

Half Year Results 2021

Presentation to Investors and Analysts

Basel, 26 August 2021



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Agenda

1. Half Year Results 2021 – In a Nutshell
2. Capitalisation
3. Non-Life
4. Life
5. Asset Management and Banking
6. Insurance Assets
7. Segment Reporting
8. Further Information

1. Half Year Results 2021 – In a Nutshell

Half Year Results 2021

- **Strong growth:** 8.2% in Non-Life and 30.6% in Investment-type business
- **Rebound of profitability:** 70% higher net income despite negative impact of CHF 40 mn due to the hail and storm events in June
- **Well diversified earnings:** highly profitable in Non-Life, boost of EBIT in Life, and additional third-party assets of CHF 0.5 bn in Asset Mgmt
- **High innovative strength:** Successful launch of FRIDAY in France, new initiatives in ecosystem Mobility, and new partnership with UBS in the ecosystem Home

Non-Life EBIT: CHF 166 mn

Growth **8.2%**

Net Combined Ratio **92.3%**

Life EBIT: CHF 195 mn

Growth **2.4%** Life **30.6%** Investment-type

Margins **47.6%** New business margin **97 bps** Interest rate margin

Asset Mgmt & Banking EBIT: CHF 42 mn

Net Investment Yield **1.1%**
(on insurance assets, not annualized)

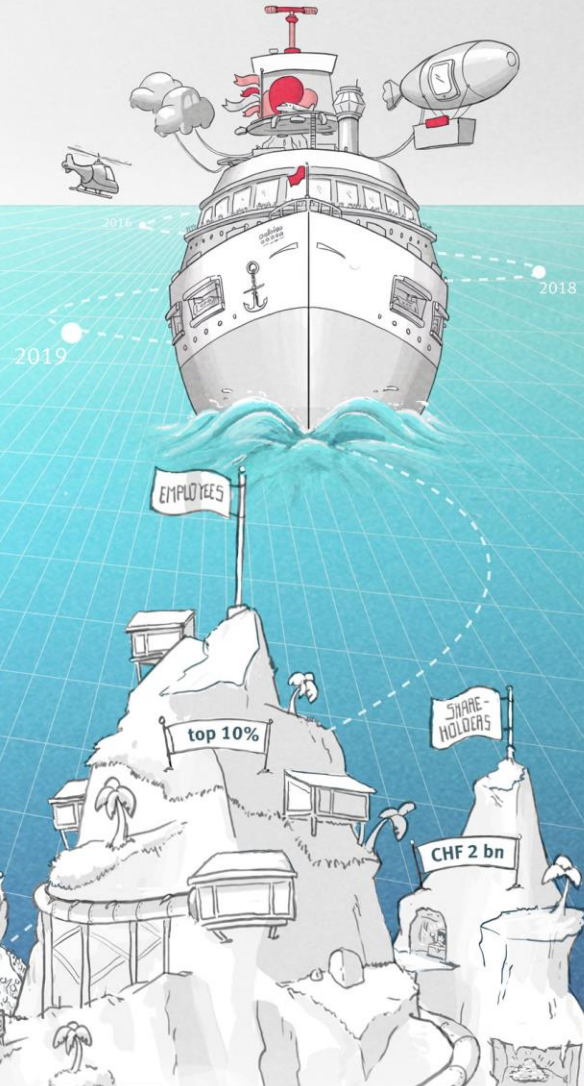
Group

Shareholders Net Income **CHF 302 mn (+70.1%)**

Capital **CHF 7.1 bn** **A+** **186%**
Equity S&P Rating SST-Ratio

confirmed in June 2021 as per 01.01.2021

Fully on track to achieve strategic targets



Full Innovation Pipeline and Well Positioned for the Digital Age

Valuation Ambition

CHF 1 bn
2025E

Ambition to be generating more than CHF 350 mn revenues by 2025 with FRIDAY and the Mobility and Home ecosystems

- In accordance with our core objectives to **invest, acquire, incubate, develop and partner**, we are constantly filling our innovation funnel
- We have prioritized the **Mobility and Home ecosystems**, as well as **core insurance infrastructure**
- We follow a value-driven innovation approach with the **ambition of creating CHF 1 bn of value by 2025**

Innovation-Timeline 2021

Click here to learn more about our innovation timeline

Initiatives, Investments, Partnerships

Jan 2021

- MOBLY** Mobly acquires website vroom.be
- FRI:DAY** Doubled premium volume in 2020 again and market entry in France in 2021
- GoMore** Danish mobility service provider that offers car sharing and leasing
- K·U·N·O** Berlin-based start-up that offers financial and HR administration services
- Baloise Group** Launch of its own Mobility Accelerator
- UBS** Intended strategic partnership to offer innovative services for real estate owners
- PARCANDI** App that connects drivers with owners of unused parking spaces

June 2021

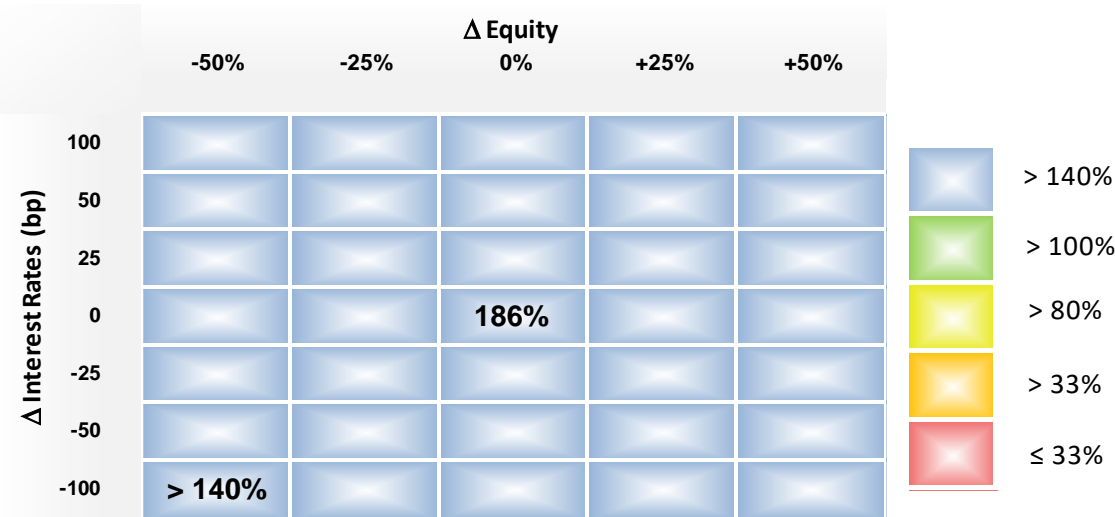
2. Capitalisation

Economic Capitalisation

Swiss Solvency Test (SST)

SST ratio and sensitivities as of 1 January 2021

Financial Condition Report
(SST public disclosure) by
30 April 2021



- > SST ratio as of 1 January 2021 at 186%
- > SST ratio above 140% even in economic stress events such as if interest rates would drop by 100 bp and equity markets would simultaneously crash by 50%

Solvency II

- > All SII-quotas without transitionals and without volatility adjustment 'in the green' as of 31 December 2020

For further details see Solvency and Financial Condition Reports (SFCR), April 2021

Standard & Poor's Rating

- > Standard & Poor's rating of 'A+' confirmed in June 2021; rating in Germany raised from 'A' to 'A+'

Standard & Poor's acknowledges Baloise's sizable market shares and very profitable technical results, the sustainable and extremely strong capital adequacy and Baloise's high quality investment portfolio

Capital - IFRS Total Equity

3 mn shares from 2017-2020 share buy-back cancelled in July 2021

Change in equity

In CHF mn, incl. non-controlling interests

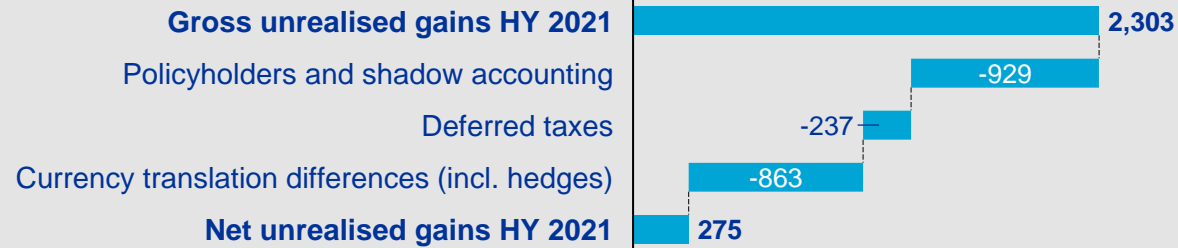
	HY 2021	Per share ¹⁾
Total equity at January 1	6,986	155.1
Other comprehensive income	71	
Dividends	-289	
Profit for the period	300 $\Delta = 1.6\%$	$\Delta = 1.4\%$
Purchase / sale of treasury shares	7	
Change in non-controlling interests	26	
Total equity at June 30	7,101	157.2

¹⁾ based on consolidated equity (excl. non-controlling interests) and on average shares outstanding

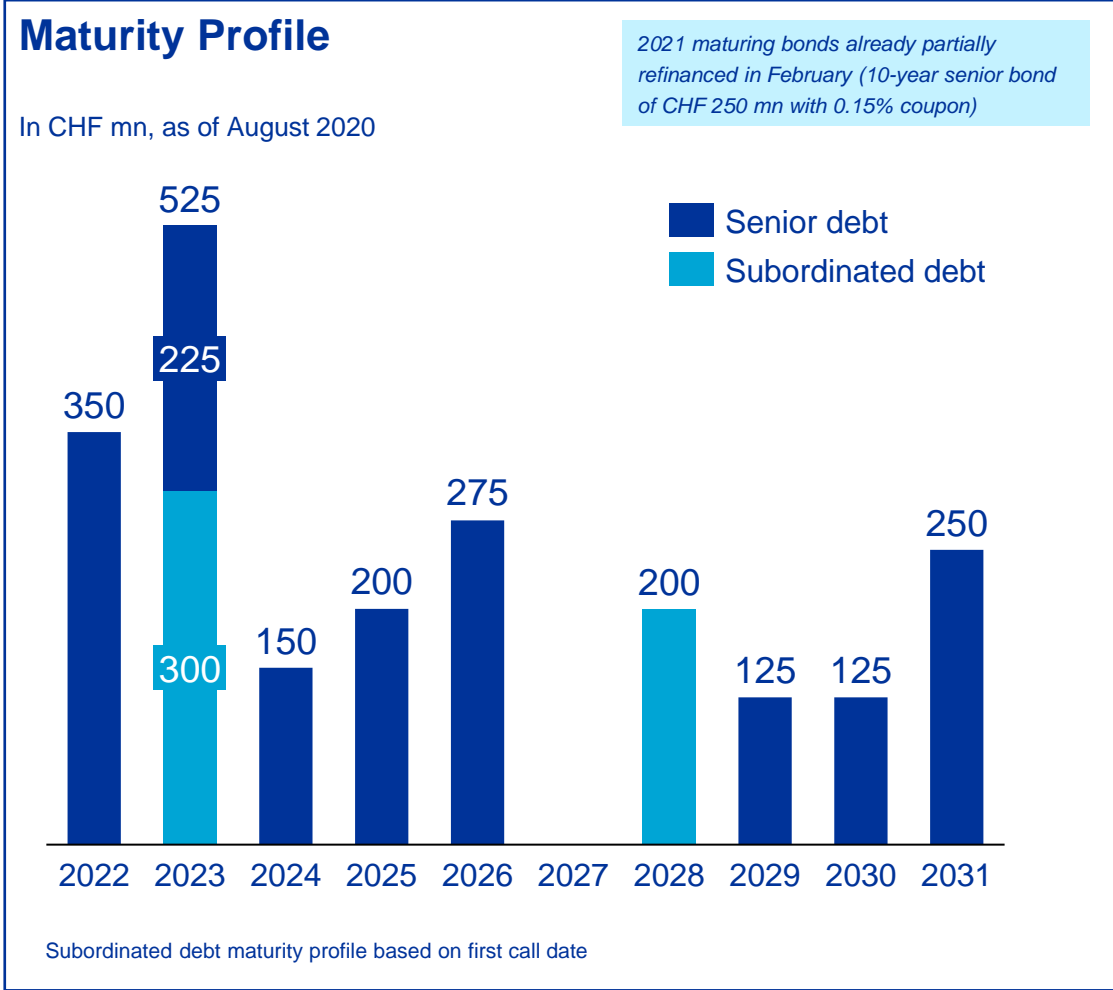
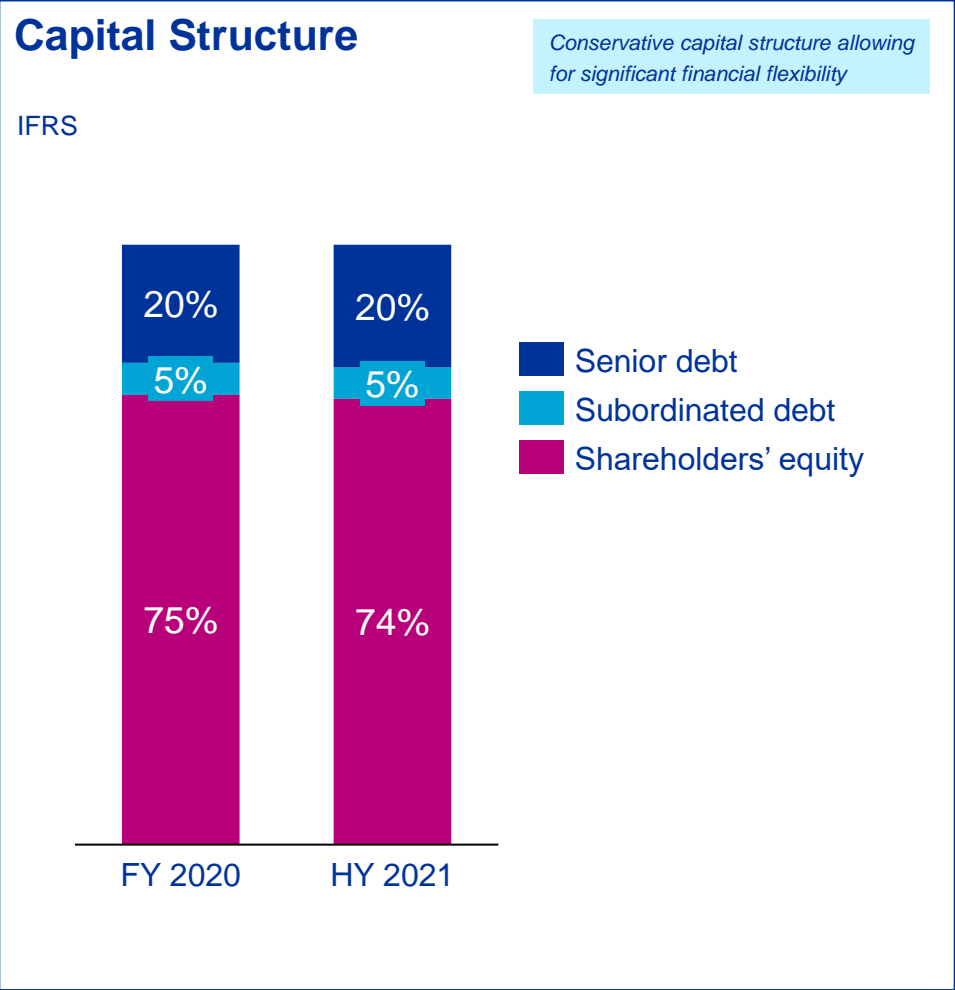
Capital – Unrealised Capital Gains

Gross and net unrealised capital gains

in CHF mn

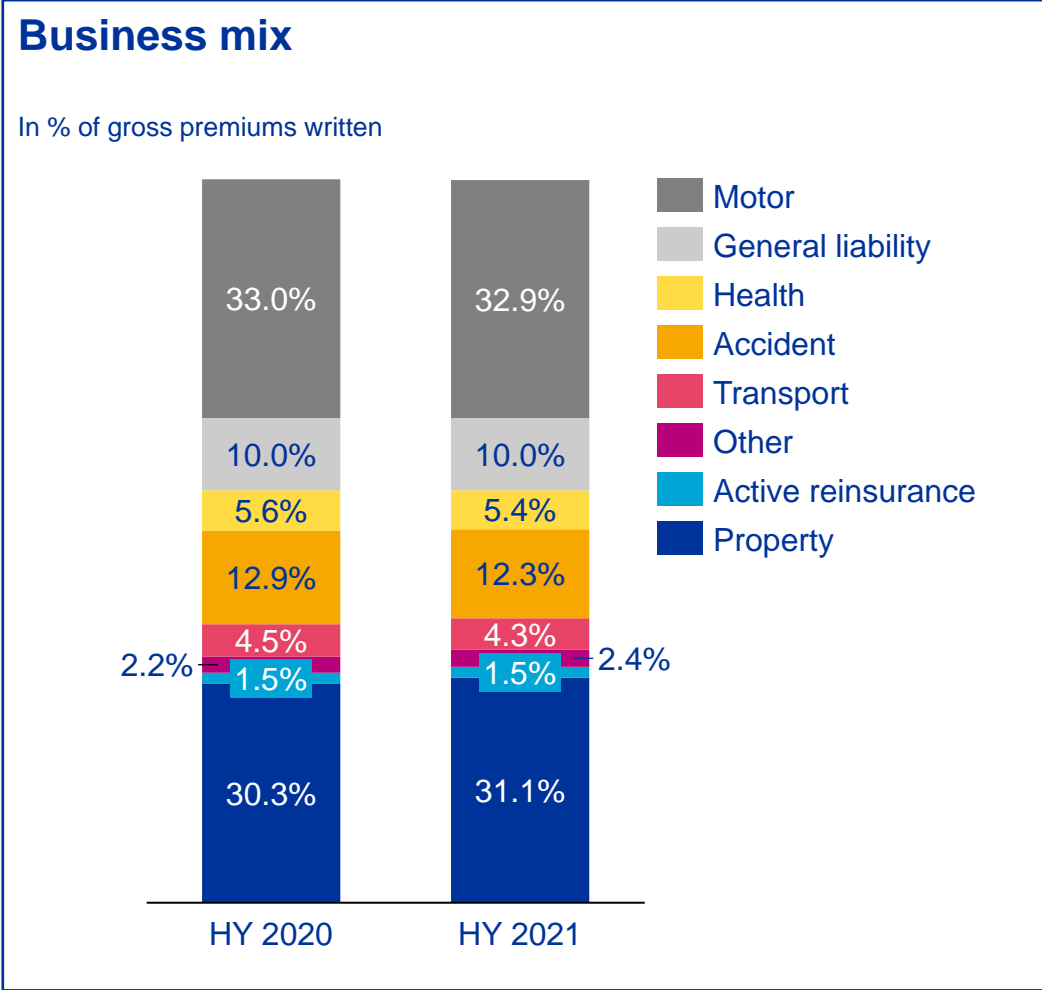
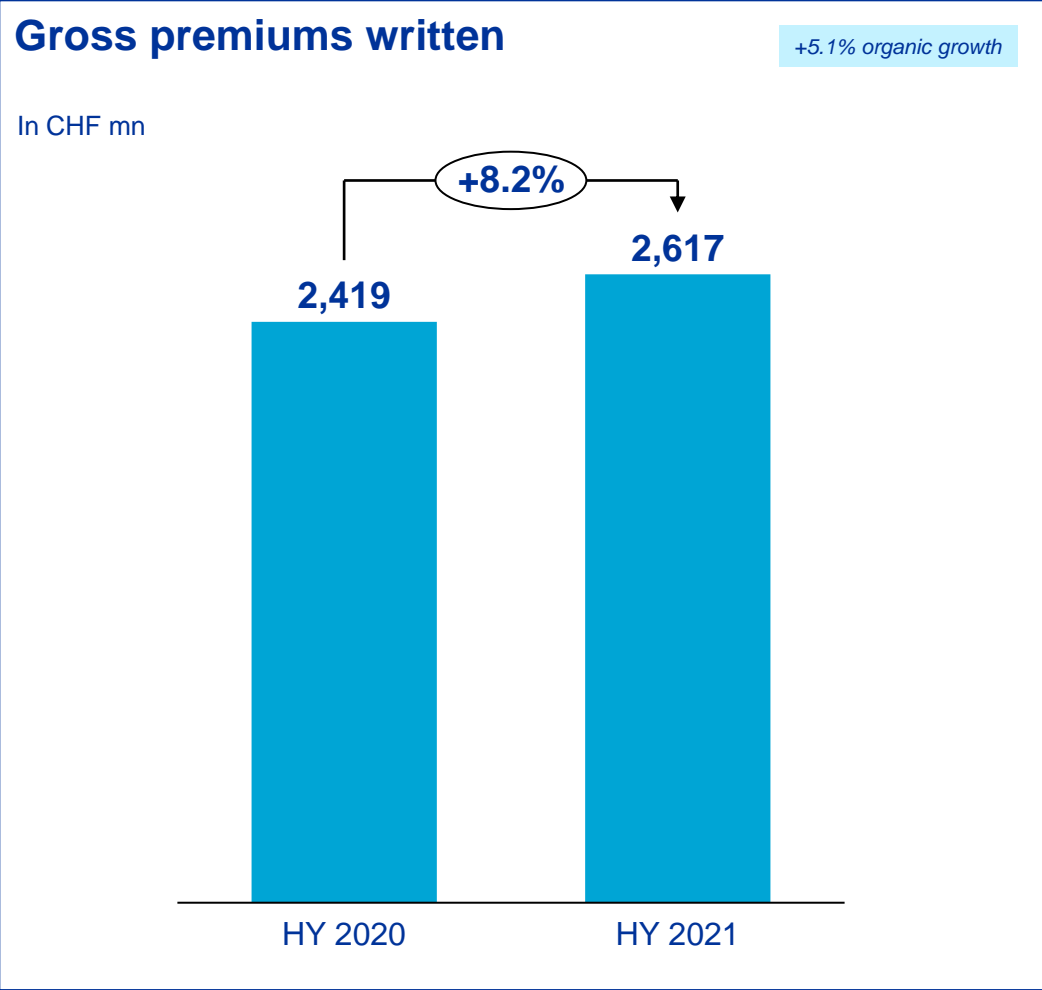


Capital – Structure and Debt Maturity Profile



3. Non-Life

Non-Life – Business Volume and Business Mix



Non-Life – Earnings and Combined Ratio

Profit & Loss		
In CHF mn	HY 2020	HY 2021
Premiums earned (net)	1,708	1,878
Premiums earned (gross)	1,815	1,993
Reinsurance premiums ceded	-108	-115
Claims and benefit paid (net)	-1,029	-1,128
Claims and benefits paid (gross)	-1,158	-1,115
Reinsurers' share of claims incurred	185	58
Change in technical reserves	-56	-71
Technical costs	-530	-586
Acquisition costs	-263	-310
Operating and administrative expenses	-268	-276
Net investment result	57	83
Other	-70	-80
EBIT	136	166

Margin – Net combined ratio		
In %	HY 2020	HY 2021
Net combined ratio	91.1	92.3
Loss ratio	59.7	60.5
Claims and benefit paid (net) / premiums earned (net)	60.3	60.1
Adjustment for non-life annuities ¹⁾	-0.5	-0.4
Adjustment for impending losses ²⁾	-0.1	0.9
Expense ratio	31.4	31.8
Technical costs / premiums earned (net)	31.1	31.2
Expense adjustment	0.3	0.6

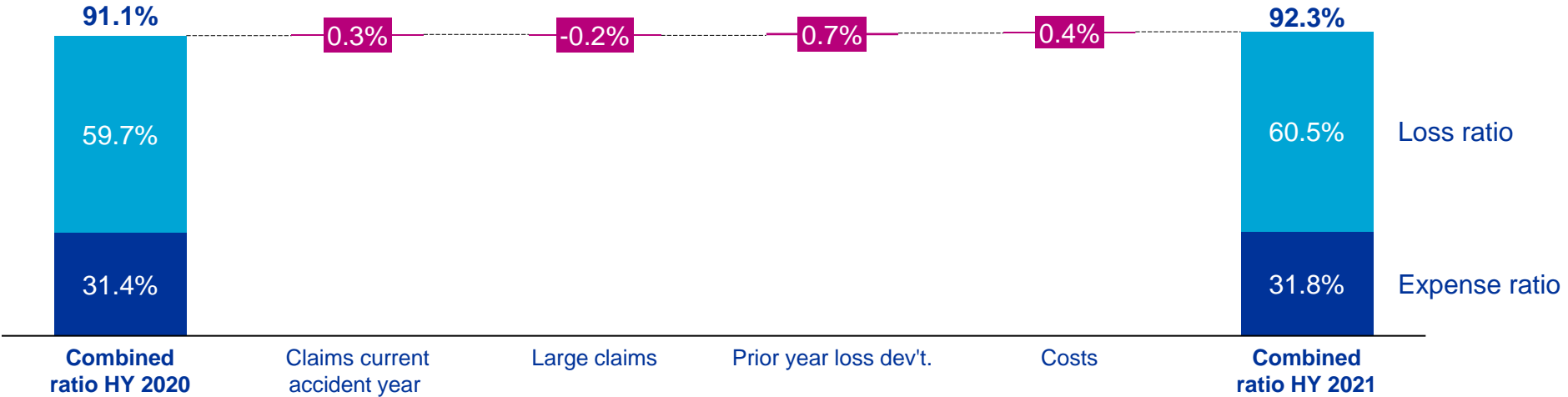
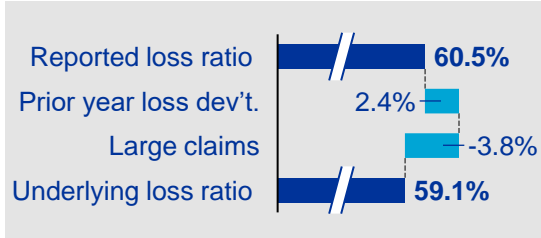
¹⁾ for interest effect from discounted non-life annuity reserves
²⁾ relating to future reporting periods

Non-Life – Analysis of Change

Net combined ratio and underlying loss ratio





Above average large claims due to Covid-19 in HY20 and due to Natcat events in June in HY21

In % of net premiums earned



Loss ratio incl. surplus sharing

Non-Life – Margins by Country

Net combined ratio					
	Switzerland	Germany	Belgium	Luxembourg	Group
In % of net premiums earned					
Loss ratio	64.4	57.4	58.7	63.9	60.5
Expense ratio	26.8	35.3	33.8	32.8	31.8
Combined ratio HY 2021	91.2	92.7	92.5	96.7	92.3
Change vs. HY 2020 (in pts)					
Δ Loss ratio	2.9	0.0	-0.3	13.9	0.8
Δ Expense ratio	-0.3	-0.4	0.8	-0.9	0.4
Δ Combined ratio	2.6	-0.4	0.5	13.0	1.2
Loss ratio incl. surplus sharing					

Negative 2.1%-pts impact of Natcat events in June (mainly in Switzerland)

Normalisation of frequency benefits and above average large claims in Switzerland and Luxembourg

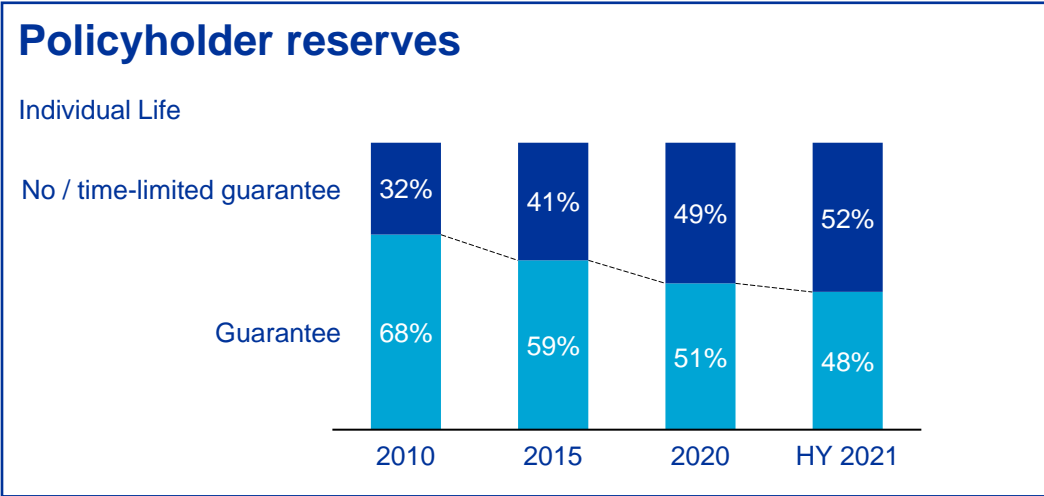
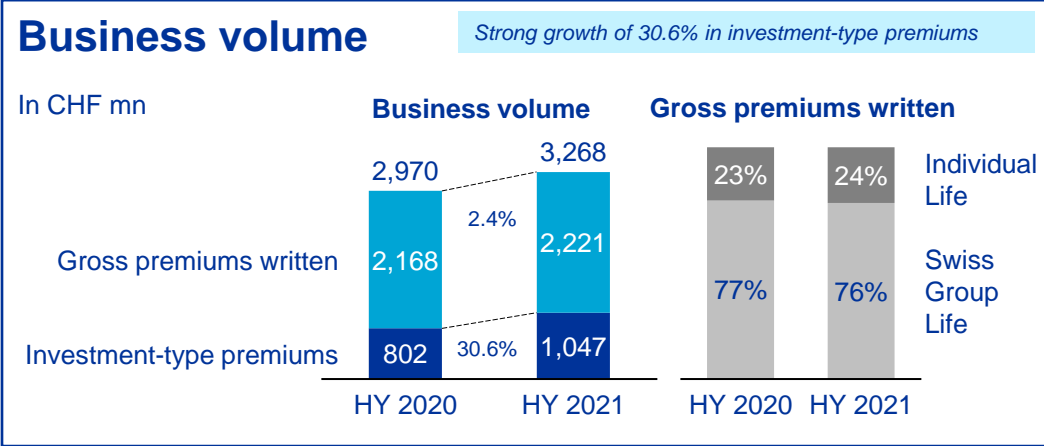
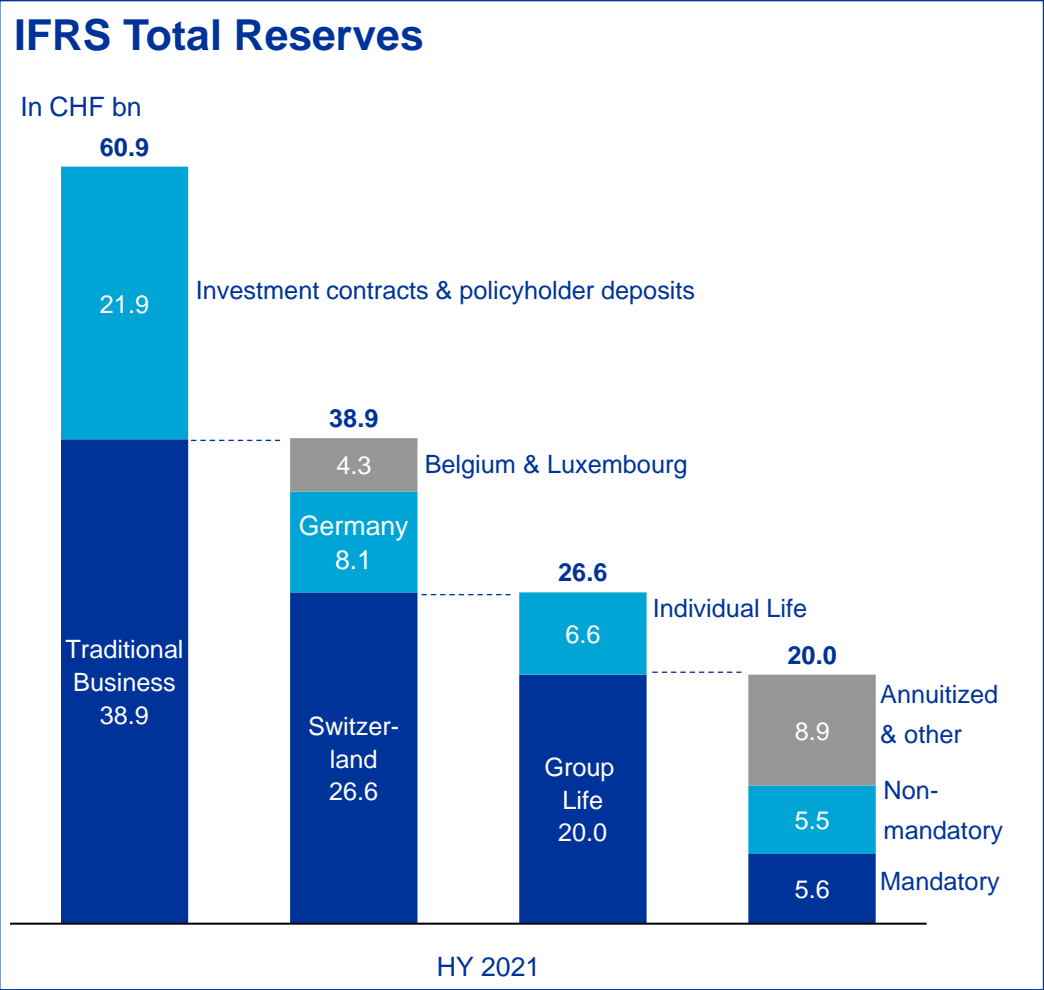
Non-Life – Investment Result

Investment income and yield							
In CHF mn	HY 2021		HY 2021 Gains and losses through income statement			HY 2021	HY 2020
	Current investment income	Impairments	On underlying	On Derivatives	Net	Net investment result	Net investment result
Fixed-income securities ¹⁾	32	-	-2	-	-2	30	77
Equities	23	-4	13	-15	-2	17	-31
Investment property	19	-	11	-	11	30	32
Other ²⁾	9	-1	7	-	7	15	10
Total before FX and investment expenses	82	-4	29	-15	14	92	88
FX: gains / losses and hedging costs			18	-11		7	-16
Investment expenses						-16	-15
Net investment result						83	57
Average investments						10,979	10,564
Net investment yield³⁾						0.8%	0.5%

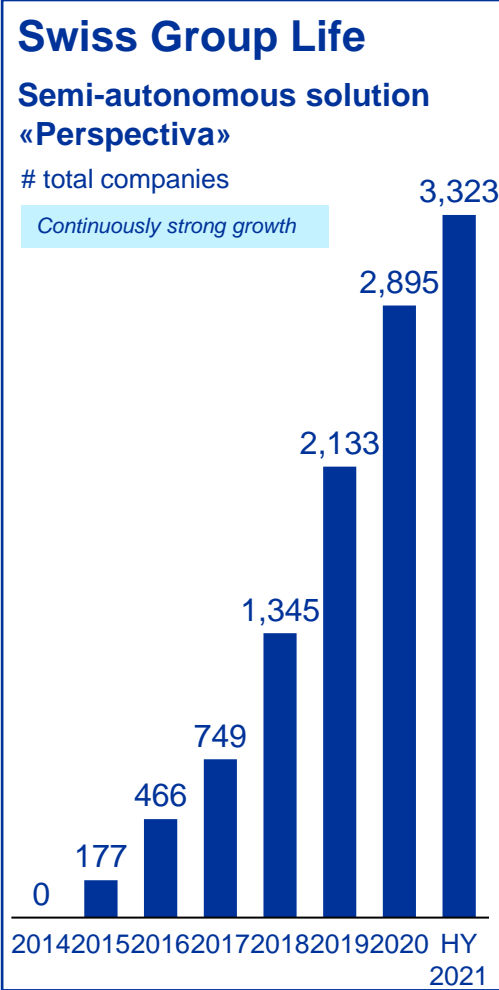
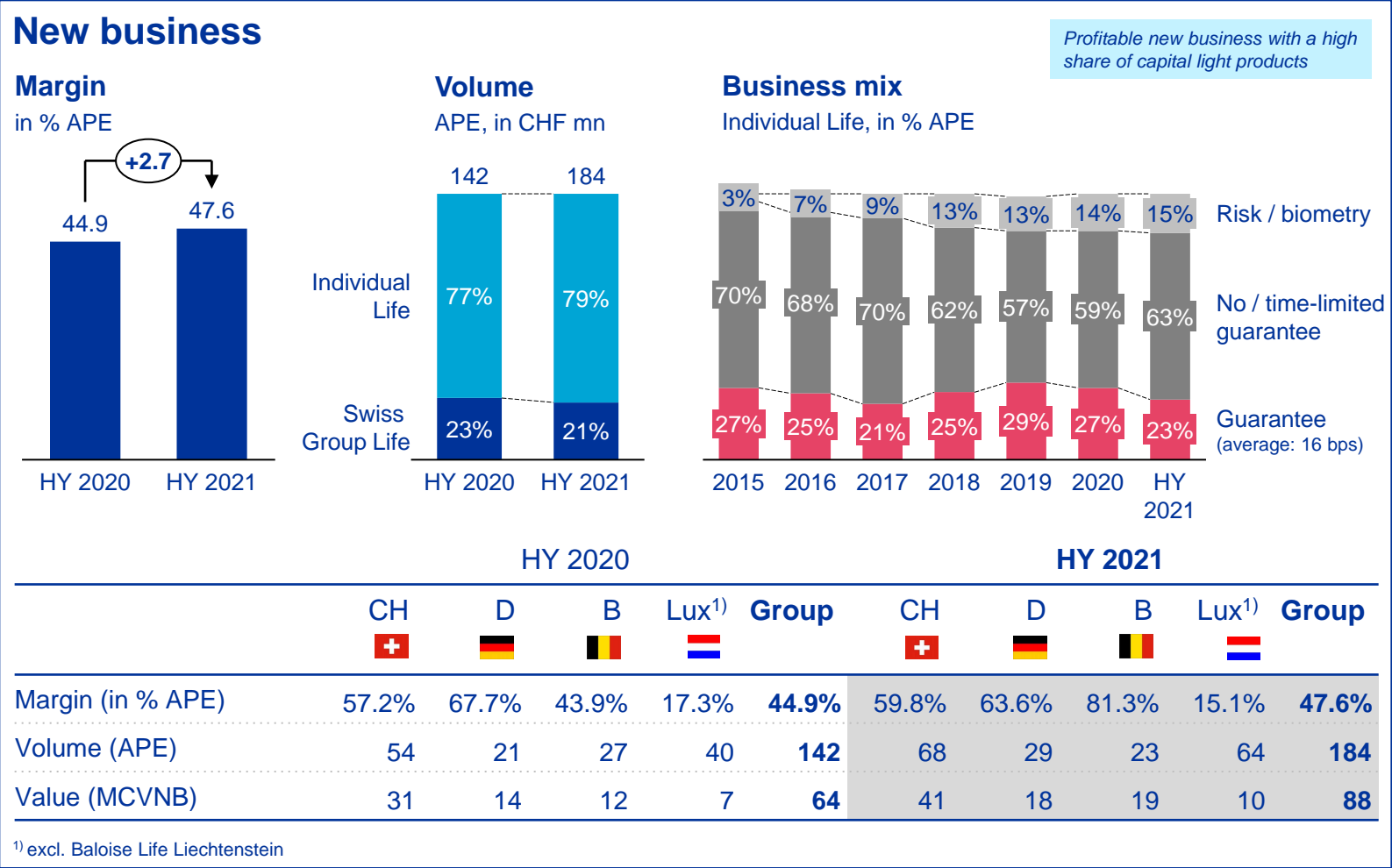
¹⁾ incl. senior secured loans and mortgage receivables ²⁾ incl. mortgages and loans ³⁾ not annualized

4. Life

Life – Business Volume and Business Mix



Life – Volume and Value of New Business

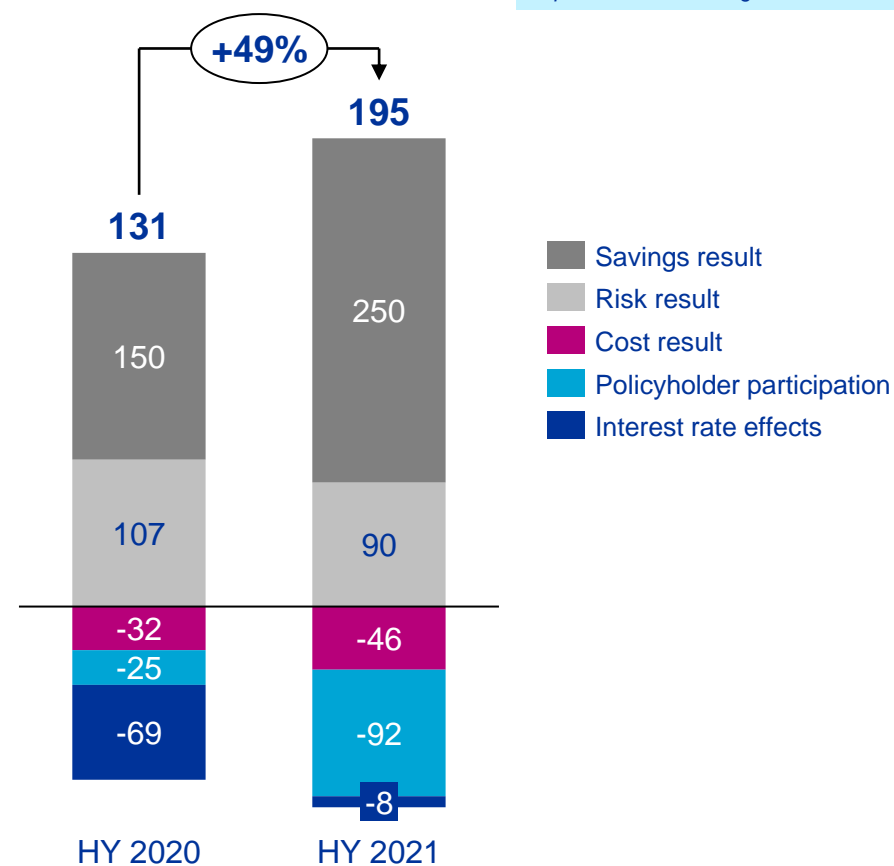


Life – Profit by Sources

EBIT Life

IFRS, in CHF mn

In CHF mn	HY 2020	HY 2021
Savings results	150	250
Risk result	107	90
Cost result	-32	-46
Policyholder participation	-25	-92
Interest rate effects	-69	-8
Reserve strengthening	-56	-10
DAC, PVFP	-3	2
Interest rates derivatives	-11	0
EBIT	131	195



Life – Average Guarantees and Interest Rate Margin



Technical reserves and average guarantees

Statutory basis

	CH Ind. Life	CH Group Life	CH +	D +	B +	Lux +	Group
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Technical reserves³⁾

As at 31.12. resp. 30.06. current year, in CHF bn

	CH Ind. Life	CH Group Life	CH +	D +	B +	Lux +	Group
FY 2020	7.3	17.6	24.9	5.8	7.8	0.6	39.2
HY 2021	7.3	18.3	25.5	5.9	8.0	0.6	40.1

Average guarantees

As at 1.1. resp. 1.7. next reporting period

	CH Ind. Life	CH Group Life	CH +	D +	B +	Lux +	Group
FY 2015	1.9%	1.3%	1.5%	2.8%	2.9%	2.7%	1.9%
FY 2016	1.7%	1.0%	1.2%	2.4%	2.6%	2.6%	1.6%
⋮			⋮				⋮
FY 2020	0.7%	0.7%	0.7%	1.7%	2.0%	2.1%	1.1%
HY 2021	0.6%	0.7%	0.7%	1.6%	2.0%	2.0%	1.1%

Active management of guarantees via reserve strengthening, guarantee decreases and improved business mix

³⁾ excl. unit-linked

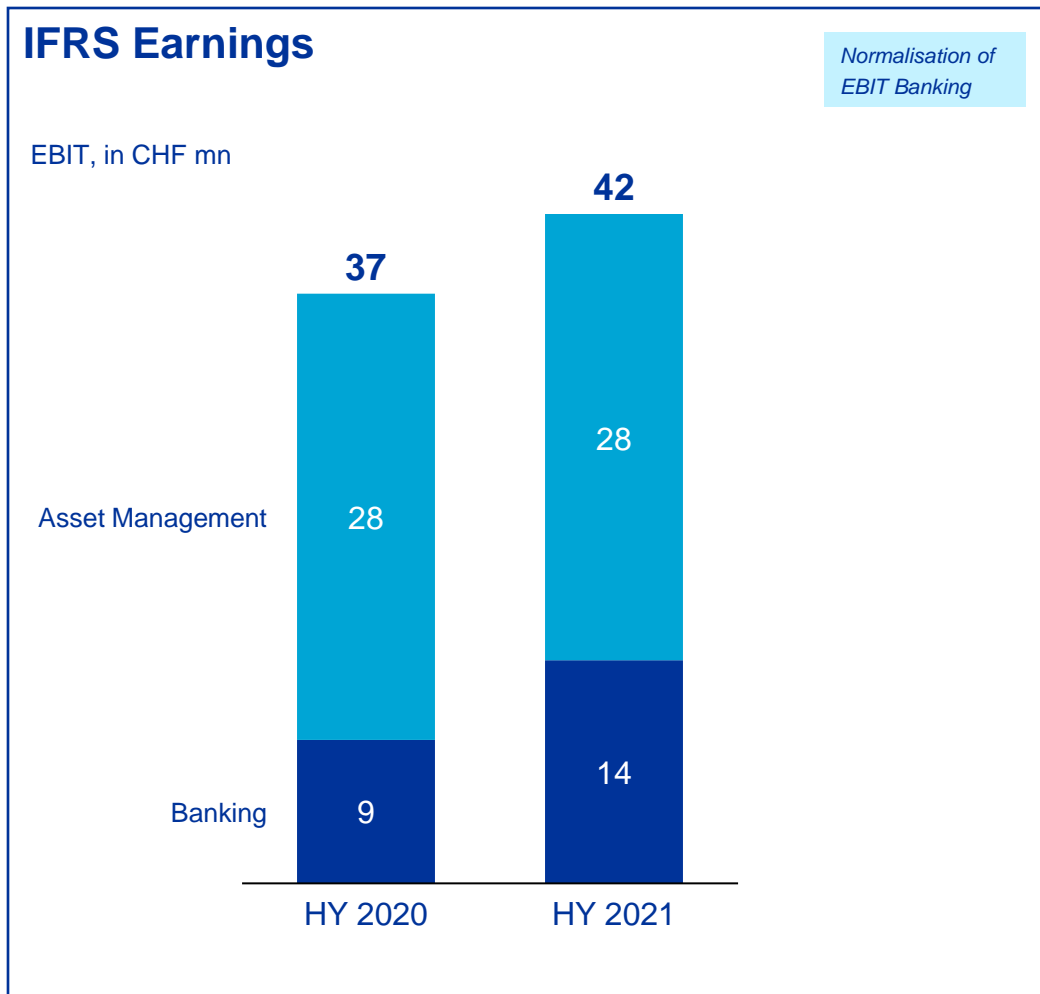
Life – Investment Result

Investment income and yield							
In CHF mn	HY 2021		HY 2021 Gains and losses through income statement			HY 2021 Net investment result	HY 2020 Net investment result
	Current investment income	HY 2021 Impairments	On underlying	On derivatives	Net		
Fixed-income securities ¹⁾	244	-	37	-15	23	267	353
Equities	42	-3	54	-28	26	65	-10
Investment property	128	-	80	-	80	208	159
Other ²⁾	60	-3	34	-	34	91	144
Total before FX and investment expenses	474	-6	205	-42	163	632	646
FX: gains / losses and hedging costs			99	-111		-12	-39
Investment expenses						-54	-49
Net investment result						566	559
Average investments						50,075	49,577
Net investment yield³⁾						1.1%	1.1%

¹⁾ incl. senior secured loans and mortgage receivables ²⁾ incl. mortgages and loans ³⁾ not annualized

5. Asset Management and Banking

Asset Management and Banking



Split of total assets

IFRS values, in CHF mn

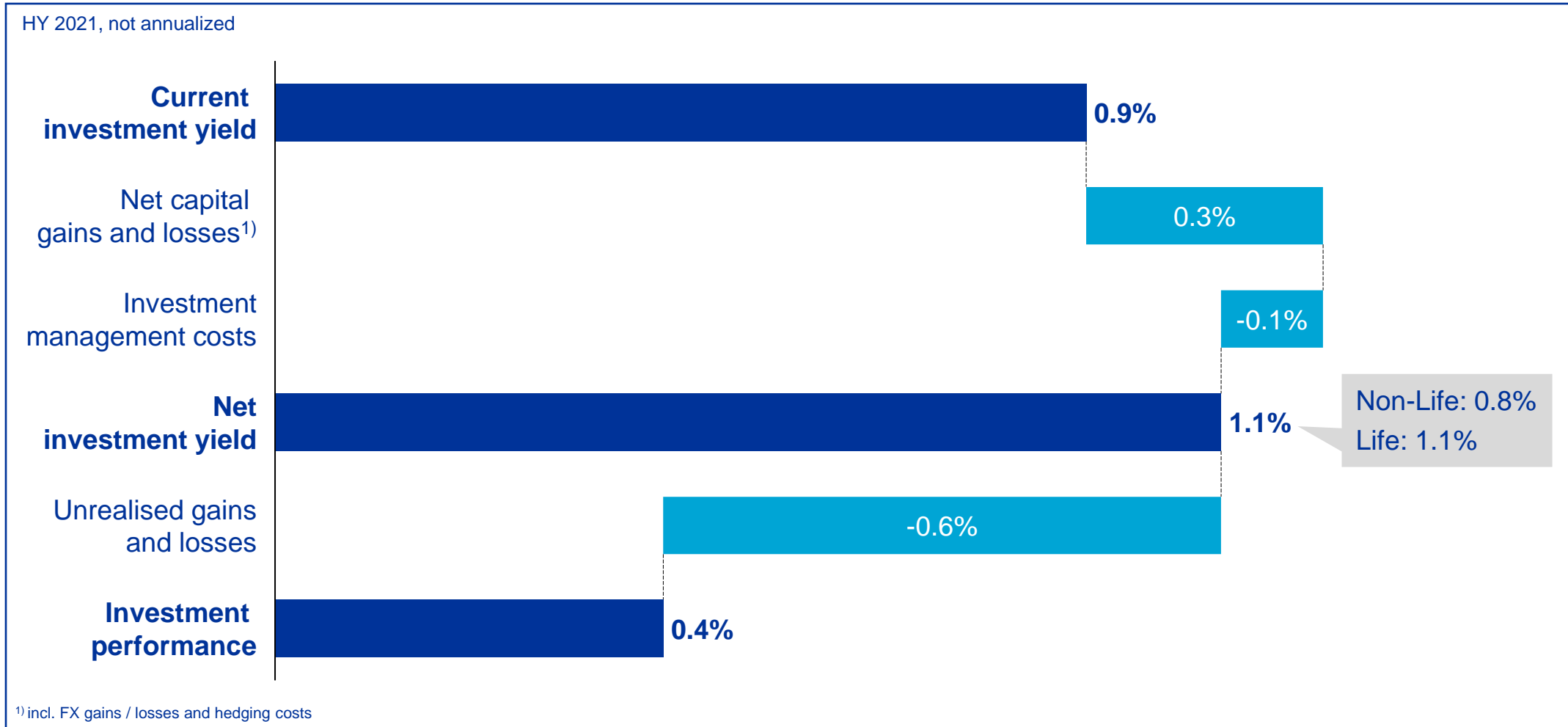
	FY 2020	HY 2021
Insurance assets	60,801	61,307
Non-life	10,926	11,032
Life	49,875	50,275
Banking assets	8,522	8,708
Investment-linked life insurance	15,564	17,288
Other	-751	-326
Assets on balance sheet	84,137	86,977
Third party assets	11,759	12,733
Total Assets under Management	95,896	99,710

Net new assets (in CHF mn)

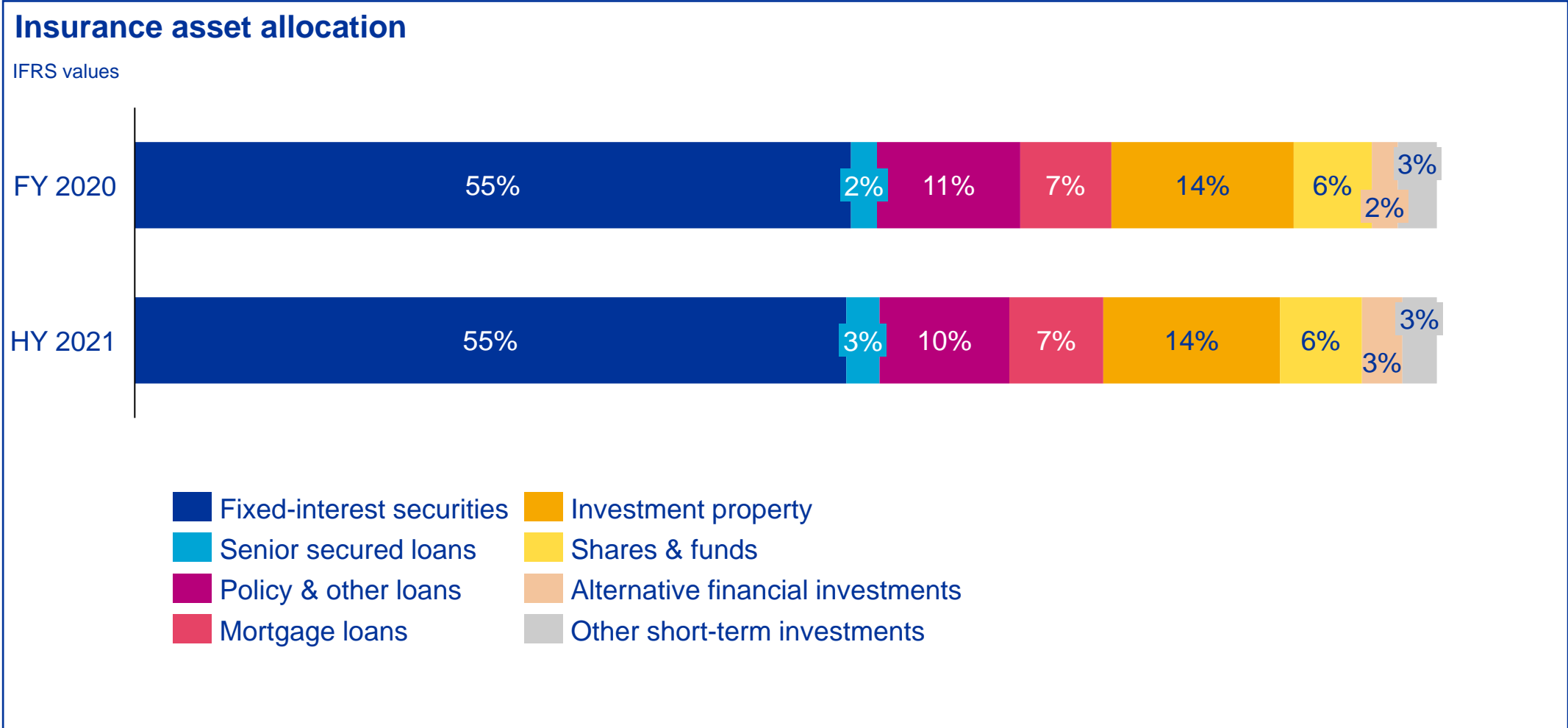
2017	406	801	841	1,244	505	3,797
	2017	2018	2019	2020	HY2021	

6. Insurance Assets

Investment Performance (Insurance)



Insurance Asset Allocation



Insurance Assets: Fixed-Interest Securities (1/3)

HY 2021



Fixed-interest securities

in CHF mn, excl. senior secured loans and mortgage receivables **HY 2021**

Total investments	33,499
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Currency exposure

	USD	EUR	CHF
Non-life	1%	85%	13%
Life	2%	61%	37%
Total	2%	65%	33%

FX-risk mainly hedged

By quality and ordination

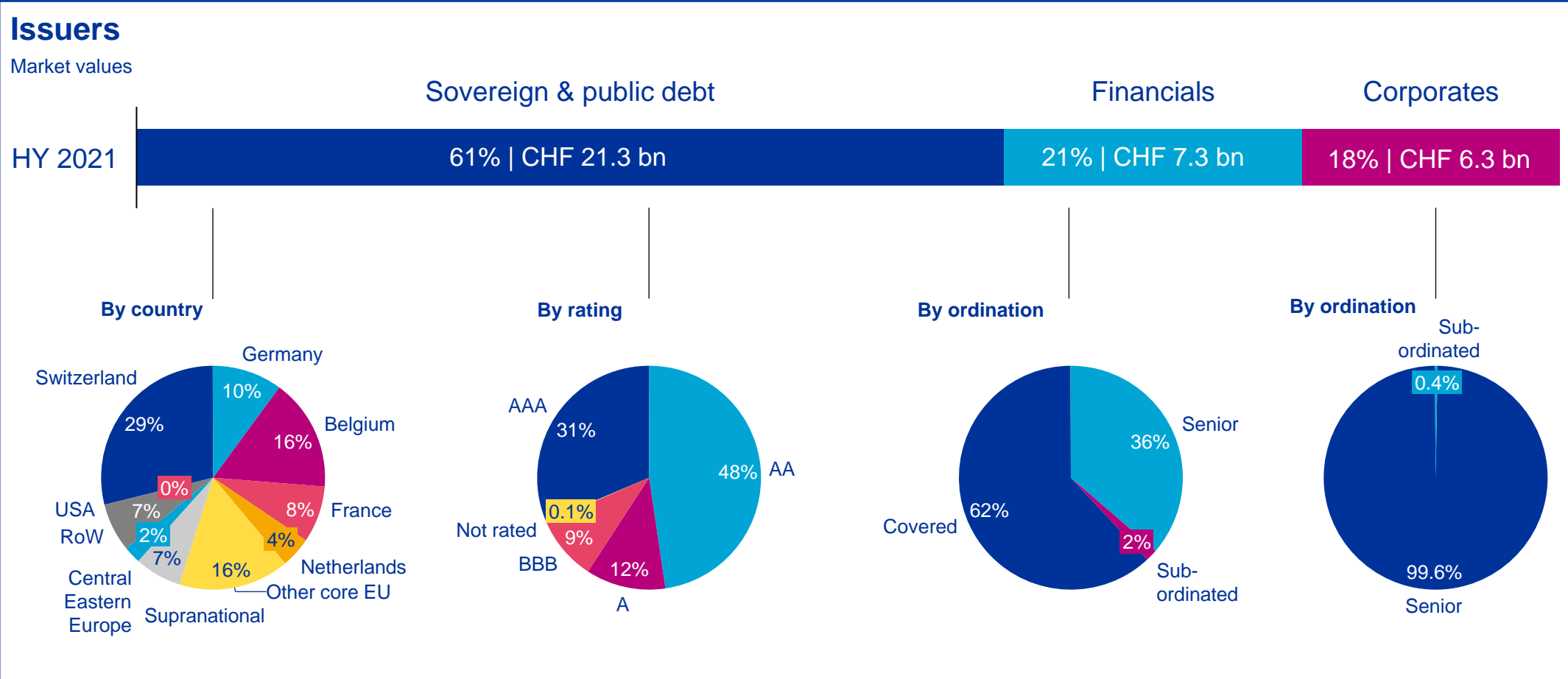
64% of fixed-interest securities with rating of AA or AAA and 99% in investment grade

Rating	Percentage
AAA	32%
AA	32%
A	19%
BBB	15%
Not rated < BBB	0.6%
Other	0.8%

Ordination	Percentage
Sovereign & public debt	61%
Senior	26%
Covered	13%
Subordinated	0.4%

Insurance Assets: Fixed-Interest Securities (2/3)

HY 2021



Duration: Fixed-Interest Securities (3/3)

HY 2021

55%

61,307

Duration of bonds and promissory notes

Duration by classification

	FY 2020		HY 2021	
	Years	in %	Years	in %
Duration bonds available-for-sale (AFS)	8.5	67.1	8.6	68.2
Duration bonds held-to-maturity (HTM)	9.7	21.6	9.3	20.5
Duration promissory notes	9.9	11.4	9.5	11.3
Duration portfolio	8.9	100	8.8	100

Duration by line of business

	FY 2020		HY 2021	
	Years	in %	Years	in %
Duration life bonds (incl. promissory notes)	9.5	83.5	9.4	82.8
Duration non-life bonds (incl. promissory notes)	5.9	16.5	6.0	17.2
Duration portfolio	8.9	100	8.8	100

Insurance Assets: Policy Loans, Mortgages, Investment Property

HY 2021



Senior secured loans

In CHF mn

	HY 2021
Total investments	1,568

Policy & other loans

In CHF mn

	HY 2021
Total investments	6,106

Mortgages

In CHF mn

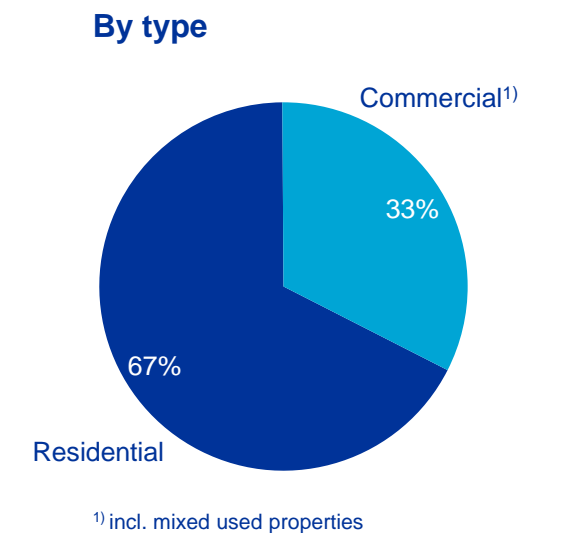
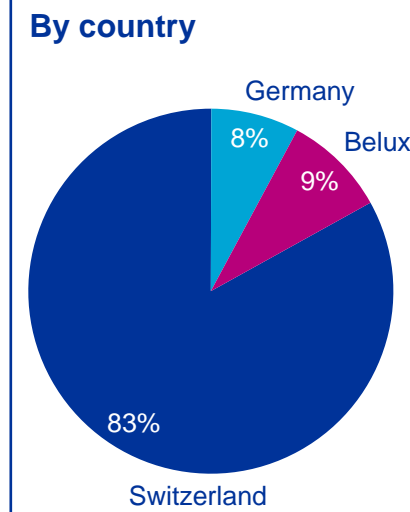
	HY 2021
Total investments	4,427

Investment property

High quality and well diversified real estate portfolio with a high share of residential property

In CHF mn

	HY 2021
Total investments	8,315



Insurance Assets: Shares & Funds

HY 2021



Shares & funds

in CHF mn

HY 2021

Total investments	3,863
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IFRS equity exposure

Equities	3.8%
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Other equity classified assets ¹⁾	2.5%
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Shares & funds	6.3%
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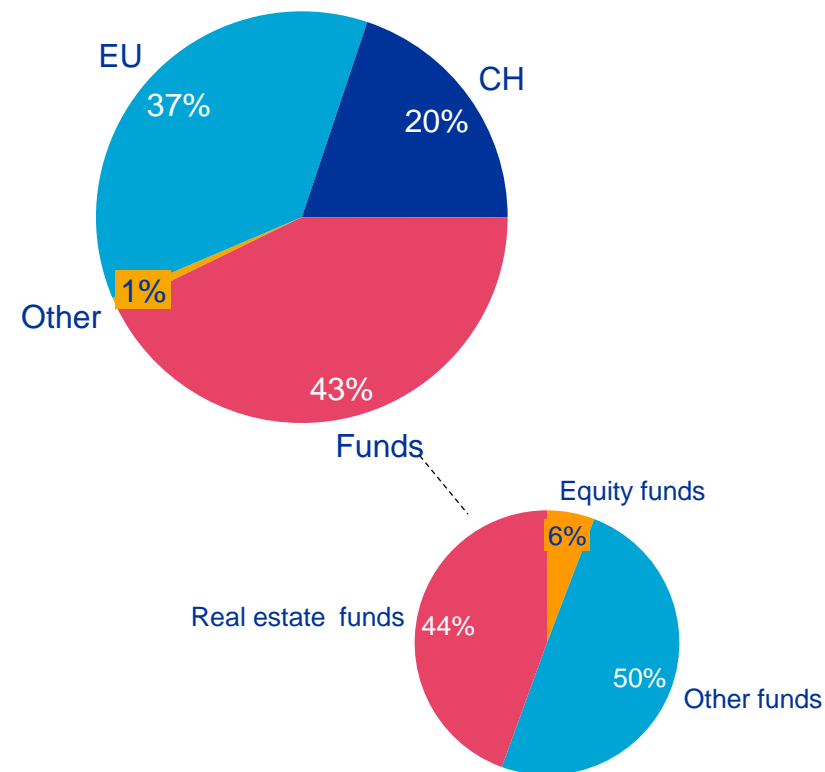
Private equity	1.8%
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Equity derivatives	-0.5%
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IFRS equity exposure	7.6%
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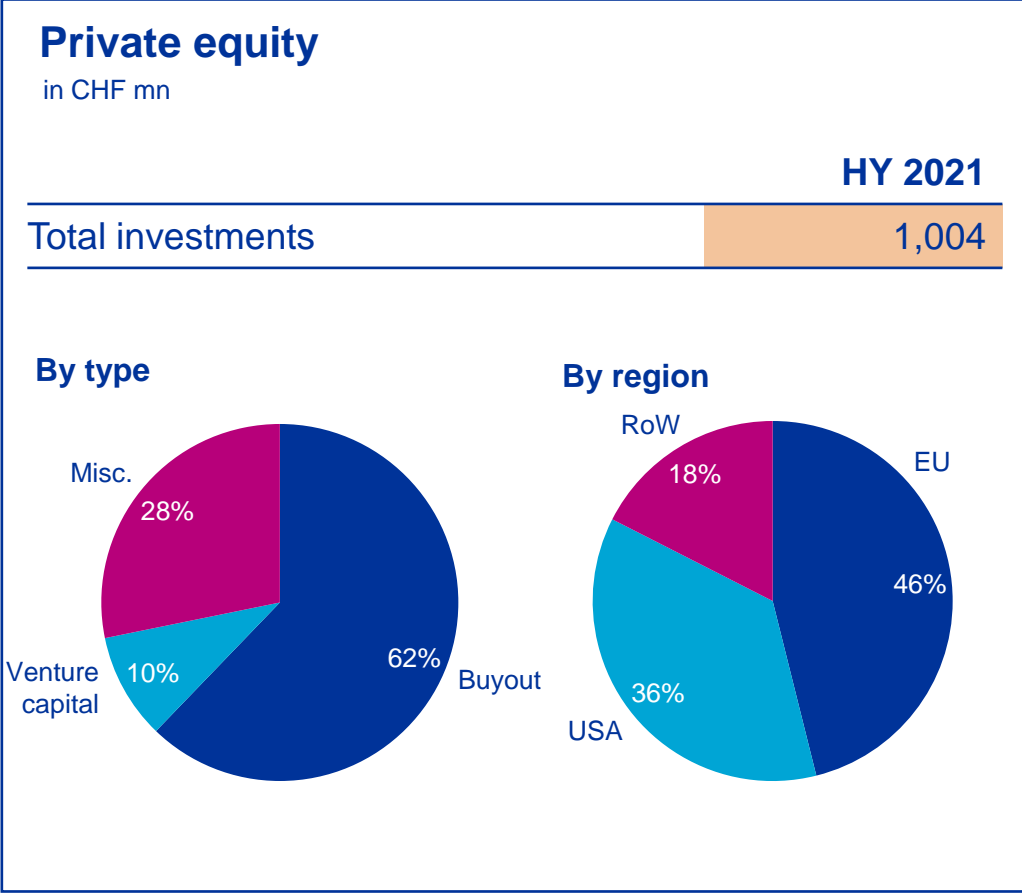
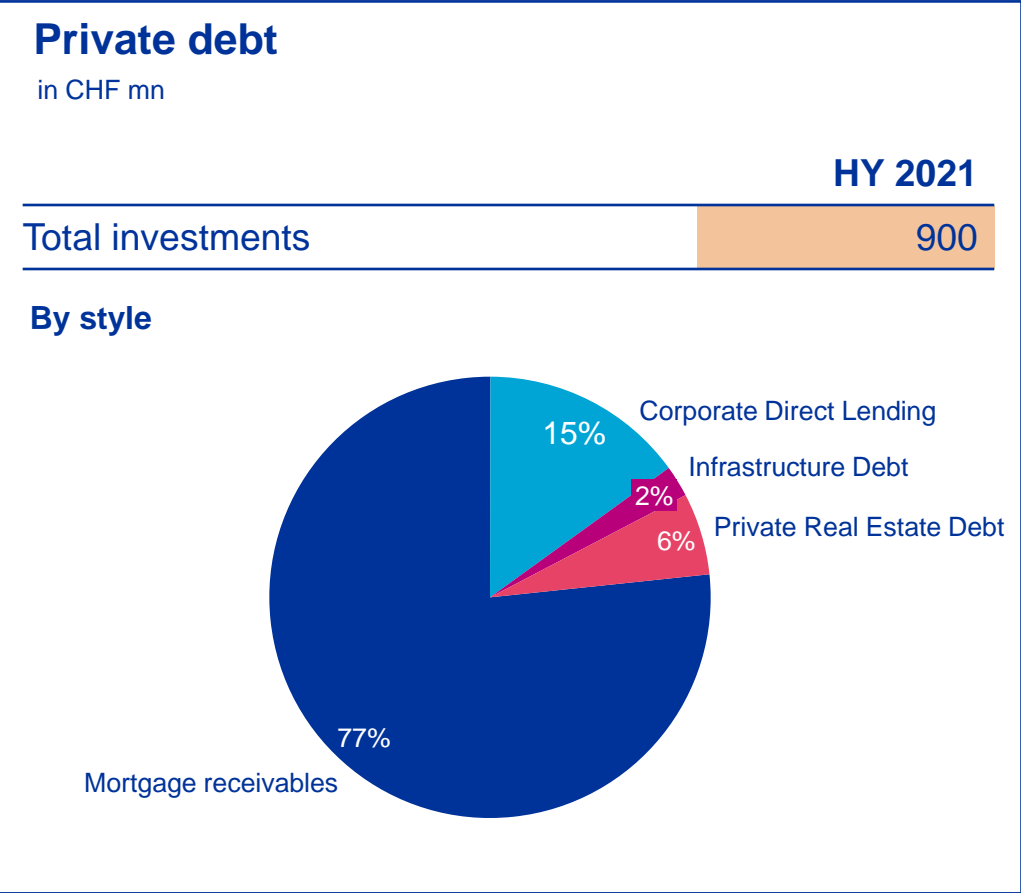
¹⁾ e.g. bond & property funds treated as equity under IFRS

Regional exposure



Insurance Assets: Alternative Financial Investments

HY 2021



Responsible Investment Policy and ESG-Rating Distribution

Responsible Investment Policy

› We have extended our Responsible Investment (RI) policy in March 2021 by an active ownership policy as well as a dedicated climate policy. The policy consists of three strategic pillars:

ESG Integration*

- Securities with at least B-rating
- Provision of dedicated ESG data for portfolio management

Active Ownership

- Exercise of voting rights for Swiss large-caps in the insurance portfolio
- Active dialogs with companies on cross-cutting our specific ESG issues, e.g. relating to climate change

Exclusion

- Products of controversial weapons (incl. SVVK-ASIR list)
- Coal producers, at least 10% of turnover
- Products of unconventional oil & gal, at least 10% of turnover
- Producers with high stranded assets with insufficient management at the same time

* where ESG data available

Active Ownership

› Baloise Asset Management pursues three types of active ownership strategies, as shown below:

1

Collaborative corporate dialogue

Refers to the direct dialogue with companies in collaboration with other investors. The dialogue is organised via platforms or stakeholder associations depending on the urgency of the respective issue.

2

Public policy engagement

Refers to the dialogue with public authorities on ESG topics for specific regulatory projects. This dialogue occurs through memberships of individual associations.

3

Proxy voting

Refers to the exercise of voting rights at the Annual General Meetings of the companies. The investor exercises their voting right on various proposals in the agenda.

Climate Policy

› The Climate Strategy of Baloise Asset Management comprises four strategic pillars, as shown below, and forms an integral part of the Baloise responsible investment strategy.

EXCLUSION

Reduction of physical risks and transformation risks

COMMITMENT

Collaborative business dialogue with a focus on climate issues

ESG INTEGRATION

Management of climate risks and use of opportunities presented by energy transformation

TRANSPARENCY

Reporting on the effects of the climate strategy on the portfolio

› Based on available ESG data (MSCI, June 2021), our ESG rating distribution is as follows: 79% AAA-A and 21% BBB-B

› As a member of the PRI and the SSF, we take our responsibility seriously and actively participate in the further development of the market

7. Segment Reporting

Business Volume Matrix HY 2021

in CHF mn	Switzerland	Germany	Belgium	Luxembourg	Group Business	Total
Non-life	1,067.2 40.8% 35.6%	518.3 19.8% 63.7%	906.5 34.6% 75.3%	90.4 3.5% 10.8%	34.8 1.3% 99.8%	2,617.3 100.0% 44.5%
Life	1,879.4 84.6% 62.7%	199.3 9.0% 24.5%	92.1 4.1% 7.7%	50.0 2.3% 6.0%	0.1 0.0% 0.2%	2,220.8 100.0% 37.7%
Investment-type premiums	53.2 5.1% 1.8%	96.2 9.2% 11.8%	204.8 19.6% 17.0%	693.1 66.2% 83.2%	0.0 0.0% 0.0%	1047.2 100.0% 17.8%
Total life	1,932.5 59.1% 64.4%	295.5 9.0% 36.3%	296.8 9.1% 24.7%	743.1 22.7% 89.2%	0.1 0.0% 0.2%	3,268.0 100.0% 55.5%
Total	2,999.8 51.0% 100.0%	813.7 13.8% 100.0%	1,203.4 20.4% 100.0%	833.5 14.2% 100.0%	34.9 0.6% 100.0%	5,885.3 100.0% 100.0%

Growth Matrix HY 2021

in % in CHF (in % in local currency)	Switzerland	Germany	Belgium ¹⁾	Luxembourg	Group Business	Total ²⁾
Non-life	1.0%	6.0% (3.1%)	17.3% (14.1%)	7.2% (4.2%)	102.8% (97.5%)	8.2% (6.4%)
Life	1.4%	11.2% (8.1%)	-0.2% (-3.0%)	13.5% (10.3%)	-10.7% -10.7%	2.4% (2.0%)
Investment-type premiums	32.1%	3.4% (0.5%)	-10.8% (-13.3%)	58.0% (54.0%)	- -	30.6% (27.4%)
Total life	2.1%	8.6% (5.5%)	-7.8% (-10.3%)	53.9% (50.0%)	-10.7% (-10.7%)	10.0% (8.9%)
Total	1.7%	6.9% (4.0%)	9.9% (6.9%)	47.0% (43.2%)	102.2% (97.0%)	9.2% (7.8%)

Growth rates in CHF (in local currency) without Athora Non-Life:

¹⁾ Belgium: +7.6% (+4.6%) for Non-Life, +3.0% (+0.2%) for Total

²⁾ Group: +5.1% (+3.4%) for Non-Life, +7.8% (+6.4%) for Total

EBIT Matrix HY 2021

in CHF mn (change in %)	Switzerland	Germany	Belgium	Luxembourg	Group Business	Eliminated	Total
Non-life	107.7 (110.8)	4.2 (-87.0)	47.4 (-42.6)	-2.2 (n.a.)	10.3 (n.a.)	-1.3 (-56.7)	166.2 (22.5)
Life	182.1 (47.2)	22.5 (462.5)	17.0 (-24.4)	6.2 (82.4)	-4.2 (-55.3)	-29.1 (127.3)	194.6 (48.2)
Asset Mgmt & Banking	13.6 (100.0)	- (n.a.)	- (n.a.)	- (n.a.)	6.2 (3.3)	22.5 (-7.0)	42.3 (14.3)
Other	-8.2 (20.6)	-4.1 (2.5)	- (n.a.)	1.2 (n.a.)	-34.3 (110.4)	7.9 (n.a.)	-37.6 (6.2)
Total	295.3 (68.8)	22.6 (-30.2)	64.4 (-38.7)	5.2 (-56.7)	-22.0 (-60.5)	- (n.a.)	365.5 (36.1)

8. Further Information

Reporting Agenda and Contact Details

Reporting agenda

Q3 2021 interim statement	18 November 2021
Publication of the Preliminary Annual Financial Results 2021	10 March 2022
Publication of the Annual Report 2021	29 March 2022
Annual General Meeting	29 April 2022

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