

# Excellent profit and attractive growth

## German Egloff, Group CFO

UBS - Best of Switzerland Conference Wolfsberg - Ermatingen, 18. September 2014



Making you safer.

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# Highlights HY 2014

## Excellent profit and attractive growth

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→ Excellent profit of CHF 350 mn, up by 43%

→ Persistent attractive growth in target segments, business volume up by 6.9%

→ Strong net combined ratio of 93.2% thanks to improved underlying portfolio quality

→ Reliable investment result, investment yield of 2.0%<sup>1)</sup>

→ Leap in life earnings backed by improved business mix and strong investment income

→ Strong capitalisation: consolidated solvency I of 316%, S&P rating upgraded to "A"

→ Fully on track to deliver financial targets

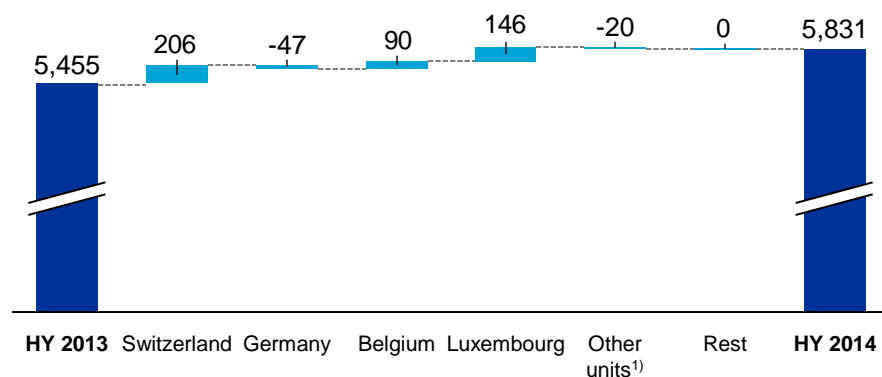
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<sup>1)</sup> not annualized

# Business Volume

## Attractive growth in target segments

### By country

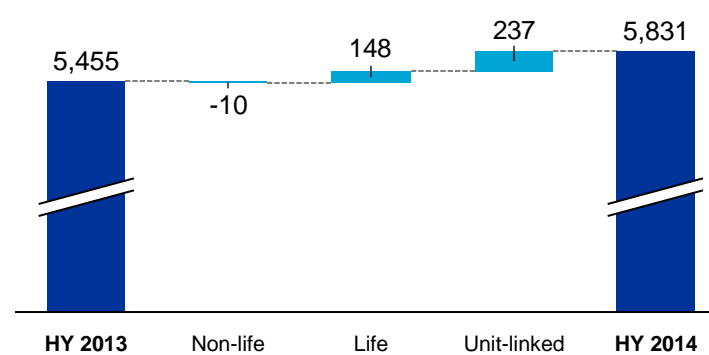


in CHF mn	HY 2013	HY 2014	+/-	+/- LC <sup>2)</sup>
Switzerland	3,161	<b>3,367</b>	6.5%	6.5%
Germany	1,000	<b>953</b>	-4.7%	-4.0%
Belgium	710	<b>800</b>	12.7%	13.5%
Luxembourg	461	<b>607</b>	31.7%	32.5%
Other units <sup>1)</sup>	120	<b>100</b>	-16.6%	-15.9%
Rest	3	<b>3</b>	0.2%	0.2%
<b>Total</b>	<b>5,455</b>	<b>5,831</b>	<b>6.9%</b>	<b>7.2%</b>

<sup>1)</sup> Austria, Croatia and Serbia

<sup>2)</sup> local currency (LC)

### By line of business

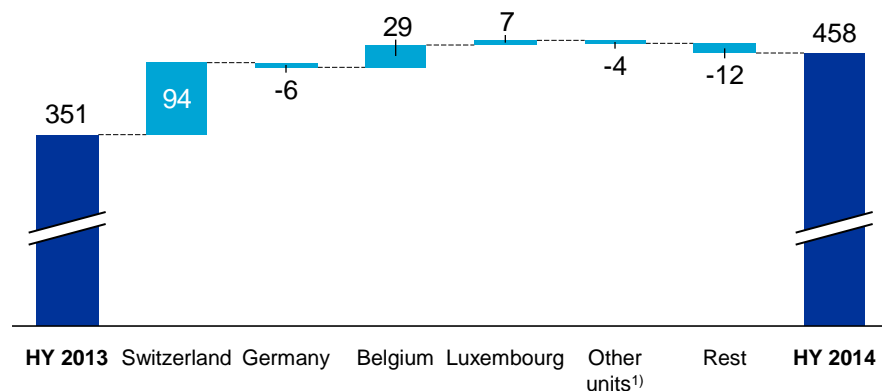


in CHF mn	HY 2013	HY 2014	+/-	+/- LC <sup>2)</sup>
Non-life	2,301	<b>2,291</b>	-0.4%	-0.1%
Life	2,481	<b>2,629</b>	5.9%	6.1%
Unit-linked	673	<b>910</b>	35.3%	36.1%
<b>Total</b>	<b>5,455</b>	<b>5,831</b>	<b>6.9%</b>	<b>7.2%</b>

# EBIT

## Operational profitability up by 30.5%

### By country

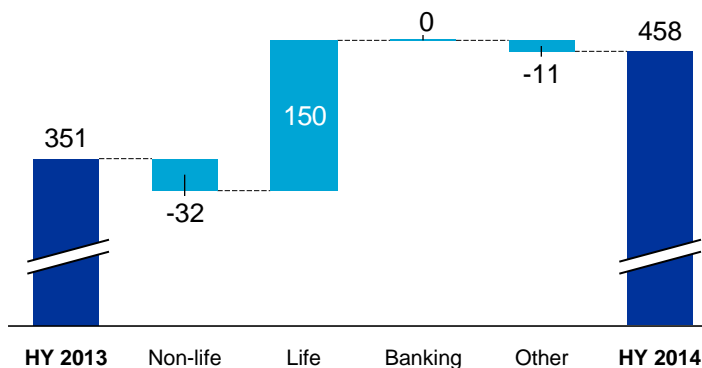


in CHF mn	HY 2013	HY 2014	+/-
Switzerland	208	<b>302</b>	45.1%
Germany	23	<b>17</b>	-26.7%
Belgium	66	<b>95</b>	45.4%
Luxembourg	9	<b>16</b>	82.3%
Other units <sup>1)</sup>	8	<b>4</b>	-53.7%
Rest <sup>2)</sup>	37	<b>25</b>	-34.2%
<b>Total</b>	<b>351</b>	<b>458</b>	<b>30.5%</b>

<sup>1)</sup> Austria, Croatia and Serbia

<sup>2)</sup> incl. Baloise Holding AG, internal reinsurance, Corporate IT

### By line of business



in CHF mn	HY 2013	HY 2014	+/-
Non-life	225	<b>193</b>	-14.1%
Life	99	<b>249</b>	150.6%
Banking	41	<b>41</b>	-0.2%
Other <sup>3)</sup>	-14	<b>-25</b>	79.9%
<b>Total</b>	<b>351</b>	<b>458</b>	<b>30.5%</b>

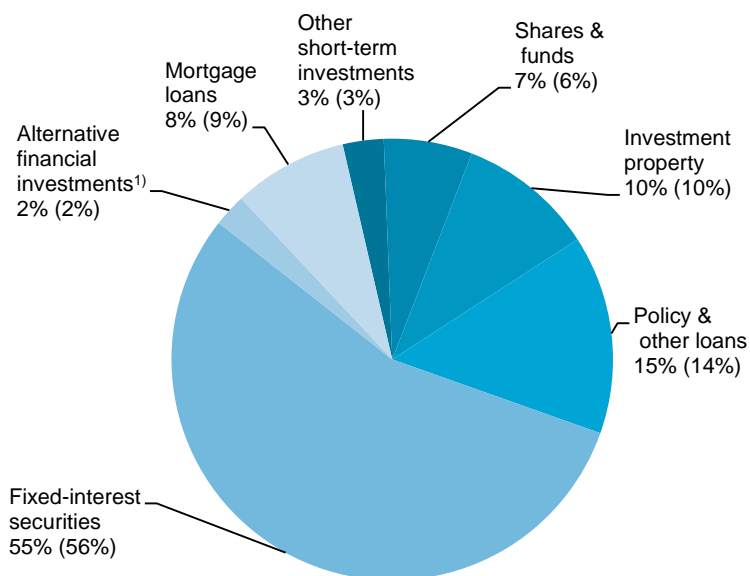
<sup>3)</sup> incl. Baloise Holding AG, Corporate IT, Baloise Incentive Foundation

# Asset Allocation: Insurance

## Equity exposure in life increased

excluding banking assets and assets from investment-type premiums

### HY 2014 (FY 2013)



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

Equity & equity related investments In % total insurance assets	HY 2014
Equities	4.4%
Equity derivatives	-0.6%
Equities incl. derivatives	<b>3.8%</b>
Private Equity	1.0%
Hedge Funds (equity related)	0.2%
Other <sup>2)</sup>	2.1%
Equity & equity related investments	<b>7.1%</b>

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

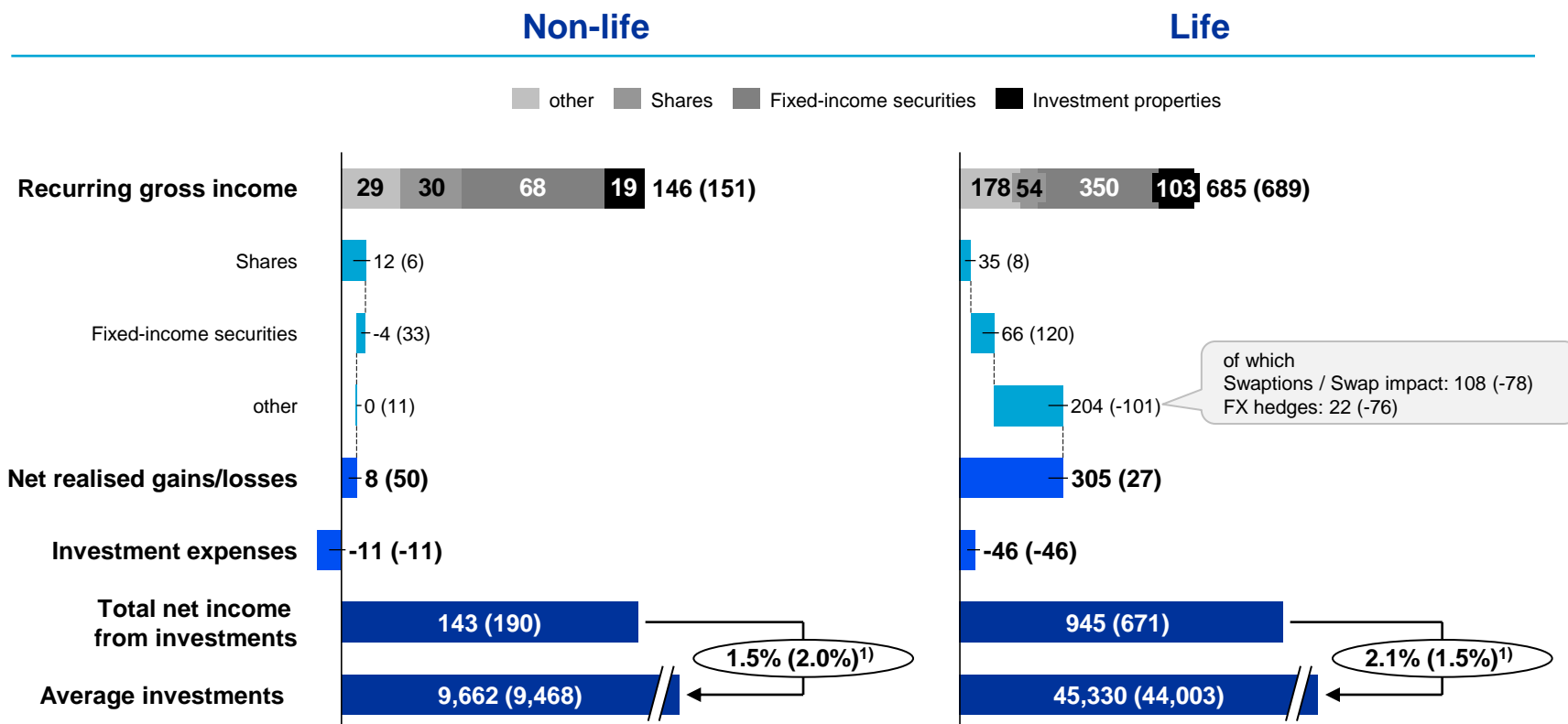
in CHF mn, %

	FY 2013	HY 2014
Equity & equity-related investments (net)	6.3%	<b>7.1%</b>
Total insurance assets	54,106	<b>55,877</b>

# Investment Yield

## Life benefits from gains on interest hedging instruments

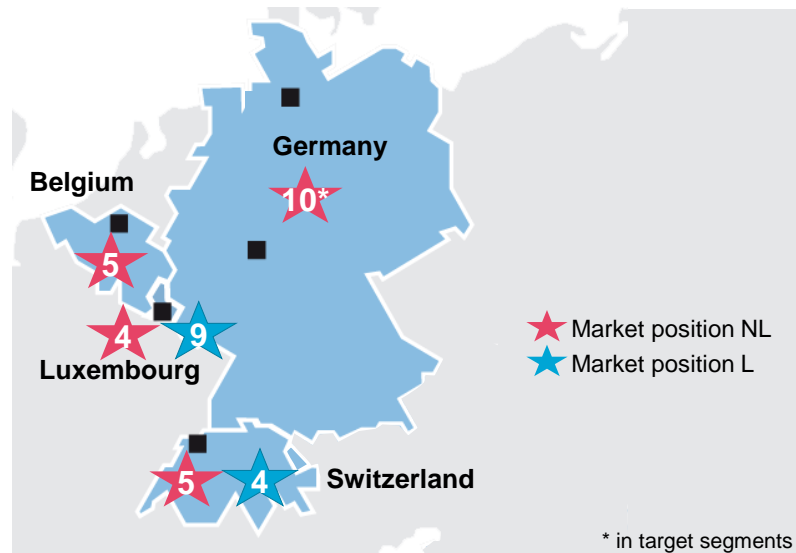
HY 2014 (HY 2013) in CHF mn, excl. income on investment-type insurance contracts, before PH participation



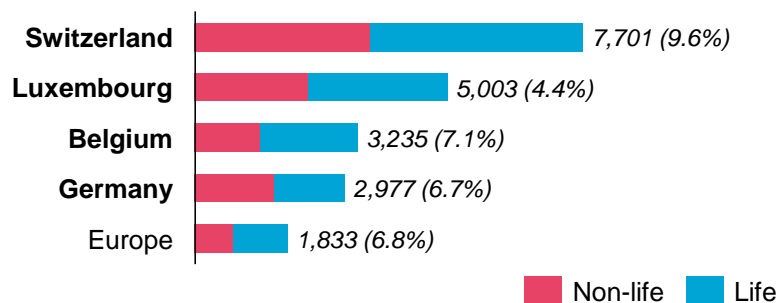
<sup>1)</sup> investment yield including costs, excluding movements in unrealised capital gains, excluding investment-type assets

# Strategic Footprint

## Highly focused & highly profitable – success story to be continued



Premium per person, in USD; (% GDP)



Source: Swiss Re, sigma 3/2014

### → Target customer & target broker management.

For a decade, Baloise walks the talk in executing its strategy in focusing on target customers and target brokers – with the result of having one of the most profitable insurance portfolios in Europe

### → Making you safer.

Baloise's unique selling proposition is its Safety World - a blue ocean of endless opportunities - making insurance way more than a sole commodity product

### → 4 very attractive markets.

Baloise is strongly committed to its 4 attractive core markets which are the basis of its success by sharing similar market trends, culture and growth prospects

### → Cash is King.

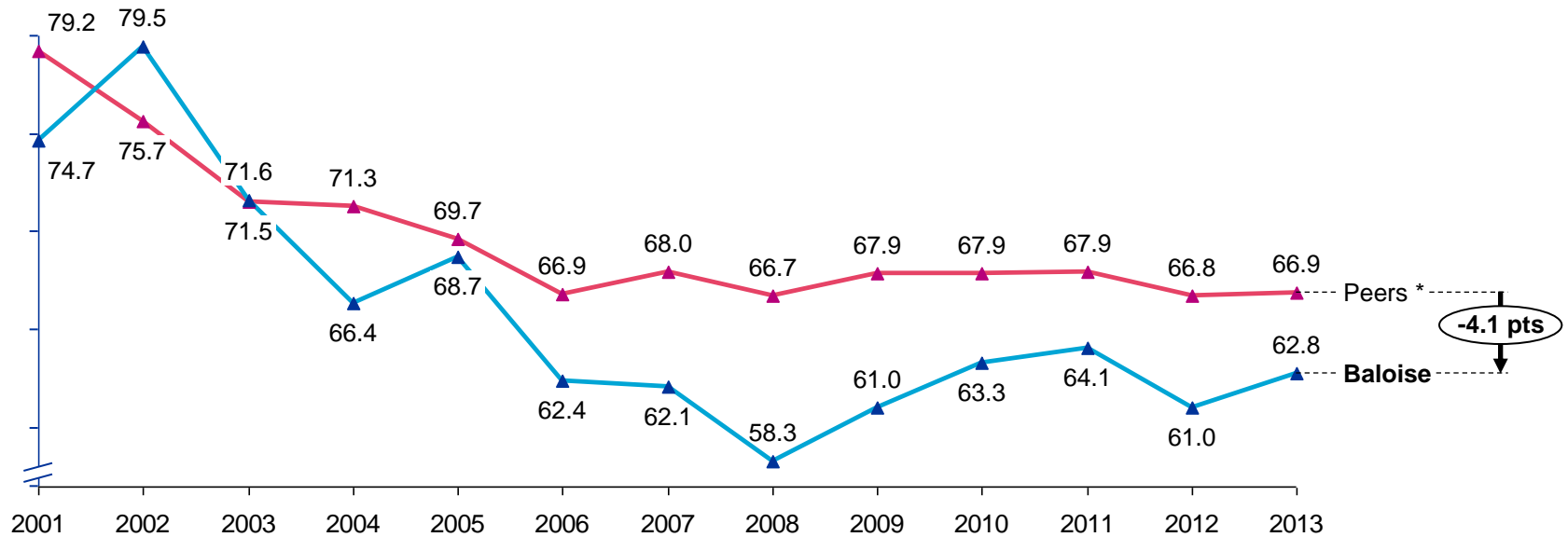
Baloise is committed to a very attractive and sustainable dividend policy, demonstrated by its strong distribution track record and is hence an appealing investment opportunity with 100% free-float



# Proof of Concept

## High and sustainable portfolio outperformance achieved

Loss ratio, net



\* Peers: Allianz, Axa, Helvetia, Nationale Suisse, Zurich

- Since inception of Target Customer Management in 2005, Baloise was able to outperform the market year after year
- Meanwhile Baloise has one of the most profitable insurance portfolios in Europe
- This outperformance is pricing resistant, hard to copy and translates into high earning power

# Summary

## A consistently successful and rewarding business model

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→ Baloise has a unique industry approach with a strong strategy execution across the Group

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→ Switzerland will remain a high and very reliable stronghold in terms of cashflow generation

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→ Capture growth in target segments and increase earnings by expanding unique target customer approach and reducing costs

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→ Albeit challenging regulatory and low interest rate environment, Baloise has a strong momentum in capitalisation as well as in cashflow generation. We are committed to an attractive and reliable future payout level

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## III Reporting Agenda & Contact Details

# Reporting Agenda

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→ Q3 Interim Statement

Friday, 14 November 2014

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→ Full Year Results 2014

Thursday, 26 March 2015

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→ Annual General Meeting

Thursday, 30 April 2015

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

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# Contacts

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