023**

**Q3 interim statement**

**26 March 2024**

**Annual results**

Publication of the 2023 annual report and annual review

Media conference and conference call for analysts

**26 April 2024**

**Annual General Meeting**

Bâloise Holding Ltd

## Annual Report

The complete annual report is available on our website:

[www.baloise.com/annual-report](http://www.baloise.com/annual-report)

Corporate publications can also be ordered via the following website:

[www.baloise.com/order](http://www.baloise.com/order)