

Annual Results 2018

Presentation to Investors and Analysts

Based on 2018 Preliminary Figures

Basel, 7 March 2019



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Agenda

1. Annual Results 2018 – In a Nutshell
2. Cash Remittance, Payout and Capitalisation
3. Non-Life
4. Life
5. Asset Management and Banking
6. Insurance Assets
7. Segment Reporting
8. Further Information

1. Annual Results 2018 – In a Nutshell

Annual Results 2018

- Higher cash remittance and higher planned payout
- Solid growth in Non-Life and selective underwriting in Life
- Strong technical result with excellent profitability in Non-Life and healthy margins in Life
- Capitalisation remains on a high level, new S&P Rating of A+

Non-Life EBIT: CHF 372 mn

Growth	5.5%
Net Combined Ratio	91.7% (-0.6%-pts)

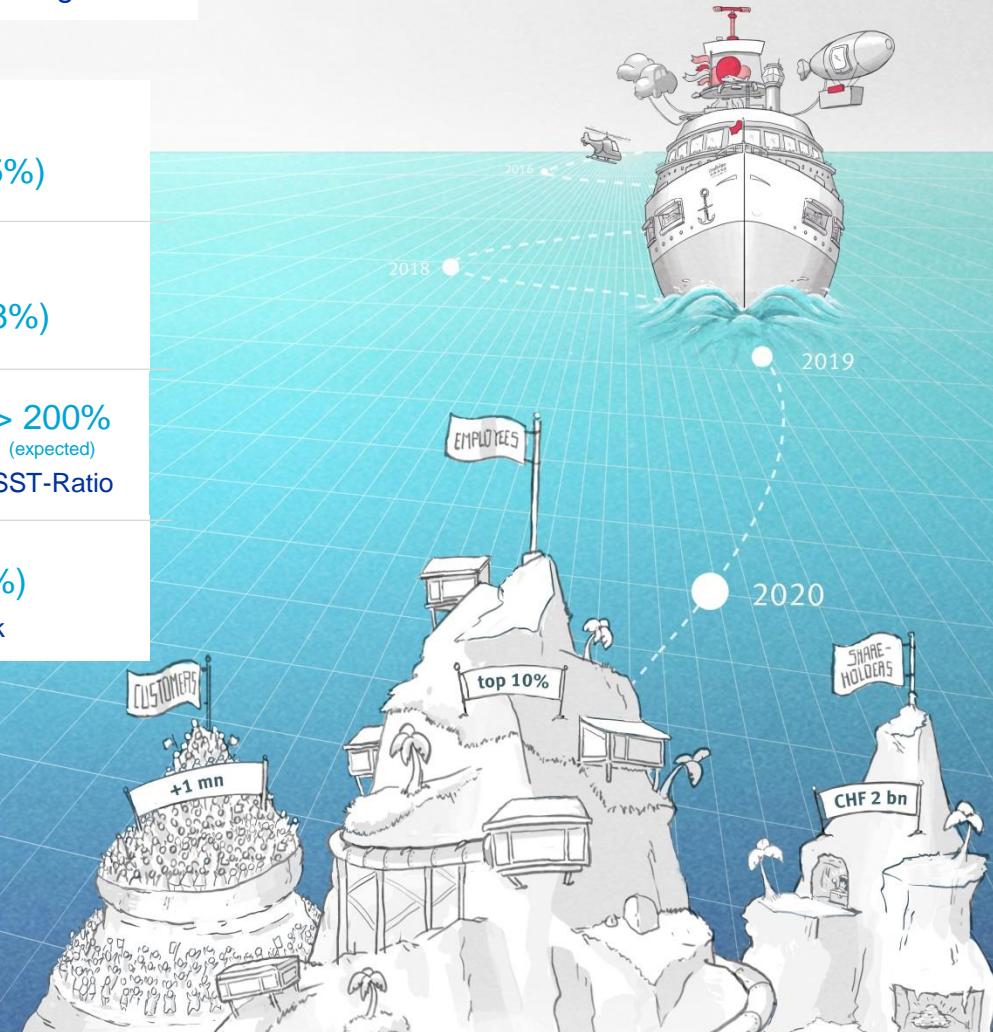
Life EBIT: CHF 333 mn

Growth	-4.3% Life	-24.1% Investment-type
Margins	48% New business margin	130 bps Interest rate margin

Asset Mgmt & Banking EBIT: CHF 92 mn

Net Investment Yield (insurance assets)	2.2% (-0.7%-pts)
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Group			
Shareholders Net Income	CHF 523 mn	(-5%)	
Cash Remittance	CHF 449 mn	(+8%)	
Capital	CHF 6.0 bn Equity	A + S&P Rating	> 200% (expected) SST-Ratio
Planned Dividend	CHF 6.00	(+7%)	+ ongoing share buy-back

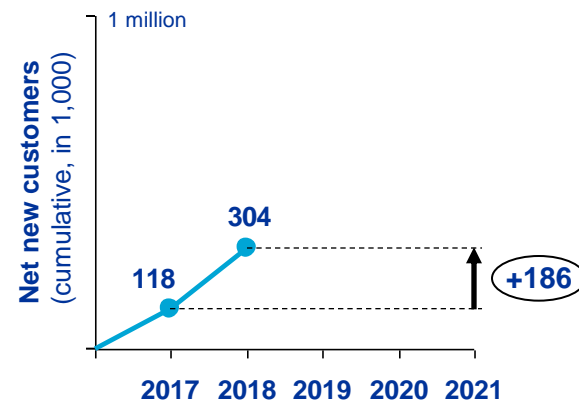


'Simply Safe' – Strategic Ambitions 2017 – 2021

Well on track to achieve our strategic targets

Customers

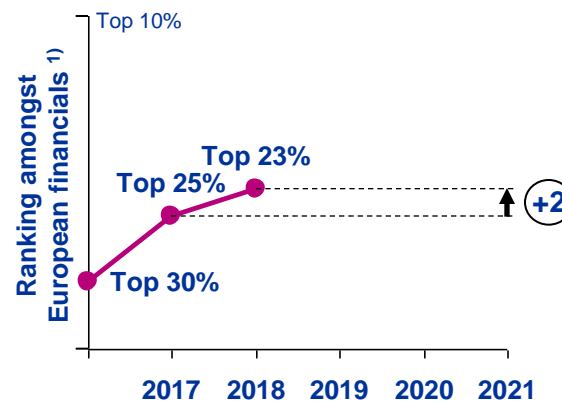
Ambition: 1 mn additional customers



- › Growth is accelerating with 186k net new customers in 2018 (+58% compared to previous year)
- › Positive contributions from all business units, from core business as well as from new initiatives and products (e.g. Friday, KASKO, YoungGo)

Employees

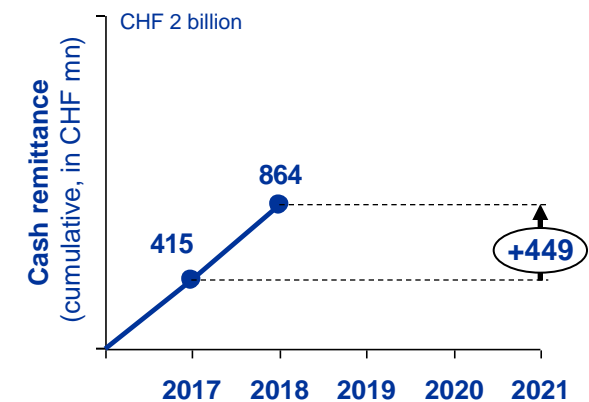
Ambition: a top 10% employer



- › Higher engagement values across all business units resulted in a further improvement to the top 23rd percentile
 - › Higher employee engagement driven by many initiatives including increasing empowerment, revising performance management, encouraging internal mobility and more flexible working models
- 1) based on Korn Ferry Hay database

Shareholders

Ambition: CHF 2 bn to the Holding

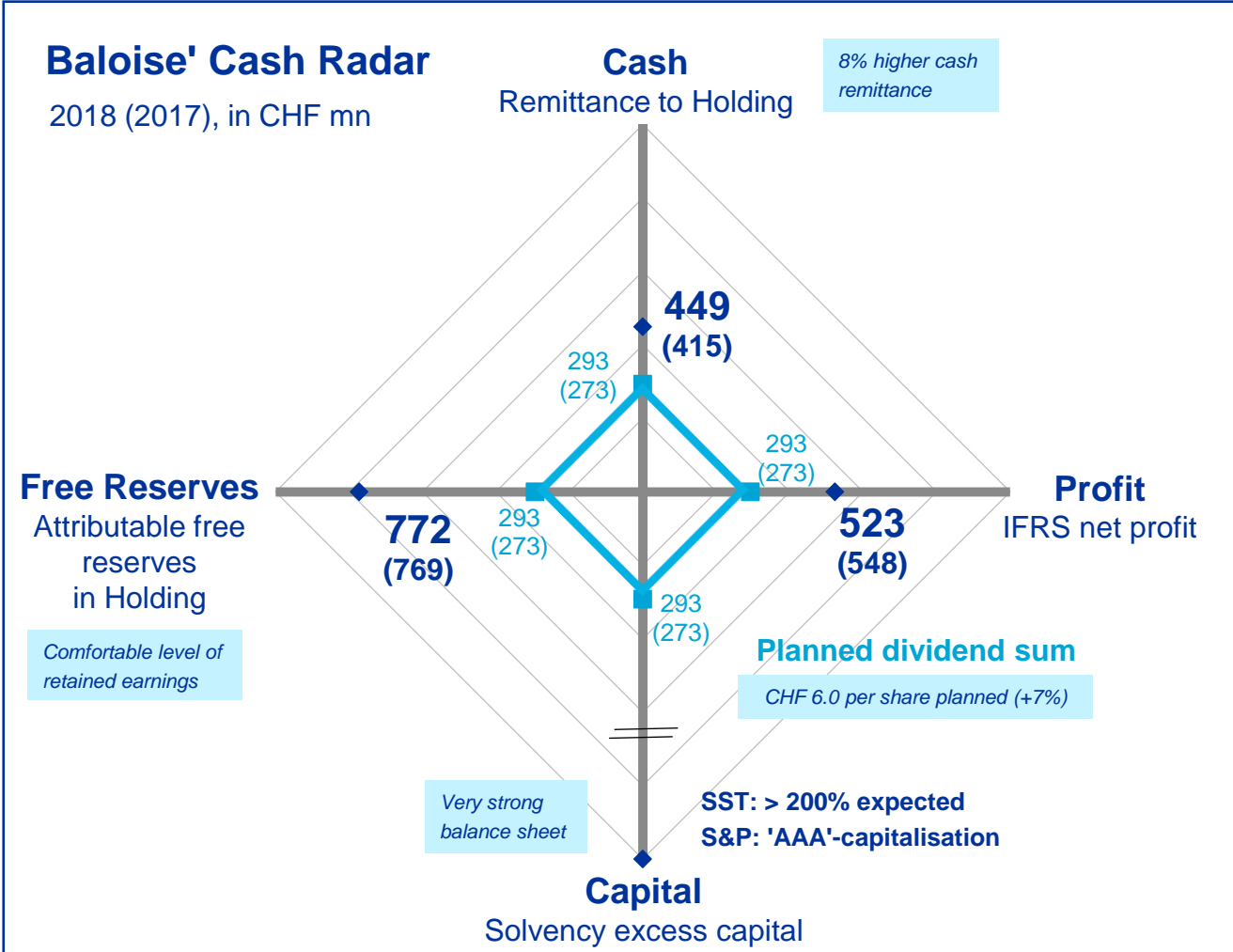
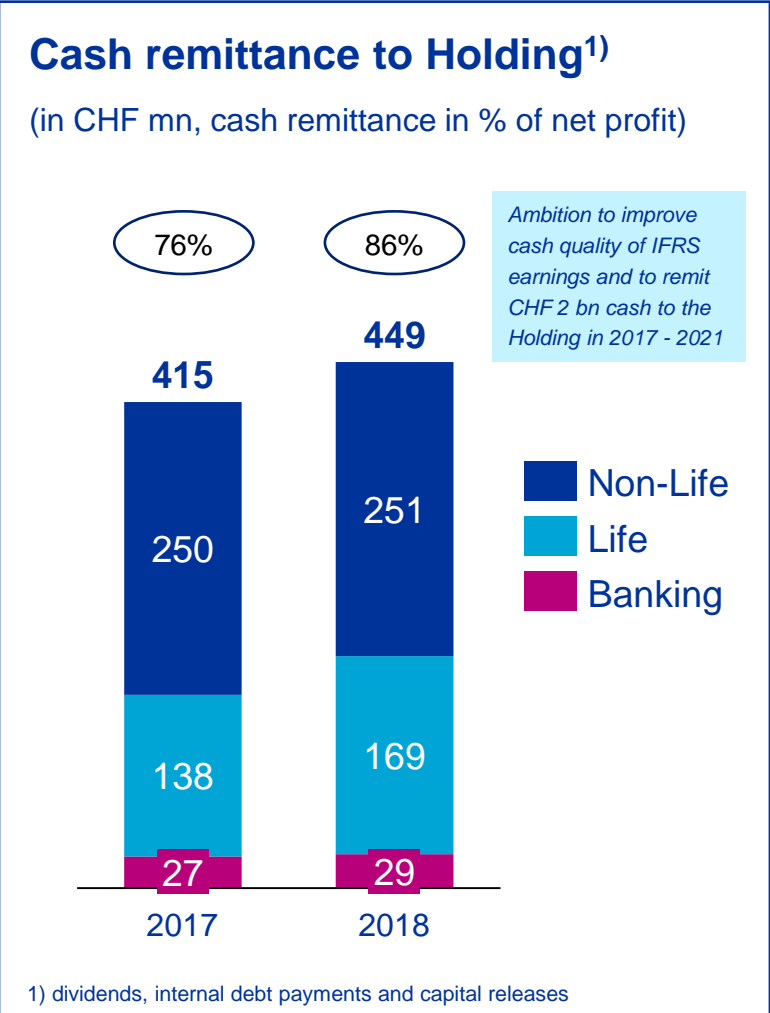


- › Strong and well diversified cash generation in Non-Life, Life and Asset Management & Banking
- › With cumulative cash remittance of CHF 864 mn in the last two years well on track to achieve the CHF 2 bn target

See page 8 for details

2. Cash Remittance, Payout and Capitalisation

Cash Remittance to Holding and Payout



Payout

Dividend

Planned, to be paid in 2019

Planned dividend	CHF 6.00 (+ CHF 0.40; +7%)
Payout ratio (in % of IFRS net profit)	56%
Payout ratio (in % of cash remittance)	65%

Strong commitment to current dividend level and ambition to enhance cashflow sources for Bâloise Holding going forward

Share buy-back

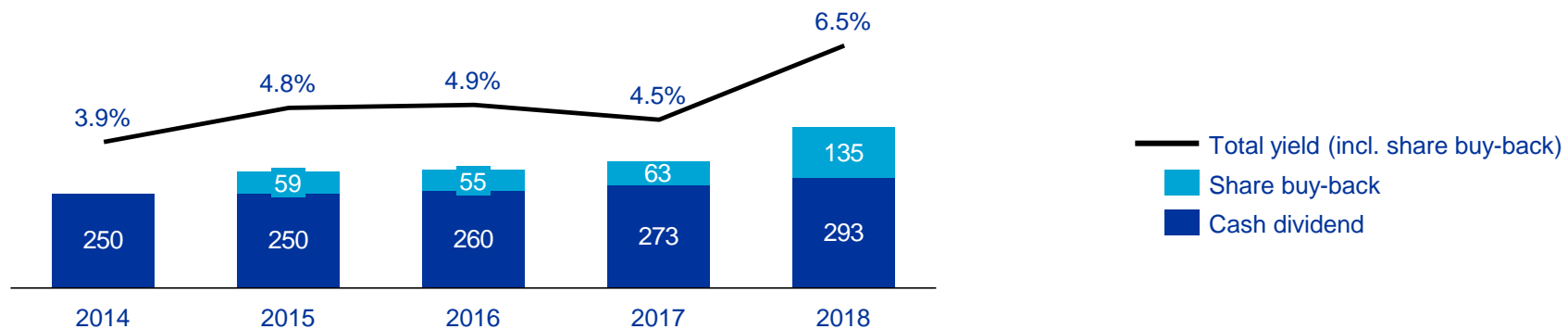
New share buy-back programme started April 2017

Shares to be repurchased	up to 3 mn
Expected buy-back period	3 years
Completion rate (01.03.2019)	49%

Active management of capital and regular share buy-backs to return surplus capital to shareholders

Total Yield

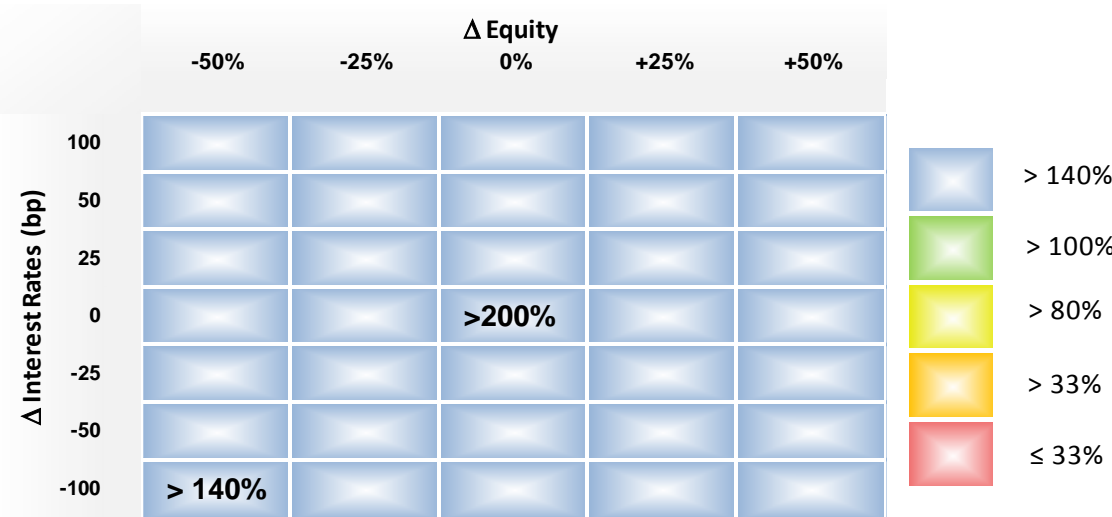
In CHF mn



Economic Capitalisation

Swiss Solvency Test (SST)

SST ratio and sensitivities as of 1 January 2019 (preliminary values)



Financial Condition Report (SST public disclosure) to be published by 30 April 2019

Significant model changes compared to last year. Since 1 January 2019 the new SST standard models are used. SST values expected to remain volatile

- > SST ratio as of 1 January 2019 expected to remain above 200%
- > SST ratio expected to be 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 2018

Baloise business units in the EU will publish their 2018 Solvency and Financial Condition Report (SFCR) in April 2019

Standard & Poor's Rating

- > Standard & Poor's upgraded the rating for Baloise to 'A+ with a stable outlook' in June 2018

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

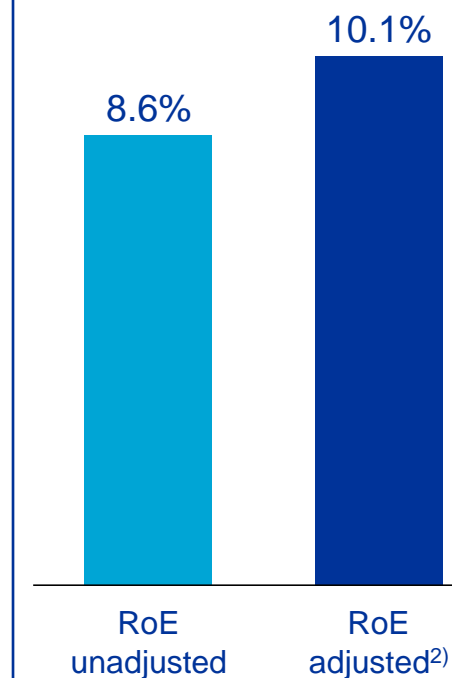
Capital - IFRS Total Equity

Change in equity

In CHF mn, incl. non-controlling interests	2018	Per share ¹⁾
Total equity at January 1	6,409	133.2
Other comprehensive income	-488	
Dividends	-272	
Profit for the period	523 $\Delta = -6.3\%$	$\Delta = -4.3\%$
Purchase / sale of treasury shares	-134	
Change in non-controlling interests	-30	
Total equity at December 31	6,008	127.1

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

Return on Equity

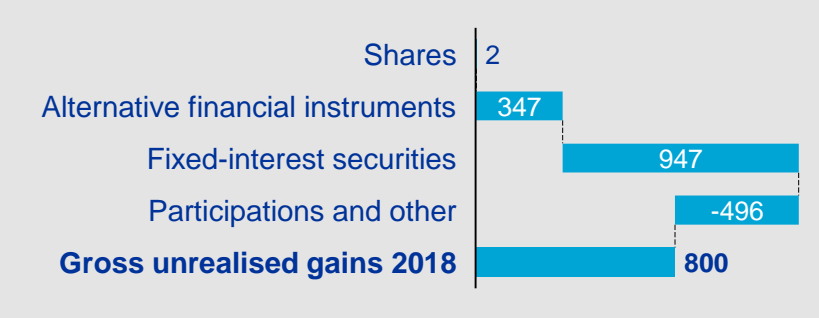
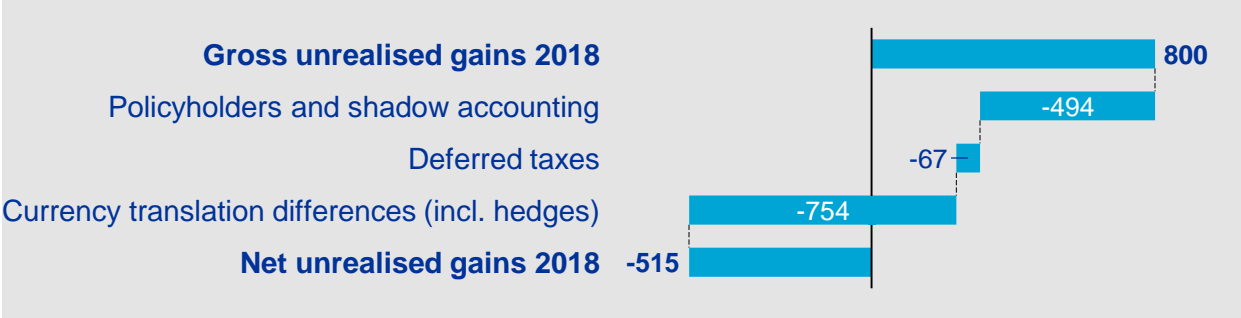
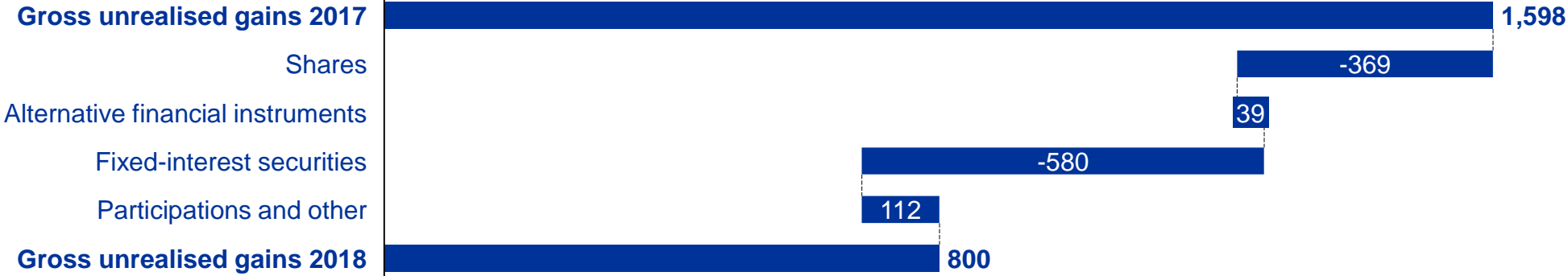


²⁾ adjusted for unrealised gains and losses on available-for-sale securities

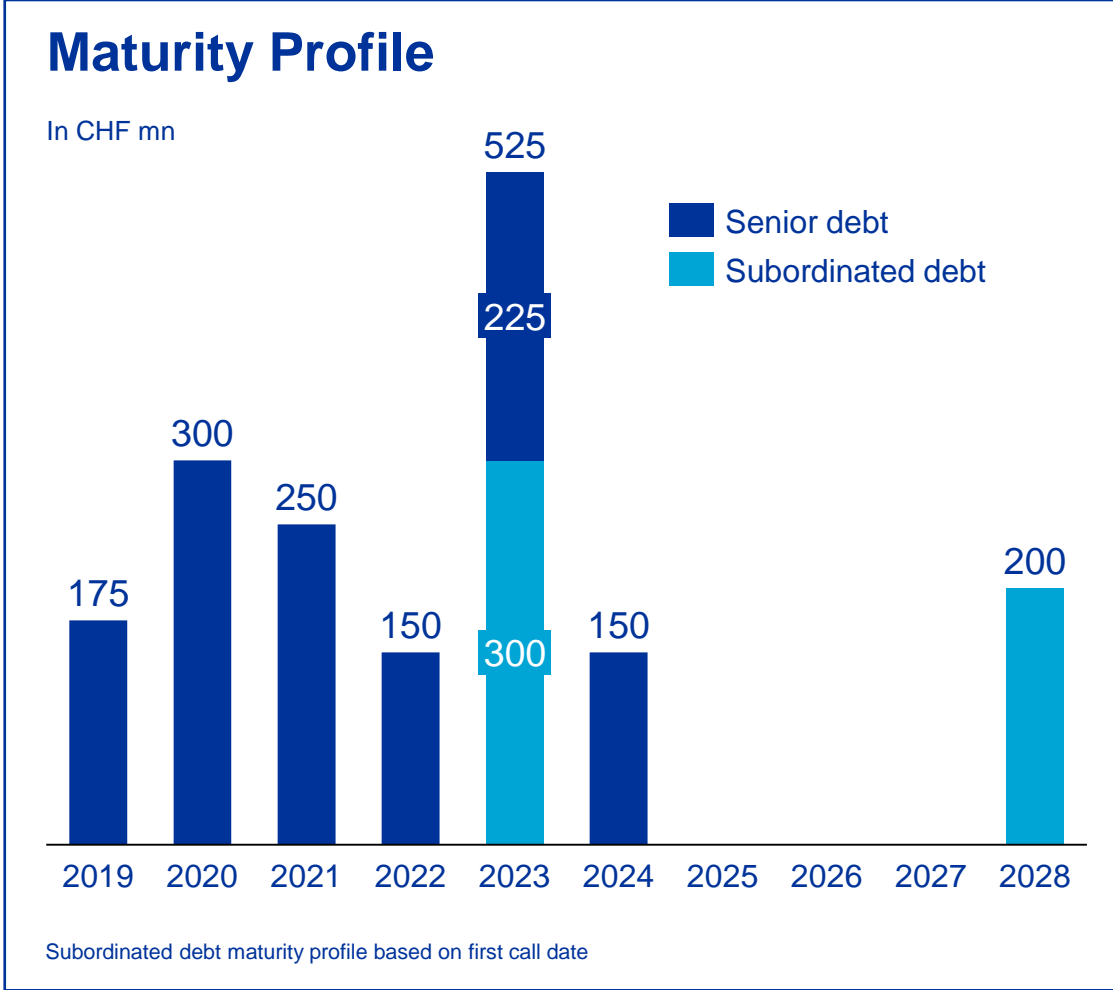
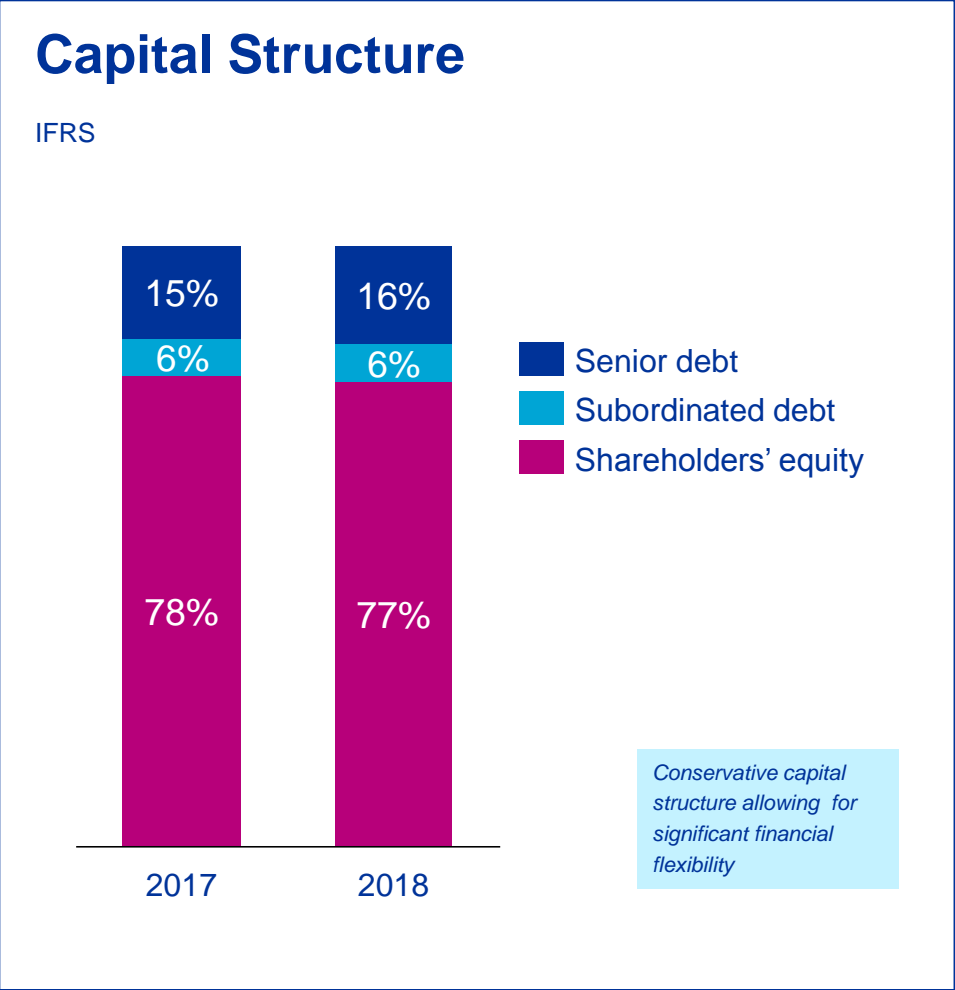
Capital – Unrealised Capital Gains

Gross and net unrealised capital gains

in CHF mn

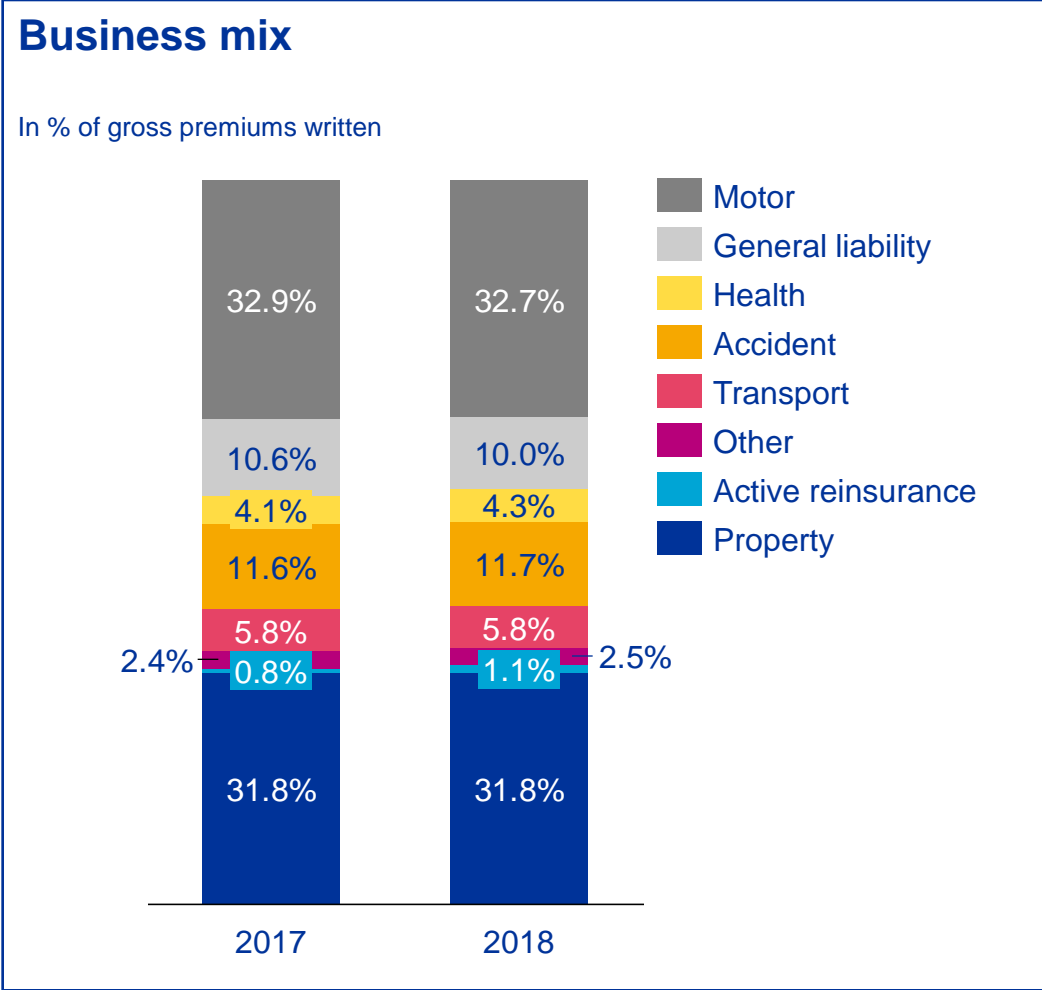
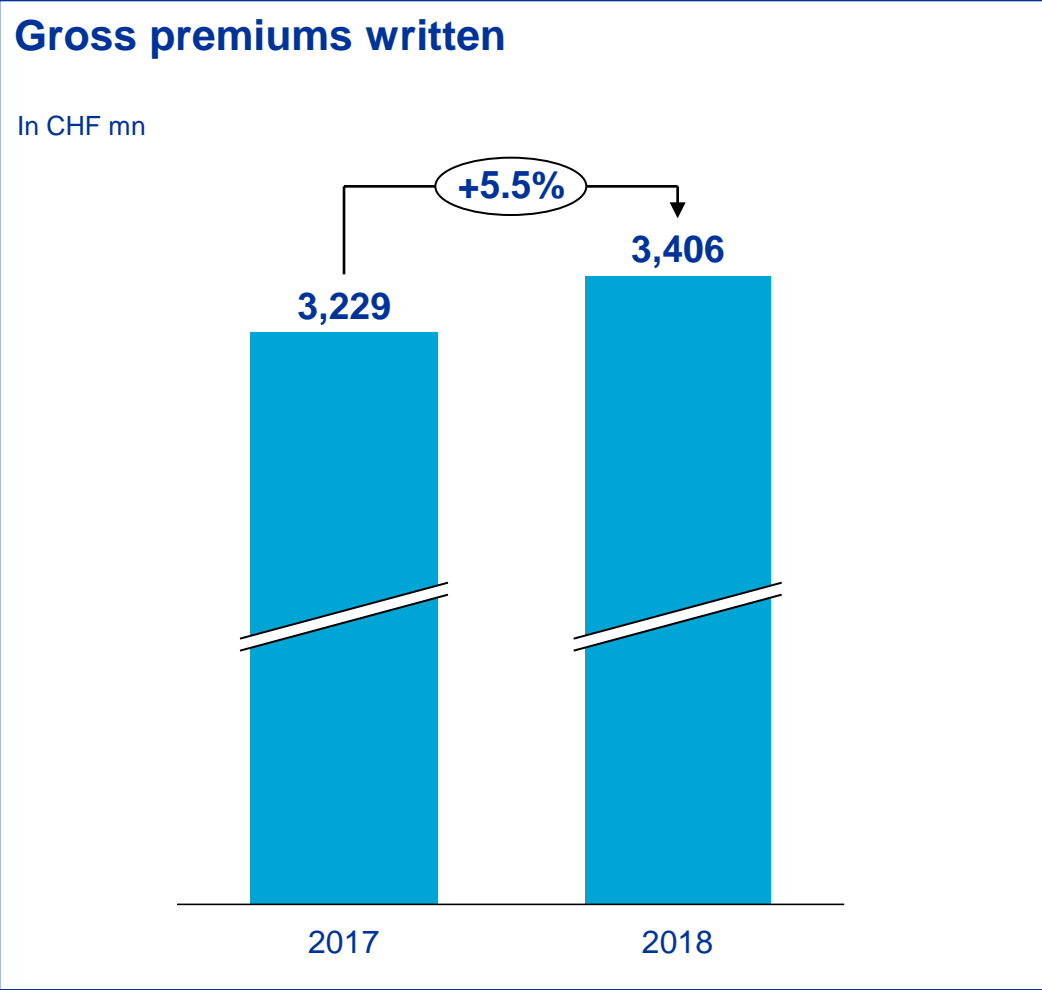


Capital – Structure and Debt Maturity Profile



3. Non-Life

Non-Life – Business Volume and Business Mix



Non-Life – Earnings and Combined Ratio

Profit & Loss		
In CHF mn	2017	2018
Premiums earned (net)	3,052	3,192
Premiums earned (gross)	3,214	3,377
Reinsurance premiums ceded	-163	-184
Claims and benefit paid (net)	-1,851	-1,922
Claims and benefits paid (gross)	-1,881	-2,018
Reinsurers' share of claims incurred	68	67
Change in technical reserves	-38	30
Technical costs	-959	-1,012
Acquisition costs	-468	-482
Operating and administrative expenses	-491	-531
Net investment result	289	204
Other	-156	-90
EBIT	375	372

Margin – Net combined ratio		
In %	2017	2018
Net combined ratio	92.3	91.7
Loss ratio	60.7	59.9
Claims and benefit paid (net) / premiums earned (net)	60.7	60.2
Adjustment for non-life annuities ¹⁾	-0.5	-0.5
Adjustment for impending losses ²⁾	0.5	0.1
Expense ratio	31.6	31.8
Technical costs / premiums earned (net)	31.4	31.7
Expense adjustment	0.2	0.1

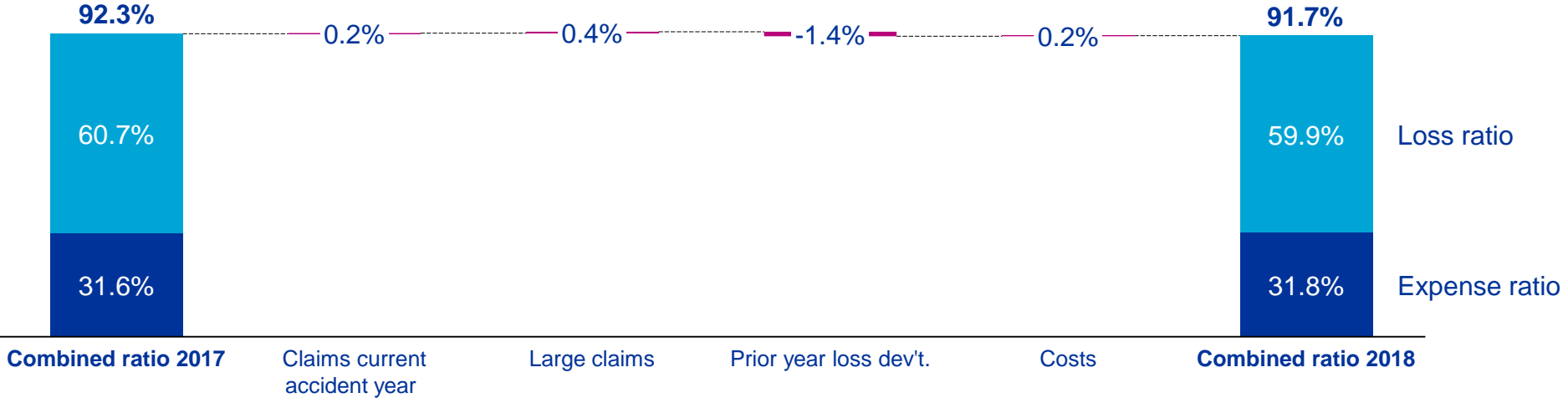
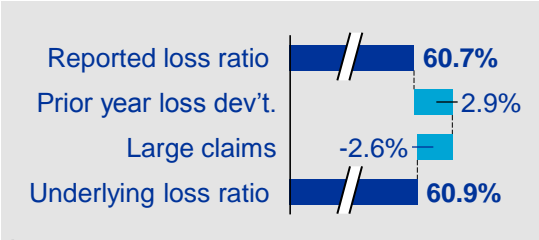
¹⁾ for interest effect from discounted non-life annuity reserves
²⁾ relating to future reporting periods

See page 19 for details

Non-Life – Analysis of Change





Net combined ratio and underlying loss ratio

In % of net premiums earned



Loss ratio incl. surplus sharing

Non-Life – Margins by Country

Net combined ratio					
	Switzerland	Germany ¹⁾	Belgium	Luxembourg	Group
In % of net premiums earned					
Loss ratio	57.6	59.7	57.9	56.6	59.9
Expense ratio	27.0	36.1	34.4	33.3	31.8
Combined ratio 2018	84.5	95.8	92.3	89.9	91.7
Change vs. FY 2017 (in pts)					
Δ Loss ratio	1.0	-2.4	0.6	-4.9	-0.8
Δ Expense ratio	0.1	-0.5	-0.2	3.3	0.2
Δ Combined ratio	1.0	-2.9	0.4	-1.6	-0.6

Loss ratio incl. surplus sharing
¹⁾ FY 2017 restated for the German's medical malpractice portfolio transferred to the Group run-off facility

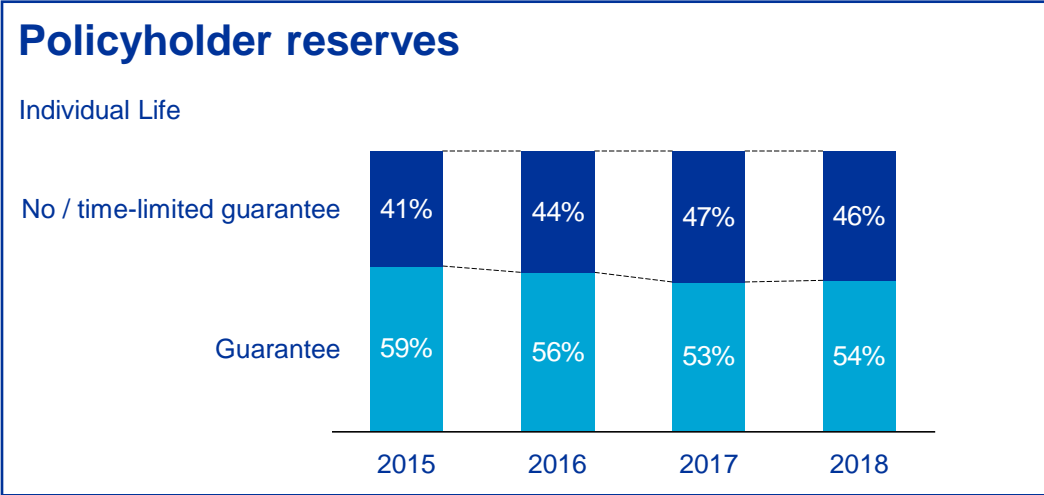
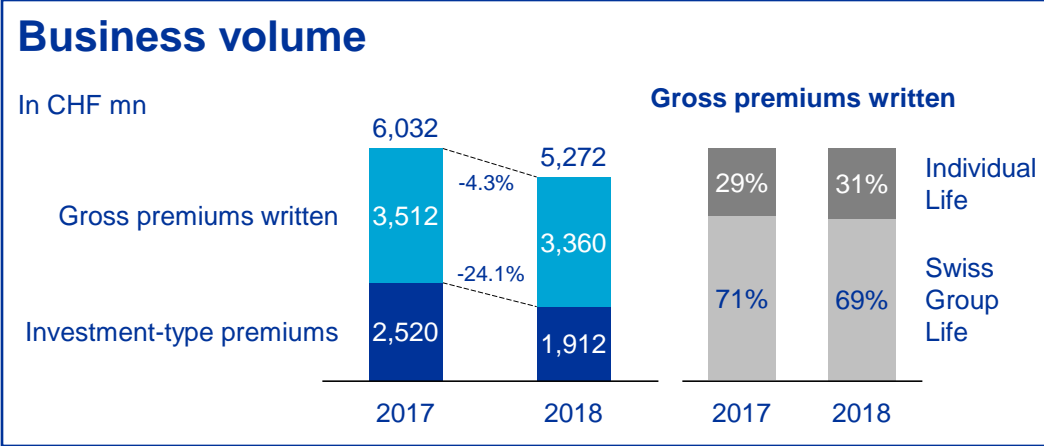
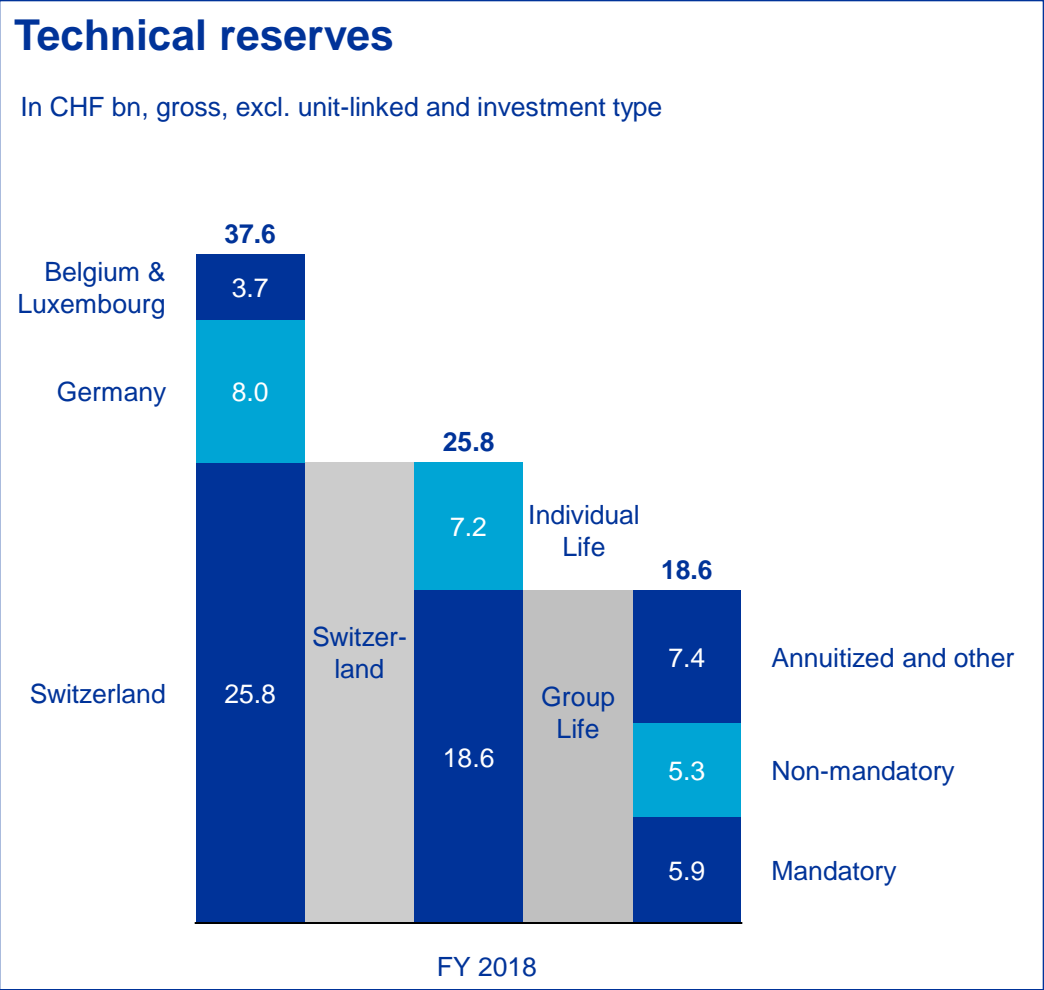
Non-Life – Investment Result

Investment income and yield							
In CHF mn	2018 Current investment income	2018 Impairments	2018 Gains and losses through income statement			2018 Net investment result	2017 Net investment result
			On underlying	On derivatives	Net		
Fixed-income securities ¹⁾	96	-	-2	-	-2	94	128
Equities	37	-20	78	-2	76	92	69
Investment property	43	-	15	-	15	58	73
Other ²⁾	23	-3	12	-	12	32	43
Total before FX and investment expenses	199	-23	103	-2	100	276	313
FX: gains / losses and hedging costs			-36	-6		-42	3
Investment expenses						-30	-27
Net investment result						204	289
Average investments						9,497	9,386
Net investment yield						2.1%	3.1%

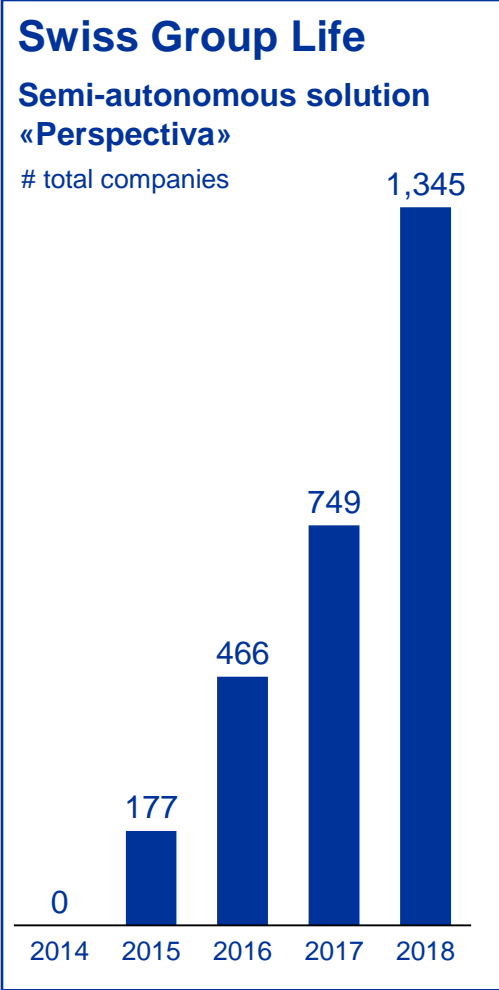
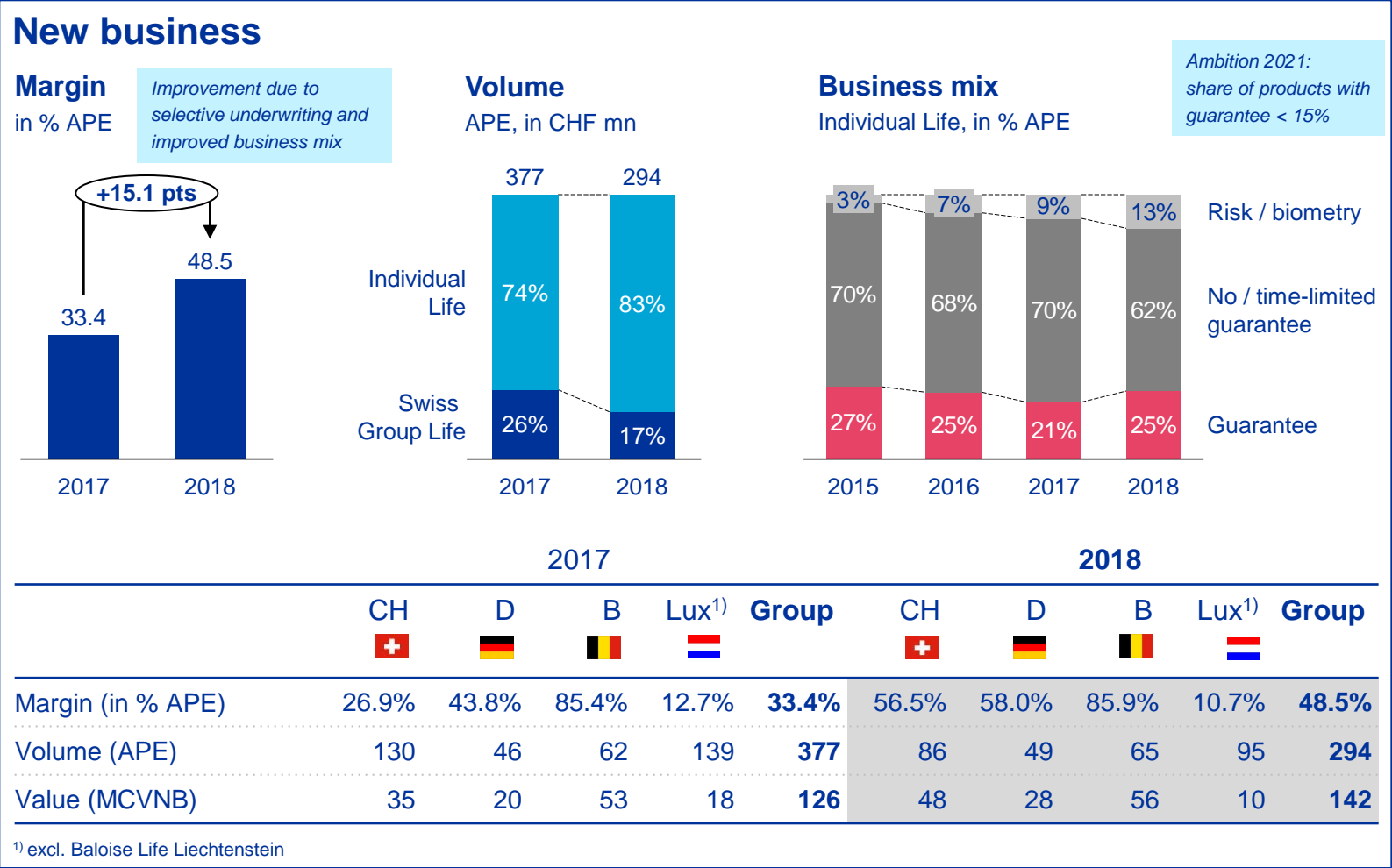
¹⁾ incl. senior secured loans ²⁾ incl. mortgages and loans

4. Life

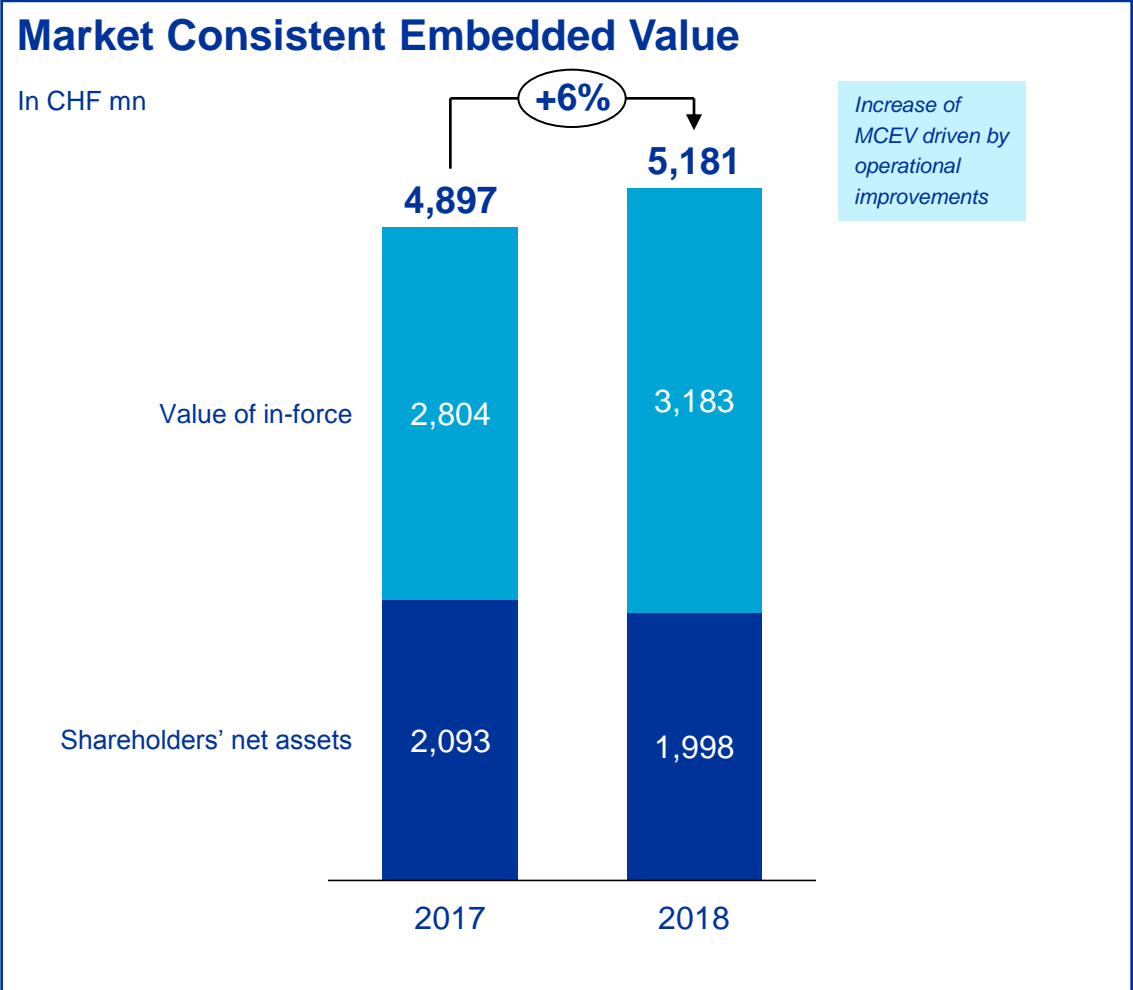
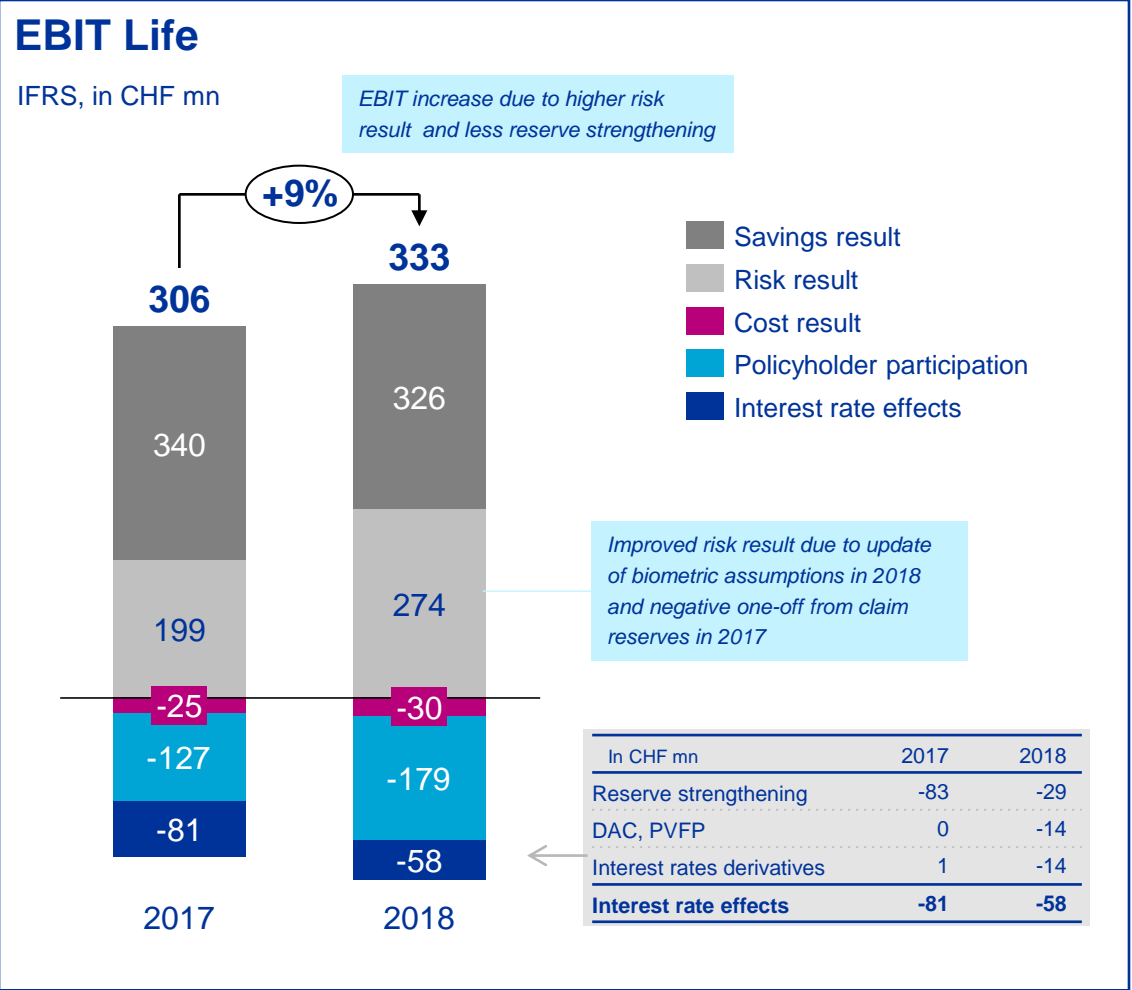
Life – Business Volume and Business Mix



Life – Volume and Value of New Business

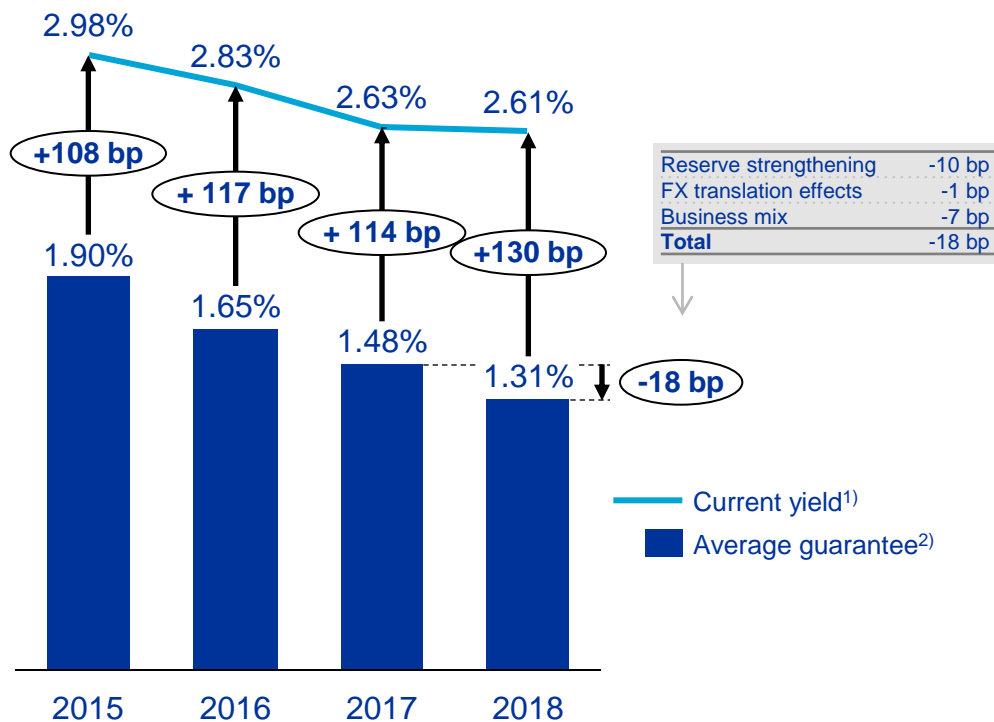


Life – Profit by Sources & MCEV



Life – Average Guarantees and Interest Rate Margin

Current yield and guarantees



¹⁾ Current investment income (IFRS) in % of statutory reserves, excl. realised capital gains / losses and FX hedging cost, incl. investment costs

²⁾ Average guarantee (statutory basis), as at 1.1. next year

Technical reserves and average guarantees

Statutory basis

	CH Ind. Life	CH Group Life	CH +	D +	B +	Lux +	Group
Technical reserves³⁾							
As at 31.12. current year, in CHF bn							
2017	7.9	16.9	24.8	6.4	6.1	0.5	37.8
2018	7.7	17.1	24.9	6.0	6.2	0.5	37.6
Average guarantees							
As at 1.1. next year							
2015	1.9%	1.3%	1.5%	2.8%	2.9%	2.7%	1.9%
2016	1.7%	1.0%	1.2%	2.4%	2.6%	2.6%	1.6%
2017	1.4%	0.9%	1.1%	2.1%	2.5%	2.5%	1.5%
2018	1.1%	0.7%	0.9%	2.1%	2.3%	2.4%	1.3%

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

³⁾ excl. unit-linked

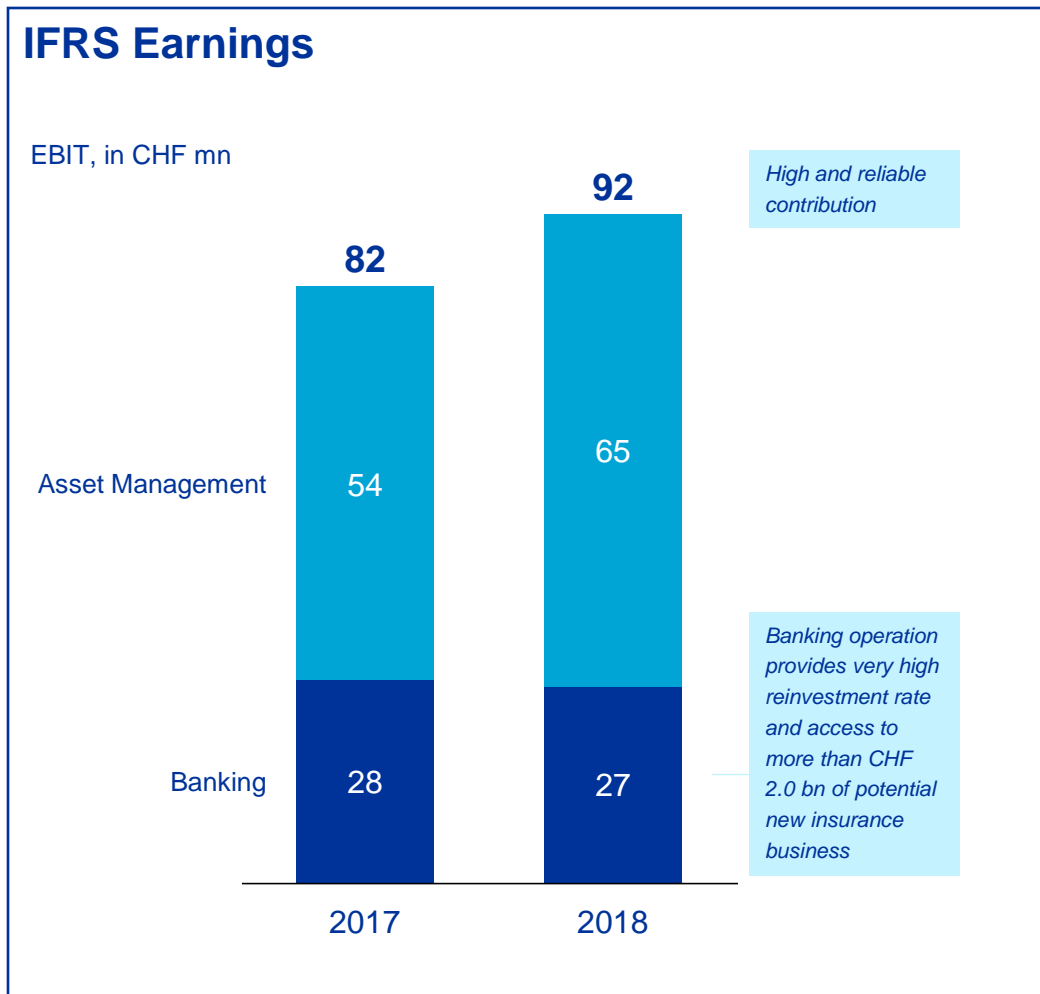
Life – Investment Result

Investment income and yield							
In CHF mn	2018 Current investment income	2018 Impairments	2018 Gains and losses through income statement			2018 Net investment result	2017 Net investment result
			On underlying	On derivatives	Net		
Fixed-income securities ¹⁾	586	-	79	-22	58	644	782
Equities	91	-60	63	-4	59	90	150
Investment property	232	-	91	-	91	323	300
Other ²⁾	175	-12	79	-	79	241	295
Total before FX and investment expenses	1,084	-72	312	-26	286	1,298	1,527
FX: gains / losses and hedging costs			-134	-16		-150	-101
Investment expenses						-101	-94
Net investment result						1,047	1,333
Average investments						47,377	47,074
Net investment yield						2.2%	2.8%

¹⁾ incl. senior secured loans ²⁾ incl. mortgages and loans

5. Asset Management and Banking

Asset Management and Banking



Split of total assets

IFRS values, in CHF mn

	2017	2018
Insurance assets	57,747	56,001
Non-life	9,606	9,388
Life	48,141	46,613
Banking assets	7,398	7,573
Investment-linked life insurance	15,027	14,134
Other and elimination	-466	-489
Assets on balance sheet	79,706	77,218
Third party assets	8,959	8,964
Total Assets under Management	88,665	86,182

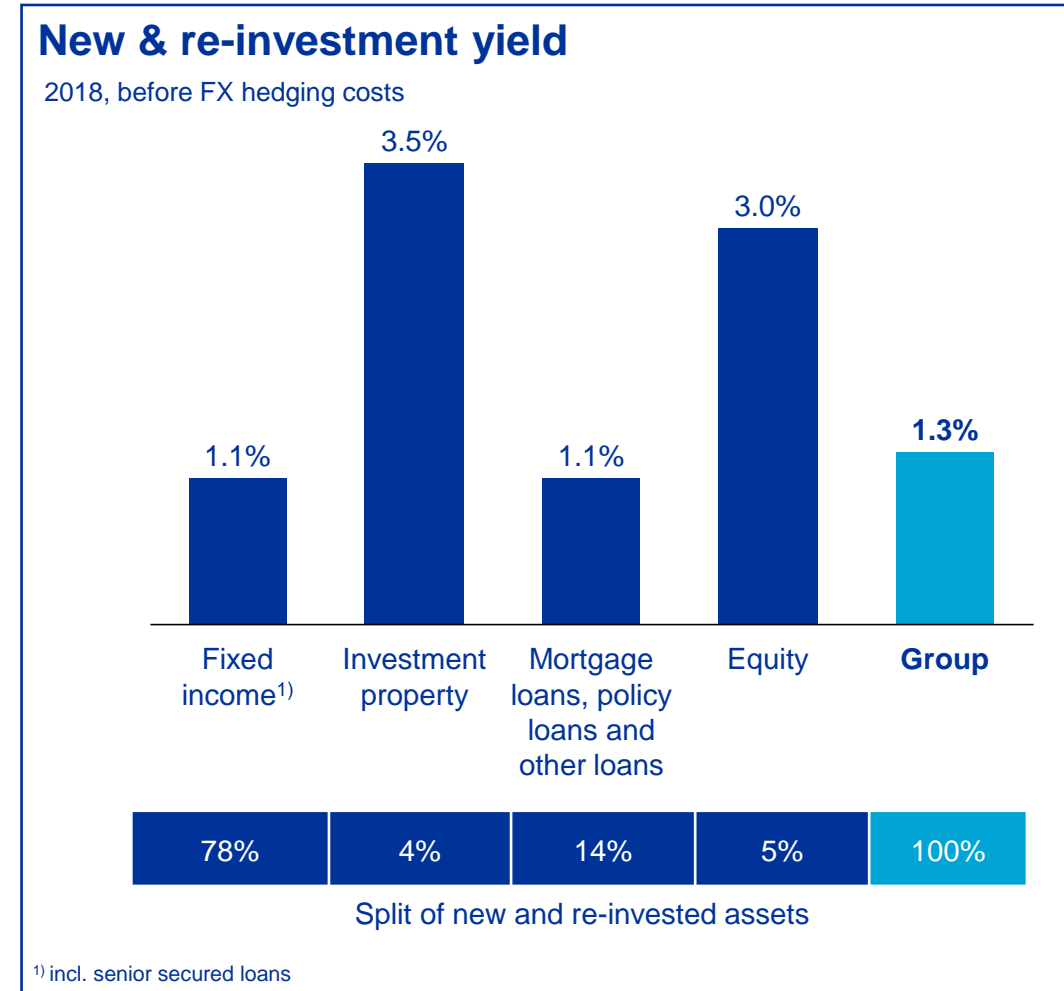
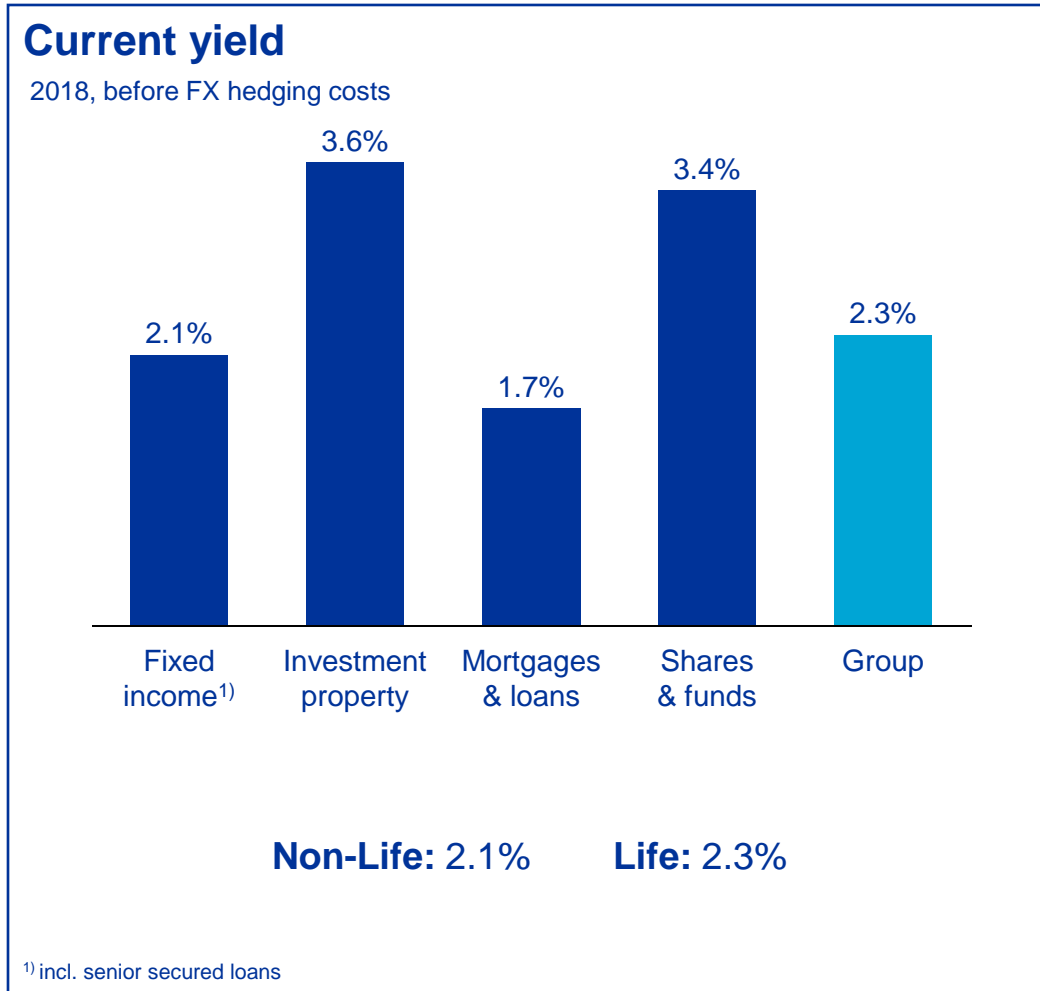
Net new assets (in CHF mn)

Ambition 2017 – 2021: CHF + 5 bn

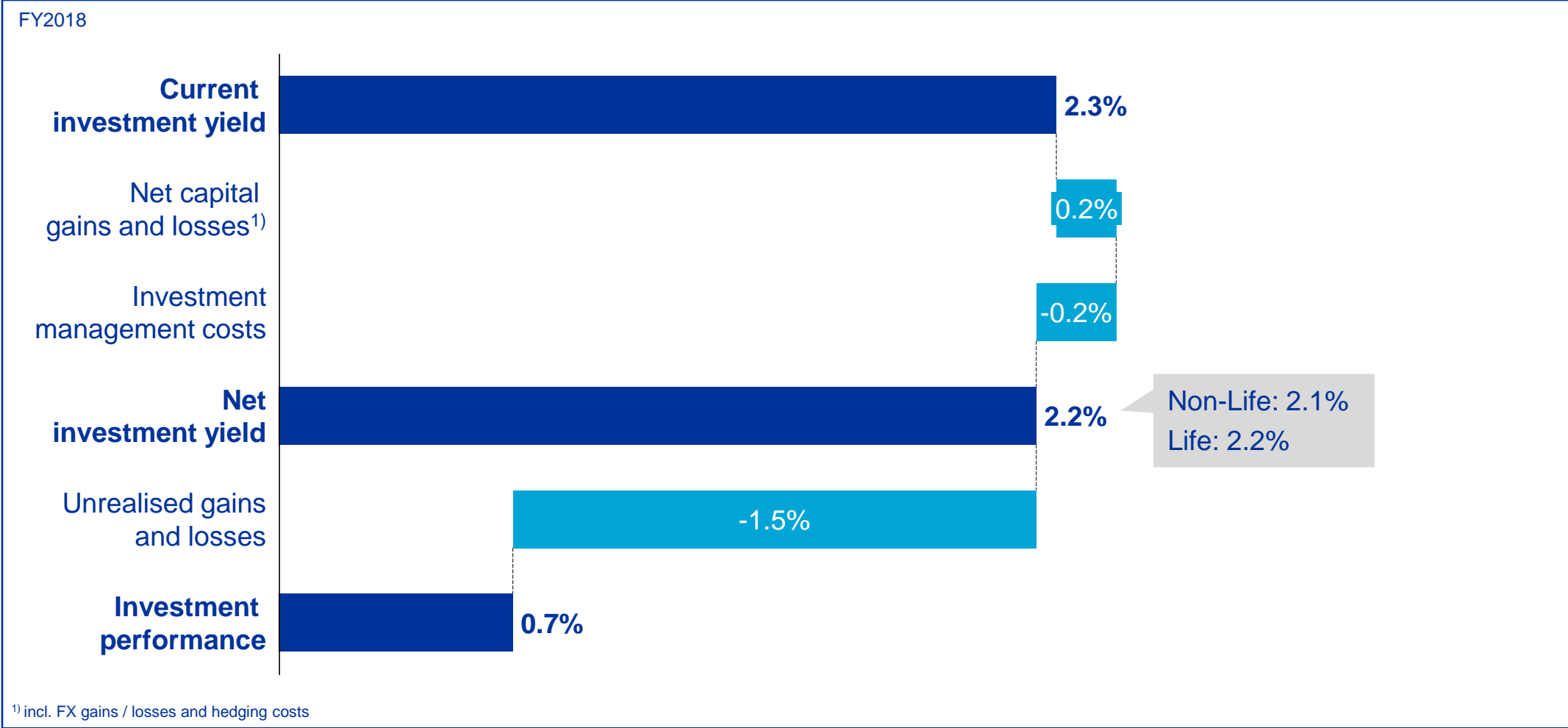
Year	Net new assets (CHF mn)
2017	406
2018	801
Total (2017-2018)	1,207

6. Insurance Assets

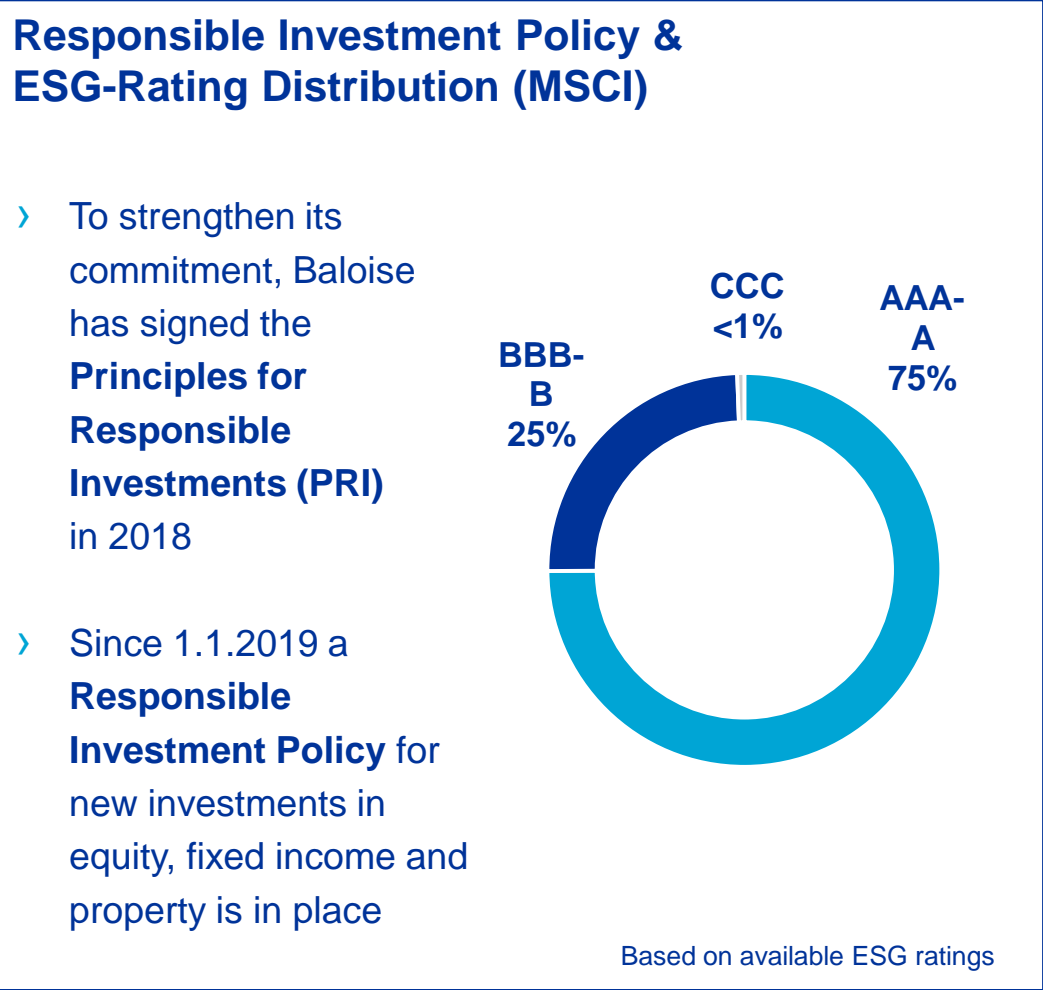
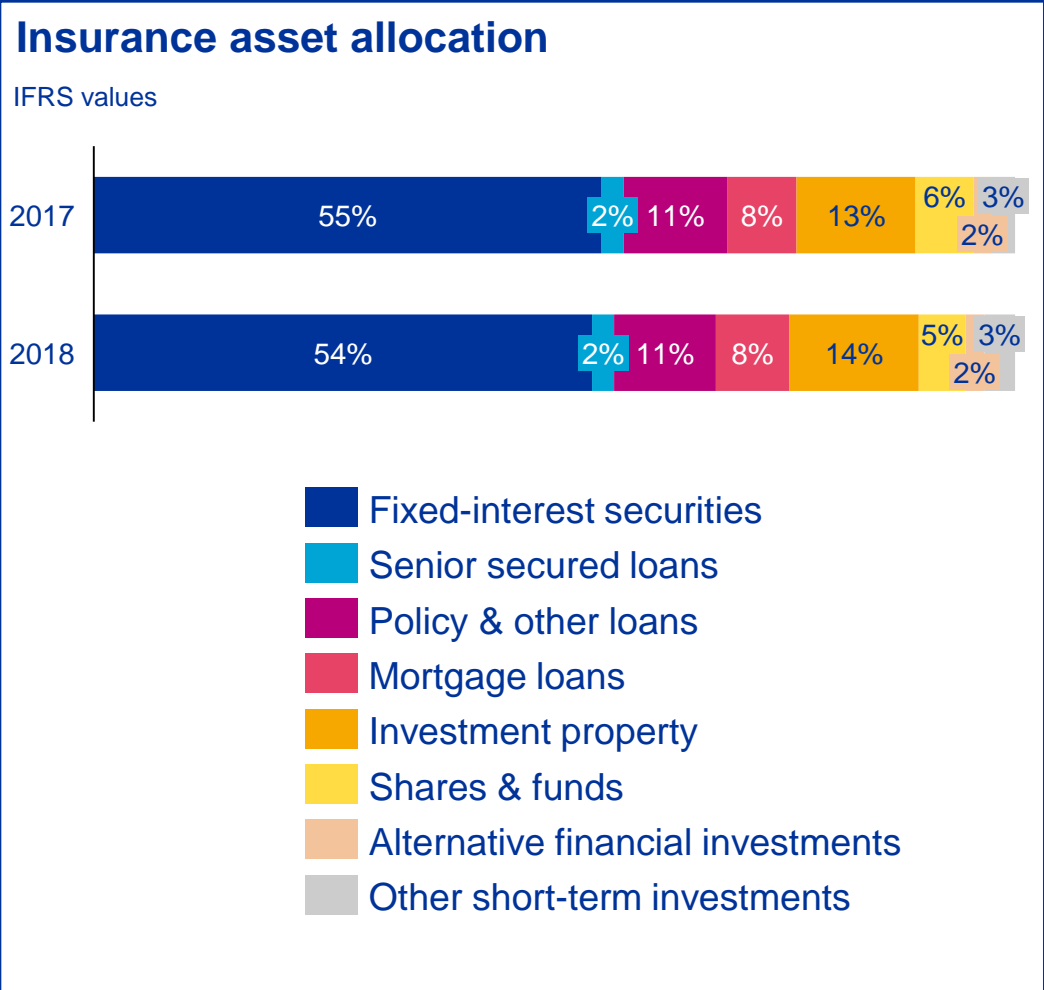
Current and New & Re-Investment Yield (Insurance Assets)



Investment Performance (Insurance)

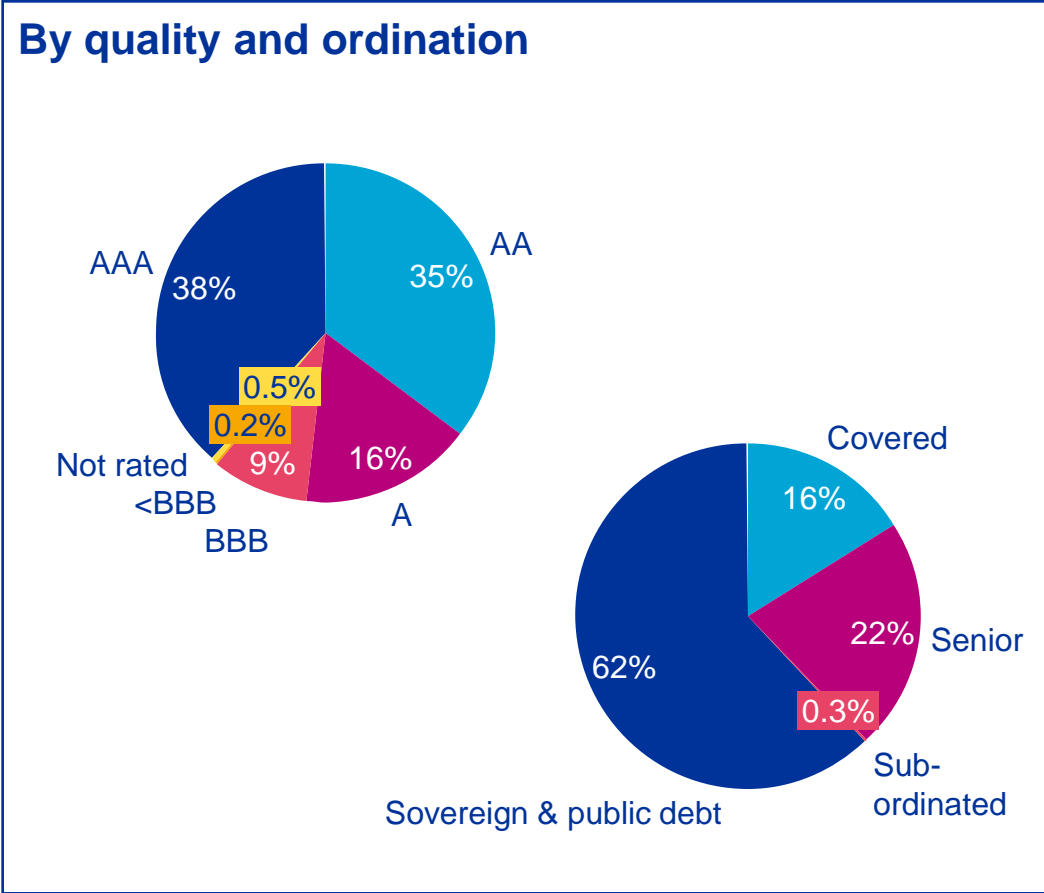
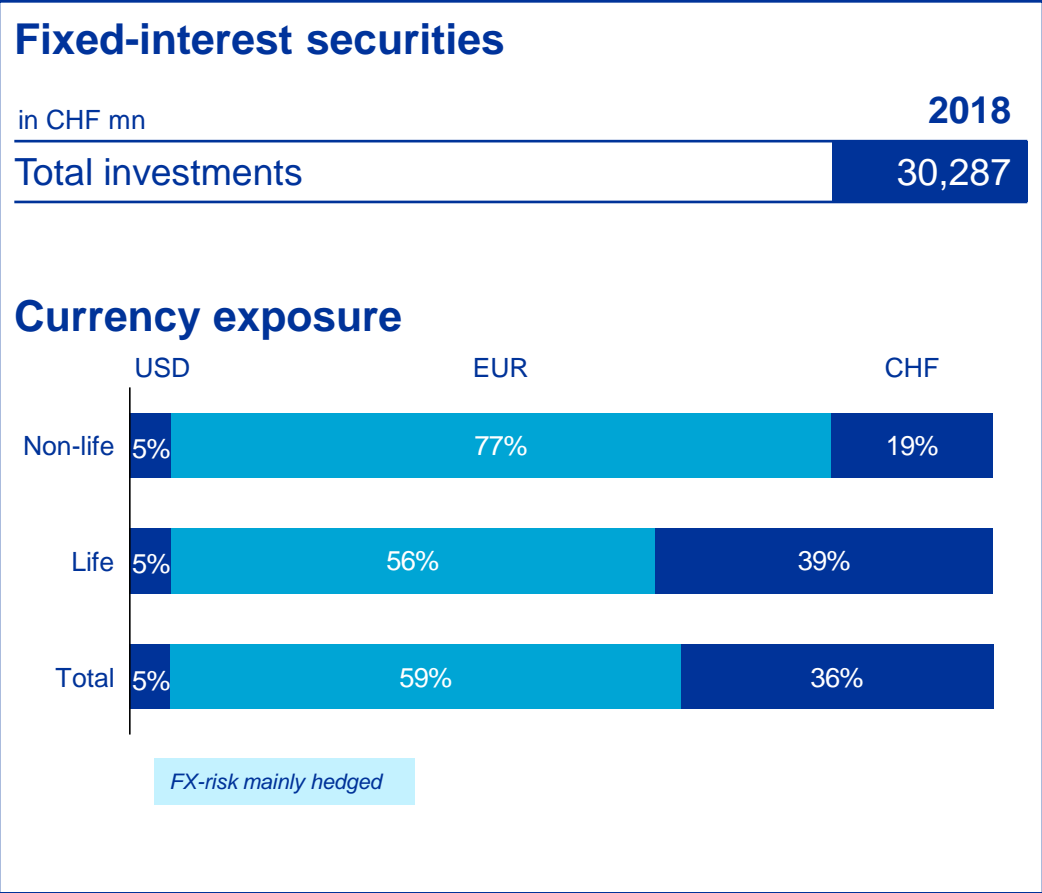


Insurance Asset Allocation and ESG-Rating Distribution



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

2018



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

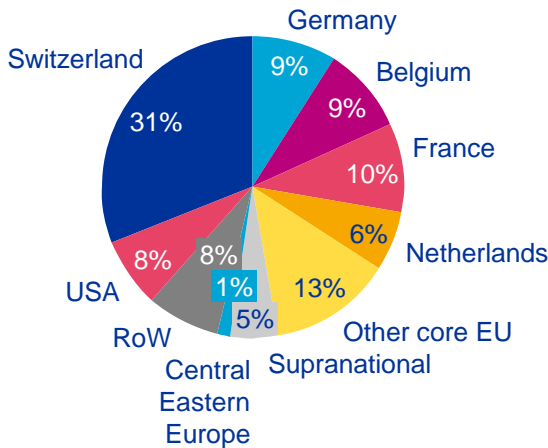


Issuers

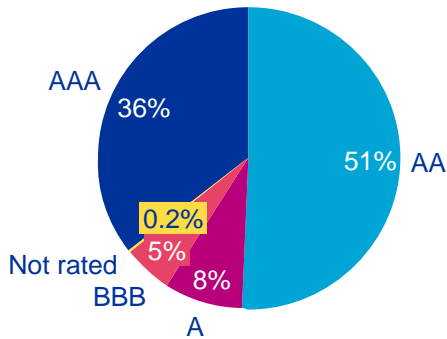
Market values



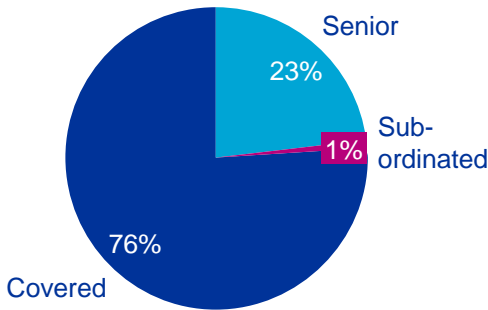
By country



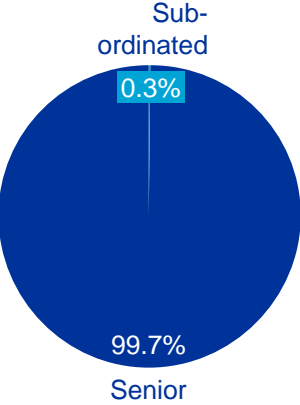
By rating



By ordination



By ordination



Duration: Fixed-Interest Securities (3/3)

2018

54%

56,001

Duration of bonds and promissory notes

Duration by classification

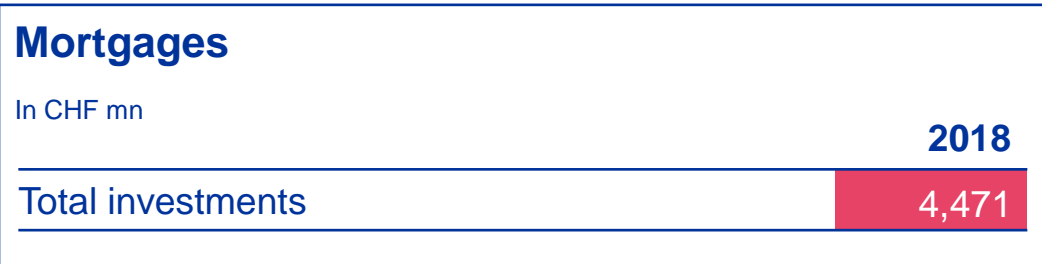
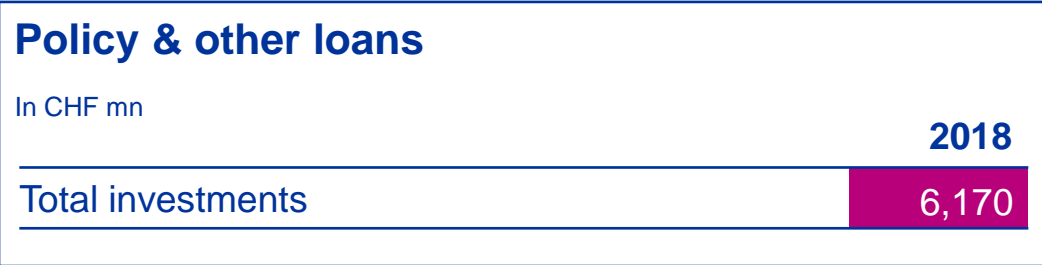
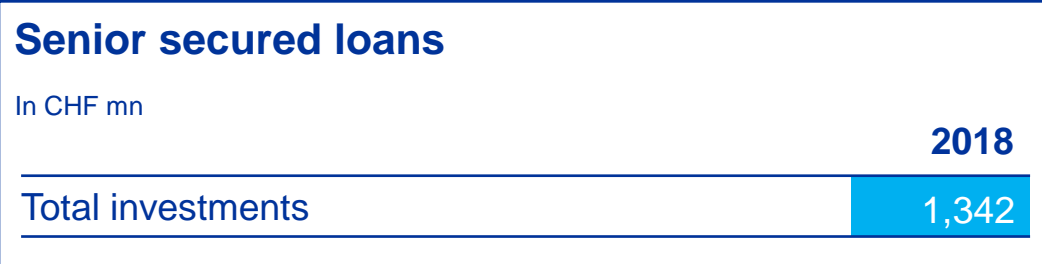
	2017		2018	
	Years	in %	Years	in %
Duration bonds available-for-sale (AFS)	8.5	61.2	8.6	61.9
Duration bonds held-to-maturity (HTM)	10.0	25.5	9.6	25.3
Duration promissory notes	9.4	13.3	9.6	12.9
Duration portfolio	9.0	100	9.0	100

Duration by line of business

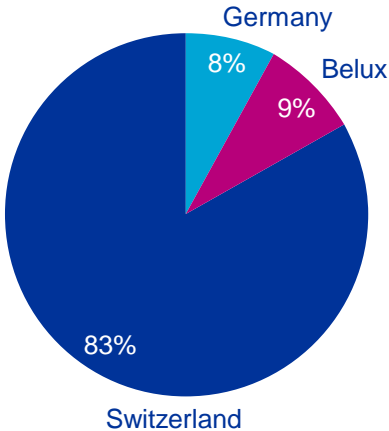
	2017		2018	
	Years	in %	Years	in %
Duration life bonds (incl. promissory notes)	9.5	84.9	9.5	84.9
Duration non-life bonds (incl. promissory notes)	6.0	15.1	6.2	15.1
Duration portfolio	9.0	100	9.0	100

Insurance Assets: Policy Loans, Mortgages, Investment Property

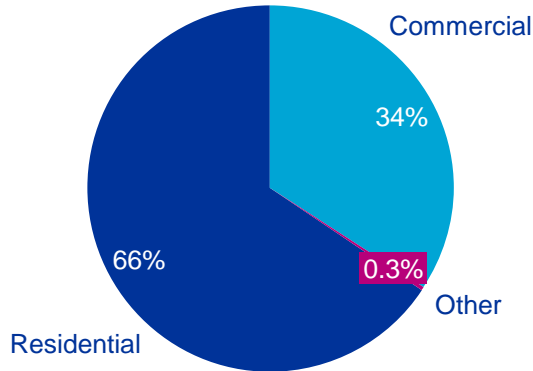
2018



By country



By type



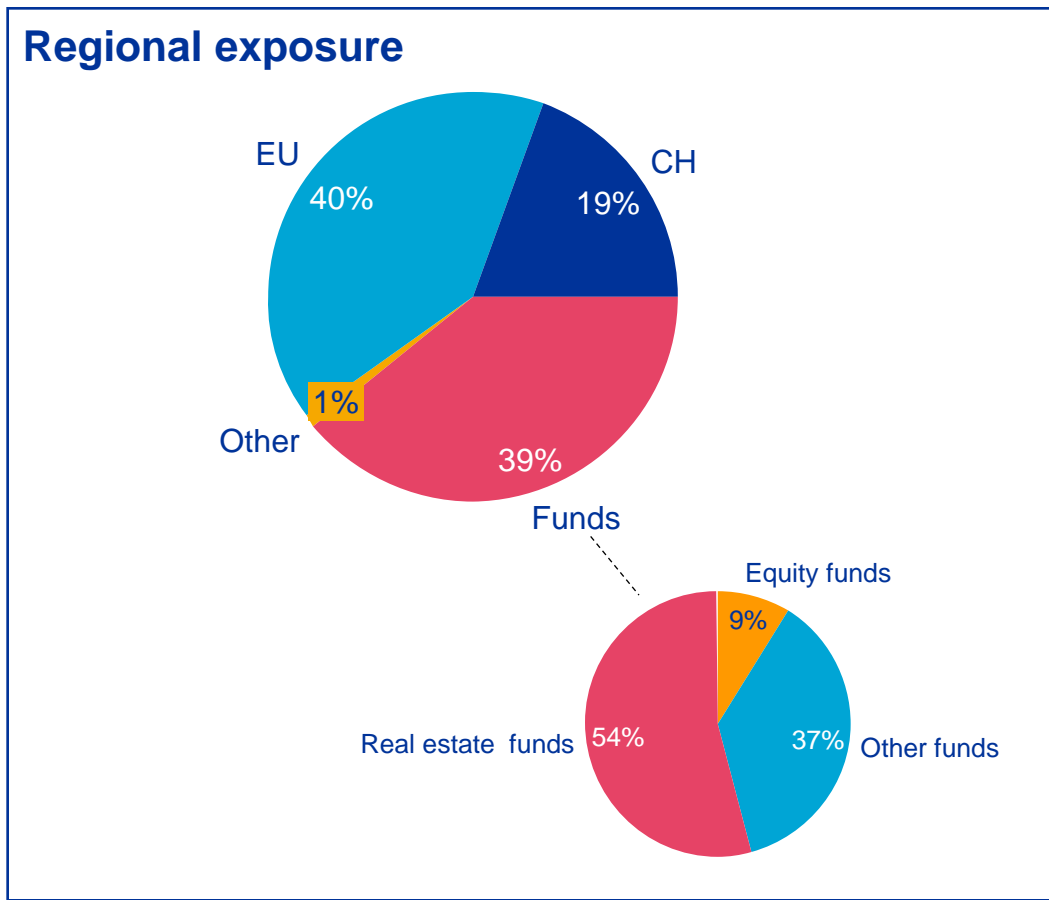
Insurance Assets: Shares & Funds

2018



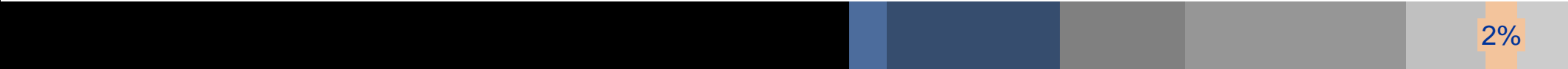
Shares & funds	
in CHF mn	
	2018
Total investments	2,822
IFRS equity exposure	
Equities	3.2%
Other equity classified assets ¹⁾	1.8%
Shares & funds	5.0%
Private equity	1.4%
Hedge funds (equity related)	0.1%
Equity derivatives	-0.9%
IFRS equity exposure	5.6%

¹⁾ e.g. bond & property funds treated as equity under IFRS

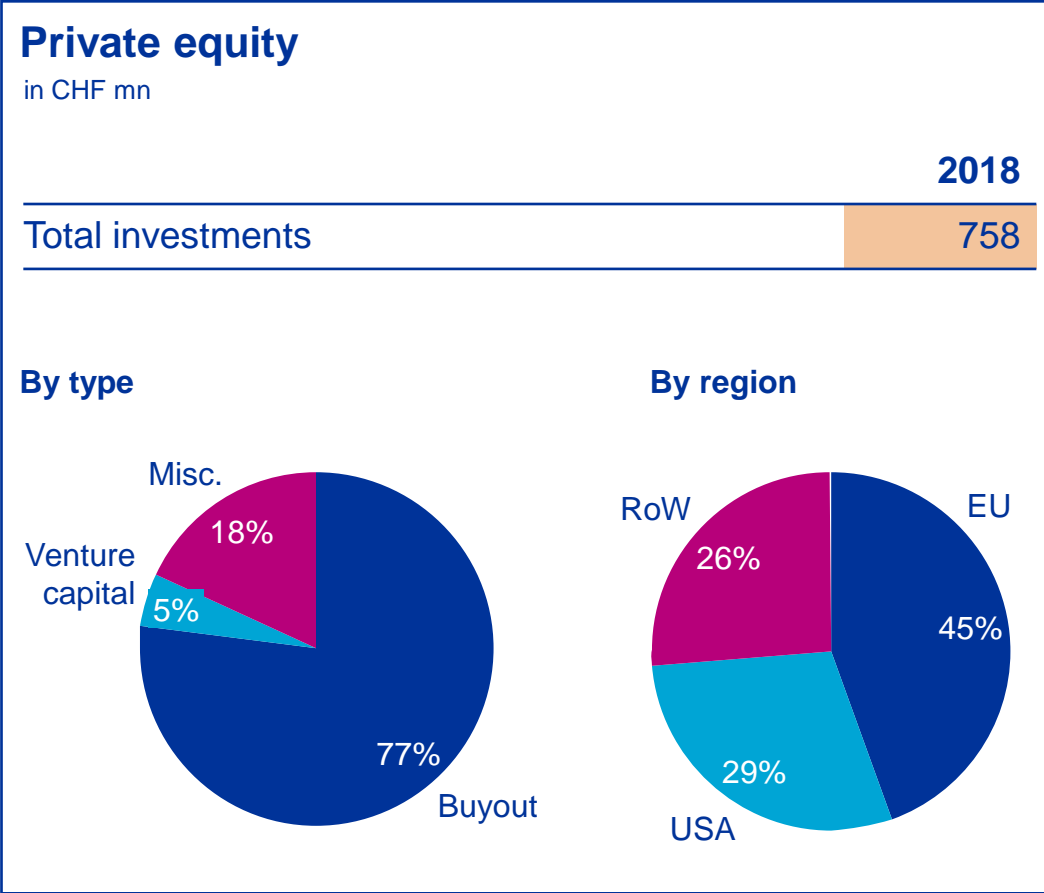
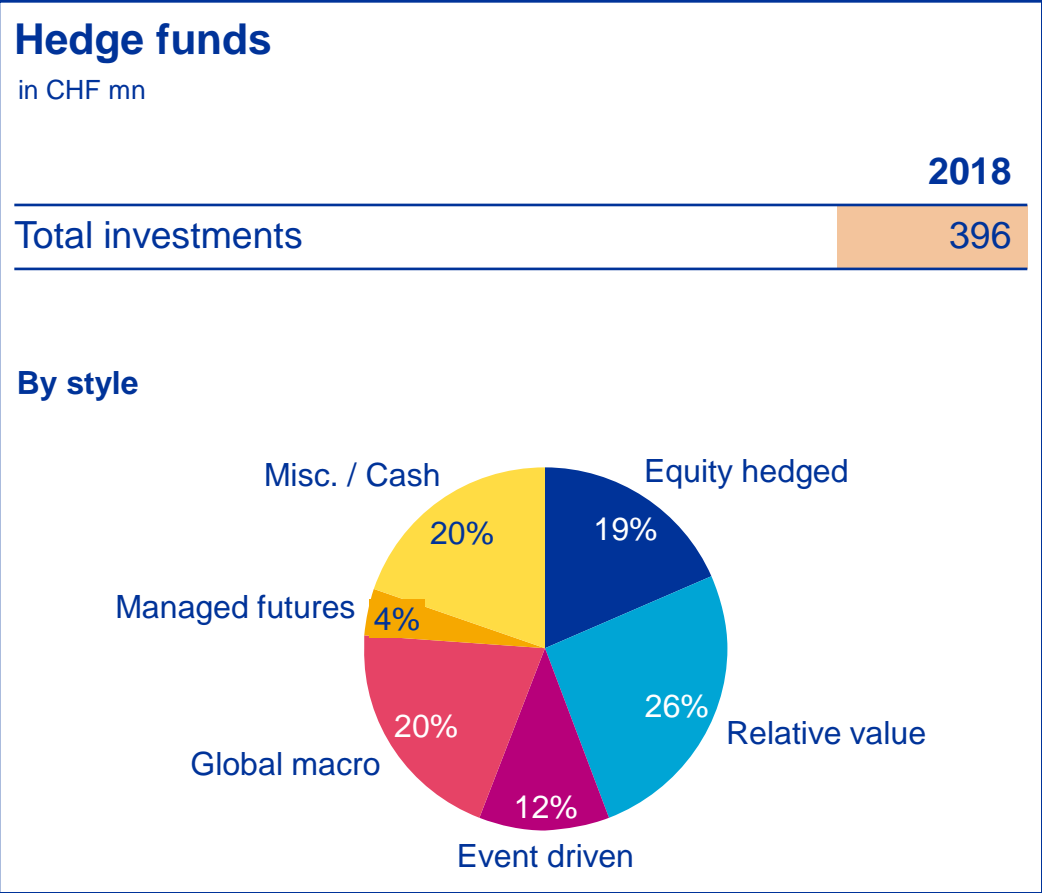


Insurance Assets: Alternative Financial Investments

2018



56,001



7. Segment Reporting

Business Volume Matrix FY 2018

in CHF mn	Switzerland	Germany	Belgium	Luxembourg	Other	Total
Non-life	1,349.2 39.6% 32.2%	803.1 23.6% 56.7%	1099.6 32.3% 63.8%	134.5 3.9% 10.1%	19.5 0.6% 100.0%	3,405.9 100.0% 39.2%
Life	2,728.0 81.2% 65.1%	385.7 11.5% 27.2%	166.1 4.9% 9.6%	80.5 2.4% 6.0%	- - -	3,360.3 100.0% 38.7%
Investment-type premiums	112.3 5.9% 2.7%	227.1 11.9% 16.0%	456.6 23.9% 26.5%	1,116.0 58.4% 83.8%	- - -	1,912.1 100.0% 22.0%
Total life	2,840.3 53.9% 67.8%	612.8 11.6% 43.3%	622.7 11.8% 36.2%	1,196.5 22.7% 89.9%	- - -	5,272.4 100.0% 60.8%
Total	4,189.5 48.3% 100.0%	1,415.9 16.3% 100.0%	1,722.3 19.8% 100.0%	1,331.0 15.3% 100.0%	19.5 0.2% 100.0%	8,678.2 100.0% 100.0%

Growth Matrix FY 2018

in % in CHF (in % in LC)	Switzerland	Germany ¹⁾	Belgium	Luxembourg	Other	Total
Non-life	1.9%	5.4% (1.4%)	10.1% (5.9%)	10.0% (5.9%)	-9.2% (-12.1%)	5.5% (3.1%)
Life	-6.1%	1.7% (-2.1%)	11.6% (7.4%)	1.1% (-2.7%)	- -	-4.3% (-5.0%)
Investment-type premiums	0.6%	9.7% (5.6%)	3.9% (0.0%)	-36.6% (-38.6%)	- -	-24.1% (-26.5%)
Total life	-5.8%	4.5% (0.6%)	5.9% (1.9%)	-35.0% (-37.0%)	- -	-12.6% (-14.0%)
Total	-3.5%	5.0% (1.1%)	8.5% (4.4%)	32.2% (-34.4%)	-9.2% (-12.1%)	-6.3% (-8.0%)

¹⁾ FY 2017 restated for the German's medical malpractice portfolio transferred to the Group run-off facility (included in 'Other')

EBIT Matrix FY 2018

in CHF mn (change in %)	Switzerland	Germany ¹⁾	Belgium	Luxembourg	Other	Eliminated	Total
Non-life	317.9 (9.9)	7.3 (n.a.)	72.2 (-38.3)	12.3 (13.9)	-18.9 (n.a.)	-19.1 (154.7)	371.7 (-0.8)
Life	232.5 (-26.8)	24.3 (120.9)	126.8 (435.0)	12.0 (-24.1)	-8.7 (-54.0)	-53.8 (24.5)	333.2 (8.9)
Asset Mgmt & Banking	18.9 (-21.9)	-1.7 (-5.6)	- (n.a.)	- (n.a.)	21.3 (1.4)	53.6 (39.6)	92.1 (12.6)
Other	-15.0 (19.0)	-23.9 (-52.9)	- (n.a.)	0.3 (-62.5)	-40.1 (41.7)	19.3 (56.9)	-59.4 (-24.3)
Total	554.2 (-10.4)	6.0 (n.a.)	199.0 (41.3)	24.7 (-10.2)	-46.5 (74.8)	- (n.a.)	737.5 (7.8)

¹⁾ FY 2017 restated for the German's medical malpractice portfolio transferred to the Group run-off facility (included in 'Other')

8. Further Information

Reporting Agenda and Contact Details

Reporting agenda

Publication of the Annual Report 2018	28 March 2019
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Annual General Meeting	26 April 2019
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Half-year results 2019	28 August 2019

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