

# Annual Results 2014

«Outstanding performance in a challenging environment»

Conference Call for Financial Analysts - Basel, 26 March 2015



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# 01 Highlights

**Martin Strobel**  
Group CEO

# Highlights

## Outstanding performance in a challenging environment

- 
- Another impressive result, topped by gains from disposals, profit of CHF 711 mn, up by 57%
  - Exceptional life result of CHF 477 mn, driven by improved operating performance and strong investment income
  - Improved net combined ratio of 93.6% shows outstanding operational profitability
  - Good investment result, investment yield of 4.1%
  - Strong growth, business volume up by 5.3%<sup>1)</sup>
  - Cashflow stronghold: dividend increase to CHF 5.00
  - Active capital management: new share buyback programme, up to 1 million shares (2%)
  - Outlook: high confidence in earning power and strong commitment to attractive dividend
- 

<sup>1)</sup> On a comparable basis, excluding discontinued operations (Austria, Croatia and Serbia); in local currency

## 02 Financials

**German Egloff**  
Group CFO

# Key Figures

## Another impressive set of results

in CHF mn	2013	2014	+/-
Profit for the period (attributable to shareholders)	453	<b>711</b>	57.0%
Earnings per share (undiluted)	9.65	<b>15.15</b>	57.0%
Total equity	4,906	<b>5,831</b>	18.8%
Book value per share	103.5	<b>123.4</b>	19.2%
Total business volume <sup>1)</sup>	8,773	<b>9,177</b>	5.3%
Gross premiums written <sup>1)</sup>	7,010	<b>7,059</b>	1.2%
Investment yield <sup>2)</sup>	3.3%	<b>4.1%</b>	0.8 pts
Combined ratio, net	94.9%	<b>93.6%</b>	-1.3 pts
Market Consistent Embedded Value	3,809	<b>3,610</b>	-5.2%
Return on Embedded Value (RoEV)	35.1%	<b>-4.1%</b>	-39.2 pts
New business margin	13.5%	<b>15.0%</b>	1.6 pts
Consolidated solvency I <sup>3)</sup>	267%	<b>354%</b>	87 pts

<sup>1)</sup> On a comparable basis, excluding discontinued operations (Austria, Croatia and Serbia); in local currency

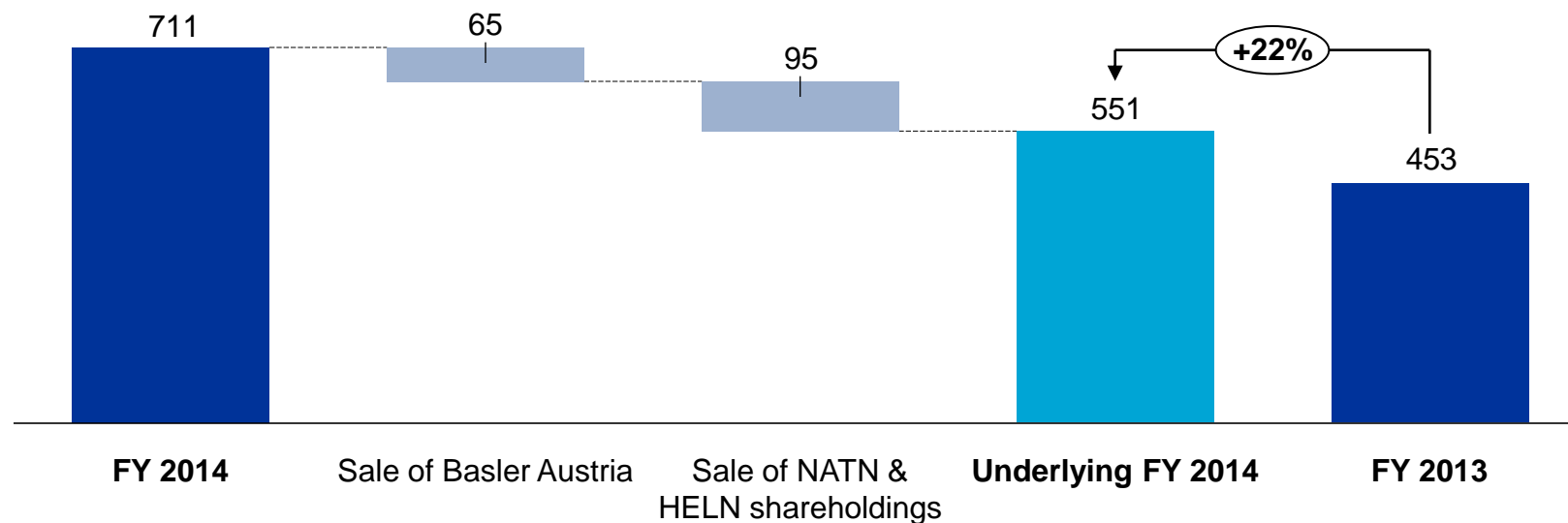
<sup>2)</sup> insurance assets excl. investment-type assets; investment yield incl. costs, excl. movements in unrealised capital gains and losses

<sup>3)</sup> excluding banking

## 2<sup>nd</sup> highest Net Profit

Improved underlying result, topped by gains from disposals

in CHF mn



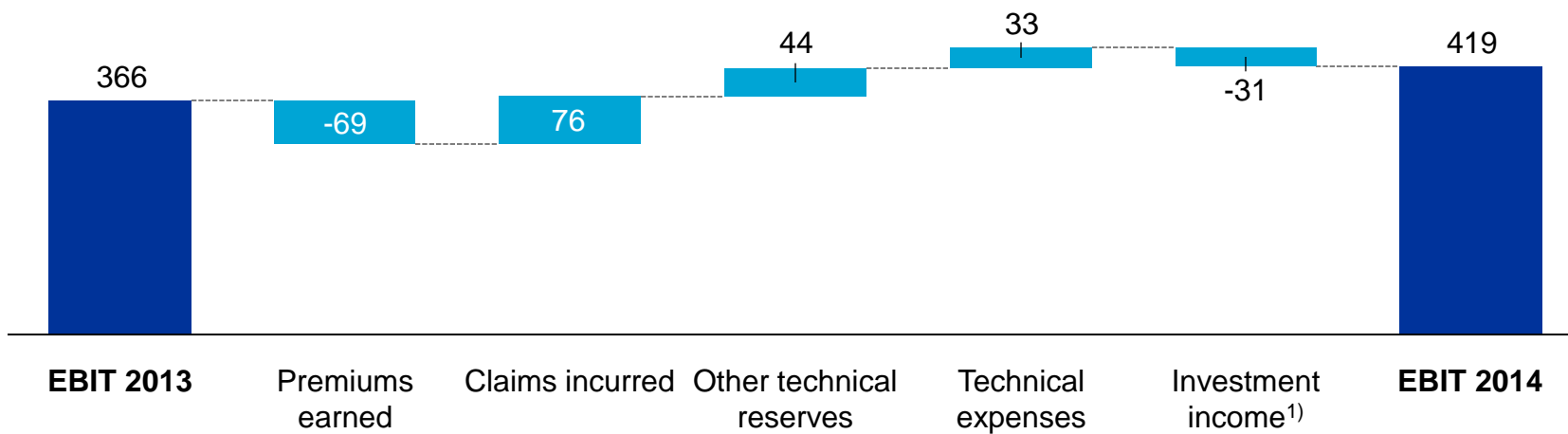
- 2<sup>nd</sup> highest profit in Baloise's history, mainly stemming from operational earnings power
- Sale of Basler Austria and sale of shareholdings in Nationale Suisse and Helvetia resulting in total one-off benefit of CHF 160 mn
- Lower costs, improved underwriting result from non-life and a robust profitability in life translate into a 22% increased underlying result



# Non-life Earnings

Earning power further improved thanks to underwriting discipline

in CHF mn



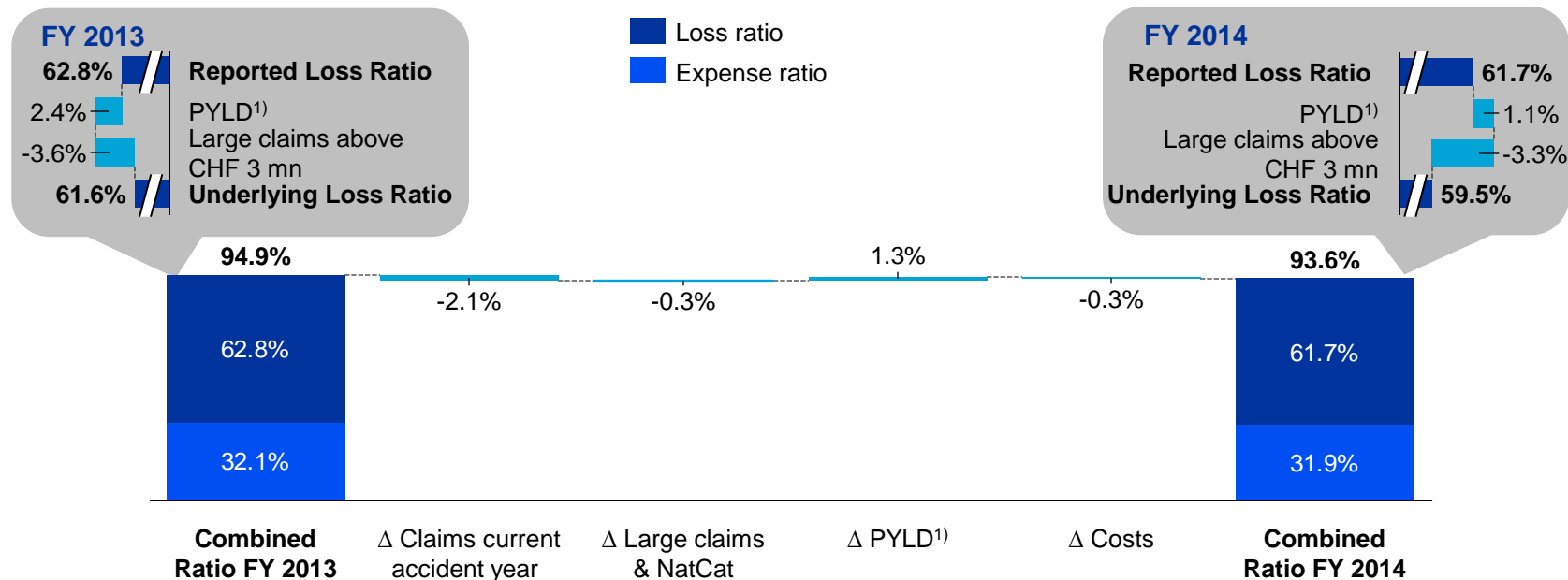
in CHF mn	2013	2014	+/-
Gross premiums written	3,442	3,359	-2.4%
Net premiums earned	3,277	3,208	-2.1%
Investment income	372	300	-19.3%
Claims incurred	-2,055	-1,979	-3.7%
Technical expenses	-1,089	-1,056	-3.1%
EBIT	366	419	14.4%

<sup>1)</sup> incl. other financial income and expenses

# Non-life Net Combined Ratio

## Outstanding underlying portfolio quality

net, in % of premiums earned







- Underlying loss ratio improved by 2.1 pts due to lower underlying claims pattern
- PYLD below long-term average, however unchanged high reserving ratio
- Efficiency measures visible in lower cost ratio

<sup>1)</sup> prior year loss development  
Loss ratio incl. surplus sharing

# Non-life Gross Combined Ratio by Country

## High and persistent margins

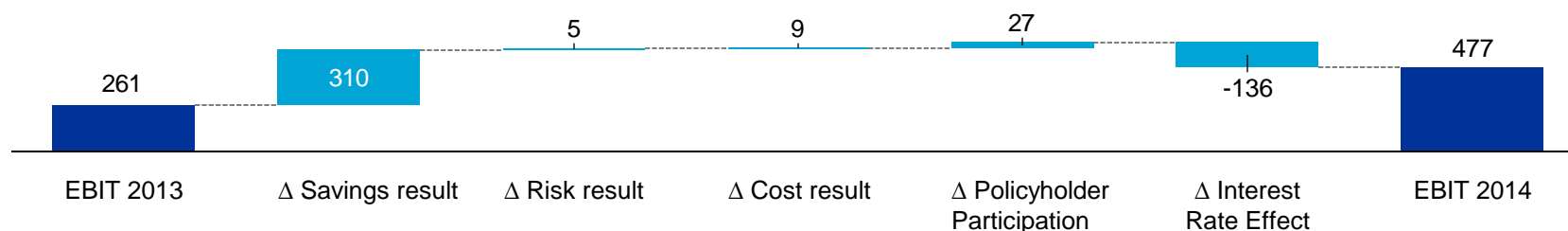
gross, in %	Switzerland	Germany	Belgium	Luxembourg	Group
					
Loss ratio	59.1	65.4	68.3	56.8	<b>63.0</b>
Expense ratio	24.8	36.1	34.1	32.5	<b>30.7</b>
Combined ratio 2014	83.9	101.5	102.4	89.3	<b>93.7</b>
<b>Change vs. FY 2013 (in pts)</b>					
Δ Loss ratio	-2.2	-4.2	9.9	7.2	<b>0.9</b>
Δ Expense ratio	-0.3	1.7	-1.0	-1.8	<b>-0.2</b>
Δ Combined ratio	-2.4	-2.6	8.9	5.4	<b>0.7</b>

Loss ratio incl. surplus sharing

# Life Earnings

## Strong profit due to exceptional savings and reliable risk results

in CHF mn

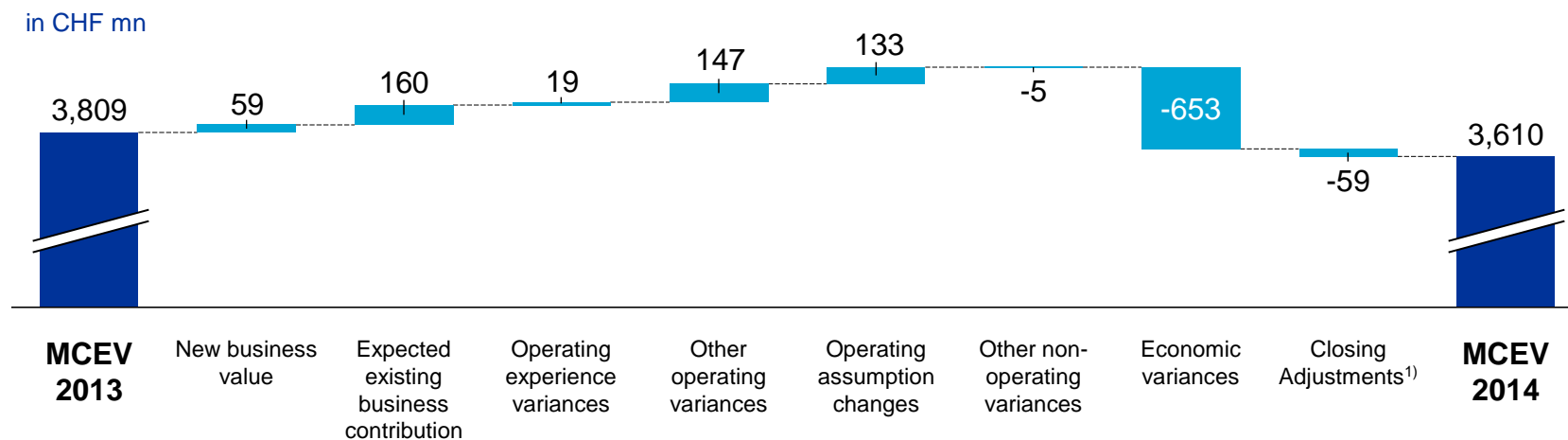


in CHF mn

	2013	2014	+/-
<b>Business volume</b>	5,568	5,947	6.8%
Gross premiums written	3,787	3,817	0.8%
Investment-type premiums	1,781	2,130	19.6%
<b>EBIT</b>	261	477	82.6%
EBIT w/o interest rate effects	261	613	134.8%
Savings result	271	581	114.7%
Risk result	208	213	2.4%
Cost result	-14	-5	-66.2%
Policyholder participation	-204	-177	-13.3%
Interest rate effects	0	-136	n.m.
Liabilities, DAC, PVFP	61	-242	n.m.
Interest rate derivatives	-61	106	n.m.

# Life Market Consistent Embedded Value (MCEV)

## Value of new business up by 30.4%



in CHF mn	2013	2014	+/-
Market Consistent Embedded Value	3,809	3,610	-5.2%
Return on Embedded Value (RoEV)	35.1%	-4.1%	-39.2 pts
Operating Return on Embedded Value	7.5%	13.6%	6.1 pts
Value of new business <sup>2)</sup>	45	59	30.4%
Annual premium equivalent (APE) <sup>2)</sup>	333	390	16.9%
New business margin <sup>2)</sup>	13.5%	15.0%	1.6 pts

<sup>1)</sup> capital movements, acquired and divested business, intercompany and currency translation effects

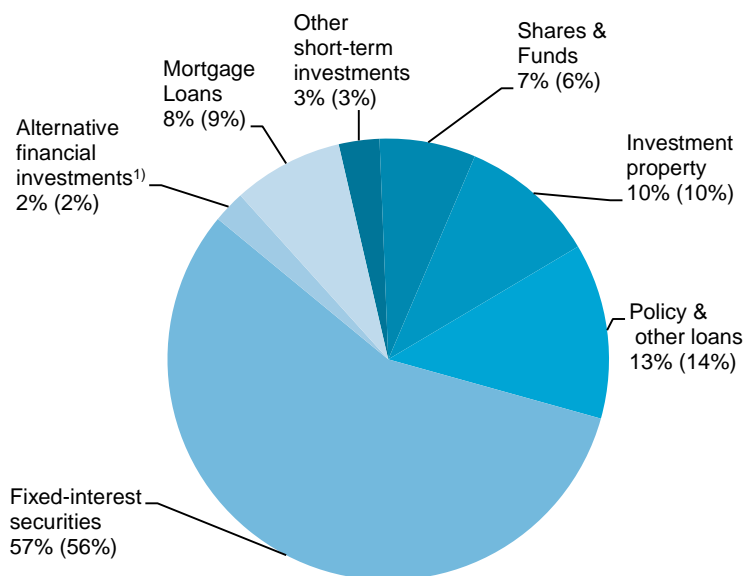
<sup>2)</sup> excl. Baloise Life Liechtenstein

# Asset Allocation Insurance

## Robust and highly diversified

excluding banking assets and assets from investment-type premiums

2014 (2013)



<sup>1)</sup> private equity & hedge funds

Equity & equity related investments In % total insurance assets	2014
Equities	4.7%
Hedging instruments for equities	-0.8%
Equities after hedging	<b>3.9%</b>
Private Equity	0.9%
Hedge Funds (equity related)	0.4%
Other <sup>2)</sup>	2.3%
Equity & equity related investments	<b>7.5%</b>

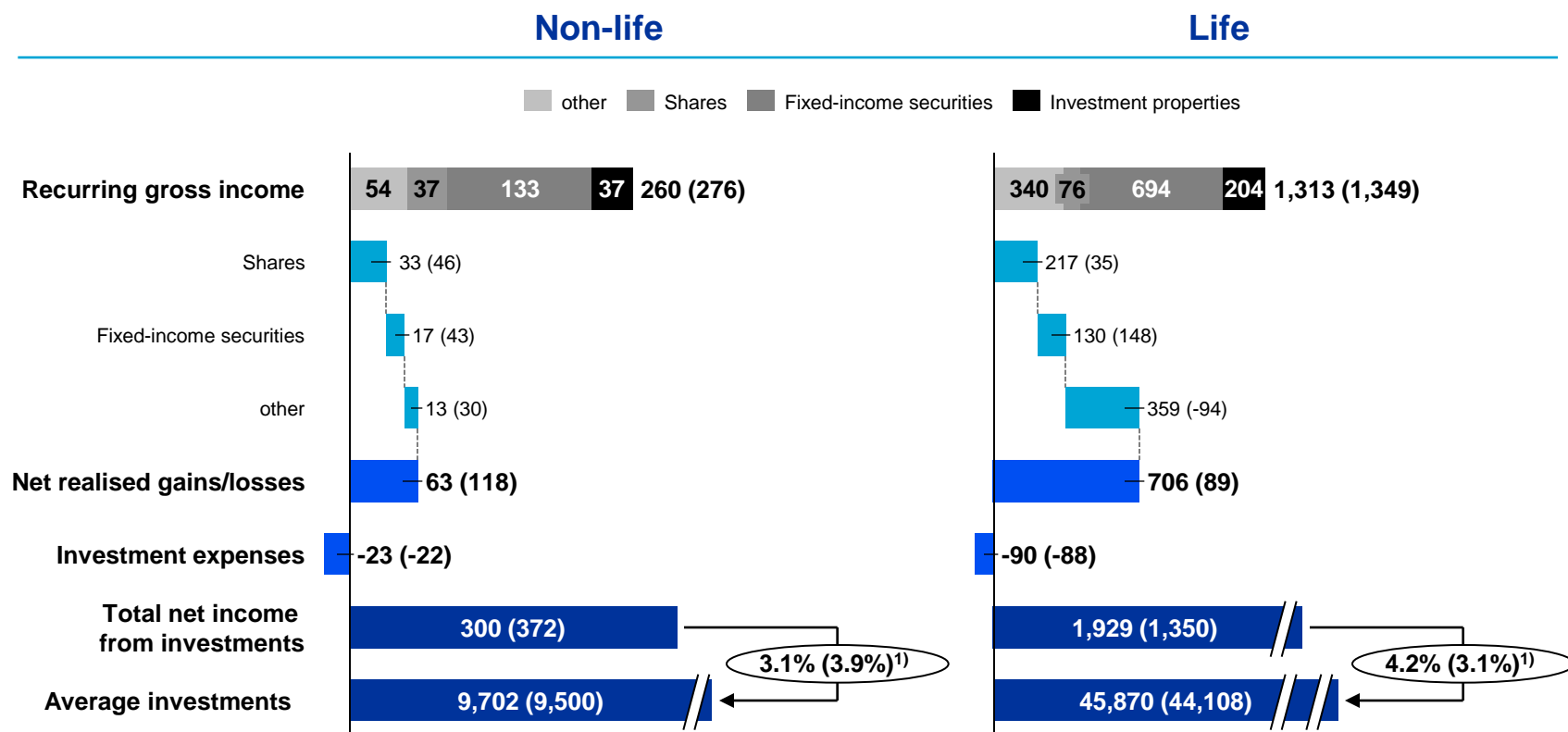
<sup>2)</sup> e.g. bond & property funds, senior secured loans treated as equity under IFRS

In CHF mn, %	2013	2014
Equity & equity-related investments (net)	6.3%	<b>7.5%</b>
Total insurance assets	54,106	<b>57,038</b>

# Investment Yield

## Good investment result despite challenging financial markets

FY 2014 (FY 2013) in CHF mn, excl. income on investment-type insurance contracts, before PH participation

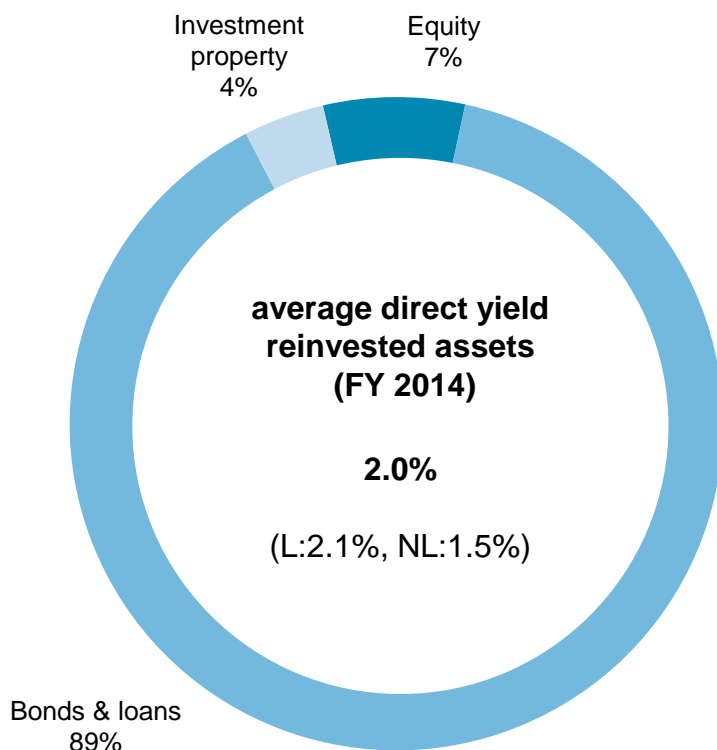


<sup>1)</sup> investment yield including costs, excluding movements in unrealised capital gains and losses, excluding investment-type assets

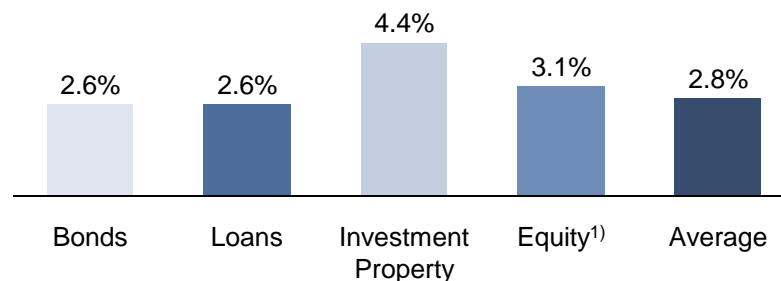
# Reinvestment Yield

Roughly 5% of bonds and loans maturing every year

## Investment split of reinvested capital



## Direct yield per asset class



<sup>1)</sup> Dividends and distributions from funds (incl. senior secured loans)

- Equity investments with a focus on quality stocks with reliable dividend payments
- Senior secured loans investments extended (reported as equity due to fund format)
- Long duration investments primarily via sovereign and covered bonds
- Credit risk taken via investments in short- to mid-term corporate bonds



# Change in Equity

## Book value per share up by 19.2%

in CHF mn, incl. non-controlling interests	2014		Per share <sup>1)</sup>	
<b>Total equity at January 1</b>	<b>4,906</b>		<b>103.5</b>	
Other comprehensive income	443			
Dividends	-224			
Profit for the period	712	$\Delta = 18.8\%$		$\Delta = 19.2\%$
Purchase / sale of treasury shares	4			
Change in non-controlling interests	-11			
<b>Total equity at 31 December</b>	<b>5,831</b>		<b>123.4</b>	
<b>Return on equity</b>	<b>13.5%</b>			

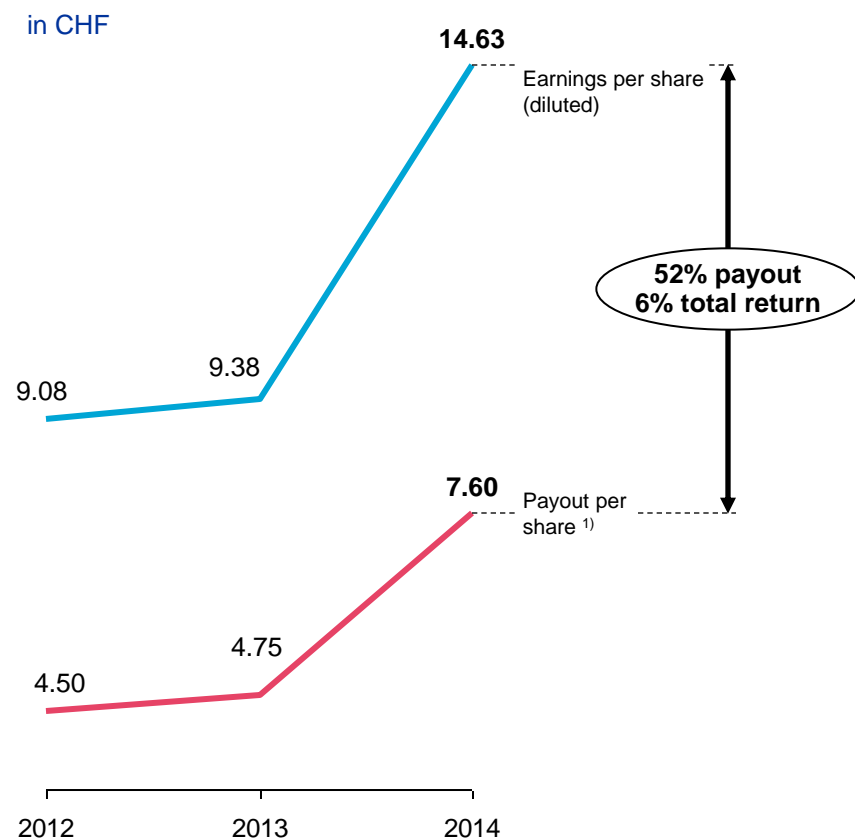
<sup>1)</sup> based on consolidated total equity (excluding non-controlling interests) and on average shares outstanding

### Alternative RoE-Calculations

RoE (as reported)	13.5%
RoE excl. unrealised gains and losses on bonds (net)	16.0%

# Distribution to shareholder

## Attractive total return to shareholders of 6%



<sup>1)</sup> incl. share buyback (assuming CHF 130.0 per share)

### Cashflow stronghold: proposed dividend of CHF 5.00

- Improved operating earnings allow for an increase of the attractive dividend level
- Dividend yield of 3.9%
- Strong commitment to new dividend level

### Active capital management: new share buyback programme

- Attractive earnings accretion for shareholders using free cashflows from disposal transactions
- Up to 1,000,000 shares (equivalent to 2% of outstanding shares)
- Execution during the next 2 years via secondary trading line

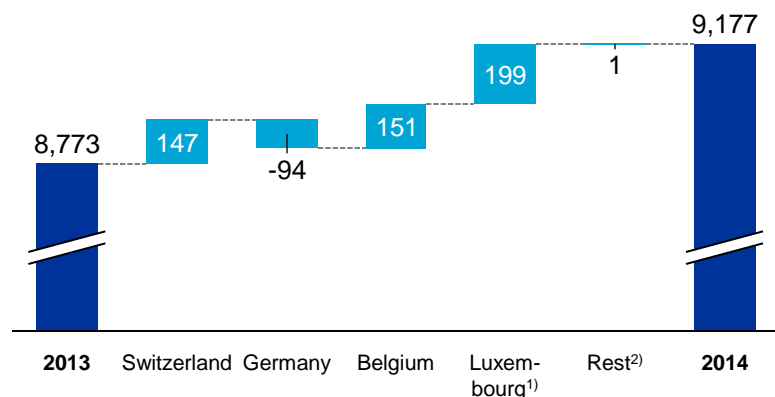
## 03 Operations

**Martin Strobel**  
Group CEO

# Business Volume

## Strong growth momentum

### By country



in CHF mn	2013	2014	+/-	+/- LC <sup>3)</sup>
Switzerland	4,363	<b>4,510</b>	3.4%	3.4%
Germany	1,727	<b>1,633</b>	-5.5%	-4.2%
Belgium	1,394	<b>1,545</b>	10.9%	12.3%
Luxembourg <sup>1)</sup>	1,284	<b>1,483</b>	15.5%	16.9%
Rest <sup>2)</sup>	5	<b>6</b>	11.0%	11.0%
<b>Total</b>	<b>8,773</b>	<b>9,177</b>	<b>4.6%</b>	<b>5.3%</b>

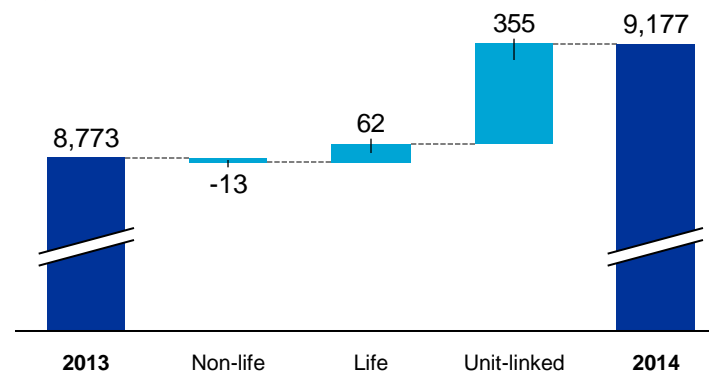
On a comparable basis, excluding discontinued operations (Austria, Croatia and Serbia)

<sup>1)</sup> incl. Baloise Life Liechtenstein

<sup>2)</sup> incl. group business

<sup>3)</sup> local currency (LC)

### By line of business

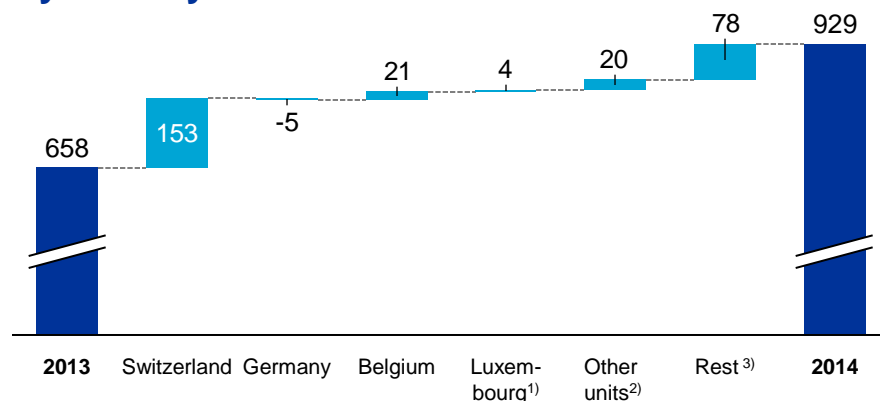


in CHF mn	2013	2014	+/-	+/- LC <sup>3)</sup>
Non-life	3,274	<b>3,261</b>	-0.4%	0.4%
Life	3,736	<b>3,798</b>	1.7%	2.0%
Unit-linked	1,763	<b>2,118</b>	20.1%	21.5%
<b>Total</b>	<b>8,773</b>	<b>9,177</b>	<b>4.6%</b>	<b>5.3%</b>

# EBIT

## Excellent profit backed by all countries and lines of business

### By country



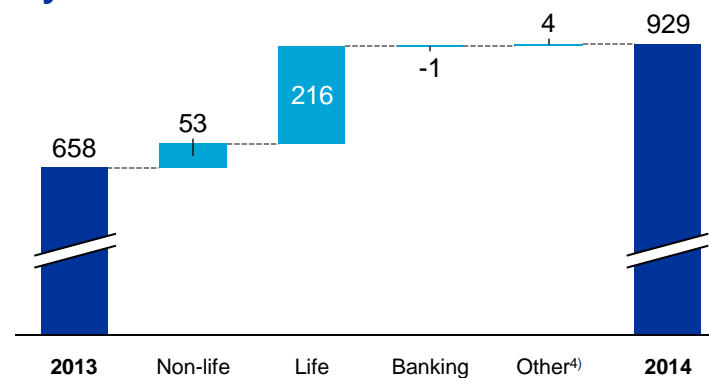
in CHF mn	2013	2014	+/-
Switzerland	435	588	35.3%
Germany	68	63	-7.9%
Belgium	121	142	17.2%
Luxembourg <sup>1)</sup>	17	21	22.5%
Other units <sup>2)</sup>	-14	6	n.m.
Rest <sup>3)</sup>	32	110	249.2%
<b>Total</b>	<b>658</b>	<b>929</b>	<b>41.1%</b>

<sup>1)</sup> incl. Baloise Life Liechtenstein

<sup>2)</sup> Austria (closing: 28.08.2014), Croatia and Serbia (closing: 11.03.2014)

<sup>3)</sup> incl. Baloise Holding AG, internal reinsurance, Corporate IT

### By line of business



in CHF mn	2013	2014	+/-
Non-life	366	419	14.4%
Life	261	477	82.6%
Banking	75	74	-2.3%
Other <sup>4)</sup>	-45	-41	-7.6%
<b>Total</b>	<b>658</b>	<b>929</b>	<b>41.1%</b>

<sup>4)</sup> incl. Baloise Holding AG, Corporate IT, Baloise Incentive Foundation

# Highlights Swiss Operations

## Strong operational result

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### Non-life:

Gross premiums written:	CHF 1,335 mn (-0.6%)	→ Attractive growth in private customer business
Combined Ratio, gross:	83.9% (-2.4 pts)	→ Declining premiums in group health and accident business due to selective underwriting policy
EBIT:	CHF 167 mn (-2.5%)	→ High operational profitability sustained

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### Life:

Gross premiums written:	CHF 2,985 mn (2.9%)	→ Persistent growth momentum in group life
Investment-type premiums:	CHF 190 mn (59.5%)	→ High growth in risk coverage products
EBIT:	CHF 408 mn (67.8%)	→ Strong operational profitability topped by gains from sales of NATN / HELN shareholdings
New business margin (NBM):	14.6% (3.5 pts)	

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### Baloise Bank SoBa: (local GAAP)

Profit for the period:	CHF 22.5 mn (+1.4%)	→ Increase in result despite decline in interest margin
Client assets: <small>(accounts and security deposits)</small>	CHF 8,655 mn (+6.7%)	→ Pleasing increase in fee and commission business (number of asset management mandates +20%)
Client loans:	CHF 6,376 mn (+1.3%)	→ Implementation of new service range in Private Banking
Cost/income ratio:	63.9% (+2.3 pts)	

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# Highlights International Operations

## Steady growth; operational excellence gathers pace

- 
- Germany:
- Growth in target segments, decrease in overall business volume due to exit of unprofitable segments
  - Good underlying performance
  - Optimisation measures well on track
- 
- Belgium:
- Higher EBIT despite increased combined ratio
  - Improved cost ratio, claims impacted by hail storm in June
  - Strong growth above market in life as a result of partnership with banks
- 
- Luxembourg<sup>1)</sup>:
- Continuous growth combined with strong technical performance leads to excellent result
  - Acquisition of P&V business leads to even stronger market position with market share above 10%
- 

<sup>1)</sup> incl. Baloise Life Liechtenstein

# 04 Strategy & Outlook

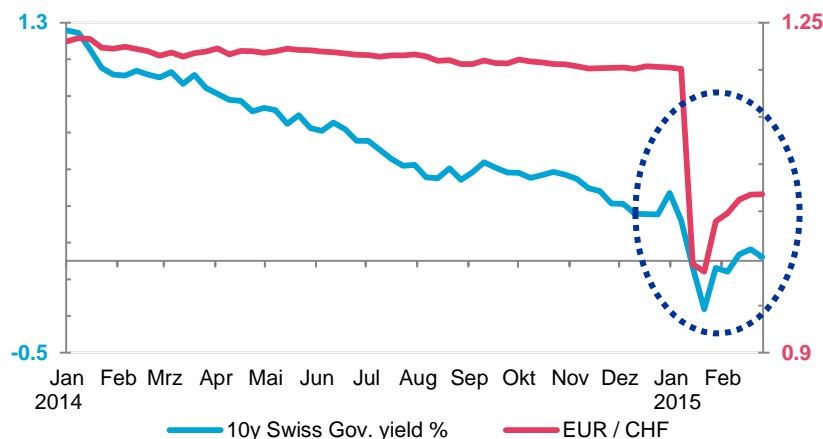
**Martin Strobel**  
Group CEO



# Outlook 2015

## A very challenging environment for the Swiss insurance sector

### Current Swiss insurance market challenge



- Market disturbance only "visible" to investors with Swiss exposure
- Exchange rates still in search for their new equilibrium, hedging costs increased
- Long-term interest rates close to zero, cash management a "never seen before" challenge

### Baloise outlook

- Given the high volatility of various market parameters (interest rates, spreads and currency), year-end IFRS-sensitivities do not give an appropriate guidance for FY2015
- Given current market trends we expect the net profit for FY2015 to be affected by a negative mid double digit million amount
- Ongoing efficiency measures and outstanding portfolio quality enable us to defend the operational earnings power

# Financial Targets Unchanged

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## Strong operations

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Non-life combined ratio	93 – 96%
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Life New Business Margin	> 10%
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## Good profitability

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Return on Equity (RoE)	8 -12%
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Attractive and reliable dividend

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# Q&A

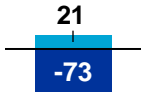
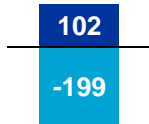
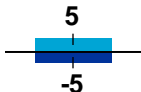
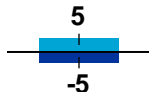
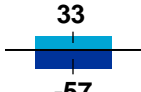
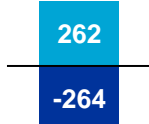
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# I Operations

# IFRS Sensitivities

as per 31.12.2014

Type of Risk	Sensitivity Test	Impact on consolidated profits (in CHF mn)	Impact on consolidated equity incl. Impact on profit (in CHF mn)
Interest Rate Risk	+/- 50 bp	 <p>21 -73</p>	 <p>102 -199</p>
Foreign Currency Risk <sup>1)</sup>	+/- 0.01 CHF	 <p>5 -5</p>	 <p>5 -5</p>
Share Price Risk	+/- 10%	 <p>33 -57</p>	 <p>262 -264</p>

<sup>1)</sup> excl. translation effects

# Business Matrix 2014

in Mio. CHF	Switzerland	Germany	Belgium	Luxembourg <sup>1)</sup>	Rest	Total
<b>Life</b>	<b>2,985.1</b> 78.6% 66.2%	<b>568.8</b> 15.0% 34.8%	<b>157.2</b> 4.1% 10.2%	<b>87.1</b> 2.3% 5.9%	- - -	<b>3,798.1</b> 100.0% 41.4%
<b>Unit-linked</b>	<b>189.9</b> 9.0% 4.2%	<b>221.0</b> 10.4% 13.5%	<b>426.5</b> 20.1% 27.6%	<b>1,280.7</b> 60.5% 86.3%	- - -	<b>2,118.2</b> 100.0% 23.1%
<b>Non-life</b>	<b>1,335.1</b> 40.9% 29.6%	<b>842.9</b> 25.9% 51.6%	<b>961.2</b> 29.5% 62.2%	<b>115.6</b> 3.5% 7.8%	<b>5.7</b> 0.2% 100.0%	<b>3,260.5</b> 100.0% 35.5%
<b>Total</b>	<b>4,510.0</b> 49.1% 100.0%	<b>1,632.7</b> 17.8% 100.0%	<b>1,544.9</b> 16.8% 100.0%	<b>1,483.4</b> 16.2% 100.0%	<b>5.7</b> 0.1% 100.0%	<b>9,176.7</b> 100.0% 100.0%

On a comparable basis, excluding discontinued operations (Austria, Croatia and Serbia)

<sup>1)</sup> incl. Baloise Life Liechtenstein

# Growth Matrix 2014

in % in CHF (in % in LC)	Switzerland	Germany	Belgium	Luxembourg <sup>1)</sup>	Rest	Total
<b>Life</b>	<b>2.9%</b>	<b>-6.7%</b> (-5.4%)	<b>-4.9%</b> (-3.6%)	<b>44.7%</b> (46.6%)	- -	<b>1.7%</b> (2.0%)
<b>Unit-linked</b>	<b>59.5%</b>	<b>-1.2%</b> (0.2%)	<b>54.6%</b> (56.6%)	<b>11.9%</b> (13.2%)	- -	<b>20.1%</b> (21.5%)
<b>Non-life</b>	<b>-0.6%</b>	<b>-5.7%</b> (-4.5%)	<b>0.9%</b> (2.3%)	<b>46.2%</b> (48.1%)	<b>11.0%</b>	<b>-0.4%</b> (0.4%)
<b>Total</b>	<b>3.4%</b>	<b>-5.5%</b> (-4.2%)	<b>10.9%</b> (12.3%)	<b>15.5%</b> (16.9%)	<b>11.0%</b>	<b>4.6%</b> (5.3%)

On a comparable basis, excluding discontinued operations (Austria, Croatia and Serbia)

<sup>1)</sup> incl. Baloise Life Liechtenstein



# EBIT Matrix 2014

in CHF mn, (change in %)	Non-life	Life	Banking	Other	Total
<b>Switzerland</b>	<b>167</b> (-2.5%)	<b>408</b> (67.8%)	<b>20</b> (-9.4%)	<b>-7</b> (260.0%)	<b>588</b> (35.3%)
<b>Germany</b>	<b>46</b> (-31.0%)	<b>35</b> (75.4%)	<b>1</b> (-74.1%)	<b>-19</b> (-10.6%)	<b>63</b> (-7.9%)
<b>Belgium</b>	<b>89</b> (30.3%)	<b>40</b> (-8.3)	<b>-</b>	<b>13</b> (43.2%)	<b>142</b> (17.2%)
<b>Luxembourg<sup>1)</sup></b>	<b>8</b> (34.5%)	<b>15</b> (30.2)	<b>-</b>	<b>-2</b> (340.0%)	<b>21</b> (22.5%)
<b>Other units<sup>2)</sup></b>	<b>5</b> (n.m.)	<b>1</b> (n.m.)	<b>-</b>	<b>0</b> (n.m.)	<b>6</b> (n.m.)
<b>Rest</b>	<b>98</b> (54.1%)	<b>26</b> (n.m.)	<b>21</b> (10.3%)	<b>-35</b> (-18.4%)	<b>110</b> (249.2%)
<b>Eliminated</b>	<b>6</b>	<b>-48</b>	<b>31</b>	<b>10</b>	<b>-</b>
<b>Total</b>	<b>419</b> (14.4%)	<b>477</b> (82.6%)	<b>74</b> (-2.3%)	<b>-41</b> (-7.6%)	<b>929</b> (41.1%)

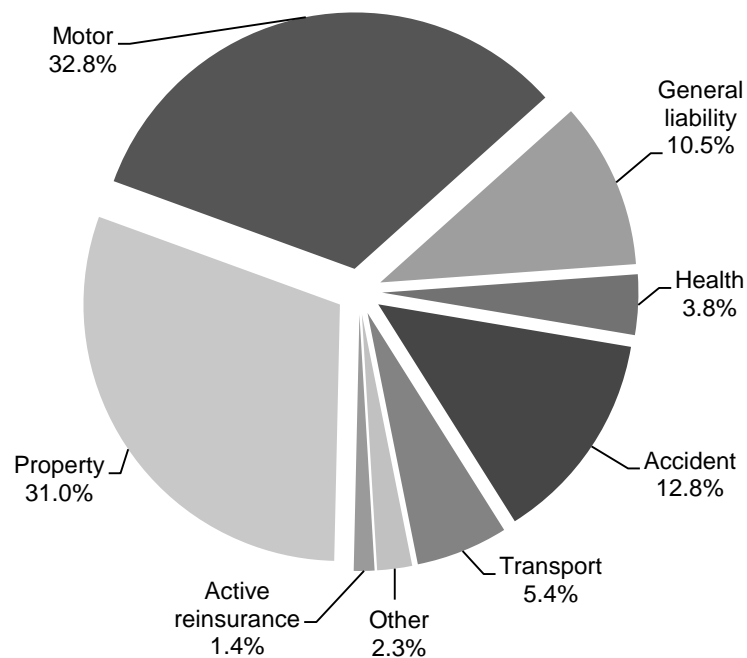
<sup>1)</sup> incl. Baloise Life Liechtenstein

<sup>2)</sup> Austria (closing: 28.08.2014), Croatia and Serbia (closing: 11.03.2014)

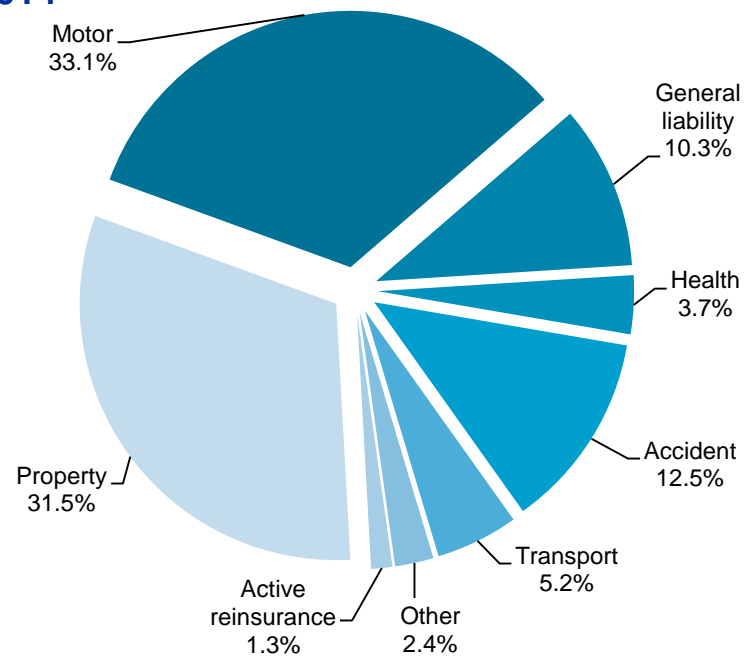
# Business Mix Non-life

in % of gross premiums written

**2013**



**2014**

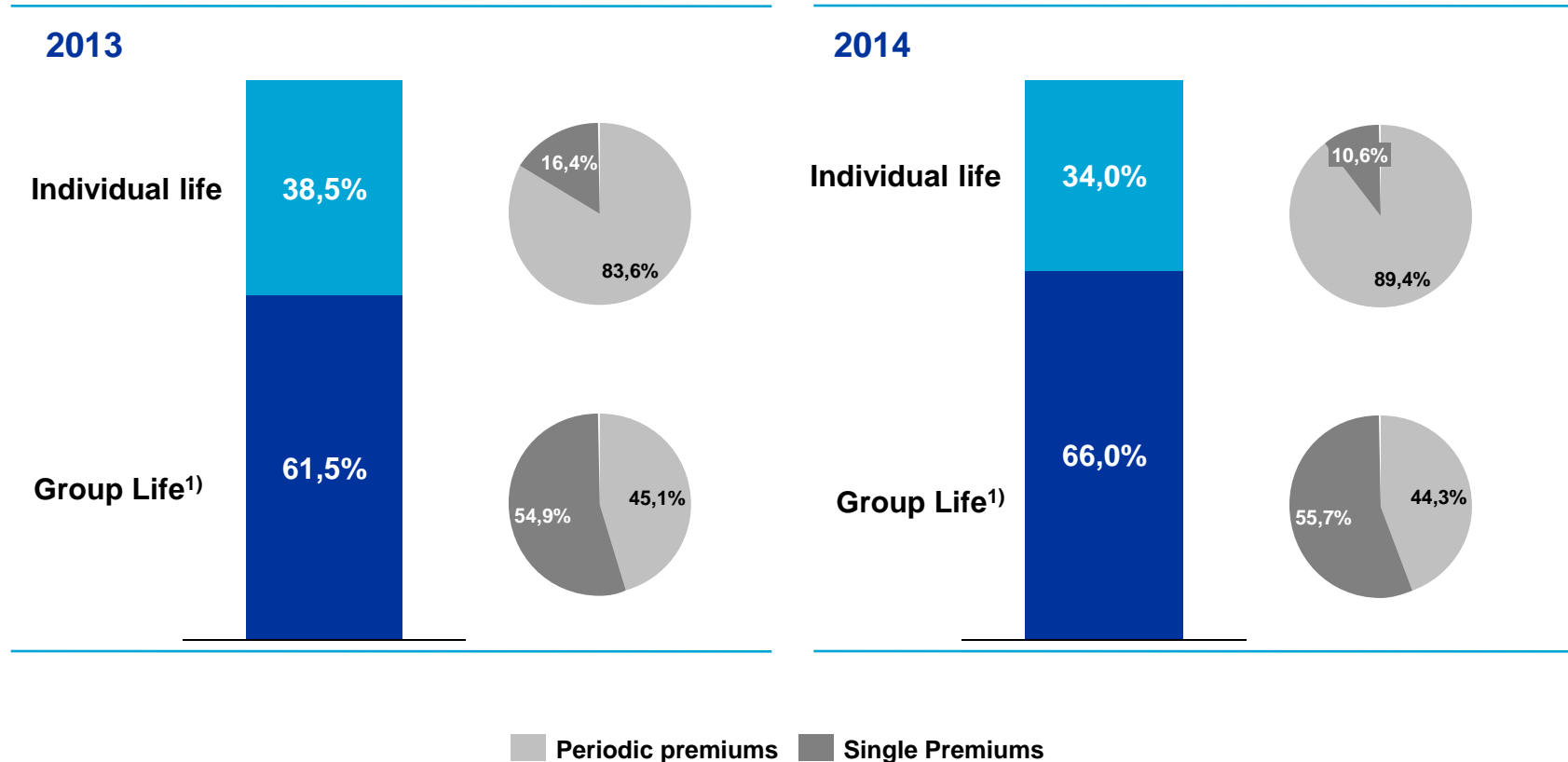


in CHF mn

	2013	2014
Gross premiums written non-life	3,442	3,359

# Business Mix Life

in % of gross premiums written, excl. investment-type premiums



<sup>1)</sup> Swiss group life business only

## MCEV: Split by Country

in CHF mn, based on statutory financial statements	2013			2014		
	CH	Intern. <sup>1)</sup>	Group	CH	Intern. <sup>1)</sup>	Group
CEVBF	2,330	640	<b>2,969</b>	2,275	316	<b>2,591</b>
TVFOG	-203	-149	<b>-351</b>	-449	-75	<b>-525</b>
CNHR	-196	-111	<b>-307</b>	-175	-41	<b>-217</b>
FCC	-59	-93	<b>-152</b>	-48	-69	<b>-117</b>
Value of In-Force	1,872	287	<b>2,159</b>	1,602	131	<b>1,733</b>
Shareholders' Net Assets	971	678	<b>1,649</b>	1,175	702	<b>1,877</b>
<b>MCEV</b>	<b>2,844</b>	<b>965</b>	<b>3,809</b>	<b>2,777</b>	<b>833</b>	<b>3,610</b>

<sup>1)</sup> Germany, Belgium, Luxembourg and Liechtenstein as well as consolidation effects

## MCEV: New Business Margin

in CHF mn, based on statutory financial statements	2013					2014				
	CH	D	B	Lux <sup>1)</sup>	Group	CH	D	B	Lux <sup>1)</sup>	Group
MCVNB	17	10	5	13	<b>45</b>	27	9	7	16	<b>59</b>
APE	155	42	30	106	<b>333</b>	183	35	54	118	<b>390</b>
NB Margin on APE	11.1%	23.3%	16.2%	12.3%	<b>13.5%</b>	14.6%	25.0%	13.8%	13.3%	<b>15.0%</b>
PVNBP	2,105	397	328	1,058	<b>3,889</b>	2,703	327	641	1,186	<b>4,857</b>
NB Margin on PVNBP	0.8%	2.5%	1.5%	1.2%	<b>1.2%</b>	1.0%	2.7%	1.2%	1.3%	<b>1.2%</b>

<sup>1)</sup> exclusive Baloise Life Liechtenstein

## MCEV: Economic Sensitivities

in CHF mn, based on statutory financial statements	$\Delta$ MCEV	$\Delta$ MCEV in %	$\Delta$ MCVNB	$\Delta$ MCVNB in %
<b>Base Value</b>	<b>3,610</b>	<b>-</b>	<b>59</b>	<b>-</b>
+100 bps to reference yields	628	17%	23	38%
-100 bps to reference yields	-904	-25%	-33	-56%
10% decrease in equity / property values	-451	-12%	-8	-14%
25% increase in equity / property implied volatilities	-79	-2%	-4	-6%
25% increase in swaption implied volatilities	-129	-4%	-4	-7%
Without liquidity premium	-97	-3%	-2	-3%

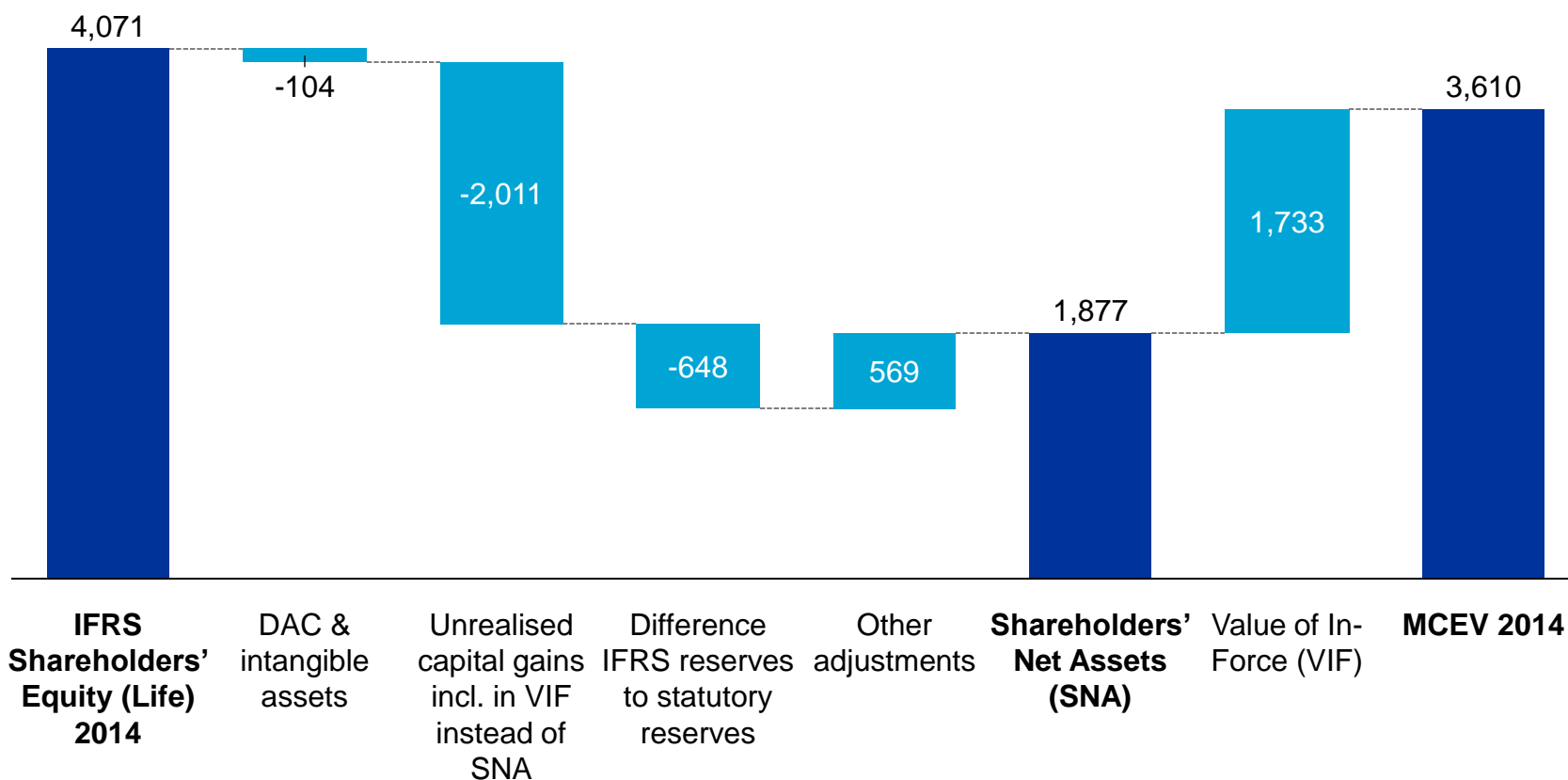
## MCEV: Operating Sensitivities

in CHF mn, based on statutory financial statements	$\Delta$ MCEV	$\Delta$ MCEV in %	$\Delta$ MCVNB	$\Delta$ MCVNB in %
<b>Base Value</b>	<b>3,610</b>	<b>-</b>	<b>59</b>	<b>-</b>
10% decrease in lapse rates	52	1%	7	12%
10% decrease in maintenance expenses	132	4%	6	11%
10% decrease in initial expenses	n.m.	n.m.	6	10%
5% improvement in mortality assumptions - insurance	20	1%	2	3%
5% improvement in morbidity assumptions	46	1%	2	3%
5% improvement in mortality assumptions - annuity	-64	-2%	-1	-1%
1% pts decrease for CNHR <sup>1)</sup>	73	2%	4	6%

<sup>1)</sup> indicates the impact of changing the rate of charge for capital for non-hedgeable risks from 4% to 3%

# IFRS-MCEV Bridge

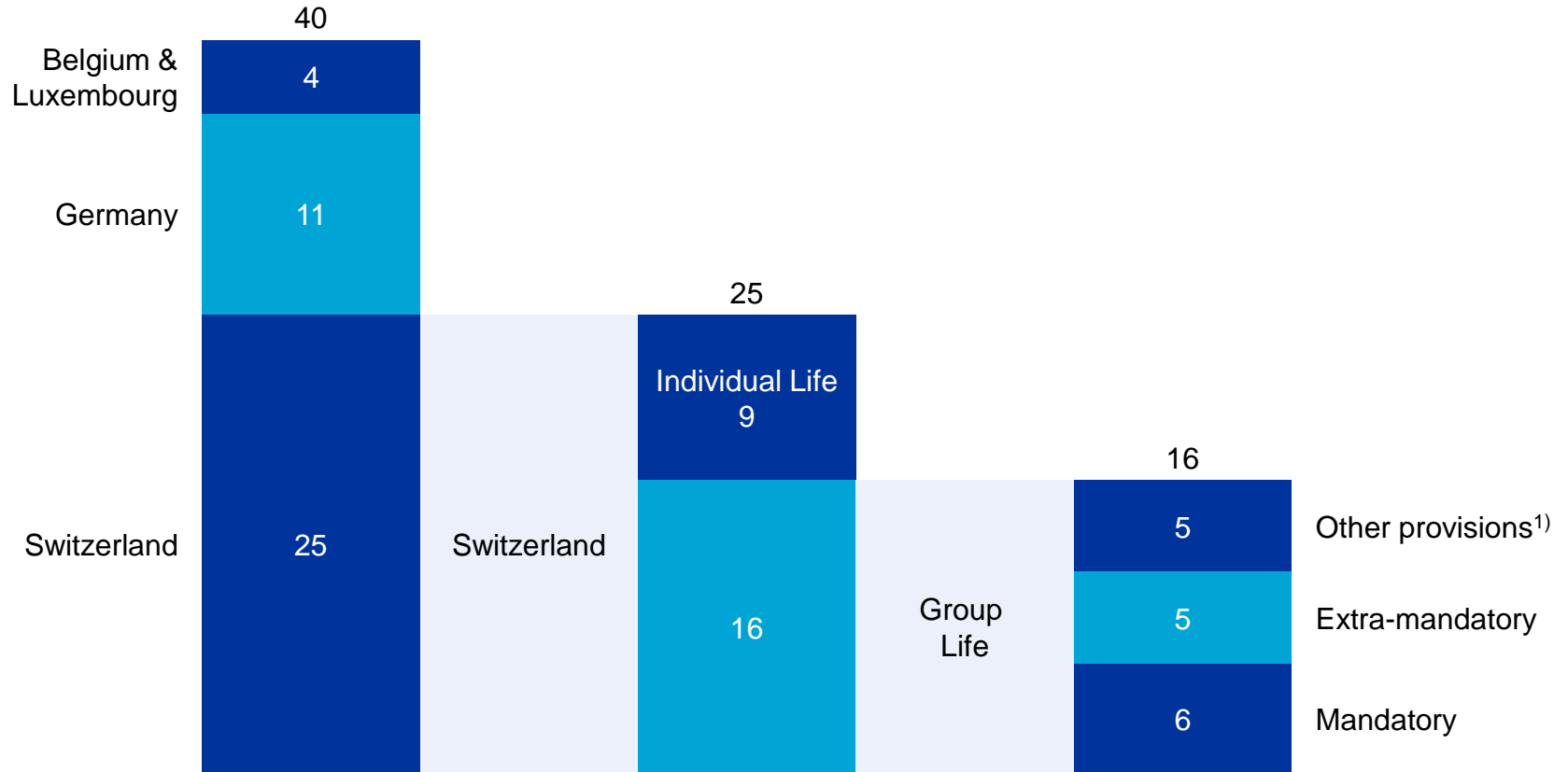
in CHF mn





# Technical Reserves Life

gross, in CHF bn



<sup>1)</sup> provisions for annuities, mortality, disability, reserve strengthening, cost of living adjustment fund

## Direct Yield and Guarantees Life

<b>2014</b>	<b>CH</b>	<b>EU</b>	<b>Total</b>
Direct yield <sup>1)</sup>	2.6%	3.4%	<b>2.9%</b>
Average guaranteed rate of return	2.0%	2.6%	<b>2.2%</b>
Margin	0.6%	0.8%	<b>0.7%</b>

<b>2013</b>	<b>CH</b>	<b>EU</b>	<b>Total</b>
Direct yield <sup>1)</sup>	2.7%	3.7%	<b>3.1%</b>
Average guaranteed rate of return	2.0%	2.9%	<b>2.4%</b>
Margin	0.6%	0.8%	<b>0.7%</b>

Figures mathematically rounded

<sup>1)</sup> relative to average technical reserves, excl. realisations

## Switzerland: Direct Yield and Guarantees

2014	Individual life	Group life	Total life CH
Direct yield <sup>1)</sup>	2.9%	2.5%	2.6%
Average guaranteed rate of return	2.4%	1.8%	2.0%
<b>Margin</b>	<b>0.6%</b>	<b>0.7%</b>	<b>0.6%</b>

2013	Individual life	Group life	Total life CH
Direct yield <sup>1)</sup>	2.9%	2.5%	2.7%
Average guaranteed rate of return	2.4%	1.8%	2.0%
<b>Margin</b>	<b>0.5%</b>	<b>0.7%</b>	<b>0.6%</b>

Figures mathematically rounded

<sup>1)</sup> relative to average technical reserves, excl. realisations

## Switzerland: Group Life (1/2)

in CHF mn, in accordance with statutory financial statements

<b>Group life CH business subject to legal quote</b>	<b>2013</b>	<b>2014</b>
Result of savings process	114	163
Result of risk process	88	83
Result of cost process	-1	1
Gross result for business subject to legal quote	201	247
Strengthening of reserve	-126	-182
Allocation to provisions for future policyholder dividends	-43	-20
Operating result for business subject to legal quote	32	45

<b>Derivation of legal quote group life CH</b>	<b>2014</b>	<b>%</b>
Gross income from business subject to legal quote	659	100%
Overall benefit level in business subject to legal quote	614	93%
Operating result for business subject to legal quote	45	
Operating result for business not subject to legal quote	26	
Operating result for group life business	71	

## Switzerland: Group Life (2/2)

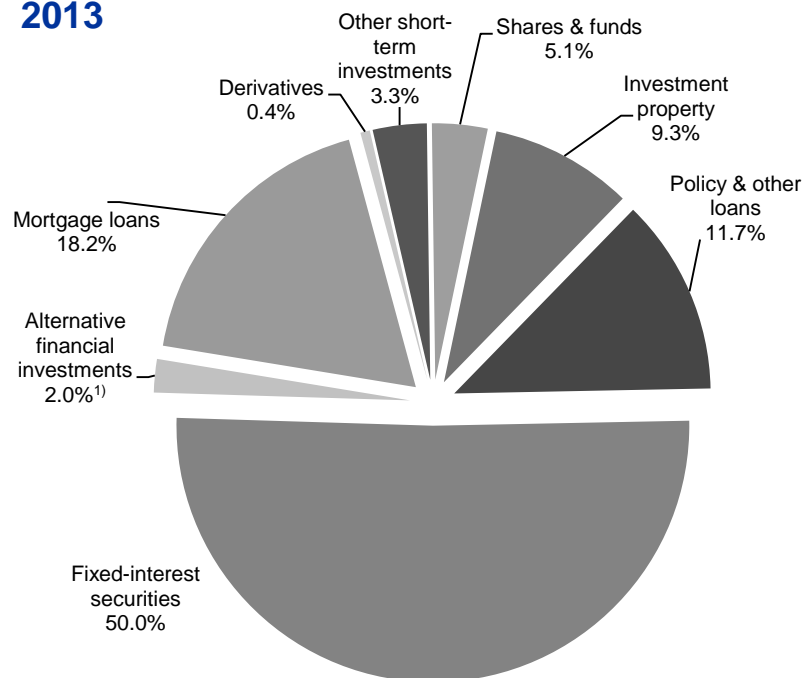
in CHF mn, in accordance with statutory financial statements

<b>Investment performance</b>	<b>2014</b>	
Net investment income		<b>516</b>
	Book Value	Market value
Investment portfolio at beginning of financial year	<b>15,477</b>	<b>16,545</b>
Investment portfolio at end of financial year	<b>16,549</b>	<b>18,536</b>
Return on book value		<b>3,2%</b>
Return on market value		<b>8,2%</b>
<b>Operating result</b>	<b>2013</b>	<b>2014</b>
Premium income (earned)	2,330	<b>2,520</b>
Policyholder benefits	-1,586	<b>-1,772</b>
Change in insurance reserves incl. strengthening of reserves	-918	<b>-1,036</b>
Acquisition, administrative costs and claims handling expenses	-92	<b>-89</b>
Net investment income	416	<b>516</b>
Reinsurance result	-8	<b>2</b>
Surplus allocated to bonus reserves	-93	<b>-70</b>
Operating result for group life business	49	<b>71</b>

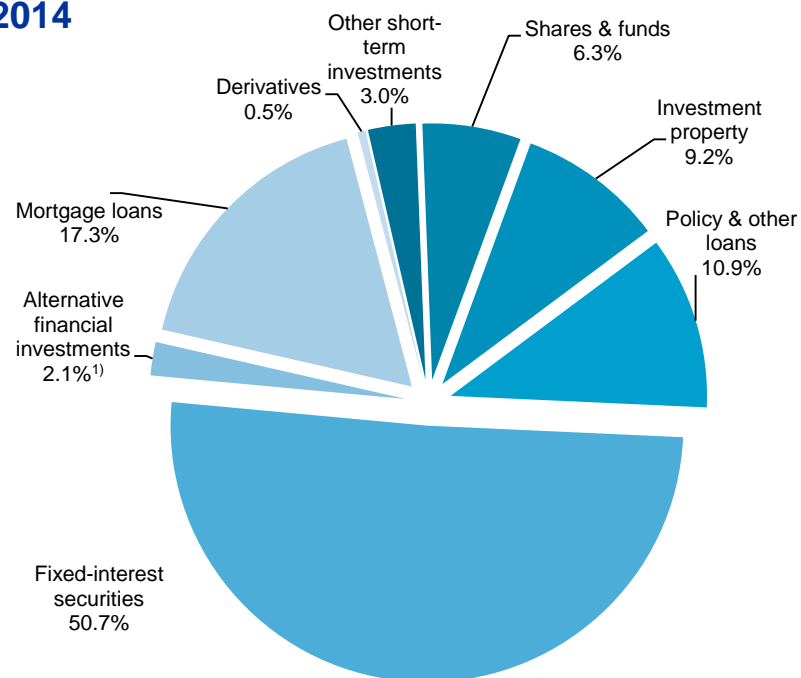
## II Financials

# Group Asset Allocation

2013



2014



in CHF mn

Total group assets<sup>2)</sup>

2014

64,495

<sup>1)</sup> private equity and hedge funds

<sup>2)</sup> incl. banking assets, excl. assets from investment-type premiums

# Impairments in 2014

<b>Financial assets of an equity nature</b>		<b>Financial assets of a debt nature</b>	
Impairments (in CHF mn), gross	33	Impairments (in CHF mn), gross	0
Impairments (gross) in % of ø assets of an equity nature	0.7%	Impairments (gross) in % of ø assets of a debt nature	0.0%

→ Negligible impairments

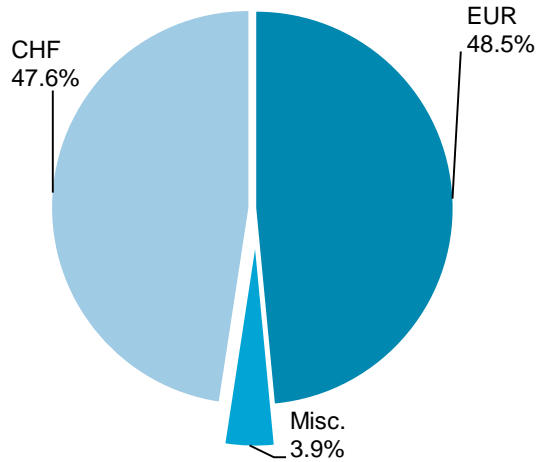
→ Broadly diversified portfolio of high quality bonds



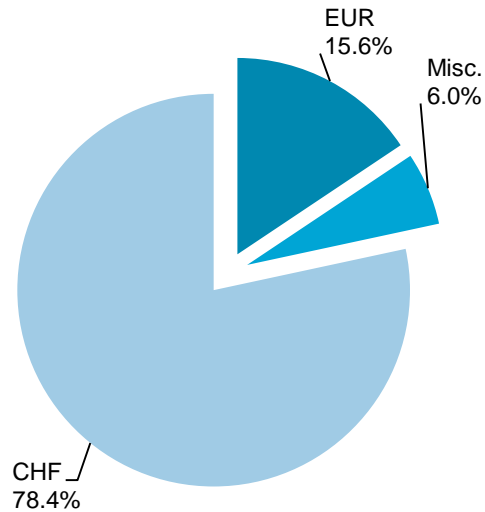
# Total Insurance Assets: Currency Exposure, Gross

excluding banking assets and assets from investment-type premiums

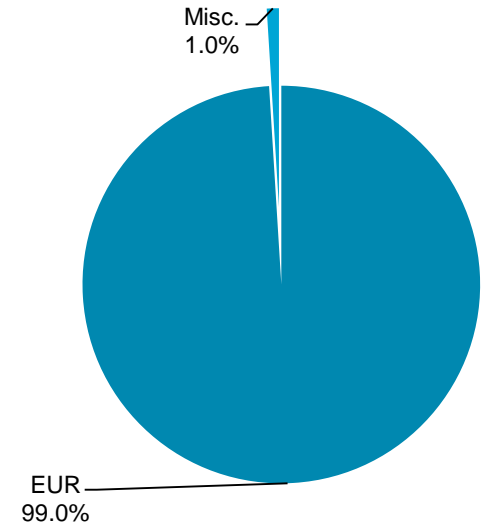
## Group



## Swiss operations



## Foreign operations



in CHF mn

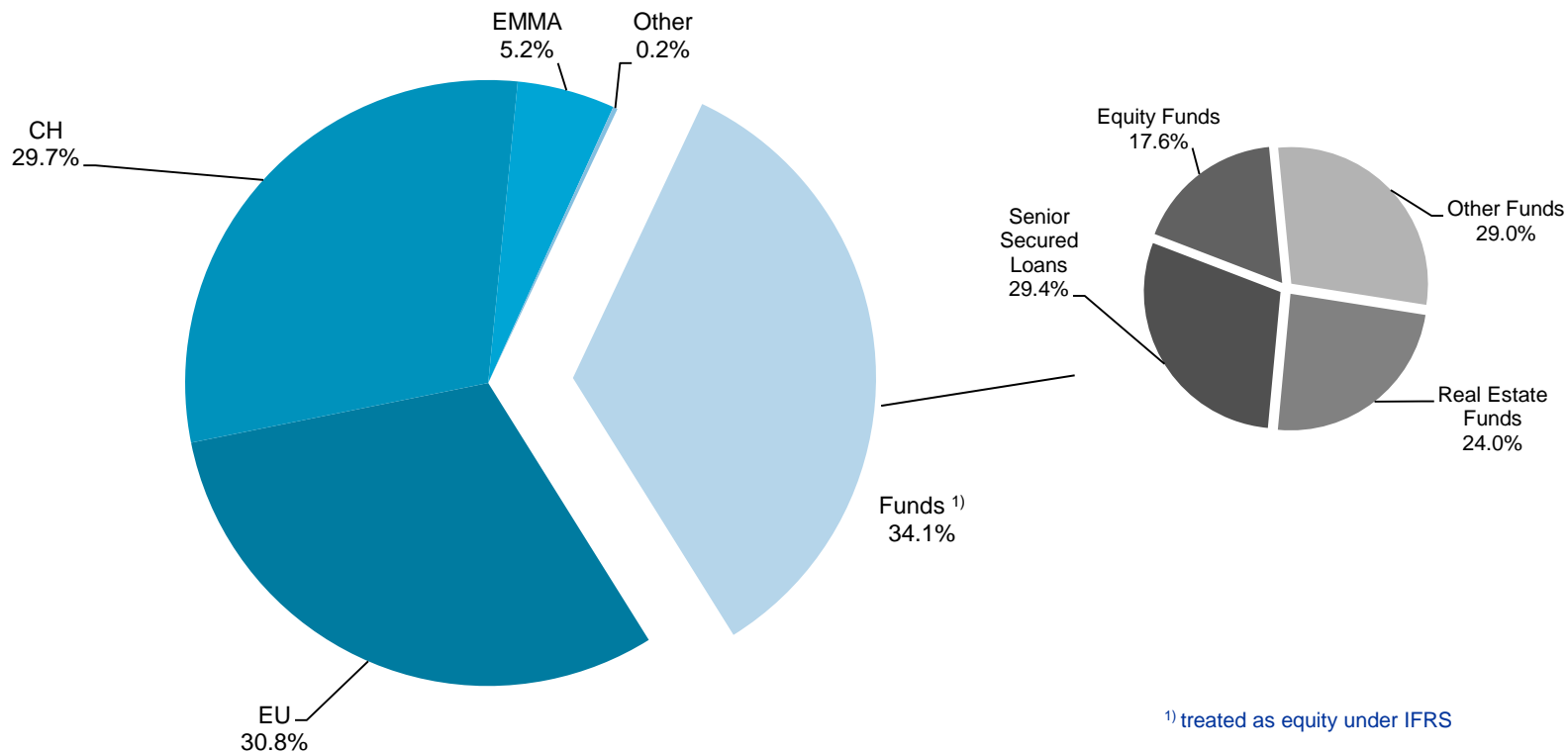
**2014**

Total insurance assets

**57,038**

# Equity Portfolio: Regional Exposure

excluding banking assets and assets from investment-type premiums



<sup>1)</sup> treated as equity under IFRS

in CHF mn	2014
Total equity investments	4,019

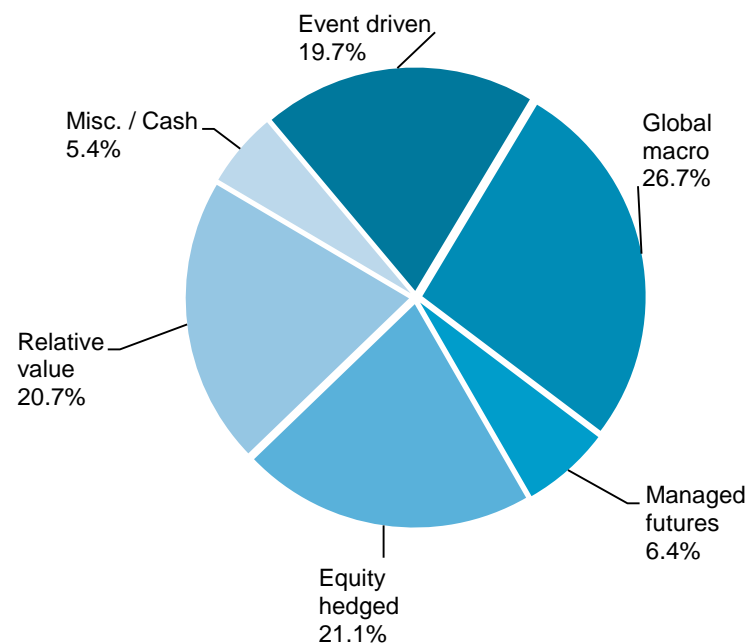
# Hedge Fund Portfolio

excluding banking assets and assets from investment-type premiums

	2014
Total hedge fund investments (in CHF mn)	721
Performance (in USD)	1%
Impairments <sup>1)</sup> (in CHF mn), gross	0.5
Impairments in % of ø Hedge Funds	0.1%

- Broadly diversified portfolio
- FX-risk mainly hedged

## By style



<sup>1)</sup> part of the impairments on financial assets with an equity nature

# Private Equity Portfolio

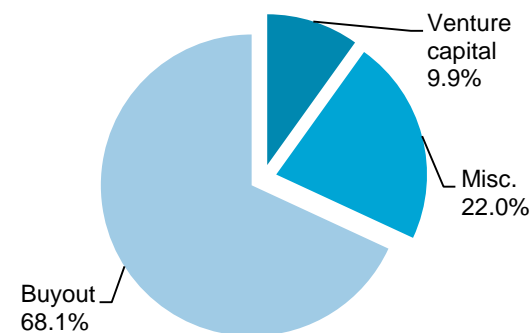
excluding banking assets and assets from investment-type premiums

	2014
Total private equity investments (in CHF mn)	620
Performance (in USD, Sep 13 - Sep 14)	7.7%
Impairments <sup>1)</sup> (in CHF mn), gross	6
Impairments in % of ø Private Equity	1%

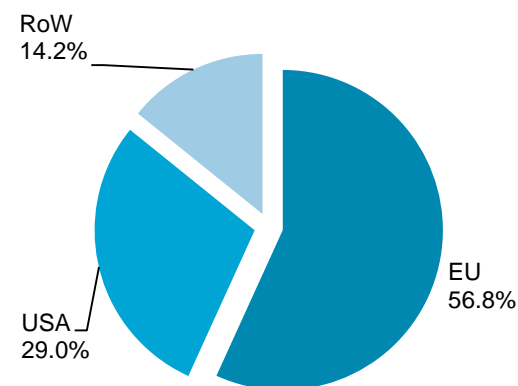
→ FX-risk mainly hedged

<sup>1)</sup> part of the impairments on financial assets with an equity nature

## By type



## By region

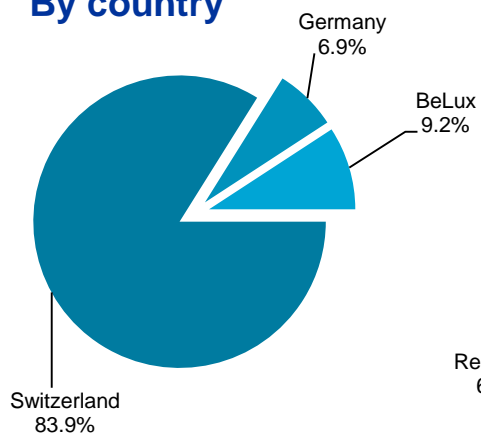


# Investment Property and Mortgages

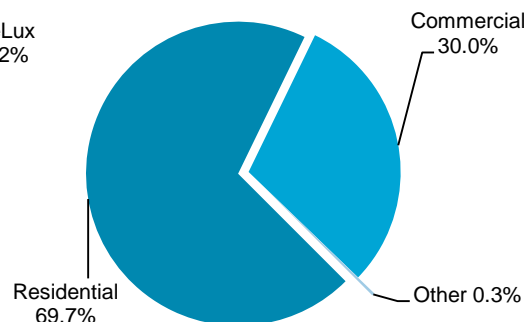
excluding banking assets and assets from investment-type premiums

in CHF mn	2014
Total investment property	5,731
Net yield	4.4%

## By country



## By type



- Well diversified portfolio, only invested in solid markets
- Stable valuation generating regular periodic income

in CHF mn	2014
Total mortgages	4,603
Gross yield <sup>1)</sup>	2.1%
administration costs	-3 bps
risk costs	4 bps
Net yield <sup>1)</sup>	2.1%

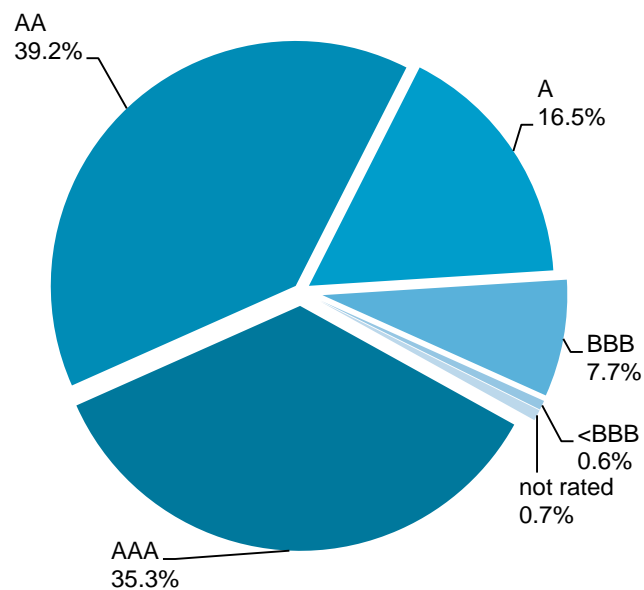
<sup>1)</sup> In % of mortgage investments

- Portfolio of excellent quality due to credit guidelines of high standing

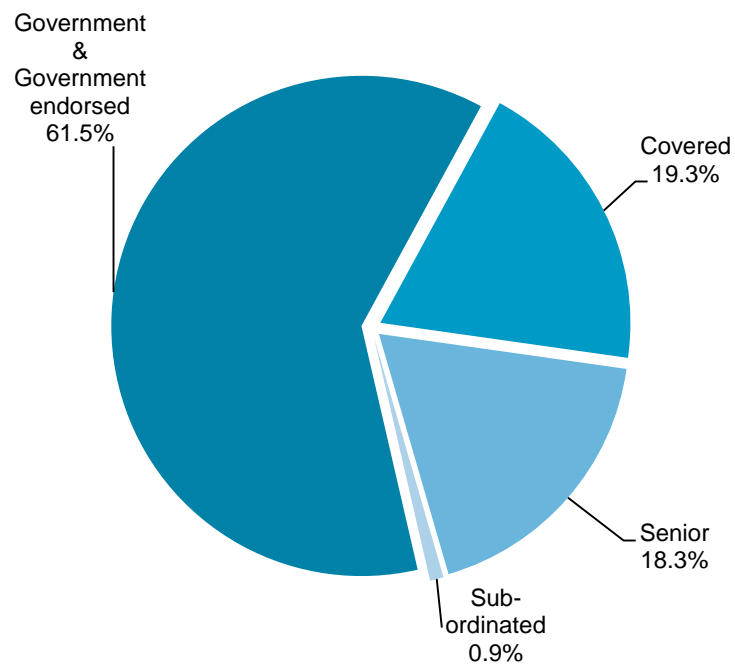
# Bond Portfolio

excluding banking assets and assets from investment-type premiums

## By quality



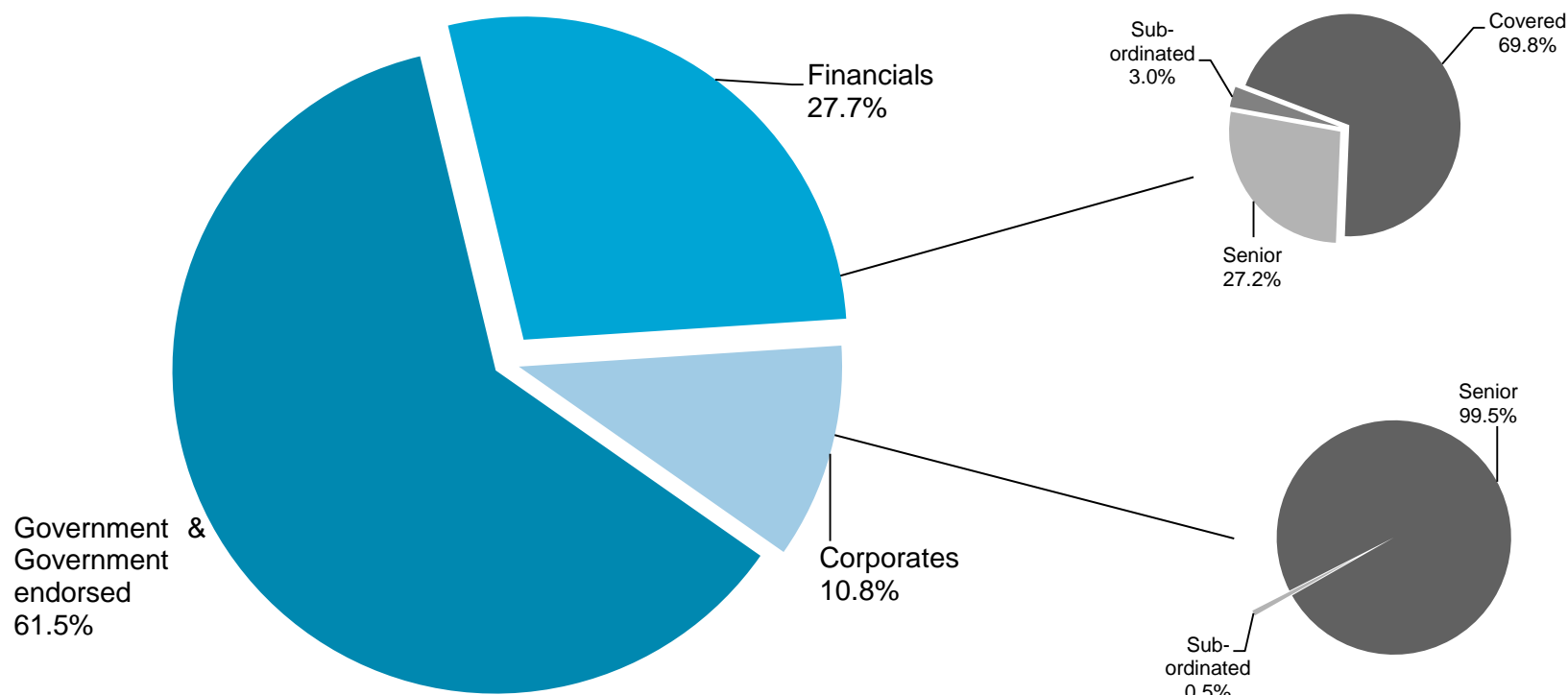
## By ordination



in CHF mn	2014
Total bond investments	32,312

# Bond Portfolio: Issuers

excluding banking assets and assets from investment-type premiums

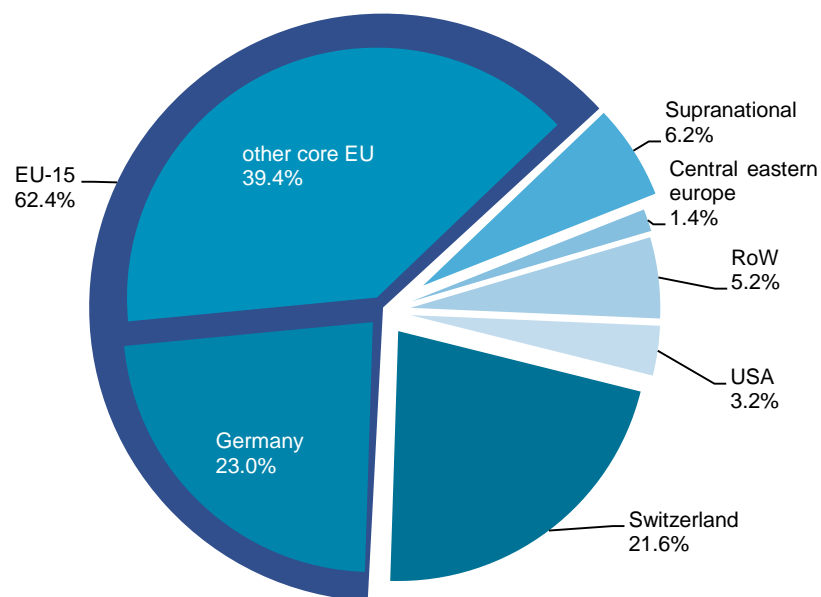


in CHF mn	2014
Total bond investments	32,312

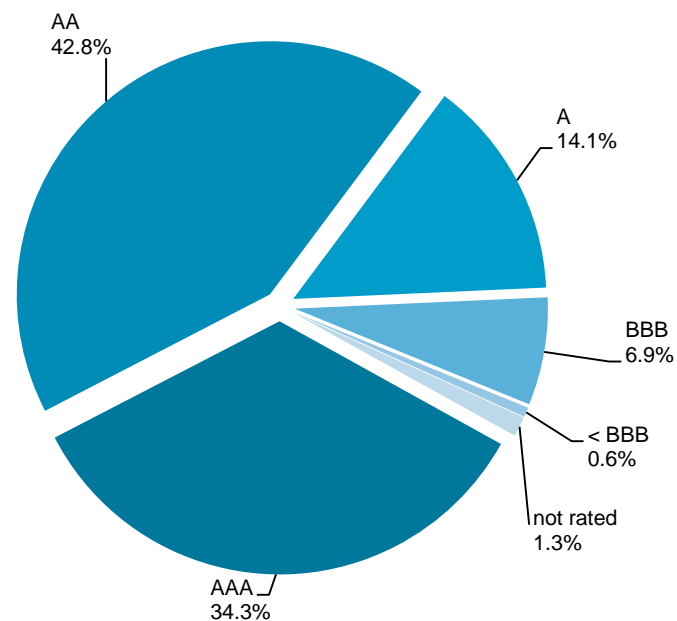
# Bond Portfolio: Sovereign and Public Debt

excluding banking assets and assets from investment-type premiums

## By region



## By quality



in CHF mn

Total Sovereign and Public Debt

2014

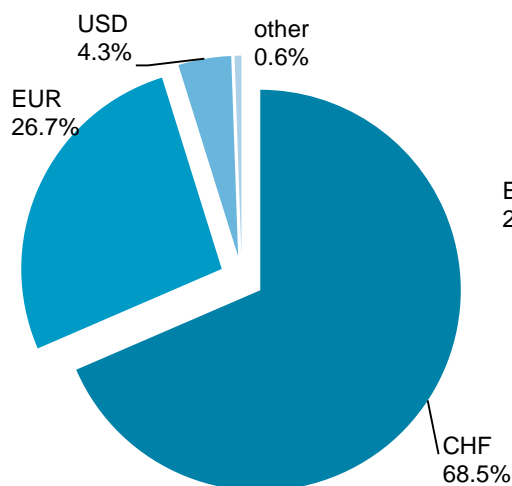
21,401



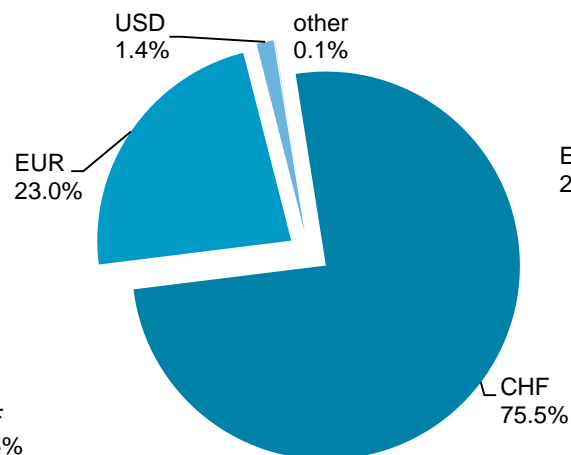
# Bond Portfolio: Currency Exposure of Swiss Operations

excluding banking assets and assets from investment-type premiums

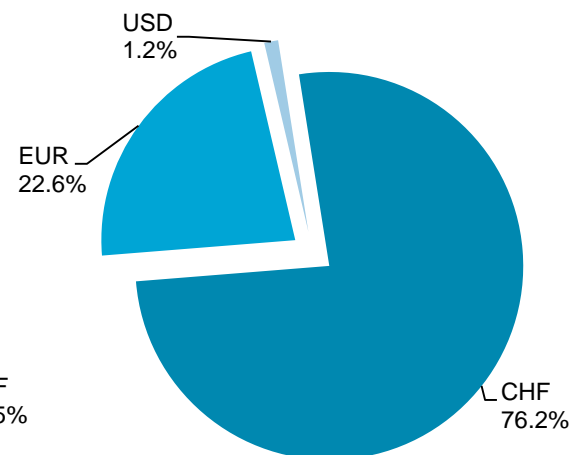
## Non-life



## Total bonds



## Life



→ Total net currency exposure after hedges & liabilities: 6.2% EUR, 0.1% USD

in CHF mn	2014
Total bond investments <sup>1)</sup>	21,702

<sup>1)</sup> held by Swiss operations

# Duration of Bonds and Promissory Notes

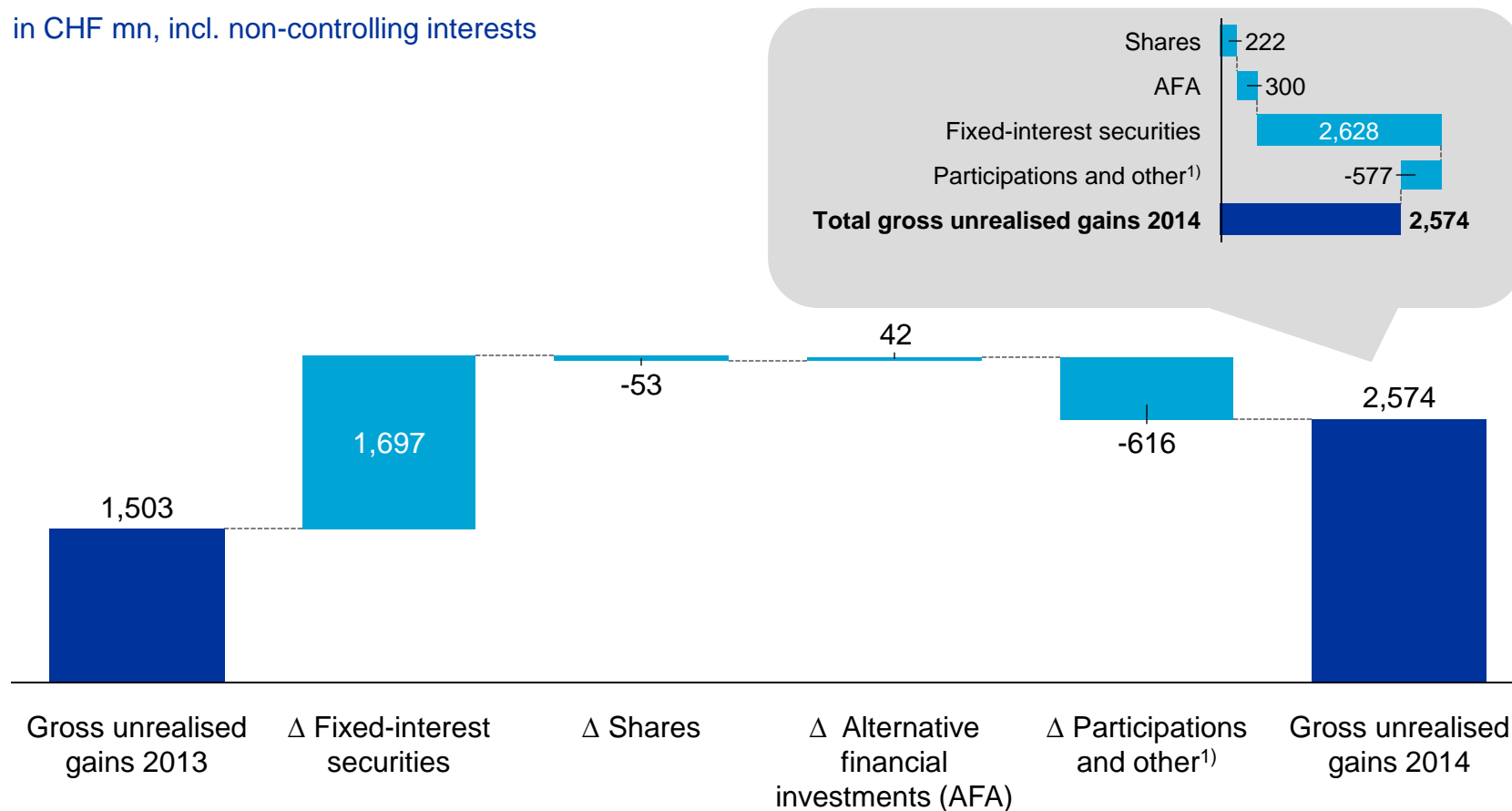
excluding banking assets and assets from investment-type premiums

Duration by classification	2013		2014	
	Years	% of total	Years	% of total
Duration bonds available-for-sale (AFS)	6.8	59.8%	<b>7.3</b>	<b>59.0%</b>
Duration bonds held-to-maturity (HTM)	8.6	22.8%	<b>9.6</b>	<b>24.0%</b>
Duration promissory notes	6.8	17.4%	<b>7.4</b>	<b>17.0%</b>
Duration portfolio	7.2	100%	<b>7.8</b>	<b>100%</b>

Duration by line of business	2013		2014	
	Years	% of total	Years	% of total
Duration life bonds (incl. promissory notes)	7.5	85.6%	<b>8.2</b>	<b>86.5%</b>
Duration non-life bonds (incl. promissory notes)	5.3	14.4%	<b>5.5</b>	<b>13.5%</b>
Duration portfolio	7.2	100%	<b>7.8</b>	<b>100%</b>

# Gross Unrealised Capital Gains

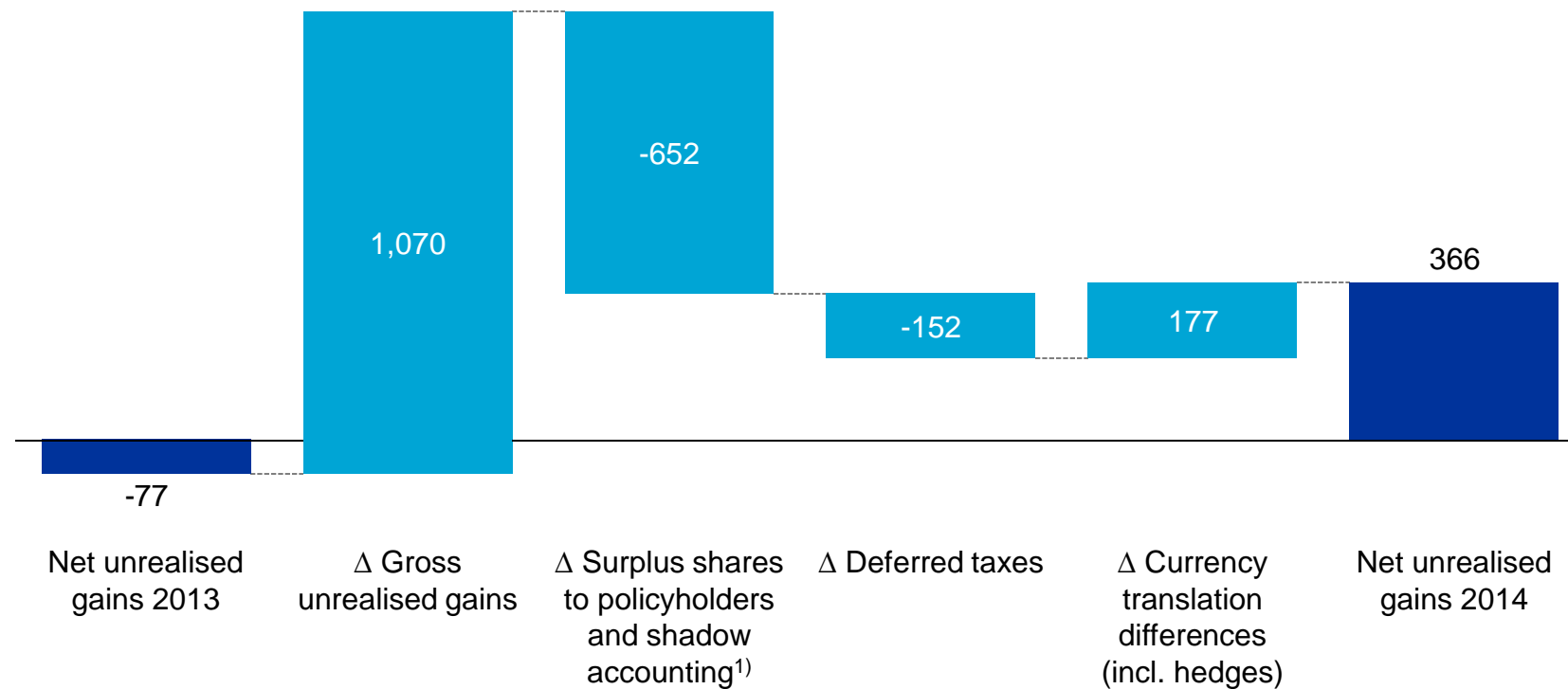
in CHF mn, incl. non-controlling interests



<sup>1)</sup> incl. IAS 19 adjustment

# Net Unrealised Capital Gains

in CHF mn, incl. non-controlling interests

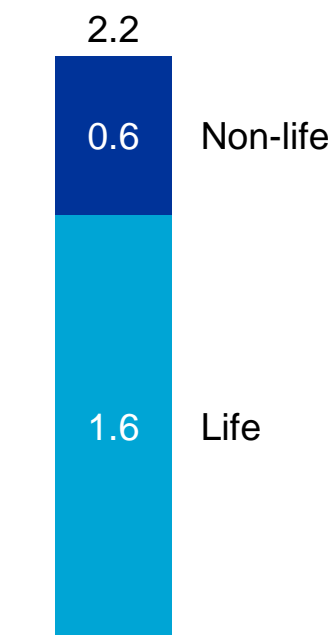


<sup>1)</sup> incl. DAC, URR, terminal policyholders' dividends

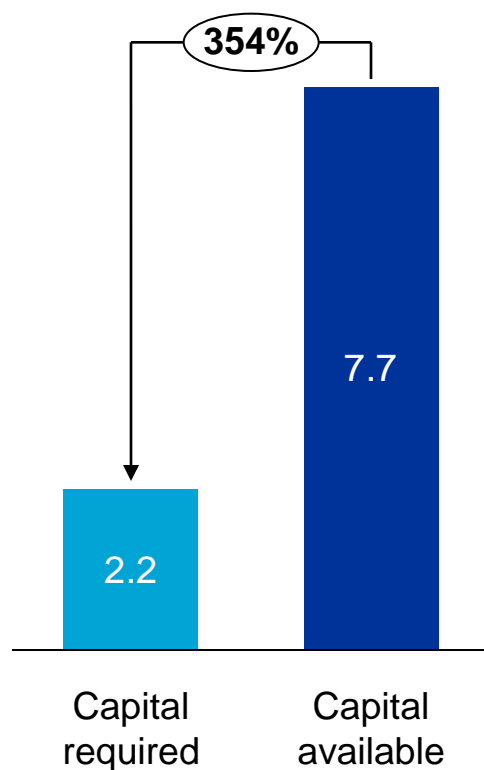
# Consolidated Solvency I

in CHF bn, excluding banking assets

## Capital required



## Required vs. available capital



## Available funds

	2014
Total equity	5.8
Goodwill / intangibles	-0.2
DAC non-life	-0.1
Unallocated surplus	2.8
Other	-0.3
Banking assets	-0.4
<b>Total</b>	<b>7.7</b>

# Currency

in CHF	B/S		P/L	
	2013	2014	2013	2014
EUR	1.23	<b>1.20</b>	1.23	<b>1.21</b>
USD	0.89	<b>0.99</b>	0.93	<b>0.92</b>

## III Reporting Agenda & Contact Details

# Reporting Agenda

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→ Annual General Meeting

Thursday, 30 April 2015

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→ Half Year Results 2015

Thursday, 27 August 2015

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→ Q3 Interim Statement

Tuesday, 17 November 2015

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→ Full Year Results 2015

Tuesday, 22 March 2016

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You will find all published documentation at [www.baloise.com](http://www.baloise.com)

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