

Bâloise Holding Ltd

HALF-YEAR REPORT

2015

Bâloise Holding Ltd
Half-Year Report 2015

Contents

KEY FIGURES	3	CONDENSED NOTES TO THE CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS (UNAUDITED)	22
LETTER TO SHAREHOLDERS	4	Basis of preparation	22
REVIEW OF OPERATING PERFORMANCE		Application of new financial reporting standards	22
Overview of operating performance	6	Changes in shareholdings and in the group of consolidated entities	22
Performance and trends in the regional markets	8	Exchange rates	22
Outlook	9	Segment reporting by strategic business unit (first half year)	24
Baloise shares	10	Segment reporting by operating segment (first half year) ..	26
Business volumes, premiums and combined ratio	11	Share capital	28
CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)	14	Financial liabilities	29
CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)	16	Income from investments for own account and at own risk	29
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)	17	Realised gains and losses on investments	29
CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)	18	Non-current assets held for sale and discontinued operations	32
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)	20	Determining fair value	33
		Gains or losses on financial contracts	44
		Acquisition and disposal of companies	45
		Income taxes	46
		Earnings per share	46
		Related party transactions	47
		Contingent and future liabilities	47
		Events after the balance sheet date	47
		FINANCIAL CALENDAR AND CONTACTS	
		General information on the half-year report	48

Key figures

	30.6.2014	31.12.2014	30.6.2015	Change (%)
CHF million				
Business volume				versus 30.6.14
Gross premiums written (non-life)	2,291.5	3,358.8	2,063.9	-9.9
Gross premiums written (life)	2,628.9	3,816.8	2,646.6	0.7
Sub-total of IFRS gross premiums written¹	4,920.3	7,175.6	4,710.5	-4.3
Investment-type premiums	910.4	2,130.2	910.7	0.0
Total business volume	5,830.7	9,305.8	5,621.3	-3.6
CHF million				
Operating profit (loss)				versus 30.6.14
Consolidated profit/loss for the period before borrowing costs and taxes				
Non-life	195.2	422.7	262.0	34.2
Life ²	251.0	481.1	70.3	-72.0
Banking	40.6	73.7	42.8	5.4
Other activities	-28.5	-48.9	-24.8	-13.0
Consolidated profit for the period	351.5	711.9	249.1	-29.1
CHF million				
Balance sheet				versus 31.12.14
Technical reserves	49,274.5	48,738.9	47,728.9	-2.1
Equity	5,295.9	5,831.0	5,196.8	-10.9
Per cent				
Ratios				
Gross combined ratio (non-life)	93.3	93.7	92.4	
Net combined ratio (non-life)	93.2	93.6	92.3	
Key figures on the Company's shares				
				versus 31.12.14 ³
Shares issued (units)	50,000,000	50,000,000	50,000,000	0.0
Basic earnings per share (CHF)	7.45	15.15	5.30	-28.9
Diluted earnings per share (CHF)	7.37	14.63	5.27	-28.5
Equity per share ⁴ (CHF)	111.9	123.4	110.1	-10.8
Closing price (CHF)	104.50	127.80	114.00	-10.8
Market capitalisation (CHF million)	5,225.0	6,390.0	5,700.0	-10.8

1 Premiums written and policy fees (gross).

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

30 June 2014 CHF 1.5 million; 31 December 2014 CHF 0.6 million; 30 June 2015 CHF -2.7 million.

3 Changes in earnings per share compared with 30 June 2014.

4 Calculation based on consolidated equity before non-controlling interests and including the average number of shares outstanding.



Dr Andreas Burckhardt, Chairman of the Board of Directors (left),
and Dr Martin Strobel, Chief Executive Officer (right).

DEAR SHAREHOLDER

Baloise proved its strength in the first half of 2015 in spite of the uncertain situation in the currency and interest-rate markets and the volatility in the equity markets. Our focus strategy, concentrating on attractive core markets where we are able to grow organically, is paying off and we have again generated growth in our target customer segments. Not only did our insurance operations perform well, gains on investments were also healthy, demonstrating Baloise's resilience in the face of the challenging situation in the interest-rate and currency markets. The rating of 'A with stable outlook' awarded by rating agency Standard & Poor's also emphasises the solidity of the company. Following the upgrade in 2014, the agency categorically reaffirmed its rating this year. As a shareholder, you will be pleased to know that your company is consistently performing well in a challenging environment.

The needs of our customers are at the heart of the day-to-day work of Baloise's 7,600 employees. Every day they strive to make Baloise even better and to develop new ideas that make our customers' lives a little safer while focusing on a strategy of adding value over the long term. Baloise shares performed well in the first quarter of the year, but subsequently fell in value along with the market as a whole. The overall trend was positive, however, and the shares ended the first half of 2015 higher than they were a year previously.

In a tough environment, the Baloise Group achieved a robust first-half profit of CHF 248.7 million. Earnings were dented by the impact of the decision taken by the Swiss National Bank (SNB) on 15 January 2015, which resulted in a stronger Swiss franc and a sharp fall in interest rates in Switzerland. All business divisions and all business units rose to this challenge and contributed to profit. Profitability in non-life business improved once more as a result of our operational excellence strategy, lower costs and a favourable claims environment, and this was demonstrated by the excellent net combined ratio of 92.3 per cent (H1 2014: 93.2 per cent). EBIT in our non-life business was CHF 66.8 million higher than in the first half of 2014 and amounted to CHF 262.0 million. In its life business, Baloise continued to focus on occupational pensions despite the difficult interest-rate environment, although we changed the product mix and focused more closely on investment-type premiums. Primarily as a result of Swiss group life business, this division reported a healthy growth rate of 3.3 per cent in local-currency terms. The banking business raised its EBIT by 5.4 per cent to CHF 42.8 million, largely due to contributions from Baloise Bank SoBa and the two Baloise Asset Management companies.

«Baloise's excellent net combined ratio of 92.3 per cent demonstrates its operational profitability.»

The performance of Basler Switzerland's non-life business was very encouraging. The quality of its portfolio improved once more, as evidenced by its excellent gross combined ratio of 81.5 per cent (down by 1.8 percentage points). Although low interest rates resulting in reserve strengthening and the impact of exchange rates depressed earnings in its life business, Basler Switzerland's strong position was again reflected in its growth, with IFRS premiums up by 4.5 per cent. Belgium and Luxembourg maintained steady growth rates and improved their gross combined ratios (Belgium: 94.6 per cent; Luxembourg: 82.0 per cent). Both national Baloise companies also reported significant growth rates in their non-life business in local-currency terms

(Belgium: growth of 3.5 per cent, Luxembourg: growth of 3.9 per cent). Baloise's purchase of non-life insurer HDI-Gerling Luxembourg in early August is set to put it in the top three insurance companies in Luxembourg, while the ongoing headcount reduction in Germany has significantly reduced costs. The headcount reduction in Germany is on track and we are achieving our efficiency goals. EBIT rose by CHF 16.6 million to CHF 33.7 million. The restructuring is taking time, as expected, and in the first six months of 2015 prominent large claims continued to have an adverse effect on the gross combined ratio (111.9 per cent). Despite the progress made, this situation is still unsatisfactory for us.

These healthy half-year financial results reaffirm the focus strategy that Baloise has adopted. The Company's strong level of capitalisation will enable it to continue growing organically in its core markets. Earnings-focused growth in target customer segments means that Baloise is optimally placed to achieve its objectives for 2015. Our operational profitability also underpins our practice of paying consistent, attractive dividends and these strengths are laying the foundation for future strategic goals.

Following the announcement by Group CEO Martin Strobel that he is to stand down at the end of April 2016, the process of finding his successor is under way. In this environment, the new CEO will be able to build on Baloise's strengths to make a successful start to the next chapter.

Basel, August 2015



Dr Andreas Burckhardt

Chairman of the Board of Directors



Dr Martin Strobel

Group CEO

High level of profitability in challenging climate

OVERVIEW OF OPERATING PERFORMANCE

Baloise's healthy half-year profit of CHF 248.7 million was achieved amid uncertainties in the currency and interest-rate markets. The impact of the decision taken by the Swiss National Bank (SNB) on 15 January 2015 to abandon the Swiss franc's floor against the euro can already be seen in Baloise's half-year results. On the reporting date, the Swiss franc had appreciated by 16 centimes against the euro since the SNB's decision. This effect was one of the reasons why the profit for the period was down by 28.9 per cent on the first half of 2014. Nonetheless, all business units made a contribution to the Company's healthy earnings. Non-life business performed significantly better than in the first half of 2014 with EBIT rising by 34.2 per cent to CHF 262.0 million. The scale of large claims (net) was slightly lower than in the first half of the previous year. This trend and a further fall in costs are also reflected in the combined ratio. At Group level, the net and gross combined ratios were both down by 0.9 percentage point (H1 2014: net combined ratio of 93.2 per cent, gross combined ratio of 93.3 per cent). The unfavourable interest-rate situation had a particularly negative effect on life business. Earnings (EBIT) were down year on year, but this was partly because the level of gains realised in the first half of 2014 was unusually high. EBIT amounted to CHF 70.3 million, despite growth of 3.3 per cent in the volume of business at Group level as measured in local-currency terms. Lower returns on investments, the strengthening of reserves and lower gains realised on investments put particular pressure on earnings in traditional life business. In the banking business, net interest income continued to fall because interest rates remained low or even negative. Despite the hindrance of negative interest rates, EBIT was up by 5.4 per cent to CHF 42.8 million.

Consolidated equity declined to CHF 5,196.8 million (down by 10.9 per cent), largely attributable to currency effects. The Group's solvency ratio also fell, but was 333 per cent compared with 354 per cent at the end of 2014, an excellent ratio indicating that Baloise's balance sheet remains strong. The total volume of business in continuing operations grew by 3.9 per cent in local-currency terms but declined by 1.9 per cent in terms of Swiss francs to CHF 5,621.3 million.

BUSINESS VOLUME 2015 (GROSS) BY STRATEGIC BUSINESS UNITS

Per cent

Switzerland	61.2
Germany	14.3
Belgium	13.1
Luxembourg	11.3



Baloise's non-life division (indemnity and personal insurance) generated a profit of CHF 262.0 million before borrowing costs and taxes (H1 2014: CHF 195.2 million). Large claims (net) and insurance benefit payments across the Group were lower than in the first half of 2014. The gross cost ratio and the gross claims ratios were both lower, by 0.1 percentage point and 0.8 percentage point respectively. The net combined ratio of 92.3 per cent was down by a further 0.9 percentage point year on year. In local-currency terms, the volume of IFRS premiums grew slightly, by 0.2 per cent, but it declined by 6.9 per cent to CHF 2,063.9 million when currency effects were taken into account.

COMBINED RATIO NET PERFORMANCE, HALF-YEAR FIGURES

Per cent

2015	92.3
2014	93.2
2013	94.5
2012	92.7
2011	93.0

In the life insurance division, profit before borrowing costs and taxes was substantially down on the excellent prior-year period and stood at CHF 70.3 million. The fall in earnings was largely attributable to a decline of CHF 81.6 million in income from investments, a decline of CHF 157.1 million in gains realised in traditional life business, large losses arising from exchange differences (fair-value measurements and realised losses), and the strengthening of reserves. Thanks to the Swiss and

Belgian business units, the volume of traditional life insurance business in continuing operations was up by 3.3 per cent in local-currency terms. There was a year-on-year rise by 14.6 per cent in the volume of investment-type premiums in local-currency terms, mainly due to the Luxembourg business.

Despite low or negative interest rates, the **banking division** put in an encouraging performance. Profit before borrowing costs and taxes rose to CHF 42.8 million (H1 2014: CHF 40.6 million), primarily on the back of the robust operating performances delivered by Baloise Asset Management and Baloise Bank SoBa.

The defining events for Swiss investors were the abandonment of the euro exchange-rate floor by the Swiss National Bank and the introduction of negative interest rates.

Currency hedges made it possible to keep the impact on investments within tight limits.

However, there will be a greater long-term influence on Baloise because the level of interest rates on new investments and roll-overs will fall again.

In the eurozone, quantitative easing by the European Central Bank also pushed interest rates to ultra-low levels before they started to gyrate violently in the opposite direction at the end of April. European equity markets benefited the most from

this loosening of monetary policy. Volatility increased on all markets in June in response to the discussion about Grexit. In this environment, Baloise's **investments** delivered a strong performance.

Because interest rates remained low, and because of the exchange rate used to translate income earned, recurring income declined from CHF 896.6 million in the first six months of 2014 to CHF 784.4 in the first half of 2015. Realised gains returned to normal compared with the exceptionally strong first half of the previous year. Consequently, net income came to CHF 921.0 million, which was well below the CHF 1,172.0 million reported for the first half of 2014. This equates to a non-annualised net return of 1.6 per cent on insurance assets (H1 2014: 2.0 per cent).

Unrealised gains on bonds were down because of currency translation differences, a slight rise in euro interest rates since the start of the year and the realisation of gains. Consequently, the rate of return on insurance assets according to International Financial Reporting Standards (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 for the first half of 2015, which was well below the prior-year figure of 3.8 per cent.

ASSET ALLOCATION IN INSURANCE¹

	31.12.2014			30.6.2015		
	Non-life	Life	Total	Non-life	Life	Total
CHF million						
Investment property	883.0	5,052.3	5,935.3	878.5	4,920.7	5,799.2
Equities	1,106.6	2,912.5	4,019.1	1,265.5	3,103.3	4,368.8
Alternative financial assets	298.9	1,042.3	1,341.2	257.8	973.4	1,231.2
Fixed-income securities	5,346.3	26,965.7	32,312.0	4,854.6	25,636.5	30,491.1
Mortgage assets	435.9	4,166.6	4,602.5	436.0	4,078.6	4,514.6
Policy loans and other loans	1,281.2	6,051.6	7,332.8	1,015.0	6,119.0	7,134.0
Derivative financial instruments	18.9	299.3	318.2	20.9	282.4	303.3
Cash and cash equivalents	503.1	890.0	1,393.1	312.8	512.2	825.0
Total	9,873.9	47,380.3	57,254.2	9,040.9	45,626.2	54,667.2

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

Baloise increased its equity exposure further. All alternative financial assets generated positive returns in local-currency terms. The impairment losses recognised on financial instruments with characteristics of equity totalled CHF 37.9 million (gross). Investment property continued to yield stable returns and slightly higher valuations. The values and income streams generated by mortgages remained consistent.

PERFORMANCE AND TRENDS IN THE REGIONAL MARKETS

Switzerland

Baloise's Swiss business achieved an impressive technical result in its **non-life insurance** and generated healthy growth in attractive sectors. Profit before borrowing costs and taxes was down by 32.5 per cent to CHF 203.6 million due to interest-rate and currency effects and, among other things, because the level of gains realised was lower than the unusual and extremely high level realised in the first half of the previous year. Its total volume of business grew by 2.1 per cent to CHF 3,437.9 million.

Compared with the first half of 2014, the gross combined ratio improved by 1.8 percentage points to an outstanding 81.5 per cent, the lowest in the Group. The volume of premiums written in its non-life business contracted by 0.7 per cent to CHF 1,052.8 million, largely because underwriting of daily sickness allowance insurance and group accident insurance remained cautious. By contrast, growth was seen in the general liability, motor vehicle and property insurance sectors.

EBIT for the **life insurance** division declined by CHF 119.8 million to CHF 65.2 million, mainly due to the unusual and extremely high level of its prior-year earnings. The decision taken by the Swiss National Bank on 15 January 2015 also affected the division's earnings. The volume of conventional product premiums written grew by 4.5 per cent to CHF 2,300.8 million. This was primarily attributable to robust growth in group life business. The Swiss business unit won further target customers in this segment and gained a foothold in this major market by offering new, partially autonomous solutions for occupational pensions. The volume of investment-type insurance decreased by 19.4 per cent to CHF 84.3 million because it was only launched in the form of a tranche product in the first half of the year.

Baloise Bank SoBa (all figures reported according to local accounting standards) managed to shrug off the tough environment. It inched ahead of its half-year financial results for 2014 and achieved encouraging growth. Savings grew by 1 per cent and investments by 2.2 per cent. Profit for the half year advanced by 1.2 per cent to CHF 13 million and its total assets expanded by 4.6 per cent to CHF 7.4 billion in the same period.

Germany

The ongoing restructuring operations in Germany and the associated reduction in headcount are on track. The previously announced process of cutting 400 jobs by the end of 2017 is going to plan and the anticipated efficiency goals are being achieved. EBIT rose by CHF 16.6 million to CHF 33.7 million. Because the gross volume of large claims incurred was higher than in the first half of 2014 and premiums were down by a modest 1.5 per cent, the combined ratio rose by 8.6 percentage points to 111.9 per cent. The total volume of business transacted by the German unit shrank by 2.4 per cent in local-currency terms and by 15.4 per cent in Swiss francs to CHF 805.7 million. Low interest rates put the greatest pressure on life business. The fall in non-life premium income was partly due to the ongoing review and restructuring of the client portfolio and improvements in the business mix.

Belgium

The unit's profit for the period before borrowing costs and taxes was impacted by currency effects. Measured in Swiss francs, EBIT contracted by 4.1 per cent to CHF 91.3 million while the combined ratio improved by 7 percentage points to 94.6 per cent because both the cost ratio and the claims ratio were lower. The unit's volume of business was down on the first half of 2014 due to currency effects and amounted to CHF 738.9 million, although growth of 6.6 per cent was measured in local-currency terms. The performance of investment-type insurance business was particularly encouraging. It grew by 14.0 per cent year on year in local-currency terms on the back of successful distribution alliances with financial advisors.

Luxembourg

The unit's profit before borrowing costs and taxes stood at CHF 13 million, a fall of 17.2 per cent in Swiss-franc terms that was mostly due to currency effects. Although Baloise Luxembourg's gross combined ratio of 82.0 per cent was 0.4 percentage point higher than in the first six months of 2014, it remained an excellent ratio. The unit's total volume of business rose to CHF 637.1 million, which constituted growth of 20.2 per cent in local-currency terms and was driven by non-life business and investment-type premiums. Baloise's purchase of non-life insurer HDI-Gerling Luxembourg in early August (premium volume of around CHF 5 million) is set to put it in the top three insurance companies in Luxembourg.

OUTLOOK

These healthy half-year financial results reaffirm the focus strategy that Baloise has adopted. The Company's strong level of capitalisation will enable it to continue growing organically in its core markets. Growth focusing on earnings in target customer segments, extremely strong capitalisation and a clear geographic focus are laying the foundations for Baloise's next strategic phase starting in 2016.

BALOISE SHARES

Equity markets edged slightly lower amid high volatility in the first half of 2015. Financial markets were preoccupied with the festering conflict in eastern Europe and the possibility of Greece leaving the eurozone. The Swiss Market Index fell by 2.3 per cent during the first six months of the year.

Having performed well in the first three months, Baloise shares* shed some of their value in the second quarter to close the first half of the year at CHF 114.00, which constituted a decline of 10.8 per cent on the beginning of the year. The Swiss insurance sector index also underperformed the broad market

over the same period, posting a negative return of 4.7 per cent. The European insurance sector index gained 8.7 per cent on the back of slightly higher eurozone interest rates.

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

* Baloise shares = shares of Baloise Holding Ltd

KEY FIGURES ON THE COMPANY'S SHARES

	30.6.2014	31.12.2014	30.6.2015	Change (%) versus 31.12.2014 ¹
Shares issued (units)	50,000,000	50,000,000	50,000,000	0.0
Basic earnings per share (CHF)	7.45	15.15	5.30	-28.9
Diluted earnings per share (CHF)	7.37	14.63	5.27	-28.5
Equity per share ² (CHF)	111.9	123.4	110.1	-10.8
Closing price (CHF)	104.50	127.80	114.00	-10.8
Market capitalisation (CHF million)	5,225.0	6,390.0	5,700.0	-10.8

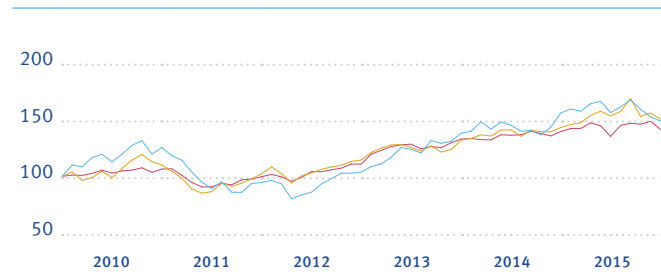
1 Changes in earnings per share compared with 30 June 2014.

2 Calculation based on consolidated equity before non-controlling interests and including the average number of shares outstanding.

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 PERFORMANCE¹ OF BALOISE HOLDING REGISTERED SHARES 2010 – 2015



1 30. Juni 2010 = 100

■ Baloise Namen (BALN)
■ SWX SP Insurance Price Index (SMINNX)
■ Swiss Market Index (SMI)

BUSINESS VOLUMES, PREMIUMS AND COMBINED RATIO

BUSINESS VOLUMES

First half of 2014	Group	Switzerland	Germany	Belgium	Luxembourg ²	Other units ³
CHF million						
Non-life	2,291.5	1,060.1	553.0	529.7	70.0	75.7
Life	2,628.9	2,202.1	284.8	72.5	53.8	15.7
Sub-total of IFRS gross premiums written ¹	4,920.3	3,262.2	837.8	602.2	123.8	91.4
Investment-type premiums	910.4	104.6	115.1	198.2	483.5	9.1
Total business volume	5,830.7	3,366.8	952.9	800.3	607.3	100.4

BUSINESS VOLUMES

First half of 2015	Group	Switzerland	Germany	Belgium	Luxembourg ²	Other units ³
CHF million						
Non-life	2,063.9	1,052.8	471.7	474.8	63.0	–
Life	2,646.6	2,300.8	236.3	68.4	41.1	–
Sub-total of IFRS gross premiums written ¹	4,710.5	3,353.6	708.0	543.2	104.1	–
Investment-type premiums	910.7	84.3	97.8	195.7	533.0	–
Total business volume	5,621.3	3,437.9	805.7	738.9	637.1	–

1 Premiums written and policy fees (gross).

2 Including Baloise Life Liechtenstein.

3 Other units: Austria (until 28 August 2014), Croatia and Serbia (both until 11 March 2014).

PREMIUMS EARNED (GROSS)

FIRST HALF OF THE YEAR

	Non-life		Life		Total	
	2014	2015	2014	2015	2014	2015
CHF million						
IFRS gross premiums written	2,291.5	2,063.9	2,628.9	2,646.6	4,920.3	4,710.5
Change in unearned premium reserves	–610.4	–565.1	–	–	–610.4	–565.1
Premiums earned and policy fees	1,681.1	1,498.8	2,628.9	2,646.6	4,309.9	4,145.4

NON-LIFE GROSS PREMIUMS BY SECTOR

	1 st half	1 st half	+/- %
	2014	2015	
CHF million			
Accident	305.8	270.0	-11.7
Health	104.9	98.6	-6.0
General liability	247.6	233.3	-5.8
Motor	786.1	712.6	-9.3
Property	662.5	592.9	-10.5
Marine	104.8	95.7	-8.7
Other	46.3	37.9	-18.1
Inward reinsurance	33.5	22.8	-31.9
Gross premiums written, non-life	2,291.5	2,063.9	-9.9

LIFE GROSS PREMIUMS BY SECTOR

	1 st half	1 st half	+/- %
	2014	2015	
CHF million			
Business volume of single premiums	1,695.6	1,747.8	3.1
Business volume of periodic premiums	1,843.7	1,809.5	-1.9
Investment-type premiums	-910.4	-910.7	0.0
Gross premiums written (life)	2,628.9	2,646.6	0.7

Compared with the premium income earned in the corresponding period of 2014, the premiums earned in the first half of 2015 were strongly adversely affected by movements in the exchange rate between the Swiss franc and the euro.

GROSS COMBINED RATIO

30 June 2014	Group	Switzerland	Germany	Belgium	Luxembourg	Other units ¹
As a percentage of premiums earned						
Claims ratio ²	62.3	58.1	67.6	67.0	47.8	60.0
Expense ratio	31.0	25.2	35.7	34.6	33.8	33.6
Combined ratio	93.3	83.3	103.3	101.6	81.6	93.6

GROSS COMBINED RATIO

30 June 2015	Group	Switzerland	Germany	Belgium	Luxembourg	Other units ¹
As a percentage of premiums earned						
Claims ratio ²	62.2	56.2	76.1	61.9	50.9	–
Expense ratio	30.2	25.3	35.8	32.7	31.1	–
Combined ratio	92.4	81.5	111.9	94.6	82.0	–

1 Other units: Austria (until 28 August 2014), Croatia and Serbia (both until 11 March 2014).

2 Including profit-sharing ratio.

GROSS AND NET COMBINED RATIOS AS AT 30 JUNE

	Gross		Net	
	2014	2015	2014	2015
As a percentage of premiums earned				
Claims ratio ¹	62.3	62.2	61.0	61.3
Expense ratio	31.0	30.2	32.2	31.0
Combined ratio	93.3	92.4	93.2	92.3

1 Including profit-sharing ratio.

Condensed consolidated balance sheet

(unaudited)

	31.12.2014	30.6.2015
CHF million		
Assets		
Property, plant and equipment	379.2	417.6
Intangible assets	909.2	819.9
Investments in associates	227.9	154.0
Investment property	5,962.9	5,823.6
Financial assets of an equity nature		
Available for sale	4,698.1	4,593.9
Recognised at fair value through profit or loss	8,753.1	8,806.9
Financial assets of a debt nature		
Held to maturity	8,413.7	8,293.8
Available for sale	24,227.5	22,505.3
Recognised at fair value through profit or loss	1,820.4	1,587.9
Mortgages and loans		
Carried at cost	17,326.0	17,119.1
Recognised at fair value through profit or loss	839.9	915.7
Derivative financial instruments	613.2	630.4
Receivables from financial contracts		
Carried at cost	21.1	12.7
Recognised at fair value through profit or loss	–	–
Reinsurance assets	421.5	408.4
Receivables from reinsurers	79.7	58.1
Insurance receivables	409.0	412.9
Receivables from employee benefits	1.7	10.6
Other receivables	375.3	367.5
Receivables from investments	564.5	445.9
Deferred tax assets	48.3	52.1
Current income tax assets	64.2	56.1
Other assets		
Carried at cost	163.2	228.3
Recognised at fair value through profit or loss	53.3	40.1
Cash and cash equivalents	2,969.6	2,598.8
Total assets	79,342.3	76,359.3

The notes form an integral part of the consolidated half-year financial statements.

	31.12.2014	30.6.2015
CHF million		
Equity and liabilities		
Equity		
Share capital	5.0	5.0
Capital reserves	246.6	248.8
Treasury shares	-250.0	-287.8
Unrealised gains and losses (net)	375.8	-232.0
Retained earnings	5,413.9	5,428.0
Equity before non-controlling interests	5,791.3	5,161.9
Non-controlling interests	39.7	34.9
Total equity	5,831.0	5,196.8
Liabilities		
Technical reserves (gross)	48,738.9	47,728.9
Liabilities arising from the banking business and financial contracts		
With discretionary participation features (DPF)	1,766.5	1,667.0
Measured at amortised cost	7,342.0	7,738.4
Recognised at fair value through profit or loss	8,632.3	8,256.4
Financial liabilities	1,702.4	1,705.0
Provisions	119.3	93.8
Derivative financial instruments	176.4	239.2
Insurance liabilities	1,780.3	843.0
Liabilities arising from employee benefits	1,455.6	1,261.9
Other accounts payable	571.8	537.7
Deferred tax liabilities	1,065.5	936.8
Current income tax liabilities	86.7	98.0
Other liabilities	73.8	56.3
Total liabilities	73,511.4	71,162.5
Total equity and liabilities	79,342.3	76,359.3

The notes form an integral part of the consolidated half-year financial statements.

Condensed consolidated income statement

(unaudited)

	1 st half	1 st half
	2014	2015
CHF million		
Income		
Premiums earned and policy fees (gross)	4,309.9	4,145.4
Reinsurance premiums ceded	-84.9	-70.5
Premiums earned and policy fees (net)	4,225.1	4,074.9
Investment income	896.6	784.4
Realised gains and losses on investments	662.2	366.2
Income from services rendered	55.7	58.1
Share of profit (loss) of associates	4.7	32.7
Other operating income	70.9	91.8
Income	5,915.3	5,408.0
Expense		
Claims and benefits paid (gross)	-2,880.5	-2,732.6
Change in technical reserves (gross)	-1,368.9	-1,452.2
Reinsurers' share of claims incurred	74.8	57.2
Acquisition costs	-271.2	-236.8
Operating and administrative expenses for insurance business	-446.9	-378.2
Investment management expenses	-34.3	-29.7
Interest expenses on insurance liabilities	-21.6	-17.1
Gains or losses on financial contracts	-301.2	-96.6
Other operating expenses	-207.4	-171.9
Expense	-5,457.0	-5,057.8
Profit for the period before borrowing costs and taxes	458.3	350.3
Borrowing costs	-21.7	-19.9
Profit for the period before taxes	436.6	330.3
Income taxes	-85.0	-81.2
Profit for the period	351.5	249.1
Attributable to:		
Shareholders	349.9	248.7
Non-controlling interests	1.7	0.4
Earnings / loss per share		
Basic (CHF)	7.45	5.30
Diluted (CHF)	7.37	5.27

The notes form an integral part of the consolidated half-year financial statements.

Condensed consolidated statement of comprehensive income (unaudited)

	1 st half	1 st half
	2014	2015
CHF million		
Profit for the period	351.5	249.1
Items not to be reclassified to the income statement		
Change in reserves arising from reclassification of investment property	-0.4	-
Change in reserves arising from assets and liabilities of defined benefit post-employment benefits	-218.0	94.6
Change arising from shadow accounting	36.9	-46.4
Income taxes	42.6	-18.7
Total items not to be reclassified to the income statement	-139.0	29.5
Items to be transferred to the income statement		
Change in unrealised gains and losses on available-for-sale financial assets	968.6	-928.3
Change in unrealised gains and losses on associates	12.7	-28.7
Change in hedging reserves for derivative financial instruments held as hedges of a net investment in a foreign operation	1.5	36.7
Change in reserves arising from reclassification of held-to-maturity financial assets	-1.7	-1.2
Change arising from shadow accounting	-442.4	411.5
Exchange differences	28.2	-276.3
Income taxes	-143.7	144.3
Total items to be transferred to the income statement	423.2	-641.9
Other comprehensive income	284.2	-612.5
Comprehensive income (for the period)	635.7	-363.4
Attributable to:		
Shareholders	634.3	-359.1
Non-controlling interests	1.4	-4.3

The notes form an integral part of the consolidated half-year financial statements.

Condensed consolidated cash flow statement

(unaudited)

	1 st half	1 st half
	2014	2015
CHF million		
Summary		
Cash flow from operating activities (net)	162.7	44.3
Cash flow from investing activities (net)	83.0	26.6
Cash flow from financing activities (net)	-245.2	-279.0
Total cash flow	0.5	-208.2
Effect of changes in exchange rates on cash and cash equivalents	-8.7	-162.7
Reclassification to non-current assets and disposal groups classified as held for sale	-1.5	-
Cash and cash equivalents as at 1 January	2,960.8	2,969.6
Cash and cash equivalents as at 30 June	2,951.1	2,598.8
Cash flow from operating activities		
Profit for the period before taxes	436.6	330.3
Adjustments for		
Depreciation, amortisation and impairment of property, plant and equipment and of intangible assets	37.1	30.6
Realised gains and losses on property, plant and equipment and on intangible assets	-0.1	-0.2
Income from investments in associates	-4.7	-32.7
Realised gains and losses on financial assets, investment property and associates	-661.4	-357.1
Changes in other financial contracts	237.3	39.6
Changes in technical reserves (gross), including unearned premium reserves	1,834.1	1,963.0
Interest expenses on reinsurance liabilities	0.4	0.1
Borrowing costs	21.7	19.9
Amortised cost valuation of financial instruments	5.0	10.3
Additions and disposals of assets and liabilities resulting in a cash flow		
Purchase / sale of investment property	-53.7	-0.2
Purchase / sale of financial assets of an equity nature	-731.0	-762.7
Purchase / sale of financial assets of a debt nature	123.6	-727.1
Addition / disposal of mortgages and loans	-614.6	-738.1
Addition / disposal of derivative financial instruments	-9.0	496.3
Addition / disposal of financial contracts and liabilities arising from banking business	173.4	767.7
Other changes in assets and liabilities arising from operating activities	-569.3	-944.0
Taxes paid	-62.6	-51.5
Cash flow from operating activities (net)	162.7	44.3

The notes form an integral part of the consolidated half-year financial statements.

	1 st half	1 st half
	2014	2015
CHF million		
Cash flow from investing activities		
Purchase of property, plant and equipment	-8.2	-18.1
Sale of property, plant and equipment	0.2	1.1
Purchase of intangible assets	-7.4	-12.0
Sale of intangible assets	-	-
Acquisition of companies, net of cash and cash equivalents	-16.4	-
Disposal of companies, net of cash and cash equivalents	110.1	-
Purchase of investments in associates	-	-
Sale of investments in associates	-	22.5
Dividends from associates	4.7	33.2
Cash flow from investing activities (net)	83.0	26.6
Cash flow from financing activities		
Capital increases	-	-
Capital reductions	-	-
Additions to financial liabilities	-	-
Disposals of financial liabilities	-	-
Borrowing costs paid	-9.7	-7.9
Purchase of treasury shares	-52.2	-71.5
Sale of treasury shares	40.5	35.6
Cash flow attributable to non-controlling interests	-0.3	-0.5
Dividends paid	-223.6	-234.7
Cash flow from financing activities (net)	-245.2	-279.0
Total cash flow	0.5	-208.2
Cash and cash equivalents		
Balance as at 1 January	2,960.8	2,969.6
Change during the period	0.5	-208.2
Reclassification to non-current assets and disposal groups classified as held for sale	-1.5	-
Effect of changes in exchange rates on cash and cash equivalents	-8.7	-162.7
Balance as at 30 June	2,951.1	2,598.8
Breakdown of cash and cash equivalents at the balance sheet date		
Cash and bank balances	2,127.1	1,671.2
Cash equivalents	0.0	0.0
Cash and cash equivalents for the account and at the risk of life insurance policyholders	823.9	927.6
Balance as at 30 June	2,951.1	2,598.8
Of which: restricted cash and cash equivalents	25.2	17.2

The notes form an integral part of the consolidated half-year financial statements.

Condensed consolidated statement of changes in equity (unaudited)

2014	Share capital	Capital reserves	Treasury shares	Other changes in equity	Retained earnings	Equity before non-controlling interests	Non-controlling interests	Total equity
CHF million								
Balance as at 1 January 2014	5.0	233.1	-240.8	-68.1	4,926.7	4,855.9	50.5	4,906.4
Profit for the period	-	-	-	-	349.9	349.9	1.7	351.5
Other comprehensive income	-	-	-	284.5	-	284.5	-0.3	284.2
Comprehensive income	-	-	-	284.5	349.9	634.3	1.4	635.7
Other changes in equity in 2014								
Dividend	-	-	-	-	-223.6	-223.6	-0.3	-223.9
Capital increase / repayment	-	-	-	-	-	-	-	-
Purchase / sale of treasury shares	-	8.1	-19.8	-	-	-11.7	-	-11.7
Increase / decrease in non-controlling interests due to change in the scope of consolidation	-	-	-	-	-	-	-10.7	-10.7
Increase / decrease in non-controlling interests due to change in percentage of shareholding	-	-	-	-	-	-	-	-
Balance as at 30 June 2014	5.0	241.2	-260.6	216.4	5,053.0	5,255.0	40.9	5,295.9

The notes form an integral part of the consolidated half-year financial statements.

2015	Share capital	Capital reserves	Treasury shares	Other changes in equity	Retained earnings	Equity before non-controlling interests	Non-controlling interests	Total equity
CHF million								
Balance as at 1 January 2015	5.0	246.6	-250.0	375.8	5,413.9	5,791.3	39.7	5,831.0
Profit for the period	-	-	-	-	248.7	248.7	0.4	249.1
Other comprehensive income	-	-	-	-607.8	-	-607.8	-4.7	-612.5
Comprehensive income	-	-	-	-607.8	248.7	-359.1	-4.3	-363.4
Other changes in equity in 2015								
Dividend	-	-	-	-	-234.7	-234.7	-0.5	-235.1
Capital increase / repayment	-	-	-	-	-	-	-	-
Purchase / sale of treasury shares	-	2.2	-37.8	-	-	-35.6	-	-35.6
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	-	-	-	-	-	-	-	-
Balance as at 30 June 2015	5.0	248.8	-287.8	-232.0	5,428.0	5,161.9	34.9	5,196.8

The notes form an integral part of the consolidated half-year financial statements.

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 2014 annual report. With the exception of the new or amended financial reporting standards described below, the accounting principles used to prepare these IFRS half-year financial statements are the same as those applied to the annual financial statements for 2014.

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 IAS 32/IFRS 7 IAS 19 Employee Benefits (amendment)

As a result of the amendment, contributions from employees or third parties are recognised as a reduction in service cost in the period in which they are paid, provided they are entirely related to the employee's service in that period. This may be the case, in particular, with contributions that constitute a fixed percentage of salary that is not dependent on the number of years worked at the company by the employee. This change has no material impact on the Baloise Group's balance sheet or income statement.

Other standards and interpretations

Currently, there are no other standards or interpretations to be applied that have a material impact on profit for the period or on balance sheet line items.

CHANGES IN SHAREHOLDINGS AND IN THE GROUP OF CONSOLIDATED ENTITIES

The group of entities consolidated as part of the Baloise Group has not changed since 31 December 2014.

EXCHANGE RATES

CURRENCY

	Balance sheet		Income statement	
	31.12.2014	30.6.2015	30.6.2014	30.6.2015
CHF				
1 EUR (euro)	1.20	1.04	1.22	1.06
1 USD (US dollar)	0.99	0.94	0.89	0.95

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SEGMENT REPORTING BY STRATEGIC BUSINESS UNIT (FIRST HALF YEAR)

	Switzerland		Germany		Belgium	
	2014	2015	2014	2015	2014	2015
CHF million						
Income						
Premiums earned and policy fees (gross)	2,865.7	2,955.1	706.6	591.8	542.9	508.1
Reinsurance premiums ceded	-88.6	-86.1	-46.7	-41.1	-39.4	-31.5
Premiums earned and policy fees (net)	2,777.1	2,869.0	659.9	550.7	503.5	476.6
Investment income	486.7	457.5	248.1	189.8	137.6	121.9
Realised gains and losses on investments	171.7	49.8	172.9	262.3	74.3	48.3
Income from services rendered	17.9	21.0	18.2	16.1	0.9	0.7
Share of profit (loss) of associates	0.0	0.0	4.7	32.6	0.0	0.1
Other operating income	34.6	40.9	27.6	18.6	6.6	15.3
Income	3,488.1	3,438.2	1,131.4	1,070.1	723.0	662.8
Intersegment income	35.7	26.4	24.7	22.5	15.4	15.6
Income from associates	0.0	0.0	4.7	32.6	0.0	0.1
Expense						
Claims and benefits paid (gross)	-1,825.4	-1,870.7	-593.5	-494.1	-351.6	-319.4
Change in technical reserves (gross)	-1,003.0	-1,021.3	-254.6	-348.0	-82.2	-68.9
Reinsurers' share of claims incurred	29.7	32.9	58.4	61.4	62.4	37.2
Acquisition costs	-41.5	-32.6	-93.1	-89.7	-115.4	-104.5
Operating and administrative expenses for insurance business	-211.5	-211.8	-123.4	-95.0	-66.5	-49.5
Investment management expenses	-22.4	-21.0	-14.6	-12.6	-6.9	-5.9
Interest expenses on insurance liabilities	-1.2	-1.1	-19.4	-15.9	-0.4	-0.1
Gains or losses on financial contracts	-30.5	-20.4	-12.0	-11.3	-31.3	-37.5
Other operating expenses	-80.7	-88.6	-62.0	-31.2	-35.9	-22.9
Expense	-3,186.5	-3,234.6	-1,114.2	-1,036.4	-627.8	-571.5
Profit / loss for the period before borrowing costs and taxes	301.6	203.6	17.1	33.7	95.2	91.3
Borrowing costs	-	-	-	-	-	-
Profit / loss for the period before taxes	301.6	203.6	17.1	33.7	95.2	91.3
Income taxes	-60.0	-48.1	3.8	-13.6	-31.3	-23.9
Profit / loss for the period (segment result)	241.6	155.5	21.0	20.1	64.0	67.4
Segment assets as at 30 June	41,747.7	43,600.1	16,701.1	14,738.7	9,740.1	8,524.3
Segment assets as at 31 December 2014	42,745.5		16,704.3		9,649.4	

1 Other units: Austria (until 28 August 2014), Croatia and Serbia (until 11 March 2014).

Luxembourg		Other units ¹		Sub-total		Group business		Eliminated		Total	
2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
108.1	92.5	88.3	-	4,311.6	4,147.6	133.8	94.3	-135.5	-96.5	4,309.9	4,145.4
-10.2	-10.5	-37.2	-	-222.1	-169.3	-0.1	0.0	137.4	98.8	-84.9	-70.5
97.8	82.0	51.1	-	4,089.5	3,978.3	133.7	94.3	1.9	2.3	4,225.1	4,074.9
11.2	9.4	5.6	-	889.2	778.6	8.4	6.6	-1.0	-0.8	896.6	784.4
228.6	22.2	6.0	-	653.5	382.6	8.7	-16.4	-	-	662.2	366.2
6.9	7.9	1.9	-	45.8	45.6	73.1	76.1	-63.2	-63.6	55.7	58.1
-	-	-	-	4.7	32.7	-	-	-	-	4.7	32.7
10.7	9.1	3.6	-	83.1	83.9	10.9	37.2	-23.1	-29.4	70.9	91.8
355.2	130.6	68.2	-	5,765.9	5,301.6	234.8	197.9	-85.4	-91.5	5,915.3	5,408.0
1.6	-0.7	35.8	-	113.1	63.7	-198.5	-155.2	85.4	91.5	-	-
-	-	-	-	4.7	32.7	-	-	-	-	4.7	32.7
-50.4	-47.2	-54.5	-	-2,875.5	-2,731.3	-77.0	-42.5	72.0	41.2	-2,880.5	-2,732.6
-34.3	-18.4	-7.4	-	-1,381.5	-1,456.5	-10.2	-32.2	22.8	36.5	-1,368.9	-1,452.2
3.2	6.0	20.3	-	173.9	137.5	-2.4	-0.3	-96.7	-80.0	74.8	57.2
-9.3	-10.3	-12.4	-	-271.7	-237.1	-14.0	-0.3	14.5	0.7	-271.2	-236.8
-24.9	-21.0	-5.9	-	-432.2	-377.4	-0.2	-0.1	-14.5	-0.7	-446.9	-378.2
-0.5	-0.6	-1.1	-	-45.5	-40.2	-5.8	-5.0	17.1	15.4	-34.3	-29.7
-0.3	-0.1	-0.5	-	-21.7	-17.2	-	-	0.2	0.1	-21.6	-17.1
-218.4	-17.7	-0.2	-	-292.4	-86.9	-9.9	-11.3	1.1	1.7	-301.2	-96.6
-4.6	-8.2	-2.9	-	-186.0	-151.0	-90.3	-97.5	69.0	76.6	-207.4	-171.9
-339.5	-117.6	-64.5	-	-5,332.5	-4,960.1	-209.9	-189.2	85.4	91.5	-5,457.0	-5,057.8
15.7	13.0	3.7	-	433.3	341.6	25.0	8.7	-	-	458.3	350.3
-	-	-	-	-	-	-21.7	-19.9	-	-	-21.7	-19.9
15.7	13.0	3.7	-	433.3	341.6	3.2	-11.2	-	-	436.6	330.3
-2.0	-0.4	-1.1	-	-90.5	-86.1	5.5	4.8	-	-	-85.0	-81.2
13.8	12.6	2.6	-	342.8	255.5	8.7	-6.4	-	-	351.5	249.1
8,781.4	8,712.0	607.5	-	77,577.7	75,575.1	1,964.1	1,940.6	-1,144.6	-1,156.4	78,397.2	76,359.3
9,346.3	-	-	-	78,445.5	-	1,952.1	-	-1,055.3	-	79,342.3	-

SEGMENT REPORTING BY OPERATING SEGMENT (FIRST HALF YEAR)

	Non-life		Life	
	2014	2015	2014	2015
CHF million				
Income				
Premiums earned and policy fees (gross)	1,681.1	1,498.8	2,628.9	2,646.6
Reinsurance premiums ceded	-73.4	-58.6	-11.4	-11.9
Premiums earned and policy fees (net)	1,607.6	1,440.2	2,617.5	2,634.7
Investment income	148.7	123.5	688.9	607.3
Realised gains and losses on investments	7.8	19.5	648.5	337.8
Income from services rendered	10.6	10.5	6.9	8.0
Share of profit (loss) of associates	-	7.1	0.8	23.3
Other operating income	21.6	58.1	56.6	50.1
Income	1,796.3	1,658.9	4,019.1	3,661.2
Intersegment income	-28.0	-24.3	-15.9	-17.6
Income from associates	-	7.1	0.8	23.3
Expense				
Claims and benefits paid (gross)	-991.4	-890.0	-1,889.0	-1,842.6
Change in technical reserves (gross)	-51.9	-36.6	-1,317.0	-1,415.6
Reinsurers' share of claims incurred	65.6	50.3	9.3	6.9
Acquisition costs	-229.5	-202.2	-41.6	-34.6
Operating and administrative expenses for insurance business	-287.1	-240.1	-159.9	-138.1
Investment management expenses	-11.3	-10.6	-45.6	-43.4
Interest expenses on insurance liabilities	-0.5	-0.2	-21.1	-17.0
Gains or losses on financial contracts	-1.2	-0.4	-265.0	-61.7
Other operating expenses	-93.8	-67.1	-38.2	-45.0
Expense	-1,601.1	-1,397.0	-3,768.1	-3,590.9
Profit / loss for the period before borrowing costs and taxes	195.2	262.0	251.0	70.3
Borrowing costs	-	-	-	-
Profit / loss for the period before taxes	195.2	262.0	251.0	70.3
Income taxes	-39.7	-53.6	-50.4	-20.3
Profit / loss for the period (segment result)	155.6	208.4	200.7	50.1

Because the management approach within the Belgium strategic business unit has been re-assessed, certain more appropriate classifications have been made in the area of segment reporting by operating segment. These new classifications have had no impact on the Group's segment earnings. The figures for comparative periods have been restated accordingly for the purpose of comparability.

	Banking		Other activities		Eliminated		Total	
	2014	2015	2014	2015	2014	2015	2014	2015
	-	-	-	-	-	-	4,309.9	4,145.4
	-	-	-	-	-	-	-84.9	-70.5
	-	-	-	-	-	-	4,225.1	4,074.9
	72.8	64.8	2.4	1.3	-16.2	-12.5	896.6	784.4
	0.4	2.1	5.5	6.7	-	-	662.2	366.2
	60.7	64.8	82.3	78.2	-104.7	-103.3	55.7	58.1
	-	-	3.9	2.3	-	-	4.7	32.7
	3.0	3.0	11.4	5.9	-21.7	-25.4	70.9	91.8
	136.8	134.6	105.6	94.5	-142.5	-141.3	5,915.3	5,408.0
	-29.8	-31.8	-68.9	-67.7	142.5	141.3	-	-
	-	-	3.9	2.3	-	-	4.7	32.7
	-	-	-	-	-	-	-2,880.5	-2,732.6
	-	-	-	-	-	-	-1,368.9	-1,452.2
	-	-	-	-	-	-	74.8	57.2
	-	-	-	-	-	-	-271.2	-236.8
	-	-	-	-	0.0	-	-446.9	-378.2
	-11.6	-11.2	-2.9	-2.3	37.1	37.7	-34.3	-29.7
	-	-	-	-	-	-	-21.6	-17.1
	-36.3	-31.5	-14.9	-15.9	16.2	13.0	-301.2	-96.6
	-48.3	-49.2	-116.3	-101.2	89.2	90.6	-207.4	-171.9
	-96.2	-91.9	-134.1	-119.3	142.5	141.3	-5,457.0	-5,057.8
	40.6	42.8	-28.5	-24.8	-	-	458.3	350.3
	-	-	-21.7	-19.9	-	-	-21.7	-19.9
	40.6	42.8	-50.3	-44.8	-	-	436.6	330.3
	-6.2	-9.1	11.2	1.7	-	-	-85.0	-81.2
	34.4	33.7	-39.1	-43.1	-	-	351.5	249.1

SHARE CAPITAL

	Number of treasury shares	Number of shares in circulation	Number of shares issued	Share capital (CHF million)
Balance as at 1 January 2014	3,028,943	46,971,057	50,000,000	5.0
Purchase / sale of treasury shares	19,848	- 19,848	-	-
Capital increases	-	-	-	-
Share buy-back and cancellation	-	-	-	-
Balance as at 31 December 2014	3,048,791	46,951,209	50,000,000	5.0

	Number of treasury shares	Number of shares in circulation	Number of shares issued	Share capital (CHF million)
Balance as at 1 January 2015	3,048,791	46,951,209	50,000,000	5.0
Purchase / sale of treasury shares	277,721	- 277,721	-	-
Capital increases	-	-	-	-
Share buy-back and cancellation	-	-	-	-
Balance as at 30 June 2015	3,326,512	46,673,488	50,000,000	5.0

The share capital of Baloise Holding totals CHF 5.0 million and is divided into 50,000,000 registered, fully paid-up registered shares with a par value of CHF 0.10 each (2014: CHF 0.10). 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 as part of its ordinary investing activities and for employee share ownership programmes.

The Annual General Meeting held on 30 April 2015 voted to pay a gross dividend of CHF 5.00 per share for the 2014 financial year. This amounted to a total dividend distribution of CHF 250.0 million. Excluding the treasury shares held by Baloise Holding at the time that the dividend was paid, the total distribution effectively amounted to CHF 234.7 million.

As at the balance sheet date (30 June 2015), a cumulative total of 275,500 shares in Baloise Holding had been repurchased for a total amount of CHF 32.4 million under the share buy-back programme that has been in place since 16 April 2015.

FINANCIAL LIABILITIES

No new bonds were issued in the first half of 2015 and no bonds were redeemed. Please refer to page 44 for movements in bonds.

INCOME FROM INVESTMENTS FOR OWN ACCOUNT AND AT OWN RISK

	1 st half	1 st half
	2014	2015
CHF million		
Investment property	129.9	127.5
Financial assets of an equity nature		
Available for sale	91.4	85.0
Recognised at fair value through profit or loss	4.7	10.1
Financial assets of a debt nature		
Held to maturity	117.0	104.0
Available for sale	304.2	251.1
Recognised at fair value through profit or loss	2.4	1.7
Mortgages and loans		
Carried at cost	235.7	195.4
Recognised at fair value through profit or loss	10.6	9.4
Cash and cash equivalents	0.8	0.3
Total income from investments for own account and at own risk	896.6	784.4

REALISED GAINS AND LOSSES ON INVESTMENTS

REALISED GAINS AND LOSSES ON INVESTMENTS AS RECOGNISED IN THE INCOME STATEMENT

	1 st half	1 st half
	2014	2015
CHF million		
Realised gains and losses on investments for own account and at own risk	309.0	165.9
Realised gains and losses on investments for the account and at the risk of life insurance policyholders and third parties	353.2	200.2
Realised gains and losses on investments as recognised in the income statement	662.2	366.2

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

First half of 2014	Investment property	Financial assets of an equity nature	Financial assets of a debt nature	Mortgages and loans	Derivative financial instruments	Total
CHF million						
Realised gains on disposals and book profits						
Investment property	123.7	–	–	–	–	123.7
Held to maturity ¹	–	–	0.1	–	–	0.1
Available for sale	–	85.8	104.6	–	–	190.4
Recognised at fair value through profit or loss	–	5.4	3.8	12.9	186.0	208.2
Carried at cost	–	–	–	7.6	–	7.6
Sub-total	123.7	91.2	108.5	20.5	186.0	529.9
Realised losses on disposals and book losses						
Investment property	–55.6	–	–	–	–	–55.6
Held to maturity ¹	–	–	–15.9	–	–	–15.9
Available for sale	–	–17.9	–40.6	–	–	–58.4
Recognised at fair value through profit or loss	–	–1.7	–0.5	0.0	–90.2	–92.4
Carried at cost	–	–	–	0.0	–	0.0
Sub-total	–55.6	–19.6	–56.9	0.0	–90.2	–222.3
Impairment losses recognised in profit or loss						
Held to maturity	–	–	–	–	–	–
Available for sale	–	–9.4	–	–	–	–9.4
Carried at cost	–	–	–	–1.9	–	–1.9
Reversal of impairment losses recognised in profit or loss						
Held to maturity	–	–	–	–	–	–
Available for sale	–	–	10.9	–	–	10.9
Carried at cost	–	–	–	1.9	–	1.9
Sub-total	–	–9.4	10.9	0.0	–	1.5
Total realised gains and losses on investments	68.1	62.1	62.5	20.5	95.9	309.0

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.

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

First half of 2015	Investment property	Financial assets of an equity nature	Financial assets of a debt nature	Mortgages and loans	Derivative financial instruments	Total
CHF million						
Realised gains on disposals and book profits						
Investment property	118.3	–	–	–	–	118.3
Held to maturity ¹	–	–	–	–	–	–
Available for sale	–	159.2	284.3	–	–	443.5
Recognised at fair value through profit or loss	–	8.2	0.3	3.2	755.2	766.9
Carried at cost	–	–	–	33.9	–	33.9
Sub-total	118.3	167.4	284.6	37.1	755.2	1,362.7
Realised losses on disposals and book losses						
Investment property	–73.3	–	–	–	–	–73.3
Held to maturity ¹	–	–	–241.8	–	–	–241.8
Available for sale	–	–50.5	–401.6	–	–	–452.1
Recognised at fair value through profit or loss	–	–33.3	–0.5	–	–357.5	–391.4
Carried at cost	–	–	–	–0.4	–	–0.4
Sub-total	–73.3	–83.9	–643.9	–0.4	–357.5	–1,159.1
Impairment losses recognised in profit or loss						
Held to maturity	–	–	–	–	–	–
Available for sale	–	–37.9	–	–	–	–37.9
Carried at cost	–	–	–	–0.7	–	–0.7
Reversal of impairment losses recognised in profit or loss						
Held to maturity	–	–	–	–	–	–
Available for sale	–	–	–	–	–	–
Carried at cost	–	–	–	0.9	–	0.9
Sub-total	–	–37.9	–	0.2	–	–37.7
Total realised gains and losses on investments	45.0	45.7	–359.3	36.9	397.7	165.9

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 HELD FOR SALE AND DISCONTINUED OPERATIONS

In the first half of the reporting year and in the comparative period indicated, there were no non-current assets held for sale or discontinued operations.

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 represent current and 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 table below 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	Range of input factors
Level 2			
Financial assets of an equity nature			
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	–
Financial assets of a debt nature			
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	–
Mortgages and loans			
At fair value through profit or loss	Present-value model	LIBOR, swap rates	–
Derivative financial instruments			
	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	–
Liabilities arising from banking business and financial contracts			
At fair value through profit or loss	Stochastic present-value model	Investment fund prices, interest rates, cancellation rate	–
	Present-value model	LIBOR, swap rates	–
Level 3			
Financial assets of an equity nature			
Available for sale	Net asset value	n/a	n/a
At fair value through profit or loss	Net asset value	n/a	n/a

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 MEASURED AT FAIR VALUE FOR OWN ACCOUNT AND AT OWN RISK

31.12.2014	Total carrying amount	Total fair value	Level 1	Level 2	Level 3
CHF million					
Assets measured on a recurring basis					
Financial assets of an equity nature					
Available for sale	4,698.1	4,698.1	2,766.5	938.7	993.0
Recognised at fair value through profit or loss	671.6	671.6	242.7	428.9	–
Financial assets of a debt nature					
Available for sale	24,227.5	24,227.5	24,188.7	38.8	–
Recognised at fair value through profit or loss	59.9	59.9	37.4	22.5	–
Mortgages and loans					
Recognised at fair value through profit or loss	839.9	839.9	–	839.9	–
Derivative financial instruments					
	341.0	341.0	13.6	327.4	–
Receivables from financial contracts					
Recognised at fair value through profit or loss	–	–	–	–	–
Total assets measured on a recurring basis	30,838.0	30,838.0	27,248.8	2,596.1	993.0
Liabilities measured on a recurring basis					
Liabilities arising from banking business and financial contracts					
Recognised at fair value through profit or loss	244.3	244.3	–	244.3	–
Derivative financial instruments					
	176.4	176.4	18.6	157.9	–
Total liabilities measured on a recurring basis	420.7	420.7	18.6	402.1	–

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE FOR OWN ACCOUNT AND AT OWN RISK

First half of 2015	Total carrying amount	Total fair value	Level 1	Level 2	Level 3
CHF million					
Assets measured on a recurring basis					
Financial assets of an equity nature					
Available for sale	4,593.9	4,593.9	2,760.9	930.7	902.3
Recognised at fair value through profit or loss	1,015.5	1,015.5	267.1	748.4	–
Financial assets of a debt nature					
Available for sale	22,505.3	22,505.3	22,472.4	32.9	–
Recognised at fair value through profit or loss	51.1	51.1	32.5	18.6	–
Mortgages and loans					
Recognised at fair value through profit or loss	915.7	915.7	–	915.7	–
Derivative financial instruments	316.7	316.7	3.1	313.6	–
Receivables from financial contracts					
Recognised at fair value through profit or loss	–	–	–	–	–
Total assets measured on a recurring basis	29,398.2	29,398.2	25,536.0	2,959.9	902.3
Liabilities measured on a recurring basis					
Liabilities arising from banking business and financial contracts					
Recognised at fair value through profit or loss	325.2	325.2	–	325.2	–
Derivative financial instruments	239.2	239.2	28.5	210.7	–
Total liabilities measured on a recurring basis	564.4	564.4	28.5	535.9	–

Financial instruments measured on a non-recurring basis

The Baloise Group had no financial instruments that were measured at fair value on a non-recurring basis during the first half of 2015.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE FOR THE ACCOUNT AND AT THE RISK OF LIFE INSURANCE POLICYHOLDERS AND THIRD PARTIES

31.12.2014	Total carrying amount	Total fair value	Level 1	Level 2	Level 3
CHF million					
Assets measured on a recurring basis					
Financial assets of an equity nature					
Recognised at fair value through profit or loss	8,081.5	8,081.5	7,905.0	–	176.5
Financial assets of a debt nature					
Recognised at fair value through profit or loss	1,760.5	1,760.5	1,729.0	31.5	–
Derivative financial instruments	272.1	272.1	63.8	208.4	–
Other assets					
Recognised at fair value through profit or loss	53.3	53.3	53.3	–	–
Total assets measured on a recurring basis	10,167.5	10,167.5	9,751.1	239.9	176.5
Liabilities measured on a recurring basis					
Liabilities arising from banking business and financial contracts					
Recognised at fair value through profit or loss	8,388.1	8,388.1	8,388.1	–	–
Derivative financial instruments	–	–	–	–	–
Total liabilities measured on a recurring basis	8,388.1	8,388.1	8,388.1	–	–

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE FOR THE ACCOUNT AND AT THE RISK OF LIFE INSURANCE POLICYHOLDERS AND THIRD PARTIES

First half of 2015	Total carrying amount	Total fair value	Level 1	Level 2	Level 3
CHF million					
Assets measured on a recurring basis					
Financial assets of an equity nature					
Recognised at fair value through profit or loss	7,791.4	7,791.4	7,649.7	–	141.7
Financial assets of a debt nature					
Recognised at fair value through profit or loss	1,536.8	1,536.8	1,515.0	21.8	–
Derivative financial instruments	313.6	313.6	72.3	241.3	–
Other assets					
Recognised at fair value through profit or loss	40.1	40.1	40.1	–	–
Total assets measured on a recurring basis	9,681.9	9,681.9	9,277.1	263.2	141.7
Liabilities measured on a recurring basis					
Liabilities arising from banking business and financial contracts					
Recognised at fair value through profit or loss	7,931.2	7,931.2	7,931.2	–	–
Derivative financial instruments	–	–	–	–	–
Total liabilities measured on a recurring basis	7,931.2	7,931.2	7,931.2	–	–

Financial instruments measured on a non-recurring basis

The Baloise Group had no financial instruments that were measured at fair value on a non-recurring basis during the first half of 2015.

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	Total
	Available for sale	
2014		
CHF million		
Assets and liabilities measured on a recurring basis		
Balance as at 1 January	959.0	959.0
Additions	66.1	66.1
Additions arising from change in the scope of consolidation	–	–
Additions arising from change in the percentage of shareholding	–	–
Disposals	–87.5	–87.5
Disposals arising from change in the scope of consolidation	–	–
Disposals arising from change in the percentage of shareholding	–	–
Reclassified to Level 3	–	–
Reclassified from Level 3	–	–
Changes in fair value recognised in profit or loss ¹	–9.9	–9.9
Changes in fair value not recognised in profit or loss ²	49.3	49.3
Exchange differences	16.0	16.0
Balance as at 31 December	993.0	993.0
Changes in fair value of financial instruments held at the balance sheet date and recognised in profit or loss	–9.9	–9.9

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.
2 Changes in fair value not recognised in profit or loss arise from unrealised gains and losses on investments.

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	Total
	Available for sale	
First half of 2015		
CHF million		
Assets and liabilities measured on a recurring basis		
Balance as at 1 January	993.0	993.0
Additions	44.2	44.2
Additions arising from change in the scope of consolidation	–	–
Additions arising from change in the percentage of shareholding	–	–
Disposals	–43.1	–43.1
Disposals arising from change in the scope of consolidation	–	–
Disposals arising from change in the percentage of shareholding	–	–
Reclassified to Level 3	–	–
Reclassified from Level 3	–	–
Changes in fair value recognised in profit or loss ¹	–3.1	–3.1
Changes in fair value not recognised in profit or loss ²	20.8	20.8
Exchange differences	–109.5	–109.5
Balance as at 30 June	902.3	902.3
Changes in fair value of financial instruments held at the balance sheet date and recognised in profit or loss	–3.1	–3.1

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.

2 Changes in fair value not recognised in profit or loss arise from unrealised gains and losses on investments.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE ON A RECURRING BASIS FOR THE ACCOUNT AND AT THE RISK OF LIFE INSURANCE POLICYHOLDERS AND THIRD PARTIES AND CLASSIFIED AS LEVEL 3

	Financial assets of an equity nature	Total
	Recognised at fair value through profit or loss	
2014		
CHF million		
Assets and liabilities measured on a recurring basis		
Balance as at 1 January	84.9	84.9
Additions	94.4	94.4
Additions arising from change in the scope of consolidation	–	–
Additions arising from change in the percentage of shareholding	–	–
Disposals	–1.0	–1.0
Disposals arising from change in the scope of consolidation	–	–
Disposals arising from change in the percentage of shareholding	–	–
Reclassified to Level 3	–	–
Reclassified from Level 3	–	–
Changes in fair value recognised in profit or loss ¹	0.0	0.0
Exchange differences	–1.8	–1.8
Balance as at 31 December	176.5	176.5
Changes in fair value of financial instruments held at the balance sheet date and recognised in profit or loss	0.0	0.0

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 THE ACCOUNT AND AT THE RISK OF LIFE INSURANCE POLICYHOLDERS AND THIRD PARTIES AND CLASSIFIED AS LEVEL 3

	Financial assets of an equity nature	Total
	Recognised at fair value through profit or loss	
First half of 2015		
CHF million		
Assets and liabilities measured on a recurring basis		
Balance as at 1 January	176.5	176.5
Additions	0.3	0.3
Additions arising from change in the scope of consolidation	–	–
Additions arising from change in the percentage of shareholding	–	–
Disposals	– 14.4	– 14.4
Disposals arising from change in the scope of consolidation	–	–
Disposals arising from change in the percentage of shareholding	–	–
Reclassified to Level 3	–	–
Reclassified from Level 3	–	–
Changes in fair value recognised in profit or loss¹	– 2.8	– 2.8
Exchange differences	– 17.9	– 17.9
Balance as at 30 June	141.7	141.7
Changes in fair value of financial instruments held at the balance sheet date and recognised in profit or loss	– 2.8	– 2.8

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 essential financial instruments were reclassified from Level 1 to Level 2 or vice versa during the reporting period.

FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE

	1 st 31.12.2014		1 st half of 2015	
	Total carrying amount	Total fair value	Total carrying amount	Total fair value
CHF million				
Assets				
Financial assets of a debt nature				
Held to maturity	8,413.7	10,024.2	8,293.8	9,652.2
Mortgages and loans				
Carried at cost	17,326.0	18,806.8	17,119.1	18,249.9
Receivables from financial contracts				
Carried at cost	21.1	21.1	12.7	12.7
Other receivables				
Carried at cost	375.3	376.3	367.5	368.6
Receivables from investments				
Carried at cost	564.5	564.5	445.9	445.9
Total assets	26,700.5	29,792.9	26,238.9	28,729.2
Liabilities				
Liabilities arising from banking business and financial contracts				
Measured at amortised cost	7,342.0	7,488.7	7,738.4	7,914.6
Financial liabilities	1,702.4	1,875.8	1,705.0	1,866.8
Total liabilities	9,044.4	9,364.5	9,443.4	9,781.3

GAINS OR LOSSES ON FINANCIAL CONTRACTS

	1 st half	1 st half
	2014	2015
CHF million		
With discretionary participation features (DPF)		
Financial contracts with discretionary participation features (DPF)	- 23.4	- 22.2
Sub-total	- 23.4	- 22.2
Measured at amortised cost		
Interest on loans	- 0.1	- 0.1
Interest due	- 4.6	- 5.6
Interest arising from banking business	- 16.8	- 11.4
Interest expenses arising from repurchase agreements	0.0	0.0
Acquisition costs arising from banking business	- 7.6	- 7.1
Interest expenses arising from bonds	- 1.6	- 1.5
Expenses arising from financial contracts	- 8.4	- 8.2
Sub-total	- 39.2	- 33.9
Designated as at fair value through profit or loss		
Change in fair value of bonds	-	-
Change in fair value of other financial contracts	- 238.6	- 40.4
Sub-total	- 238.6	- 40.4
Total gains or losses on financial contracts	- 301.2	- 96.6
Of which: gains on interest-rate hedging instruments		
Interest-rate swaps: cash flow hedges; balance carried forward from cash flow hedge reserves	-	-
Interest-rate swaps: fair value hedges	-	-
Total gains on interest-rate hedging instruments	-	-

The bond of Baloise Bank SoBa amounting to CHF 100 million (3.00 per cent, 2007 to 2015, ISIN CH0030870445) was repaid on 12 June 2015. No new bonds were placed during the reporting period.

ACQUISITION AND DISPOSAL OF COMPANIES

	Cumulative acquisitions		Cumulative disposals	
	31.12.2014	30.6.2015	31.12.2014	30.6.2015
CHF million				
Investments	270.6	–	30.1	–
Other assets	10.0	–	988.0	–
Receivables and assets	53.9	–	0.2	–
Cash and cash equivalents	16.2	–	1.1	–
Actuarial liabilities	–228.2	–	0.0	–
Other accounts payable	–98.5	–	–870.8	–
Non-controlling interests	–	–	–10.9	–
Net assets acquired / disposed of	24.1	–	137.7	–
Funds used / received for acquisitions and disposals				
Cash and cash equivalents	32.6	–	269.0	–
Offsetting	–	–	–	–
Transfer of assets	–	–	–	–
Directly attributable costs	–	–	–	–
Equity instruments issued	–	–	–	–
Reclassification of investments in associates	–	–	–	–
Acquisition / disposal price	32.6	–	269.0	–
Net assets acquired / disposed of	–24.1	–	–137.7	–
Other comprehensive income	–	–	–65.8	–
Goodwill / negative goodwill or proceeds from disposals	8.5	–	65.5	–
Cash and cash equivalents used / received for acquisitions and disposals	–32.6	–	269.0	–
Cash and cash equivalents acquired / disposed of	16.2	–	–1.1	–
Outflow / inflow of cash and cash equivalents	–16.4	–	267.9	–

The Baloise Group sold all of its Austrian units with effect from 28 August 2014. No acquisitions or disposals of companies took place in the first half of 2015.

INCOME TAXES

	1 st half	1 st half
	2014	2015
CHF million		
Current income taxes	-76.1	-73.4
Deferred income taxes	-9.0	-7.8
Total current and deferred income taxes	-85.0	-81.2

EARNINGS PER SHARE

	1 st half	1 st half
	2014	2015
Profit for the period (attributable to shareholders) (CHF million)	349.9	248.7
Average number of shares outstanding	46,945,827	46,890,724
Basic earnings per share (CHF)	7.45	5.30

	1 st half	1 st half
	2014	2015
Profit for the period (attributable to shareholders) (CHF million)	349.9	248.7
Adjustment of interest expenses arising from convertible bonds (including tax effects) (CHF million)	3.9	4.0
Adjusted profit for the period (attributable to shareholders) (CHF million)	353.7	252.7
Average number of shares outstanding	46,945,827	46,890,724
Adjustment due to potential conversion of convertible bonds	923,077	928,788
Adjustment due to potential exercise of share-based payment plans	124,291	87,094
Adjustment due to potential exercise of put options	0	0
Adjusted average number of shares outstanding	47,993,195	47,906,606
Diluted earnings per share (CHF)	7.37	5.27

The dilution of earnings was attributable to the Performance Share Units (PSU) share-based payment plan and to the convertible bond issued by Baloise Holding for the reporting period as well as for the comparison period.

RELATED PARTY TRANSACTIONS

Compared with the detailed information on related party transactions published in the 2014 annual report, two additional matters have arisen that are of relevance to the reporting period. Firstly, income was recognised from associates in Germany in which the Company holds long-term equity investments. Secondly, collaboration with another associate was ended as part of a clean-up of the portfolio in assumed insurance business.

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

CONTINGENT AND FUTURE LIABILITIES

The main change compared with the annual report for the year ended 31 December 2014 is that capital commitments in connection with investment property increased. The first half of 2015 did not reveal any other facts that would require material amendments to be made to the pertinent disclosures contained in the annual report for the year ended 31 December 2014.

EVENTS AFTER THE BALANCE SHEET DAY

On 4 August 2015, it was announced that the Baloise Group would sell the Luxembourg-based non-life insurer HDI-Gerling Assurances SA. The transaction has yet to be approved by the regulatory authorities and is expected to be completed during the second half of this year.

By the time that this half-year report had been completed on 25 August 2015 we had not become aware of any events that would have a material impact on the financial statements for the period as a whole.

Financial calendar and contacts

- 27.08.2015** Half-year financial results:
conference call for analysts and the media
- 17.11.2015** Q3 Interim Statement
- 22.03.2016** Annual financial results:
media conference
conference call for analysts
- 29.04.2016** Annual General Meeting of Baloise Holding Ltd
- 30.08.2016** Half-year financial results:
conference call for analysts and the media

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GENERAL INFORMATION ON THE HALF-YEAR REPORT

This publication is intended to provide an overview of Baloise's operating performance. It contains forward-looking statements that include forecasts 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. Among the influencing factors are (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. Baloise accepts no obligation to update or revise these forward-looking statements or to allow for 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 have generally been rounded to one decimal place. Consequently, the sum total of amounts that have been rounded may in particular cases differ from the rounded total shown in this report.

The 2015 half-year report is also available in German. The German text shall prevail in the event of any discrepancy. This half-year report will also be available on the internet at www.baloise.com/half-yearreport from 27 August 2015.

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Making you safer.