

Baloise Group

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# HALF-YEAR REPORT

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# 2021



**Baloise Group**  
Half-Year Report 2021

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# Baloise key figures

	30.6.2020	31.12.2020	30.6.2021	Change (%)
CHF million				
<b>Business volume</b>				versus 30.6.20
Gross premiums written (non-life)	2,419.5	3,802.5	2,617.3	8.2
Gross premiums written (life)	2,168.1	3,291.3	2,220.8	2.4
Sub-total of IFRS gross premiums written <sup>1</sup>	4,587.6	7,093.8	4,838.1	5.5
Investment-type premiums	801.6	1,832.7	1,047.2	30.6
<b>Total business volume</b>	<b>5,389.2</b>	<b>8,926.5</b>	<b>5,885.3</b>	<b>9.2</b>
<b>Operating profit (loss)</b>				versus 30.6.20
Consolidated profit / loss for the period before borrowing costs and taxes				
Non-life	135.7	302.2	166.2	22.5
Life <sup>2</sup>	131.3	282.2	194.6	48.2
Asset Management & Banking	37.0	79.4	42.3	14.3
Other activities	-35.4	-61.0	-37.6	6.2
Consolidated profit for the period	176.4	428.3	300.2	70.2
Profit (attributable to the shareholders)	177.7	434.3	302.3	70.1
<b>Balance sheet</b>				versus 31.12.20
Technical reserves	48,590.3	48,585.0	50,302.6	3.5
Equity	6,208.4	6,985.7	7,100.8	1.6
<b>Ratios (per cent)</b>				
Gross combined ratio (non-life)	96.5	91.7	90.5	-
Net combined ratio (non-life)	91.1	91.2	92.3	-
<b>Key figures on the Company's shares</b>				versus 31.12.20 <sup>3</sup>
Shares issued (units)	48,800,000	48,800,000	48,800,000	0.0
Basic earnings per share <sup>4</sup> (CHF)	3.94	9.65	6.71	70.3
Diluted earnings per share <sup>4</sup> (CHF)	3.94	9.63	6.71	70.3
Equity per share <sup>4</sup> (CHF)	137.7	155.1	157.2	1.4
Closing price (CHF)	142.10	157.50	144.30	-8.4
Market capitalisation (CHF million)	6,934.5	7,686.0	7,041.8	-8.4

1 Premiums written and policy fees (gross).

2 Of which deferred gains / losses from other operating segments:

30 June 2020 CHF -2.6 million / 31 December 2020 CHF -3.2 million / 30 June 2021 CHF -1.9 million.

3 Changes in earnings per share compared with 30 June 2020.

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

## Letter to shareholders



Beginning the next phase of the strategy with ambitious targets for a successful future: Thomas von Planta, Chairman of the Board of Directors (right), and Gert De Winter, Chief Executive Officer (left).

Picture: Dominik Plüss | in the background: Jeff Wall 'Children' (1988), Baloise art collection

### DEAR SHAREHOLDERS,

At CHF 302.3 million, the profit attributable to our shareholders for the first half of 2021 was up by more than 70 per cent on the first six months of 2020, which had been heavily affected by pandemic-related claims payouts and by turmoil in the capital markets. Baloise can thus look back on a successful half-year period. And faced with a surge of storm-related claims across Europe since the beginning of July, Baloise is now once more proving to be a reliable partner and paying out millions to its policyholders. In the non-life business, Baloise achieved very good growth in all markets and, despite the severe storms experienced in June in Switzerland, a solid combined ratio (net) of 92.3 per cent. Non-life business also grew at a healthy rate. Profit before borrowing costs and taxes was up by around 48 per cent year on year to CHF 194.6 million, an excellent result that was mainly attributable to the recovery in the capital markets and the improved interest-rate situation. The asset management and banking business delivered its solid profit contribution once again and achieved encouraging growth in external customers' assets. As a result, Baloise is in stable

shape and in a strong operational position following the pandemic-hit prior-year period.

Baloise will continue to grow as an independent European insurance group. Our business in Switzerland is already strong, and in Belgium we have steadily increased our market share in recent years. And thanks to the successful adjustment to the business mix in Germany, we can now expect to ramp up growth in this market once again too. Finally, Baloise in Luxembourg is delivering solid growth figures in its cross-border business.

However, we are also planning to grow outside our existing markets, through our innovation initiatives. In spring, for example, Baloise invested in the Danish peer-to-peer carsharing company GoMore, an established provider of mobility services in the car sharing and leasing sector in several European markets. The investment has not only expanded our Mobility ecosystem, but is now accelerating GoMore's planned expansion into further European countries. A similar goal is behind the launch of FRIDAY in the French market with a multi-risk home contents insurance

product. FRIDAY is thus forging ahead with the creation of a multi-country platform and its pursuit of further growth. At the beginning of July, in the Home ecosystem, we announced our intention to enter into a strategic partnership with UBS, with the aim of giving customers in Switzerland access to complementary services that address property owners' needs regarding financing, insurance and maintenance.

Having reached these milestones in the first half of the year, we are already turning our attention to 2022 as the first phase of the Simply Safe strategy nears its end. The start of "Simply Safe: Season 2", the second phase of the strategy, will see us looking to focus even more heavily on the two ecosystems of Home and Mobility. This will quite literally bring us closer to our customers.

**"The Baloise model of value creation serves to increase enterprise value over the long term and is an integral part of the strategy."**

Key components of this are the ongoing digitalisation of our business model, the strengthening of the traditional insurance business, and a relentless focus on the simplification of our core business lines for customers and partners. And asset management also plays a central role. Thanks to our ambitious targets and clear sustainability strategy, we are well on track to achieve further growth in our business with external customers. For example, we are planning to expand the successful Baloise Swiss Property Funds by purchasing other property portfolios. Sustainability is another integral component of "Simply Safe: Season 2". The Baloise model of value creation serves to increase enterprise value over the long term for the benefit of shareholders. By utilising the resources available to us to create value, we can continue to generate success with our business model. Going forward, we will therefore be putting greater emphasis on the sustainability strategy and continually striving to act more sustainably.

Despite a challenging year in 2020 due to the pandemic, Baloise is in good shape for the next phase of our strategy. In June, the rating agency Standard & Poor's confirmed its rating for the Baloise Group's core companies of "A+" with a stable outlook. It awarded this rating in recognition of Baloise's very strong capitalisation, its excellent operational

profitability, its robust risk management and its solid competitive position in its profitable core markets. The rating of the German business Basler Sachversicherungs-AG was upgraded from "A" (with a positive outlook) to "A+" (with a stable outlook) because of sustained improvements in its profitability.

Baloise is confident that the goals of Season 1 of the Simply Safe strategy will be achieved by the end of the year. At the same time, we are laying the foundation for a successful start to the next phase of the strategy. We will enter this phase full of optimism thanks to the strength of our corporate culture and secure in the knowledge that our strategy is focused on the long term.

Basel, August 2021



Thomas von Planta  
Chairman of the  
Board of Directors



Gert De Winter  
Group CEO

# Baloise covers millions in storm-related claims and delivers strong financial results for the first half of the year

## OVERVIEW, PROFIT, BUSINESS VOLUME AND CAPITALISATION

Baloise can look back on a successful first half of 2021 and showed once again that its business model, which is built for sustained success, is resilient in times of crisis. Despite the storms in June 2021, which were particularly bad in Switzerland, leading to a net expense of CHF 40.1 million, the Company was still able to deliver a strong performance. The extreme floods and storms that occurred in July 2021 severely affected all Baloise markets. Based on current information, the Company is expecting this to result in an additional net expense in the high tens of millions in the second half of the year. The impact of the storms in the first half of the year is also reflected in the net combined ratio, which was increased by 2.1 percentage points to 92.3 per cent. Despite the claims situation, Baloise delivered a strong set of financial results for the first half of 2021, reporting a profit attributable to shareholders of CHF 302.3 million that was 70.1 per cent higher than in the equivalent period of 2020.

Both the COVID-19 pandemic and the recent storms have shown that insurance is an essential institution in society when it comes to protection against financial losses and the safeguarding of livelihoods. Baloise has always delivered on this promise and supported thousands of customers with its reliable service. The popularity of this customer-focused approach is also reflected in the growth of the volume of business, which was up by just over 9.2 per cent.

Baloise continued to work on its focus areas in the first six months of 2021. For example, the core insurance business was further optimised, the asset management and banking services were expanded again and the Company entered into a number of highly promising collaborations in the Home and Mobility ecosystems. Baloise's unique corporate culture, the progress it has made in the digital transformation of its business and its consistently strong earnings power demonstrate how resilient the Company is, even in challenging times. Baloise therefore believes it is on track, by the end of this year, to achieve all targets set for the 2017 to 2021 phase of the strategy and to begin Season 2 of the Simply Safe strategy with a solid foundation.

### Profit

Profit attributable to shareholders for the first half of 2021 amounted to CHF 302.3 million, which was 70.1 per cent

higher than in the prior-year period (H1 2020: CHF 177.7 million). The results for the first half of 2020 had been heavily affected by pandemic-related claims and by turmoil in the capital markets. Following the events of last year, profit recovered in the first half of 2021 despite the significant level of claims that resulted from the storm damage in Switzerland in June. All areas of the business contributed to this rise in profit. The recovery in the capital markets and in interest rates had a positive impact.

Earnings before interest and tax (EBIT) came to CHF 365.5 million, a year-on-year increase of 36.1 per cent (H1 2020: CHF 268.6 million).

### Business volume and combined ratio

The first half of 2021 saw encouraging growth in the volume of business. It expanded by 9.2 per cent to reach CHF 5,885.3 million, which was significantly higher than the figure for the prior-year period (H1 2020: 5,389.2 million). All of Baloise's national units contributed to this strong growth. In local currency terms, the rate of growth was 7.8 per cent. Another factor that contributed to this upturn, alongside the healthy organic growth in all the national subsidiaries, was the full integration of the non-life portfolio of Athora in Belgium.

### BUSINESS VOLUME 2021 (GROSS) BY STRATEGIC BUSINESS UNITS

Per cent, first half of the year

→ Switzerland	51.0
→ Germany	13.8
→ Belgium	20.4
→ Luxembourg	14.2



The figure for the net combined ratio shows that this growth is delivering sustained profitability. At 92.3 per cent (H1 2020: 91.1 per cent), it was still in the lower half of the guidance range of 90 to 95 per cent despite the expenses resulting from the storms in June reducing it by 2.1 percentage points.



## COMBINED RATIO NET PERFORMANCE

Per cent, first half of the year

2021		92.3
2020		91.1
2019		87.4
2018		94.1
2017		89.7

### Capitalisation and equity

Despite the challenging nature of the current environment, Baloise is proving its credentials as a solid business with a strong capital base and balance sheet. Consolidated equity went up by 1.6 per cent year on year to reach CHF 7,100.8 million at the midway point of 2021 (2020: CHF 6,985.7 million). In June 2021, Standard & Poor's confirmed its rating of A+ for the Baloise Group. 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 rating of the German business Basler Sachversicherungs-AG was upgraded from "A" (with a positive outlook) to "A+" (with a stable outlook) thanks to sustained improvements in its profitability.

The repurchase programme for more than three million shares that was initiated in April 2017 reached completion in March 2020 and the shares were cancelled in July 2021 as had been announced. As a result of this programme, CHF 481.2 million was returned to shareholders.

## CORE INSURANCE BUSINESS

### Non-life division: very healthy growth in all markets and a solid combined ratio once again

The volume of premiums in the non-life business increased in the first half of 2021. This encouraging result was driven not only by organic growth in all business units but also by the acquisition of the Athora portfolio, which was fully included in the figures for the first half of 2021. In the non-life business, the volume of premiums surged by 8.2 per cent to CHF 2,617.3 million (H1 2020: CHF 2,419.5 million). The increase was 6.4 per cent in local currency terms.

The premium volume in Switzerland amounted to CHF 1,067.2 million, up by a solid 1.0 per cent compared with the prior-year period (H1 2020: CHF 1,056.5 million). The premium volume in the non-life business in Germany rose by a very healthy 6.0 per cent to CHF 518.3 million (H1 2020: CHF 488.8 million). Basler Germany expanded in the lucrative retail and SME market, thus achieving its goal of further improving its business mix. Belgium had been significantly boosted in the reporting period by the acquisition of the Athora portfolio and increased its volume of non-life premi-

## ASSET ALLOCATION IN INSURANCE<sup>1</sup>

	31.12.2020			30.6.2021		
	Non-life	Life	Total	Non-life	Life	Total
CHF million						
Investment property	1,004.7	7,381.5	8,386.2	1,004.6	7,310.9	8,315.4
Equities	1,014.4	2,543.0	3,557.4	1,102.7	2,760.5	3,863.2
Alternative financial assets	225.4	686.0	911.4	299.4	812.0	1,111.3
Fixed-income securities	5,972.4	28,976.8	34,949.2	6,146.8	29,712.9	35,859.7
Mortgage assets	467.1	4,014.5	4,481.7	455.5	3,971.5	4,426.9
Policy loans and other loans	1,841.5	5,111.1	6,952.6	1,600.0	4,505.9	6,105.9
Derivative financial instruments	17.2	461.0	478.3	5.6	418.8	424.4
Cash and cash equivalents	383.5	701.2	1,084.7	417.0	783.0	1,200.0
<b>Total</b>	<b>10,926.3</b>	<b>49,875.2</b>	<b>60,801.5</b>	<b>11,031.5</b>	<b>50,275.4</b>	<b>61,306.9</b>

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

ums by 17.3 per cent to CHF 906.5 million (H1 2020: CHF 772.7 million). Excluding the acquisition, organic growth came to 4.6 per cent in local currency terms and 14.1 per cent overall. This shows that the Belgian business is diversifying the portfolio at Group level and helping to create stability. Luxembourg also delivered very healthy growth of 7.2 per cent to reach CHF 90.4 million (H1 2020: CHF 84.3 million). This equated to an increase of 4.2 per cent in local currency terms. These strong growth figures bear out the newly implemented sales strategy in the customer segment for promising SMEs.

Compared with the figure for the prior-year period, which had been severely affected by the COVID-19 pandemic, earnings before interest and tax (EBIT) in the non-life business improved by a substantial 22.5 per cent to reach CHF 166.2 million (H1 2020: CHF 135.7 million). EBIT was reduced by CHF 40.1 million due to the storms in June, while the easing of COVID-19 restrictions led to a significant normalisation in the frequency of claims relative to the first half of 2020. 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 healthy level of 92.3 per cent (H1 2020: 91.1 per cent). The increase was due to a normalisation of the frequency of claims and a lower profit on claims reserves. The net combined ratio in Belgium and Germany remained at a positive level of 92.5 per cent (H1 2020: 92.0 per cent) and 92.7 per cent (H1 2020: 93.1 per cent) respectively. Despite the storms, Switzerland achieved a healthy figure of 91.2 per cent.

The sharp increase in the combined ratio in Luxembourg to 96.7 per cent was attributable to the absence of positive effects that had boosted the figure for the first half of the previous year, to storm-related claims from spring 2021 and to a lower profit on claims reserves. Whereas the summer storms mainly affected the Swiss unit in the period up to 30 June, the floods in July will impact on the results of all business units. Due to the extreme floods and storms that occurred in July 2021 and severely affected all Baloise markets, the Company is expecting to incur a significant additional net expense in the second half of the year. The amount is likely to be in the high tens of millions.

### Life division: strong profit contribution

The life business proved to be in good shape. The volume of business rose by 10.0 per cent year on year to CHF 3,268.0 million (H1 2020: CHF 2,969.7 million), driven mainly by the growth in the volume of investment-type premiums. In local currency terms, the rate of growth was 8.9 per cent.

Despite a selective underwriting policy, gross premiums written in the traditional life business rose by 2.4 per cent to reach CHF 2,220.8 million (H1 2020: CHF 2,168.1 million). In local currency terms, the increase was 2.0 per cent. Gross premiums in the Swiss business amounted to CHF 1,879.4 million, up by a total of 1.4 per cent compared with the prior-year period (H1 2020: CHF 1,852.6 million). The German business also registered encouraging growth in the non-life segment, with its gross premiums advancing by 11.2 per cent to CHF 199.3 million (H1 2020: 179.2 million). In local currency terms, the increase was 8.1 per cent. The growth in volume was achieved through a greater level of collaboration with brokers and a new life insurance product and was achieved in the attractive biometric-risk segment and from products with low minimum capital requirements.

At CHF 92.1 million, gross premiums written in Belgium were on a par with the prior-year period (H1 2020: CHF 92.2 million). In Luxembourg, gross premiums written in the life business rose by a substantial 13.5 per cent to CHF 50 million (H1 2020: CHF 44.1 million), boosted in particular by new sales partnerships with brokers. In local currency terms, the increase was 10.3 per cent.

The volume of investment-type premiums recovered well, rising by a very healthy 30.6 per cent to CHF 1,047.2 million (H1 2020: CHF 801.6 million). The main reason for this strong growth was the rebound in the "Freedom of Service" business, which in the previous years had suffered badly as a result of market volatility. With more than CHF 13 billion in assets under management, Baloise has thus retained its position as a key player in this segment.

Investment-type premiums increased in Switzerland and Germany as well. In Switzerland, they were up by 32.1 per cent to CHF 53.2 million (H1 2020: CHF 40.2 million).

EBIT in the life business amounted to a very healthy CHF 194.6 million in the first half of 2021, which was 48.2 per cent higher than the EBIT achieved in the prior-year period (H1 2020: CHF 131.3 million). This very good result was driven mainly by the strong uptrend in the capital markets and the small

improvement in the interest-rate situation. There was a further improvement in the business mix in the life business.

The interest margin fell slightly, but remains at a very good level of 97 basis points (2020: 102 basis points). The average guaranteed rate of return in the traditional life business decreased by 4 basis points, with the rounded figure standing at 1.1 per cent (2020: 1.1 per cent).

The new business margin in the life business increased to 47.6 per cent in the first half of 2021 (H1 2020: 44.9 per cent), primarily due to an improvement in the new business mix in Belgium and Switzerland.

#### ASSET MANAGEMENT & BANKING

The economy and the stock exchanges staged a strong recovery in the first half of 2021. Equity investors enjoyed a very good first half of the year. At the end of June, the Swiss Market Index was 12 per cent higher than at the beginning of the year. However, the reopening of the economy and the continuation of generous government stimulus packages drove inflation expectations up again, which led to a rise in interest rates. In Germany and Switzerland, the risk-free interest rate increased by 36 and 33 basis points respectively in the first half of 2021. Risk premiums on corporate bonds narrowed further.

#### Insurance assets: solid investment yield

The gains on the investment of insurance assets amounted to CHF 649.2 million, which was higher than the figure of CHF 615.8 million for the first half of 2020, which had suffered as a result of the turmoil in the markets. Current income fell slightly to CHF 556.7 million owing to the persistently low level of interest rates (H1 2020: 571.6 CHF million). This year-on-year decrease was mitigated, to an extent, by re-allocating assets to private debt and building up positions in corporate bonds at attractive credit spreads.

At CHF 177.2 million, the gains recognised in the income statement were down by CHF 134.2 million compared with the prior-year period. There was a significant improvement in impairment losses, which were CHF 138.6 million lower than in the first half of 2020 as a result of the strong market growth in the first six months of 2021.

The net gains and losses relating to currency hedging costs and currency effects improved by CHF 50.6 million to a net loss of CHF 4.8 million due to lower currency hedging

costs and to exchange rate movements on the unhedged portion.

The gains on investments achieved for insurance assets equated to a net return of 1.1 per cent, which was up on the figure for the first half of 2020 (H1 2020: 1.0 per cent). Unrealised gains fell by CHF 382.8 million because of the rise in interest rates. 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 0.4 per cent, representing a slight decrease on the 0.6 per cent rate of return in the first half of 2020.

#### Sustained growth in external customers' assets

As at 30 June 2021, the total assets under management by Baloise stood at CHF 67.2 billion (2020: CHF 66.2 billion). The volume increase was due not only to the performance but also to additional inflows in external customer business.

Net new assets in the business with external customers amounted to CHF 505.5 million in the first half of 2021, a year-on-year increase of 48 per cent. This was a much higher rate of growth than in the prior-year period and led to a considerable increase in the volume of business with external customers. The main drivers of this growth were inflows into the Swiss unit's discretionary portfolio management and its asset management business.

Comprehensive income in the Asset Management & Banking segment came to CHF 42.3 million, which was well above the CHF 37.0 million reported for the prior-year period. The difference was primarily due to one-off effects in 2020 when reserves were set aside for the launch of the omnichannel strategy at Baloise Bank SoBa.

The Baloise Swiss Property Fund carried out a further capital increase of around CHF 135 million from 10 August 2021 to 19 August 2021 in response to the desire expressed by investors to increase their real estate investments.

The strategic alliance entered into in summer 2020 through a long-term equity investment in Tolomeo Capital AG was successfully implemented from an operational perspective. Among other things, the quality of the BFI Systematic fund products, which are targeted at individual investors, was significantly improved through the use of an innovative rules-based approach and adaptation to the changing conditions in the capital markets.

## ECOSYSTEMS & INNOVATION

### Home Ecosystem

Baloise made further progress with the expansion of its Home ecosystem in the first half of the year. The announcement that UBS and Baloise intend to enter into a strategic partnership in their shared Home & Living ecosystem was a key step forward in the enlargement of the partner network. The aim of this strategic relationship is to give customers access to complementary services that address property owners' key needs regarding financing, insurance and maintenance. It will be based on the established UBS platforms Atrium and key4, Baloise's Home initiatives, existing and prospective equity investments of both companies and potential further partnerships with third parties. Alliances with, and investments in, innovative Swiss start-ups such as Houzy, Devis, MOVU, Bubble Box and Batmaid have laid the foundations for a network of services that are already making everyday life easier for our customers.

### Mobility Ecosystem

Baloise also continued to drive forward the expansion of the Mobility ecosystem in the first half of 2021.

In January, the Belgian Baloise subsidiary Mobly announced a new collaboration between its search engine VROOM.be and the lending platform Mozzeno. With around 17 million visitors and more than 32,000 adverts per year, VROOM.be reaches a large audience. Mobly focuses on a comprehensive package of mobility services offering maximum user friendliness. Tapping into the digital and efficient car loan services from Mozzeno, Mobly will now be able to facilitate the borrowing of money from local investors on fair terms. The mobility platform Mobly has been part of Baloise's Mobility ecosystem since 2018.

In April, Baloise announced that it was investing in the Danish peer-to-peer carsharing company GoMore. The investment of around EUR 5 million underlines Baloise's interest in the rapidly growing market for sustainable mobility. GoMore enables its members to share private cars through car rental and ridesharing options. Many of the cars are also available to lease at low cost via GoMore. These offerings are an ideal complement to the services within the Mobility ecosystem provided by Baloise's existing partners such as

Mobly, Gowago, Ben Fleet Services, Stratos\*, Drivolution and aboDeinauto.

In May, under the tagline Mobility@Baloise, Baloise launched its own mobility accelerator with the aim of promoting innovative ideas at the earliest possible stage. The initiative goes hand in hand with the launch of the information platform [www.baloise.com/mobility](http://www.baloise.com/mobility), which is designed to act as a new gateway to the Mobility@Baloise ecosystem for interested start-ups and young entrepreneurs. The initiative attracted a great deal of interest, and more than three dozen exciting start-ups were shortlisted. A third of them are now participating in the Mobility accelerator programme.

In July 2021, Baloise announced the founding of the corporate start-up Parcandi, which was initially developed as part of an internal innovation campaign. Parcandi connects drivers looking for somewhere to park to owners of unused parking spaces. An app allows users to reserve spaces with just a few clicks. Parcandi redefines parking by making long, tortuous searches for parking spaces a thing of the past. At [www.parcandi.ch](http://www.parcandi.ch) drivers can reserve their desired space up to two hours in advance or just find a spot as and when they need it – and then park for as long as they like. Payment is online by credit card, once users have finished parking. They are only charged for the time they have actually been parked, a reservation period of up to two hours is free. The bespoke system that controls access to car parks and displays availability can be flexibly adjusted to suit the providers of the spaces and is easily scalable to include additional car parks, allowing Parcandi to add new parking spaces or cities quickly and efficiently. The entrances to participating residential or commercial buildings and the parking spaces themselves are clearly marked with the Parcandi logo. To book a parking space once they've arrived, users simply need to register their number plate and telephone number via [www.parcandi.ch](http://www.parcandi.ch), which only takes a few seconds.

### FRIDAY

On 30 June 2021, insurtech company FRIDAY successfully commenced operations in the French insurance market with the launch of a multi-risk home contents insurance product. FRIDAY is thus forging ahead with the creation of a multi-country platform and its pursuit of further growth. The insurtech company is also considering whether to open itself up to more

\* Formerly 'Carhelper'

third-party investors with a fresh funding round. Gross premiums written by FRIDAY have roughly doubled each year since it was founded and stood at more than CHF 30 million at the end of 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 plan is for it to generate a contribution of over CHF 160 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](http://www.baloise.com/innovations).

## OUTLOOK

Baloise showed once again in the first half of 2021 that it is able to deliver strong results in challenging circumstances thanks to its forward-looking and sustainable business model. This was demonstrated in impressive fashion by the half-year results and in particular by the continued strength of the balance sheet, healthy level of profitability and very encouraging growth in the volume of business. Baloise is on track to achieve its targets for the strategic phase ending in 2021. The Company has thus generated strong momentum as it prepares to move into the next phase of its strategy, “Simply Safe: Season 2”. By 2025, so within four years, 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 to have generated CHF 2 billion in cash. Of this cash, it intends to distribute 60 to 80 per cent as dividends. Baloise will also be looking to further exploit the considerable 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 an additional business volume of CHF 350 million with a target valuation of CHF 1 billion in these new areas.

## BALOISE SHARES

Following the national lockdowns imposed in 2020 in response to the coronavirus pandemic and the resulting unprecedented slump in global economic activity and massive market turmoil, the central banks responded swiftly with interest-rate cuts and bond-buying programmes. This triggered an impressive recovery in the equity and credit markets. In the fourth quarter of 2020 and the first quarter of 2021, the global economy was hit by further containment measures. However, the resultant downturn was less severe than at the beginning of the pandemic. This is because global supply chains largely remained intact, economic stimulus packages were already in place and governments generally took more targeted and thus less drastic action. In the second quarter of 2021, measures were eased in numerous places in light of the progress made in the vaccination campaigns, which benefited the economy as a whole. The global economy is actually experiencing a boom at present, led increasingly by the services sector. However, the recovery has also driven up inflation. But the consensus of the central banks is that this is just a temporary phenomenon. As a result, there are no immediate plans to pivot away from low interest rates. Meanwhile, the continuation of the central banks' expansionary monetary policy means that, overall, equity investors enjoyed a very good first half of 2021. The global equity market is now already 25 per cent higher than its pre-pandemic peak.

The bond market had been buffeted by massive volatility and a sharp widening of spreads in the first half of 2020, but the picture looks quite different in the first half of the current year. Spreads reached historic lows in nearly all sectors, and in some sectors were lower even than before the crisis. This general contraction in spreads was also due to

the combination of economic recovery and a continuation of highly expansionary monetary policy.

Baloise shares closed the first half of 2021 at CHF 144.30, which was down by 8.4 per cent compared with the beginning of the year. Whereas Baloise shares had outperformed the Swiss insurance industry index (SWX SP INSURANCE) in the prior-year period, they underperformed it by 9.69 per cent in the first half of 2021. Insurance stocks as a whole lagged behind the wider market due to the ongoing uncertainty surrounding the coronavirus pandemic. The Swiss Performance Index (SPI) closed the half-year period up by 14.72 per cent.

The shares in Baloise Holding Ltd were widely held and their free float remained unchanged at 100 per cent. There were no material changes in the Company's shareholder base in the first half of 2021.

\* Baloise shares = shares of Bâloise Holding Ltd

## KEY FIGURES ON THE COMPANY'S SHARES

	30.6.2020	31.12.2020	30.6.2021	Change (%) versus 31.12.2020 <sup>1</sup>
Shares issued (units)	48,800,000	48,800,000	48,800,000	0.0
Basic earnings per share (CHF)	3.94	9.65	6.71	70.3
Diluted earnings per share (CHF)	3.94	9.63	6.71	70.3
Equity per share <sup>2</sup> (CHF)	137.7	155.1	157.2	1.4
Closing price (CHF)	142.10	157.50	144.30	-8.4
Market capitalisation (CHF million)	6,934.5	7,686.0	7,041.8	-8.4

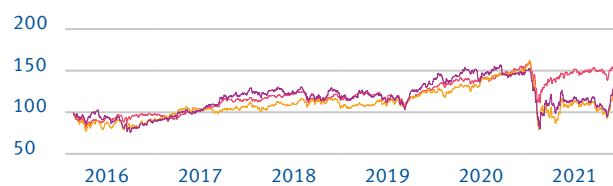
<sup>1</sup> Changes in earnings per share compared with 30 June 2020.

<sup>2</sup> Calculation is based on the profit for the period attributable to shareholders and the equity attributable to shareholders.

## BALOISE SHARES

Securities symbol	BALN
Par value	CHF 0.10
Securities number	1.241.051
ISIN	CH0012410517
Stock exchange	SIX Swiss Exchange
Type of shares	100% registered shares

## INDEXED PRICE PERFORMANCE<sup>1</sup> OF BÂLOISE HOLDING LTD REGISTERED SHARES 2016–2021



<sup>1</sup> 30 June 2016 = 100

- Baloise Namen (BALN)
- SWX SP Insurance Price Index (SMINNX)
- Swiss Performance Index (SPI)



## BUSINESS VOLUMES, PREMIUMS AND COMBINED RATIO

### BUSINESS VOLUMES

First half of 2020	Group	Switzerland	Germany	Belgium	Luxembourg <sup>2</sup>
CHF million					
Non-life	2,419.5	1,056.5	488.8	772.7	84.3
Life	2,168.1	1,852.6	179.2	92.2	44.1
<b>Sub-total of IFRS gross premiums written<sup>1</sup></b>	<b>4,587.6</b>	<b>2,909.0</b>	<b>668.0</b>	<b>864.9</b>	<b>128.4</b>
Investment-type premiums	801.6	40.2	93.0	229.6	438.8
<b>Total business volume</b>	<b>5,389.2</b>	<b>2,949.3</b>	<b>761.0</b>	<b>1,094.5</b>	<b>567.2</b>

### BUSINESS VOLUMES

First half of 2021	Group	Switzerland	Germany	Belgium	Luxembourg <sup>2</sup>
CHF million					
Non-life	2,617.3	1,067.2	518.3	906.5	90.4
Life	2,220.8	1,879.4	199.3	92.1	50.0
<b>Sub-total of IFRS gross premiums written<sup>1</sup></b>	<b>4,838.1</b>	<b>2,946.6</b>	<b>717.6</b>	<b>998.6</b>	<b>140.4</b>
Investment-type premiums	1,047.2	53.2	96.2	204.8	693.1
<b>Total business volume</b>	<b>5,885.3</b>	<b>2,999.8</b>	<b>813.7</b>	<b>1,203.4</b>	<b>833.5</b>

1 Premiums written and policy fees (gross).

2 Including Baloise Life Liechtenstein.

### PREMIUMS EARNED (GROSS)

#### FIRST HALF OF THE YEAR

	Non-life		Life		Total	
	2020	2021	2020	2021	2020	2021
CHF million						
IFRS gross premiums written	2,419.5	2,617.3	2,168.1	2,220.8	4,587.6	4,838.1
Change in unearned premium reserves	-604.2	-624.5	-	-	-604.2	-624.5
<b>Premiums earned and policy fees</b>	<b>1,815.2</b>	<b>1,992.7</b>	<b>2,168.1</b>	<b>2,220.8</b>	<b>3,983.4</b>	<b>4,213.5</b>

### NON-LIFE GROSS PREMIUMS BY SECTOR

	1 <sup>st</sup> half	1 <sup>st</sup> half	+/- %
	2020	2021	
CHF million			
Accident	312.3	322.8	3.4
Health	134.7	142.2	5.6
General liability	241.8	262.5	8.6
Motor	797.6	860.1	7.8
Property	734.2	814.4	10.9
Marine	109.5	112.4	2.6
Other	54.3	62.6	15.3
Inward reinsurance	35.1	40.3	14.8
<b>Gross premiums written, non-life</b>	<b>2,419.5</b>	<b>2,617.3</b>	<b>8.2</b>



#### LIFE GROSS PREMIUMS BY SECTOR

	1 <sup>st</sup> half		+/-%
	2020	2021	
CHF million			
Business volume of single premiums	1,179.4	1,487.3	26.1
Business volume of periodic premiums	1,790.3	1,780.7	-0.5
Investment-type premiums	-801.6	-1,047.2	30.6
<b>Gross premiums written (life)</b>	<b>2,168.1</b>	<b>2,220.8</b>	<b>2.4</b>

#### NET COMBINED RATIO

##### First half of 2020

	Group	Switzerland	Germany	Belgium	Luxembourg
As a percentage of premiums earned					
Claims ratio <sup>1</sup>	59.7	61.5	57.4	59.0	50.0
Expense ratio	31.4	27.1	35.7	33.0	33.7
<b>Combined ratio</b>	<b>91.1</b>	<b>88.6</b>	<b>93.1</b>	<b>92.0</b>	<b>83.7</b>

#### NET COMBINED RATIO

##### First half of 2021

	Group	Switzerland	Germany	Belgium	Luxembourg
As a percentage of premiums earned					
Claims ratio <sup>1</sup>	60.5	64.4	57.4	58.7	63.9
Expense ratio	31.8	26.8	35.3	33.8	32.8
<b>Combined ratio</b>	<b>92.3</b>	<b>91.2</b>	<b>92.7</b>	<b>92.5</b>	<b>96.7</b>

<sup>1</sup> Including profit-sharing ratio.

#### GROSS AND NET COMBINED RATIOS FIRST HALF

	Gross (Group)		Net (Group)	
	2020	2021	2020	2021
As a percentage of premiums earned				
Claims ratio <sup>1</sup>	66.4	59.9	59.7	60.5
Expense ratio	30.1	30.6	31.4	31.8
<b>Combined ratio</b>	<b>96.5</b>	<b>90.5</b>	<b>91.1</b>	<b>92.3</b>

<sup>1</sup> Including profit-sharing ratio.

## Consolidated balance sheet (unaudited)

	31.12.2020	30.6.2021
CHF million		
<b>Assets</b>		
Property, plant and equipment	466.2	446.7
Intangible assets	1,155.4	1,230.9
Investments in associates	263.4	291.3
Investment property	8,410.3	8,340.6
Financial assets of an equity nature		
Available for sale	3,983.6	4,472.3
Recognised at fair value through profit or loss	12,556.2	14,340.4
Financial assets of a debt nature		
Held to maturity	6,974.8	6,773.1
Available for sale	28,110.2	29,207.2
Recognised at fair value through profit or loss	1,993.8	2,218.3
Mortgages and loans		
Carried at cost	15,872.8	15,447.1
Recognised at fair value through profit or loss	1,142.1	975.8
Derivative financial instruments	1,089.1	771.1
Reinsurance assets	677.7	696.2
Receivables from reinsurers	117.8	77.2
Insurance receivables	515.6	606.3
Receivables from employee benefits	7.7	8.4
Other receivables	294.4	465.6
Receivables from investments	366.8	305.8
Deferred tax assets	87.9	76.4
Current income tax assets	48.3	74.4
Other assets	226.3	291.3
Cash and cash equivalents	4,004.0	4,430.7
Non-current assets and disposal groups classified as held for sale	–	184.7
<b>Total assets</b>	<b>88,364.5</b>	<b>91,732.0</b>

	31.12.2020	30.6.2021
CHF million		
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital	4.9	4.9
Capital reserves	370.2	379.6
Treasury shares	- 578.0	- 580.9
Unrealised gains and losses (net)	203.7	275.1
Retained earnings	6,983.0	7,004.5
<b>Equity before non-controlling interests</b>	<b>6,983.7</b>	<b>7,083.1</b>
Non-controlling interests	2.0	17.7
<b>Total equity</b>	<b>6,985.7</b>	<b>7,100.8</b>
<b>Liabilities</b>		
Technical reserves (gross)	48,585.0	50,302.6
Liabilities arising from the banking business and financial contracts		
With discretionary participation features (DPF)	4,074.7	4,166.5
Measured at amortised cost	7,924.2	8,522.1
Recognised at fair value through profit or loss	13,284.6	14,707.3
Financial liabilities	2,363.3	2,482.1
Non-technical provisions	57.5	48.6
Derivative financial instruments	152.6	263.1
Insurance liabilities	1,879.9	1,171.6
Liabilities arising from employee benefits	1,340.2	1,166.9
Other accounts payable	566.2	660.7
Deferred tax liabilities	1,000.4	974.2
Current income tax liabilities	45.4	42.6
Other liabilities	104.9	111.4
Liabilities included in non-current assets and disposal groups classified as held for sale	-	11.3
<b>Total liabilities</b>	<b>81,378.8</b>	<b>84,631.1</b>
<b>Total equity and liabilities</b>	<b>88,364.5</b>	<b>91,732.0</b>

# Consolidated income statement (unaudited)

	1 <sup>st</sup> half	1 <sup>st</sup> half
	2020	2021
CHF million		
<b>Income</b>		
Premiums earned and policy fees (gross)	3,983.4	4,213.5
Reinsurance premiums ceded	- 123.6	- 139.5
Premiums earned and policy fees (net)	3,859.8	4,074.1
Investment income	610.2	593.0
Realised gains and losses on investments		
For own account and at own risk	90.5	141.0
For the account and at risk of life insurance policyholders and third parties	- 838.9	1,171.0
Income from services rendered	58.1	60.7
Share of profit (loss) of associates	12.6	4.2
Other operating income	82.9	108.4
<b>Income</b>	<b>3,875.3</b>	<b>6,152.4</b>
<b>Expense</b>		
Claims and benefits paid (gross)	- 3,531.8	- 2,841.4
Change in technical reserves (gross)	138.4	- 1,033.5
Reinsurers' share of claims incurred	196.6	76.8
Acquisition costs	- 304.1	- 326.0
Operating and administrative expenses for insurance business	- 413.5	- 421.7
Investment management expenses <sup>1</sup>	- 50.6	- 59.0
Interest expenses on insurance liabilities	- 7.9	- 7.2
Gains or losses on financial contracts	578.8	- 923.6
Other operating expenses <sup>1</sup>	- 212.5	- 251.3
<b>Expense</b>	<b>- 3,606.6</b>	<b>- 5,786.9</b>
<b>Profit for the period before borrowing costs and taxes</b>	<b>268.6</b>	<b>365.5</b>
Borrowing costs	- 17.9	- 14.1
<b>Profit for the period before taxes</b>	<b>250.8</b>	<b>351.4</b>
Income taxes	- 74.4	- 51.1
<b>Profit for the period</b>	<b>176.4</b>	<b>300.2</b>
Attributable to:		
Shareholders	177.7	302.3
Non-controlling interests	- 1.4	- 2.1
Earnings / loss per share		
Basic (CHF)	3.94	6.71
Diluted (CHF)	3.94	6.71

<sup>1</sup> 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 statement of comprehensive income (unaudited)

	1 <sup>st</sup> half	1 <sup>st</sup> half
	2020	2021
CHF million		
<b>Profit for the period</b>	<b>176.4</b>	<b>300.2</b>
<b>Items not to be reclassified to the income statement</b>		
Change in reserves arising from reclassification of investment property	–	0.1
Change in reserves arising from assets and liabilities of defined benefit post-employment benefits	–88.2	181.8
Change arising from shadow accounting	2.3	–31.1
Exchange differences	2.2	–1.8
Deferred income taxes	12.3	–30.8
<b>Total items not to be reclassified to the income statement</b>	<b>–71.4</b>	<b>118.2</b>
<b>Items to be transferred to the income statement</b>		
Change in unrealised gains and losses on available-for-sale financial assets	–302.3	–346.1
Change in unrealised gains and losses on associates	–0.2	0.0
Change in hedging reserves for derivative financial instruments held as hedges of a net investment in a foreign operation	31.2	–61.7
Change in reserves arising from reclassification of held-to-maturity financial assets	–0.4	–0.4
Change arising from shadow accounting	129.3	126.7
Exchange differences	–108.2	169.8
Deferred income taxes	30.8	64.5
<b>Total items to be transferred to the income statement</b>	<b>–219.8</b>	<b>–47.1</b>
<b>Other comprehensive income</b>	<b>–291.2</b>	<b>71.0</b>
<b>Comprehensive income (for the period)</b>	<b>–114.8</b>	<b>371.3</b>
<b>Attributable to:</b>		
Shareholders	–113.5	373.7
Non-controlling interests	–1.4	–2.4

The statement of comprehensive income has been changed due to the more detailed presentation. The presentation of the prior-year figures has been adapted accordingly.

# Consolidated cash flow statement (unaudited)

	1 <sup>st</sup> half	1 <sup>st</sup> half
	2020	2021
CHF million		
<b>Cash flow from operating activities</b>		
Profit before taxes	250.8	351.4
<b>Adjustments for</b>		
Depreciation, amortisation and impairment of property, plant and equipment and of intangible assets	44.3	48.5
Realised gains and losses on property, plant and equipment and on intangible assets	0.0	-0.2
Income from investments in associates	-14.0	-4.2
Realised gains and losses on financial assets, investment property and associates	732.2	-1,291.8
Amortised cost valuation of financial instruments	15.5	17.8
Share-based payments <sup>1</sup>	2.4	11.9
<b>Change in assets and liabilities from operating activities</b>		
Deferred acquisition costs	-36.5	-68.4
Technical reserves	356.2	1,557.6
Reinsurers' share of technical reserves	-140.5	-11.0
Receivables and liabilities arising from banking business and financial contracts	741.4	1,924.8
Receivables from investments	55.8	63.6
Receivables and liabilities arising from insurance business and from reinsurers	-772.8	-761.7
Change in other assets and other liabilities from operating activities	-269.9	-129.4
<b>Change in operating assets and liabilities</b>		
Purchase of investment property	-242.5	-45.1
Sale of investment property	50.5	40.1
Purchase of financial assets of an equity nature	-1,397.7	-1,507.5
Sale of financial assets of an equity nature	1,214.7	1,046.9
Purchase of financial assets of a debt nature	-3,665.0	-3,594.1
Sale of financial assets of a debt nature	3,298.9	2,426.1
Addition of mortgages and loans	-10,782.8	-44,003.4
Disposal of mortgages and loans	10,705.6	44,635.1
Addition of derivative financial instruments	-20.6	-123.7
Disposal of derivative financial instruments	186.9	81.9
Borrowing costs	17.9	14.1
Taxes paid	-59.2	-53.9
<b>Cash flow from operating activities</b>	<b>271.6</b>	<b>625.2</b>

	1 <sup>st</sup> half	1 <sup>st</sup> half
	2020	2021
CHF million		
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	3.2	- 5.4
Sale of property, plant and equipment	0.5	4.5
Purchase of intangible assets	- 23.3	- 15.6
Sale of intangible assets	0.0	-
Acquisition of companies, net of cash and cash equivalents	269.7	-
Purchase of investments in associates	- 1.4	- 27.6
Dividends from associates	11.6	5.8
<b>Cash flow from investing activities</b>	<b>260.4</b>	<b>- 38.3</b>
<b>Cash flow from financing activities</b>		
Additions to financial liabilities	-	249.9
Disposals of financial liabilities	-	- 125.0
Borrowing costs paid	- 11.9	- 10.9
Repayments of principal in connection with leases	- 8.4	- 6.7
Purchase of treasury shares <sup>1</sup>	- 147.6	- 37.7
Sale of treasury shares	38.6	32.4
Dividends attributable to non-controlling interests	- 0.4	- 0.4
Dividends paid	- 287.4	- 288.4
<b>Cash flow from financing activities</b>	<b>- 417.1</b>	<b>- 186.7</b>
<b>Total cash flow</b>	<b>114.9</b>	<b>400.2</b>
<b>Cash and cash equivalents</b>		
Balance as at 1 January	3,988.0	4,004.0
Change during the financial year	114.9	400.2
Effect of changes in exchange rates on cash and cash equivalents	- 41.5	26.4
<b>Balance as at 31 December</b>	<b>4,061.4</b>	<b>4,430.7</b>
<b>Breakdown of cash and cash equivalents at the balance sheet date</b>		
Cash and bank balances	2,631.8	2,942.3
Cash equivalents	0.0	0.1
Cash and cash equivalents for the account and at the risk of life insurance policyholders	1,429.6	1,488.4
<b>Balance as at 31 December</b>	<b>4,061.4</b>	<b>4,430.7</b>
Of which: restricted cash and cash equivalents	151.2	85.9
<b>Supplemental disclosures on cash flow from operating activities</b>		
Interest received	337.3	326.9
Dividends received	42.4	45.0
Interest paid	- 9.4	- 10.1

<sup>1</sup> The prior-year figures in the cash flow statement were adjusted slightly due to the more detailed presentation of share-based payments. Further details can be found in the consolidated statement of changes in equity.

## Consolidated statement of changes in equity (unaudited)

2020	Share capital	Capital reserves	Treasury shares	Unrealised gains and losses (net)	Retained earnings	Equity before non-controlling interests	Non-controlling interests	Total equity
CHF million								
Balance as at 1 January <sup>1</sup>	4.9	363.4	-490.5	-3.2	6,839.4	6,714.0	1.6	6,715.6
Profit for the period	-	-	-	-	177.7	177.7	-1.4	176.4
Other comprehensive income	-	-	-	-291.2	-	-291.2	0.0	-291.2
<b>Comprehensive income</b>	-	-	-	-291.2	177.7	-113.4	-1.4	-114.8
<b>Other changes in equity</b>								
Dividend	-	-	-	-	-287.4	-287.4	-0.4	-287.8
Capital increase / repayment	-	-	-	-	-	-	-	-
Purchase of treasury shares <sup>1</sup>	-	-15.1	-132.5	-	-	-147.6	-	-147.6
Sale of treasury shares <sup>1</sup>	-	23.0	15.6	-	-	38.6	-	38.6
Share-based payments <sup>1</sup>	-	2.4	-	-	-	2.4	-	2.4
Allocation of treasury shares as part of share-based remuneration programmes <sup>1</sup>	-	-10.3	10.3	-	-	-	-	-
Increase / decrease in non-controlling interests due to change in the scope of consolidation	-	-	-	-	-	-	-	-
Increase / decrease in non-controlling interests due to change in percentage of shareholding	-	-	-	-	-	-	2.0	2.0
<b>Balance as at 30 June</b>	<b>4.9</b>	<b>363.4</b>	<b>-597.1</b>	<b>-294.4</b>	<b>6,729.7</b>	<b>6,206.6</b>	<b>1.9</b>	<b>6,208.4</b>

<sup>1</sup> Due to the more detailed presentation of share-based payments, the statement of changes in equity had to be modified, which resulted in a minor change in the relative proportions of treasury shares and capital reserves. This change has no impact on total equity.



2021	Share capital	Capital reserves	Treasury shares	Unrealised gains and losses (net)	Retained earnings	Equity before non-controlling interests	Non-controlling interests	Total equity
CHF million								
Balance as at 1 January	4.9	370.2	-578.0	203.7	6,983.0	6,983.7	2.0	6,985.7
Profit for the period	-	-	-	-	302.3	302.3	-2.1	300.2
Other comprehensive income	-	-	-	71.4	-	71.4	-0.4	71.0
Comprehensive income	-	-	-	71.4	302.3	373.7	-2.4	371.3
<b>Other changes in equity</b>								
Dividend	-	-	-	-	-288.4	-288.4	-0.4	-288.8
Capital increase / repayment	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-13.8	-23.9	-	-	-37.7	-	-37.7
Sale of treasury shares	-	20.3	12.2	-	-	32.4	-	32.4
Share-based payments	-	11.8	-	-	-	11.8	0.1	11.9
Allocation of treasury shares as part of share-based remuneration programmes	-	-8.9	8.9	-	-	-	-	-
Increase / decrease in non-controlling interests due to change in the scope of consolidation	-	-	-	-	-	-	-	-
Increase / decrease in non-controlling interests due to change in percentage of shareholding	-	-	-	-	7.6	7.6	18.4	26.0
Balance as at 30 June	4.9	379.6	-580.9	275.1	7,004.5	7,083.1	17.7	7,100.8

# Condensed notes to the consolidated half-year financial statements (unaudited)

## BASIS OF PREPARATION

These IFRS half-year financial statements have been prepared in compliance with IAS 34 (Interim Financial Reporting) of the International Financial Reporting Standards (IFRSs) and should be read in conjunction with the 2020 annual report. The accounting principles used to prepare these IFRS half-year financial statements are the same as those applied to the annual financial statements for 2020.

All amounts shown in these IFRS half-year financial statements are stated in millions of Swiss francs (CHF million) and have been rounded to one decimal place. Consequently, the sum total of amounts that have been rounded may in isolated cases differ from the rounded total shown in this report.

## APPLICATION OF NEW FINANCIAL REPORTING STANDARDS

### Newly applied IFRSs and interpretations

The Baloise Group is utilising the temporary exemption from IFRS 9 in connection with the amendments to IFRS 4 Insurance Contracts. It qualifies for a temporary exemption from IFRS 9 because liabilities relating to the insurance business constituted 87 per cent of the total carrying amount of all liabilities as at 31 December 2015. There have been no changes to business activities since then, so 31 December 2015 continues to be the relevant date for calculating the proportion of liabilities relating to the insurance business. The qualitative factors within the meaning of IFRS 4.20 F b) are, firstly, Baloise's assignment to the insurance supersector in the STOXX Europe 600 Insurance Index under stock-market law and, secondly, Baloise Holding AG's regulatory categorisation by FINMA as an insurance group.

By opting to apply the temporary exemption, the Baloise Group is adopting the deferral approach, which enables it to adopt IFRS 9 and IFRS 17 simultaneously with effect from 1 January 2023. Until these standards are adopted, there will be no effect on profit for the period or on balance sheet line items.

The Interest Rate Benchmark Reform – Phase 2 relates to amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 and is to be adopted from 1 January 2021. The amendments address issues that may affect financial reporting when an existing interest rate benchmark (interbank offered rate, IBOR) is replaced by an alternative benchmark (alternative reference rate, ARR).

Use of the existing interest rate benchmarks (IBORs), including LIBOR (London Interbank Offered Rate), for various currency areas will cease by the end of 2021. An exception is being made for certain US LIBOR tenors, which are expected to remain in use until 30 June 2023. Appropriate transitional rules need to be established to cover the period until the existing interest rate benchmarks are terminated. As a result of the replacement of LIBOR by alternative reference rates, amendments will need to be made to LIBOR-linked contracts, to the valuations of affected financial instruments (updating the effective interest rates) and to data and information systems (operational readiness).

Other relevant aspects include the identification, management and monitoring of risks that are associated with the reform. Risks may arise, in particular, if exposures are not identified quickly enough and this leads to legal disputes and reputational damage. Modest adverse effects could result from a situation in which the interest rate benchmarks that are selected as replacements prove detrimental for the Baloise Group. However, the successor rates are usually adjusted in such a way that they do not put either of the counterparties at a disadvantage. Minor risks may also arise if the operational readiness of databases and information systems cannot be guaranteed.

As a key measure to implement the reform and minimise its risks, the Baloise Group has signed the ISDA Fallbacks Protocol on behalf of all affected companies, which provides a framework for managing the transition away from LIBOR in derivatives. In addition, an inventory is being taken of all contracts and exposures affected by the discontinuation of LIBOR. This inventory was used as a basis for planning the LIBOR transition up to the end of 2021. The transition will be completed for virtually all major exposures by the end of 2021. An exception is being made for the aforementioned longer transitional

period in place for US LIBOR, which in the case of senior secured loans would probably lead to an exposure beyond the end of the year that would not be directly subject to any transitional guidance.

In summary, however, the effects of the Interest Benchmark Reform do not have any material impact on the profit for the period or the Baloise Group's risk management strategy.

The Baloise Group does not believe it is necessary to voluntarily adopt other new accounting standards earlier than required.

## CHANGES IN SHAREHOLDINGS AND IN THE GROUP OF CONSOLIDATED ENTITIES

Baloise Participation Holding AG was founded in Basel in the first half of 2021. The purpose of this company is to buy, sell, hold and manage long-term equity investments in businesses, particularly in the Baloise Group's growth areas and in new technologies.

The shares held by GMPVC German Media Pool GmbH in FRIDAY Insurance S.A. were repurchased in the first half of 2021; SevenVentures GmbH now remains as the only minority shareholder, with a holding of 12.59 per cent. As part of the Simply Safe strategy, FRIDAY Insurance S.A. also set up a branch in France in the first half of 2021.

The strategic business units in Germany and Luxembourg invested in the closed investment partnership HL Invest Augsburg GmbH & Co. geschlossene Investment-KG in the first half of 2021 and together hold 42.22 per cent of this real estate fund.

## EXCHANGE RATES

### CURRENCY

	Balance sheet		Income statement	
	31.12.2020	30.6.2021	ø 2020	ø 2021
CHF				
1 EUR (euro)	1.08	1.10	1.06	1.09
1 USD (US dollar)	0.89	0.93	0.97	0.91

## INFORMATION ON OPERATING SEGMENTS (SEGMENT REPORTING)

The Baloise Group organises its operating activities into strategic business units, which are generally combined under a single management team for each region. The financial and management information needed for all relevant executive decisions is held by these strategic business units. This is also the organisational level at which the chief operating decision-makers are situated. Regardless of where they are headquartered, all Baloise Group entities are therefore assigned to one of the reportable segments

- ▶ Switzerland
- ▶ Germany
- ▶ Belgium
- ▶ Luxembourg

The revenue generated by the Baloise Group is broken down into the Non-Life, Life, Asset management and banking and Other activities operating segments.

## SEGMENT REPORTING BY STRATEGIC BUSINESS UNIT (FIRST HALF-YEAR)

	Switzerland		Germany		Belgium	
	2020	2021	2020	2021	2020	2021
CHF million						
<b>Income</b>						
Premiums earned and policy fees (gross)	2,528.2	2,565.6	565.6	606.1	767.7	898.1
Reinsurance premiums ceded	-56.3	-51.1	-36.1	-46.2	-72.9	-74.8
Premiums earned and policy fees (net)	2,471.9	2,514.5	529.5	559.9	694.7	823.3
Investment income	402.0	388.7	85.2	79.7	116.6	119.3
Realised gains and losses on investments						
For own account and at own risk	-36.1	114.0	94.9	14.9	44.3	15.3
For the account and at risk of life insurance policyholders and third parties	-39.4	32.4	-173.1	236.7	-32.4	63.4
Income from services rendered	47.2	50.1	5.6	4.1	2.7	3.0
Share of profit (loss) of associates	4.7	-0.7	3.7	4.9	4.2	-
Other operating income	48.3	64.3	12.0	22.8	7.4	13.5
<b>Income</b>	<b>2,898.6</b>	<b>3,163.4</b>	<b>557.7</b>	<b>923.0</b>	<b>837.6</b>	<b>1,037.8</b>
Intersegment income	-17.9	-13.5	6.8	7.9	21.8	30.3
Income from associates	6.2	-0.7	3.7	4.9	4.1	-
<b>Expense</b>						
Claims and benefits paid (gross)	-2,574.5	-1,866.3	-398.0	-387.5	-491.0	-509.8
Change in technical reserves (gross)	103.9	-599.8	62.9	-305.8	-17.1	-79.6
Reinsurers share of claims incurred	145.0	27.9	54.2	25.9	62.3	34.6
Acquisition costs	-23.3	-30.5	-112.8	-89.3	-156.6	-194.2
Operating and administrative expenses for insurance business	-223.4	-222.6	-82.8	-81.6	-73.4	-80.7
Investment management expenses <sup>1</sup>	-34.5	-37.9	-12.7	-14.2	-7.4	-10.9
Interest expenses on insurance liabilities	-0.1	-0.1	-7.4	-6.8	-0.1	-0.1
Gains or losses on financial contracts	6.4	-7.9	-1.2	-0.9	-15.9	-97.0
Other operating expenses <sup>1</sup>	-123.2	-131.1	-27.6	-40.2	-33.4	-35.7
<b>Expense</b>	<b>-2,723.7</b>	<b>-2,868.1</b>	<b>-525.3</b>	<b>-900.4</b>	<b>-732.6</b>	<b>-973.3</b>
<b>Profit / loss for the period before borrowing costs and taxes</b>	<b>174.9</b>	<b>295.3</b>	<b>32.4</b>	<b>22.6</b>	<b>105.1</b>	<b>64.4</b>
Borrowing costs	-5.2	-5.2	0.0	0.0	0.0	0.0
<b>Profit / loss for the period before taxes</b>	<b>169.7</b>	<b>290.1</b>	<b>32.4</b>	<b>22.6</b>	<b>105.1</b>	<b>64.4</b>
Income taxes	-25.5	-36.1	-10.5	-18.0	-38.1	-11.2
<b>Profit / loss for the period (segment result)</b>	<b>144.1</b>	<b>253.9</b>	<b>21.9</b>	<b>4.6</b>	<b>67.0</b>	<b>53.2</b>
Segment assets as at 30 June	47,588.3	48,139.9	12,663.9	13,558.9	14,592.3	15,492.5
Segment assets as at 31 December	47,285.8		13,028.7		15,274.2	

<sup>1</sup> 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 in the Switzerland segment.

	Luxembourg		Sub-total		Group business		Eliminated		Total	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
	111.3	121.4	3,972.8	4,191.2	58.3	82.2	-47.7	-59.9	3,983.4	4,213.5
	-9.1	-11.5	-174.5	-183.5	-0.1	-19.2	51.0	63.3	-123.6	-139.5
	102.2	110.0	3,798.3	4,007.7	58.2	63.0	3.3	3.4	3,859.8	4,074.1
	10.6	9.8	614.4	597.5	8.8	8.9	-13.0	-13.5	610.2	593.0
	-0.2	3.3	102.9	147.5	-12.4	-6.5	-	-	90.5	141.0
	-559.7	804.4	-804.5	1,136.9	-34.4	34.1	-	-	-838.9	1,171.0
	10.0	10.0	65.5	67.2	73.1	81.5	-80.4	-88.1	58.1	60.7
	-	-	12.6	4.2	-	-	-	-	12.6	4.2
	17.8	18.8	85.5	119.3	21.3	7.8	-23.8	-18.6	82.9	108.4
	-419.4	956.3	3,874.6	6,080.4	114.5	188.8	-113.9	-116.8	3,875.3	6,152.4
	3.7	4.8	14.4	29.5	-128.3	-146.3	113.9	116.8	-	-
	-	-	14.0	4.2	-	-	-	-	14.0	4.2
	-53.8	-59.0	-3,517.3	-2,822.6	-60.6	-52.7	46.1	33.8	-3,531.8	-2,841.4
	-11.9	-48.7	137.8	-1,033.9	-21.4	-0.6	21.9	1.1	138.4	-1,033.5
	6.0	11.3	267.6	99.7	0.4	15.3	-71.3	-38.3	196.6	76.8
	-11.1	-10.5	-303.8	-324.5	-1.2	-2.6	1.0	1.1	-304.1	-326.0
	-29.6	-33.0	-409.2	-417.9	-3.4	-2.8	-1.0	-1.1	-413.5	-421.7
	-1.0	-1.0	-55.5	-64.0	-3.3	-3.8	8.2	8.7	-50.6	-59.0
	-0.2	-0.1	-7.8	-7.1	-0.3	-0.3	0.2	0.1	-7.9	-7.2
	549.7	-790.9	538.9	-896.7	26.9	-40.4	13.0	13.5	578.8	-923.6
	-16.8	-19.2	-200.9	-226.2	-107.4	-123.0	95.8	97.9	-212.5	-251.3
	431.3	-951.1	-3,550.2	-5,692.9	-170.3	-210.8	113.9	116.8	-3,606.6	-5,786.9
	12.0	5.2	324.4	387.5	-55.7	-22.0	-	-	268.6	365.5
	0.0	0.0	-5.3	-5.2	-12.5	-8.9	-	-	-17.9	-14.1
	11.9	5.2	319.1	382.3	-68.3	-30.9	-	-	250.8	351.4
	0.8	2.8	-73.3	-62.6	-1.1	11.4	-	-	-74.4	-51.1
	12.7	8.0	245.8	319.7	-69.4	-19.5	-	-	176.4	300.2
	12,093.7	14,529.2	86,938.2	91,720.5	2,394.1	2,767.8	-2,771.0	-2,756.3	86,561.3	91,732.0
	13,156.8		88,745.6		2,380.2		-2,761.3		88,364.5	

## SEGMENT REPORTING BY OPERATING SEGMENT (FIRST HALF-YEAR)

	Non-life		Life	
	2020	2021	2020	2021
CHF million				
<b>Income</b>				
Premiums earned and policy fees (gross)	1,815.2	1,992.7	2,168.1	2,220.8
Reinsurance premiums ceded	-107.5	-115.1	-16.1	-24.4
Premiums earned and policy fees (net)	1,707.7	1,877.6	2,152.1	2,196.4
Investment income	87.2	82.5	484.4	474.2
Realised gains and losses on investments				
For own account and at own risk	-15.5	16.5	122.9	146.0
For the account and at risk of life insurance policyholders and third parties	-	-	-805.5	1,137.5
Income from services rendered	21.3	23.2	11.3	10.5
Share of profit (loss) of associates	1.6	-0.1	8.8	1.9
Other operating income	16.7	19.2	67.1	97.5
<b>Income</b>	<b>1,819.1</b>	<b>2,018.9</b>	<b>2,041.0</b>	<b>4,064.0</b>
Intersegment income	-20.1	-23.8	-33.7	-18.9
Income from associates	3.1	-0.1	8.7	1.9
<b>Expense</b>				
Claims and benefits paid (gross)	-1,158.3	-1,114.8	-2,373.5	-1,726.6
Change in technical reserves (gross)	-56.2	-71.4	194.5	-962.1
Reinsurers share of claims incurred	185.4	57.8	11.2	19.0
Acquisition costs	-262.5	-310.3	-41.5	-15.7
Operating and administrative expenses for insurance business	-267.8	-276.2	-145.7	-145.5
Investment management expenses <sup>1</sup>	-14.6	-15.7	-49.4	-55.1
Interest expenses on insurance liabilities	-0.5	-0.3	-7.5	-6.9
Gains or losses on financial contracts	-8.2	-8.2	564.5	-890.9
Other operating expenses <sup>1</sup>	-100.9	-113.6	-62.2	-85.5
<b>Expense</b>	<b>-1,683.5</b>	<b>-1,852.7</b>	<b>-1,909.7</b>	<b>-3,869.4</b>
<b>Profit / loss for the period before borrowing costs and taxes</b>	<b>135.7</b>	<b>166.2</b>	<b>131.3</b>	<b>194.6</b>
Borrowing costs	-0.2	-0.2	-5.1	-5.1
<b>Profit / loss for the period before taxes</b>	<b>135.5</b>	<b>166.0</b>	<b>126.2</b>	<b>189.5</b>
Income taxes	-33.4	-16.8	-34.8	-34.9
<b>Profit / loss for the period (segment result)</b>	<b>102.1</b>	<b>149.3</b>	<b>91.4</b>	<b>154.6</b>

<sup>1</sup> 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 in the Asset Management & Banking segment.

Asset Management & Banking		Other activities		Eliminated		Total	
2020	2021	2020	2021	2020	2021	2020	2021
-	-	-	-	-	-	3,983.4	4,213.5
-	-	-	-	-	-	-123.6	-139.5
-	-	-	-	-	-	3,859.8	4,074.1
43.1	41.2	8.1	8.1	-12.6	-13.1	610.2	593.0
8.3	-10.5	-25.2	-11.1	-	-	90.5	141.0
-	-	-33.4	33.6	-	-	-838.9	1,171.0
76.2	79.4	79.1	87.6	-129.8	-140.0	58.1	60.7
-	-	2.2	2.4	-	-	12.6	4.2
6.8	8.4	13.5	5.9	-21.2	-22.5	82.9	108.4
134.4	118.6	44.3	126.5	-163.6	-175.6	3,875.3	6,152.4
-43.6	-43.4	-66.1	-89.5	163.6	175.6	-	-
-	-	2.2	2.4	-	-	14.0	4.2
-	-	-	-	-	-	-3,531.8	-2,841.4
-	-	-	-	-	-	138.4	-1,033.5
-	-	-	-	-	-	196.6	76.8
-	-	-	-	-	-	-304.1	-326.0
-	-	-	-	-	-	-413.5	-421.7
-26.7	-29.8	-0.1	-0.1	40.3	41.7	-50.6	-59.0
-	-	-	-	-	-	-7.9	-7.2
-17.3	2.3	27.1	-39.8	12.6	13.1	578.8	-923.6
-53.4	-48.8	-106.6	-124.2	110.7	120.8	-212.5	-251.3
-97.4	-76.3	-79.6	-164.1	163.6	175.6	-3,606.6	-5,786.9
37.0	42.3	-35.4	-37.6	-	-	268.6	365.5
0.0	0.0	-12.6	-8.8	-	-	-17.9	-14.1
37.0	42.3	-47.9	-46.4	-	-	250.8	351.4
-5.5	-6.3	-0.7	6.9	-	-	-74.4	-51.1
31.5	35.9	-48.6	-39.5	-	-	176.4	300.2

## SHARE CAPITAL

	Number of treasury shares	Number of shares in circulation	Number of shares issued	Share capital (CHF million)
<b>Balance as at 1 January 2020</b>	<b>3,238,607</b>	<b>45,561,393</b>	<b>48,800,000</b>	<b>4.9</b>
Purchase / sale of treasury shares	511,846	- 511,846	-	-
Capital increases	-	-	-	-
Share buy-back and cancellation	-	-	-	-
<b>Balance as at 31 December 2020</b>	<b>3,750,453</b>	<b>45,049,547</b>	<b>48,800,000</b>	<b>4.9</b>

	Number of treasury shares	Number of shares in circulation	Number of shares issued	Share capital (CHF million)
<b>Balance as at 1 January 2021</b>	<b>3,750,453</b>	<b>45,049,547</b>	<b>48,800,000</b>	<b>4.9</b>
Purchase / sale of treasury shares	16,261	- 16,261	-	-
Capital increases	-	-	-	-
Share buy-back and cancellation	-	-	-	-
<b>Balance as at 30 June 2021</b>	<b>3,766,714</b>	<b>45,033,286</b>	<b>48,800,000</b>	<b>4.9</b>

The share capital of Baloise Holding Ltd on 30 June 2021 totals CHF 4.9 million and is divided into 48,800,000 registered, fully paid-up shares with a par value of CHF 0.10 each. As far as individuals, legal entities and partnerships are concerned, entry in the share register with voting rights is limited to 2 per cent of the registered share capital entered in the commercial register. The Baloise Group buys and sells its own shares for employee share ownership programmes.

The reduction of share capital from CHF 4.9 million to CHF 4.6 million by cancelling 3,000,000 registered treasury shares, each with a nominal value of CHF 0.10, which was approved by the shareholders of Baloise Holding Ltd at the Annual General Meeting on 30 April 2021, was completed in July 2021.

The Annual General Meeting held on 30 April 2021 voted in favour of a total dividend distribution of CHF 312.3 million for the 2020 financial year. This amounts to a gross dividend of CHF 6.40 per share. Excluding the treasury shares held by Baloise Holding Ltd at the time that the dividend was paid, the total distribution effectively amounted to CHF 288.4 million.



## FINANCIAL LIABILITIES

On 15 February 2021, Bâloise Holding Ltd issued a bond on behalf of the Baloise Group with a total volume of CHF 250 million and a coupon of 0.15 per cent (maturity period: 2021–2031, ISIN CH0593641068) as part of its funding activities.

## INCOME FROM INVESTMENTS FOR OWN ACCOUNT AND AT OWN RISK

	1 <sup>st</sup> half 2020	1 <sup>st</sup> half 2021
CHF million		
Investment property	144.0	147.7
Financial assets of an equity nature		
Available for sale	67.2	65.3
Recognised at fair value through profit or loss	1.1	0.9
Financial assets of a debt nature		
Held to maturity	89.2	84.1
Available for sale	195.0	192.3
Recognised at fair value through profit or loss	0.1	0.1
Mortgages and loans		
Carried at cost	107.1	96.8
Recognised at fair value through profit or loss	6.7	6.7
Cash and cash equivalents	-0.2	-1.1
<b>Total income from investments for own account and at own risk</b>	<b>610.2</b>	<b>593.0</b>

REALISED GAINS AND LOSSES ON INVESTMENTS FOR OWN ACCOUNT AND AT OWN RISK

First half of 2020	Investment property	Financial assets of an equity nature	Financial assets of a debt nature	Mortgages and loans	Derivative financial instruments	Total
CHF million						
<b>Realised gains on disposals and book profits</b>						
Investment property	354.3	–	–	–	–	354.3
Held to maturity <sup>1</sup>	–	–	–	–	–	–
Available for sale	–	69.8	219.1	–	–	288.8
Recognised at fair value through profit or loss	–	4.8	–	5.2	301.7	311.7
Carried at cost	–	–	–	64.5	–	64.5
<b>Sub-total</b>	<b>354.3</b>	<b>74.6</b>	<b>219.1</b>	<b>69.6</b>	<b>301.7</b>	<b>1,019.3</b>
<b>Realised losses on disposals and book losses</b>						
Investment property	–305.3	–	–	–	–	–305.3
Held to maturity <sup>1</sup>	–	–	–26.6	–	–	–26.6
Available for sale	–	–75.5	–142.6	–	–	–218.2
Recognised at fair value through profit or loss	–	–24.1	–0.9	0.0	–199.1	–224.1
Carried at cost	–	–	–	–6.4	–	–6.4
<b>Sub-total</b>	<b>–305.3</b>	<b>–99.6</b>	<b>–170.2</b>	<b>–6.4</b>	<b>–199.1</b>	<b>–780.6</b>
<b>Impairment losses recognised in profit or loss</b>						
Held to maturity	–	–	–	–	–	–
Available for sale	–	–130.4	–16.8	–	–	–147.1
Carried at cost	–	–	–	–1.6	–	–1.6
<b>Reversal of impairment losses recognised in profit or loss</b>						
Held to maturity	–	–	–	–	–	–
Available for sale	–	–	–	–	–	–
Carried at cost	–	–	–	0.6	–	0.6
<b>Sub-total</b>	<b>–</b>	<b>–130.4</b>	<b>–16.8</b>	<b>–1.0</b>	<b>–</b>	<b>–148.2</b>
<b>Total realised gains and losses on investments</b>	<b>49.0</b>	<b>–155.4</b>	<b>32.1</b>	<b>62.2</b>	<b>102.6</b>	<b>90.5</b>

1 Currency effects relating to held-to-maturity financial assets of a debt nature are reported as realised book profits and / or realised book losses.

In the first half of 2020, a gross impairment loss of CHF 130.4 million was recognised for financial instruments with characteristics of equity. After deduction of the legal quota, policyholders' dividends and taxes, the impairment loss for these financial assets amounted to CHF 85.6 million. This mainly affected the business units in Switzerland and Belgium. The impairment losses were primarily attributable to the COVID-19 situation and needed to be recognised due to significant corrections in the financial markets.

In addition, gross impairment losses of CHF 16.8 million were recognised for senior secured loans (financial instruments with characteristics of liabilities), which amounted to CHF 7.6 million after taking the legal quota, policyholders' dividends and taxes into account.

REALISED GAINS AND LOSSES ON INVESTMENTS FOR OWN ACCOUNT AND AT OWN RISK

First half of 2021	Investment property	Financial assets of an equity nature	Financial assets of a debt nature	Mortgages and loans	Derivative financial instruments	Total
CHF million						
<b>Realised gains on disposals and book profits</b>						
Investment property	167.4	–	–	–	–	167.4
Held to maturity <sup>1</sup>	–	–	16.2	–	–	16.2
Available for sale	–	82.5	165.8	–	–	248.3
Recognised at fair value through profit or loss	–	31.9	0.7	0.0	111.6	144.1
Carried at cost	–	–	–	10.4	–	10.4
<b>Sub-total</b>	<b>167.4</b>	<b>114.4</b>	<b>182.7</b>	<b>10.5</b>	<b>111.6</b>	<b>586.5</b>
<b>Realised losses on disposals and book losses</b>						
Investment property	–75.3	–	–	–	–	–75.3
Held to maturity <sup>1</sup>	–	–	0.0	–	–	0.0
Available for sale	–	–9.9	–32.0	–	–	–41.9
Recognised at fair value through profit or loss	–	–1.3	0.0	–12.8	–305.4	–319.5
Carried at cost	–	–	–	1.8	–	1.8
<b>Sub-total</b>	<b>–75.3</b>	<b>–11.2</b>	<b>–32.1</b>	<b>–11.1</b>	<b>–305.4</b>	<b>–435.0</b>
<b>Impairment losses recognised in profit or loss</b>						
Held to maturity	–	–	–	–	–	–
Available for sale	–	–9.4	–	–	–	–9.4
Carried at cost	–	–	–	–1.2	–	–1.2
<b>Reversal of impairment losses recognised in profit or loss</b>						
Held to maturity	–	–	–	–	–	–
Available for sale	–	–	–	–	–	–
Carried at cost	–	–	–	0.1	–	0.1
<b>Sub-total</b>	<b>–</b>	<b>–9.4</b>	<b>–</b>	<b>–1.1</b>	<b>–</b>	<b>–10.5</b>
<b>Total realised gains and losses on investments</b>	<b>92.1</b>	<b>93.8</b>	<b>150.6</b>	<b>–1.7</b>	<b>–193.8</b>	<b>141.0</b>

1 Currency effects relating to held-to-maturity financial assets of a debt nature are reported as realised book profits and / or realised book losses.

## NON-CURRENT ASSETS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

	Disposal groups		Non-current assets	
	31.12.2020	30.6.2021	31.12.2020	30.6.2021
CHF million				
Investment property	–	184.7	–	–
<b>Total assets</b>	–	184.7	–	–
Other liabilities	–	11.3	–	–
<b>Total liabilities</b>	–	11.3	–	–
<b>Unrealised losses directly associated with non-current assets and disposal groups classified as held for sale</b>	–	–	–	–

On 1 September 2021, Baloise intends to transfer 17 properties held by Baloise Insurance Ltd and Baloise Life Ltd to the Baloise Swiss Property Fund (BSPF), a real-estate fund for institutional investors in Switzerland.

## DETERMINING FAIR VALUE

### Hierarchy levels

The fair value of financial instruments classed as “available for sale” and “recognised at fair value through profit or loss” is determined by reference to quoted market prices, provided they are available. They are defined as available if quoted prices can be obtained easily and frequently on an exchange, from a dealer, broker, trade association, pricing service or regulatory authority, provided these prices are current, in sufficient volume and represent regularly occurring arm’s length transactions in the market.

If no quoted market prices are available (e. g. because a market is inactive), the fair value is determined using a market-based measurement process. “Market-based” means that the measurement method is based on a significant quantity of observable market data (as available).

The fair value calculation is divided into the following three hierarchy levels:

▶ **Fair value determined by publicly listed prices (Level 1)**

Fair value is based on prices in active markets on the balance sheet date and it is not adjusted or compiled in any other way.

▶ **Fair value determined by using observable market data (Level 2)**

Fair value is estimated using generally recognised methods (discounted cash flow, etc.). In this case, measurement incorporates a significant quantity of observable market data (interest rates, index performance, etc.).

▶ **Fair value determined without the use of observable market data (Level 3)**

Fair value is estimated using generally recognised methods (discounted cash flow, etc.), although it is measured without reference to any observable market data (or to a very minor degree), either because it is not available or because it does not permit any reliable conclusions to be drawn with regard to fair value.

### Details of the methods used to measure Level 2 and Level 3 financial instruments

The following table gives an overview of the measurement methods that the Baloise Group uses to determine the fair value of balance sheet line items classified as Level 2 or Level 3. The table shows the individual measurement methods, the key input factors used for measurement purposes and – where practicable – the range within which these input factors vary.

Balance sheet line item	Measurement method	Key input factors used for measurement purposes
<b>Level 2</b>		
<b>Financial assets of an equity nature</b>		
Available for sale	Internal measurement methods	Price of underlying instrument, liquidity discount, balance sheet and income statement figures
	Net asset value	n. a.
At fair value through profit or loss	Net asset value	n. a.
<b>Financial assets of a debt nature</b>		
Available for sale	Present-value model	Yield curve, swap rates, default risk
At fair value through profit or loss	Present-value model	Interest rate, credit spread, market price
	Net asset value	n. a.
<b>Mortgages and loans</b>		
At fair value through profit or loss	Present-value model	LIBOR / SARON <sup>1</sup> , swap rates
<b>Derivative financial instruments</b>		
	Black-Scholes option pricing model	Money market interest rate, volatility, price of underlying instrument, exchange rates
	Black-76 option pricing model	Volatility, forward interest rate
<b>Liabilities arising from banking business and financial contracts</b>		
At fair value through profit or loss	Stochastic present-value model	Investment fund prices, interest rates, cancellation rate
	Present-value model	LIBOR / SARON <sup>1</sup> , swap rates
<b>Level 3</b>		
Financial assets of an equity nature	Net asset value	n. a.
Financial assets of a debt nature	Present-value model	Interest rate, credit spread
Derivative financial instruments	Multiples-based method	n. a.

<sup>1</sup> The replacement of LIBOR by the alternative reference rate SARON will for the most part be completed by 1 January 2022.

### **Determining the fair value of financial instruments classified as Level 3**

The Baloise Group organises its operating activities into strategic business units, which are generally combined under a single management team for each region. The financial and management information needed for all relevant executive decisions is held at the level of these strategic business units. This organisational structure is also used to delegate authority and responsibility for proper implementation of, and compliance with, financial reporting standards within the Baloise Group to the individual strategic business units.

The organisation of these individual units varies in terms of how they determine the fair value of financial instruments classified as Level 3. This process essentially involves the regular discussion of measurement methods, measurement inconsistencies and classification issues by formal or informal committees at each reporting date. Appropriate adjustments are made where necessary.

Financial assets of an equity nature classed as “available for sale” or “recognised at fair value through profit or loss” and classified as Level 3 are primarily private-equity investments and alternative investments held by the Baloise Group as well as minority interests in real-estate companies. The fair value of such investments is usually determined by fund managers (external providers) based on their net asset value (NAV). These external providers generally use non-public information to calculate the individual investments’ NAV.

Financial instruments on a debt nature that are assigned to level 3 are predominantly corporate bonds originating from private placements and for which third-party prices are not available. A present-value model is used to measure their fair value.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

31.12.2020	Total carrying amount	Total fair value	Level 1	Level 2	Level 3
CHF million					
<b>Assets measured on a recurring basis for own account and at own risk</b>					
Financial assets of an equity nature					
Available for sale	3,983.6	3,983.6	2,141.1	336.1	1,506.4
Recognised at fair value through profit or loss	502.4	502.4	450.3	52.2	–
Financial assets of a debt nature					
Available for sale	28,110.2	28,110.2	26,346.0	1,764.2	–
Recognised at fair value through profit or loss	7.3	7.3	7.3	–	–
Mortgages and loans					
Recognised at fair value through profit or loss	1,142.1	1,142.1	–	1,142.1	–
Derivative financial instruments	493.2	493.2	14.7	478.5	–
<b>Liabilities measured on a recurring basis for own account and at own risk</b>					
Liabilities arising from banking business and financial contracts					
Recognised at fair value through profit or loss	755.9	755.9	–	755.9	–
Derivative financial instruments	152.6	152.6	6.8	132.7	13.1
<b>Assets measured on a recurring basis for the account and at the risk of life insurance policyholders and third parties</b>					
<b>Liabilities measured on a recurring basis for the account and at the risk of life insurance policyholders and third parties</b>					
	14,636.1	14,636.1	13,656.9	550.9	428.4
	12,528.7	12,528.7	12,349.7	178.9	–



FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

30.6.2021	Total carrying amount	Total fair value	Level 1	Level 2	Level 3
CHF million					
<b>Assets measured on a recurring basis for own account and at own risk</b>					
Financial assets of an equity nature					
Available for sale	4,472.3	4,472.3	2,378.2	358.2	1,735.9
Recognised at fair value through profit or loss	525.6	525.6	463.5	62.1	–
Financial assets of a debt nature					
Available for sale	29,207.2	29,207.2	26,790.4	2,416.8	–
Recognised at fair value through profit or loss	8.1	8.1	8.1	–	–
Mortgages and loans					
Recognised at fair value through profit or loss	975.8	975.8	–	975.8	–
Derivative financial instruments	441.6	441.6	1.5	440.1	–
<b>Liabilities measured on a recurring basis for own account and at own risk</b>					
Liabilities arising from banking business and financial contracts					
Recognised at fair value through profit or loss	749.2	749.2	–	749.2	–
Derivative financial instruments	263.1	263.1	30.2	232.9	–
<b>Assets measured on a recurring basis for the account and at the risk of life insurance policyholders and third parties</b>					
<b>Liabilities measured on a recurring basis for the account and at the risk of life insurance policyholders and third parties</b>					
	13,958.1	13,958.1	13,751.4	206.7	–
<b>Assets measured on a recurring basis for the account and at the risk of life insurance policyholders and third parties</b>	<b>16,354.6</b>	<b>16,354.6</b>	<b>15,328.3</b>	<b>536.2</b>	<b>490.0</b>

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE ON A RECURRING BASIS FOR OWN ACCOUNT AND AT OWN RISK AND CLASSIFIED AS LEVEL 3

	Financial instruments with characteristics of equity	Derivative financial instruments (liabilities)	Total
<b>2020</b>	Available for sale		
CHF million			
<b>Balance as at 1 January</b>	<b>1,468.4</b>	<b>- 8.4</b>	<b>1,460.0</b>
Additions	194.2	-	194.2
Additions arising from change in the scope of consolidation	-	-	-
Disposals	- 29.0	-	- 29.0
Disposals arising from change in the scope of consolidation	-	-	-
Reclassified to Level 3	-	-	-
Reclassified from Level 3	-	-	-
Reclassification to non-current assets and disposal groups classified as held for sale	-	-	-
Changes in fair value recognised in profit or loss <sup>1</sup>	- 35.6	-	- 35.6
Changes in fair value not recognised in profit or loss	- 70.1	- 4.7	- 74.8
Exchange differences	- 21.5	-	- 21.5
<b>Balance as at 31 December</b>	<b>1,506.4</b>	<b>- 13.1</b>	<b>1,493.3</b>
<b>Changes in fair value of financial instruments held at the balance sheet date and recognised in profit or loss</b>	<b>- 6.8</b>	<b>-</b>	<b>- 6.8</b>

1 Changes in fair value recognised in profit or loss arise from realised gains and losses on investments, impairment losses or the reversal of impairment losses.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE ON A RECURRING BASIS FOR OWN ACCOUNT AND AT OWN RISK AND CLASSIFIED AS LEVEL 3

	Financial instruments with characteristics of equity	Derivative financial instruments (liabilities)	Total
	Available for sale		
<b>2021</b>			
CHF million			
Balance as at 1 January	1,506.4	- 13.1	1,493.3
Additions	81.7	-	81.7
Additions arising from change in the scope of consolidation	-	-	-
Disposals	- 49.5	-	- 49.5
Disposals arising from change in the scope of consolidation	-	-	-
Reclassified to Level 3	-	-	-
Reclassified from Level 3	-	-	-
Reclassification to non-current assets and disposal groups classified as held for sale	-	-	-
Changes in fair value recognised in profit or loss <sup>1</sup>	- 0.3	-	- 0.3
Changes in fair value not recognised in profit or loss	149.5	13.1	162.6
Exchange differences	48.1	-	48.1
Balance as at 30 June	1,735.9	-	1,735.9
Changes in fair value of financial instruments held at the balance sheet date and recognised in profit or loss	- 2.9	-	- 2.9

1 Changes in fair value recognised in profit or loss arise from realised gains and losses on investments, impairment losses or the reversal of impairment losses.

### Reclassification of financial instruments from Level 1 to Level 2 and vice versa

Financial instruments are generally reclassified from Level 1 to Level 2 if there is no longer deemed to be an active market in these instruments owing to their low daily trading volumes or lack of liquidity or if the instruments concerned have been delisted. Financial instruments are reclassified from Level 2 to Level 1 for the exact opposite reasons.

No significant amounts of assets or liabilities measured at fair value were reclassified from level 1 to level 2 or vice versa during the reporting period.

### Reclassification of financial instruments to and from Level 3

No financial instruments for own account and at own risk were reclassified during the reporting period.

#### FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE

	31.12.2020		30.06.2021	
	Total carrying amount	Total fair value	Total carrying amount	Total fair value
CHF million				
<b>Assets</b>				
Financial assets of a debt nature				
Held to maturity	6,974.8	8,729.6	6,773.1	8,190.6
Mortgages and loans				
Carried at cost	15,872.8	16,845.2	15,447.1	15,905.6
Other receivables				
Carried at cost	294.4	295.7	465.6	467.3
Receivables from investments				
Carried at cost	366.8	366.8	305.8	305.8
<b>Liabilities</b>				
Liabilities arising from banking business and financial contracts				
Carried at cost	7,924.2	8,085.7	8,522.1	8,624.3
Financial liabilities <sup>1</sup>	2,324.4	2,383.5	2,449.2	2,463.6

<sup>1</sup> Excluding leasing liabilities.

## GAINS OR LOSSES ON FINANCIAL CONTRACTS

	1 <sup>st</sup> half	1 <sup>st</sup> half
	2020	2021
CHF million		
<b>With discretionary participation features (DPF)</b>		
Financial contracts with discretionary participation features (DPF)	- 29.6	- 29.1
<b>Sub-total</b>	<b>- 29.6</b>	<b>- 29.1</b>
<b>Measured at amortised cost</b>		
Interest on loans	0.0	0.0
Interest due	- 6.2	- 5.4
Interest arising from banking business	0.7	1.8
Interest expenses arising from repurchase agreements	2.7	0.7
Acquisition costs arising from banking business	- 3.5	- 4.5
Expenses arising from financial contracts	- 4.3	- 3.4
<b>Sub-total</b>	<b>- 10.5</b>	<b>- 10.8</b>
<b>Designated as at fair value through profit or loss</b>		
Change in fair value of other financial contracts	618.9	- 883.8
<b>Sub-total</b>	<b>618.9</b>	<b>- 883.8</b>
<b>Total gains or losses on financial contracts</b>	<b>578.8</b>	<b>- 923.6</b>

## ACQUISITION AND DISPOSAL OF COMPANIES

No acquisitions or disposals were made in the first half of 2021.

## INCOME TAXES

	1 <sup>st</sup> half	1 <sup>st</sup> half
	2020	2021
CHF million		
Current income taxes	- 25.4	- 24.8
Deferred income taxes	- 49.0	- 26.3
<b>Total income taxes</b>	<b>- 74.4</b>	<b>- 51.1</b>

## EARNINGS PER SHARE

	1 <sup>st</sup> half	1 <sup>st</sup> half
	2020	2021
Profit for the period (attributable to shareholders) (CHF million)	177.7	302.3
Average number of shares outstanding	45,084,613	45,047,340
<b>Basic earnings per share (CHF)</b>	<b>3.94</b>	<b>6.71</b>

	1 <sup>st</sup> half	1 <sup>st</sup> half
	2020	2021
<b>Profit for the period (attributable to shareholders) (CHF million)</b>	<b>177.7</b>	<b>302.3</b>
Average number of shares outstanding	45,084,613	45,047,340
Adjustment due to potential exercise of share-based payment plans	56,713	25,005
<b>Adjusted average number of shares outstanding</b>	<b>45,141,326</b>	<b>45,072,345</b>
<b>Diluted earnings per share (CHF)</b>	<b>3.94</b>	<b>6.71</b>

The dilution of earnings was attributable to the Performance Share Units (PSU) share-based payment plan.

### **RELATED PARTY TRANSACTIONS**

Compared with the detailed information on related party transactions published in the 2020 annual report, there are no events of relevance to the reporting period.

There were no other material changes in either nature or scope during the reporting period.

### **CONTINGENT AND FUTURE LIABILITIES**

The first half of 2021 did not reveal any facts that would require material amendments to be made to the pertinent disclosures contained in the annual report for the year ended 31 December 2020.

### **EVENTS AFTER THE BALANCE SHEET DATE**

The storms in July 2021 are resulting in a significant volume of claims in our Belgian, Luxembourg, German and Swiss units, which will depress earnings in the second half of 2021 and the year as a whole by an amount in the high tens of millions.

# Further information

## FINANCIAL CALENDAR AND CONTACTS

- 18.11.2021** [Q3 interim statement](#)
- 10.03.2022** [Preliminary annual financial results](#)  
Media conference  
Conference call for analysts
- 29.03.2022** [Annual report](#)  
Publication of the 2021 annual report
- 29.04.2022** [Annual General Meeting](#)  
Baloise Holding Ltd
- 25.08.2022** [Half-year financial results](#)  
Conference call for analysts and the media  
Publication of the 2022 half-year report

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## GENERAL INFORMATION ON THE HALF-YEAR REPORT

The sole purpose of this publication is to provide a review in summarised form of the operating performance of Baloise for the period indicated. To this end, the publication also draws on external sources of information (including data). Baloise neither guarantees nor does it recognise the accuracy of such information. Furthermore, this publication may contain forward-looking statements that include forecasts or predictions of future events, plans, goals, business developments and results and are based on Baloise's current expectations and assumptions. These forward-looking statements should be noted with due caution because they inherently contain both known and unknown risks, are subject to uncertainty and may be adversely affected by other factors. Consequently, business performance, results, plans and goals could differ substantially from those presented explicitly or implicitly in these forward-looking statements. Factors that could influence actual outcomes include, for example, (i) changes in the overall state of the economy, especially in key markets; (ii) financial market performance; (iii) competitive factors; (iv) changes in interest rates; (v) exchange rate movements; (vi) changes in the statutory and regulatory framework, including accounting standards; (vii) frequency and magnitude of claims as well as trends in claims history; (viii) mortality and morbidity rates; (ix) renewal and expiry of insurance policies; (x) legal disputes and administrative proceedings; (xi) departure of key employees; and (xii) negative publicity and media reports. This list is not considered exhaustive. Baloise accepts no obligation to update or revise forward-looking statements in order to take into consideration new information, future events, etc. Past performance is not indicative of future results.

Amounts and ratios shown in this half-year report are generally stated in millions of Swiss francs (CHF million) and rounded to one decimal place. Consequently, the sum total of amounts that have been rounded may in some cases differ from the rounded total shown in this report.

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This publication is also available in German. Only the German text is legally binding. This half-year report will also be available on the internet at [www.baloise.com/half-year-report](http://www.baloise.com/half-year-report) from 26 August 2021.

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