

Half Year Results 2016

«Financial stability and underlying earnings improved»

Basel, 30 August 2016



Making you safer.

Cautionary Statement Regarding Forward-Looking Information

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01 Highlights

Gert De Winter
Group CEO

Half Year Results 2016

Highlights

Growth

Non-life	Investment-type	Life
3.1%	18.5%	-8.7%

In reporting currency

Non-Life

Net combined ratio

92.5%

Adjusted¹⁾ net combined ratio: 88.7%

Investments

Net investment yield (not annualized)

1.8%

Net Income

Net profit to shareholders

CHF 223.6 MN

Adjusted¹⁾ net income: CHF 261.5 mn

Life

New business margin

7.3%

Germany

Non-life reserve strengthening

CHF 55 MN

Share Buy-Back Programme

Completion rate

100%

¹⁾ Adjusted for one-off reserve strengthening in non-life Germany of CHF 55 mn, i.e. CHF 38 mn net of tax

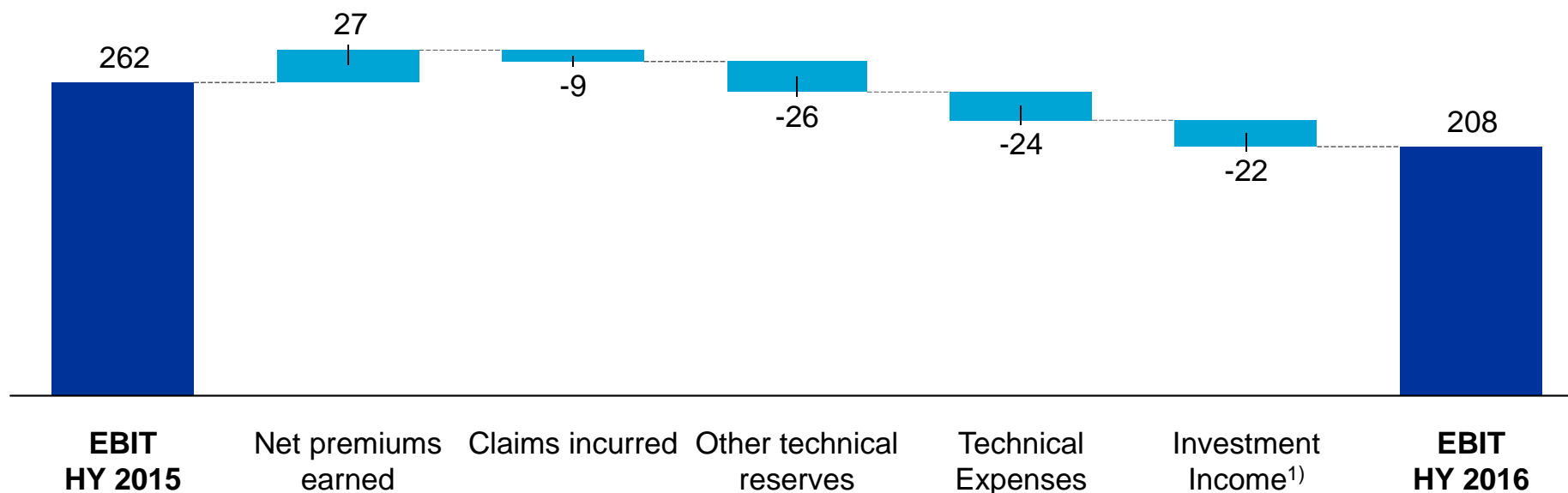
02 Financials

German Egloff
Group CFO

Non-Life Earnings

Strong underlying earnings

in CHF mn



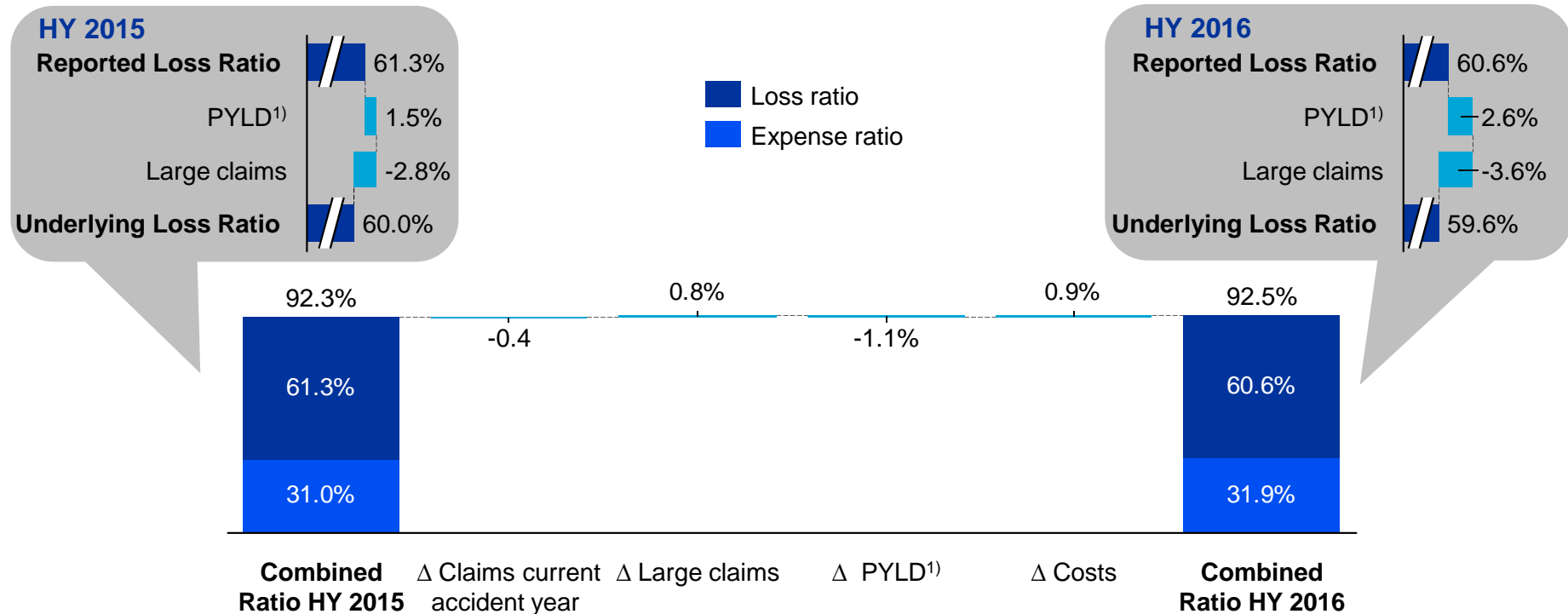
in CHF mn	HY 2015	HY 2016	+/-
Gross premiums written	2,064	2,128	3.1%
Net premiums earned	1,440	1,467	1.9%
Claims incurred	-883	-891	0.9%
Technical expenses	-456	-480	5.3%
Investment income	132	150	13.6%
EBIT	262	208	-20.6%

¹⁾ incl. other financial income and expenses

Non-Life Net Combined Ratio

Again outstanding underlying loss ratio

net, in % of premiums earned







- Underlying loss ratio confirms outstanding portfolio quality
- Cost ratio slightly up mainly due to DAC write-down in Belgium and project costs in Switzerland

¹⁾ prior year loss development
Loss ratio incl. surplus sharing

Non-Life Net Combined Ratio by Country

Three reliable pillars of outstanding margins...

net, in %	Switzerland	Germany	Belgium	Luxembourg	Group
					
Loss ratio	50.8	80.3	59.7	54.6	60.6
Expense ratio	27.6	36.0	34.4	32.6	31.9
Combined ratio HY 2016	78.4	116.3	94.1	87.2	92.5
Change vs. HY 2015 (in pts)					
Δ Loss ratio	-7.9	11.1	0.0	-2.1	-0.7
Δ Expense ratio	1.4	-0.7	1.3	0.1	0.8
Δ Combined ratio	-6.5	10.3	1.3	-2.0	0.2

Loss ratio incl. surplus sharing

Reserve Strengthening Germany

...while initiating turnaround to build a fourth pillar of success

net, in %	Germany adjusted ¹⁾	Germany	Group adjusted ¹⁾	Group
Loss ratio	65.1	80.3	56.8	60.6
Expense ratio	36.0	36.0	31.9	31.9
Combined ratio HY 2016	101.1	116.3	88.7	92.5

¹⁾ Adjusted for one-off reserve strengthening in non-life Germany of CHF 55 mn, i.e. CHF 38 mn net of tax

Baloise strengthened its reserves in Germany to

- take the impact of the low interest environment on annuities within non-life liability business fully into account
- avoid adverse prior-year-loss developments in the coming years

Loss ratio incl. surplus sharing

Life Earnings

Reserve strengthening lowers average guarantee on book

in CHF mn, excl. investment-type assets	HY 2015	HY 2016	+/-
Business volume	3,557	3,496	-1.7%
Gross premiums written	2,647	2,417	-8.7%
Net premiums earned	2,635	2,407	-8.7%
Investment-type premiums	911	1,079	18.4%
Investment income	712	779	9.4%
Benefits to policyholders ¹⁾	-3,102	-2,939	-5.3%
Technical expenses	-180	-193	7.2%
EBIT	70	46	-34.3%
EBIT w/o interest rate effects	163	255	56.4%
Interest rate effect	-93	-209	124.7%
Liabilities, DAC, PVFP	-99	-271	173.7%
Interest rate derivatives	5	63	n.m.
Value of new business	15	13	-13.3%
Annual premium equivalent (APE)	222	176	-20.7%
New business margin	7.0%	7.3%	+0.3pts

¹⁾ incl. change in technical reserves

Change in Equity

Book value per share increases by CHF 0.5 to CHF 116.5

in CHF mn, incl. non-controlling interests	HY 2016		Per share ¹⁾
Total equity at January 1	5,454		116.0
Other comprehensive income	43		
Dividends	-232		
Half-year consolidated profit	223	$\Delta = -0.33\%$	$\Delta = 0.43\%$
Purchase / sale of treasury shares	-52		
Change in non-controlling interests	-		
Total equity at June 30	5,436		116.5

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

03 Investments

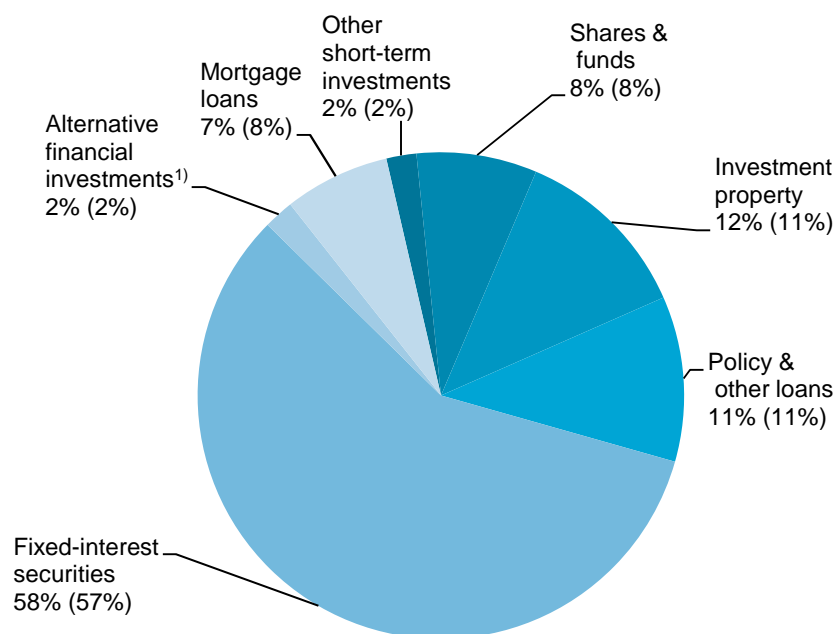
Martin Wenk
Group CIO

Asset Allocation: Insurance

High portfolio quality with low concentration risk

excl. banking assets and assets from investment-type insurance contracts

HY 2016 (FY 2015)



¹⁾ private equity & hedge funds

Equity & equity related investments

In % total insurance assets

HY 2016

Equities	4.2%
Equity derivatives	-1.0%
Equities incl. derivatives	3.2%
Private equity	1.1%
Hedge funds (equity related)	0.3%
Equity & equity related investments	4.6%
Other equity classified assets ²⁾	3.3%
IFRS equity exposure	7.9%

²⁾ e.g. bond & property funds treated as equity under IFRS

in CHF mn, %

IFRS equity exposure
Total insurance assets

FY 2015 **HY 2016**

8.1% **7.9%**
54,566 **55,910**

Details Investment Result Life

Investment yield increases by 0.2 pts to 1.7%

HY 2016 in CHF mn, excl. income on assets from unit-linked contracts, before PH participation

	Recurring gross income	Impairments	Gains and losses through income statement			Net investment result
			On underlying	On derivatives	Net	
Fixed-income securities	301	-	85	93	178	480
Equities ¹⁾	69	-35	20	21	41	75
Investment property	101	-	27	-	27	128
Other	137	-11	45	-	45	172
Total before FX and Investment expenses	608	-46	177	114	292	854
FX: gains / losses and hedging costs			-65	32		-33
Investment expenses						-41
Net investment result						779
Average investments						45,516
Investment yield						1.7%

¹⁾ incl. senior secured loans
For previous year, see appendix p. 31

Details Investment Result Non-Life

Investment yield increases by 0.2 pts to 1.6%

HY 2016 in CHF mn

	Recurring gross income	Impairments	Gains and losses through income statement			Net investment result
			On underlying	On derivatives	Net	
Fixed-income securities	51	-	39	-	39	90
Equities ¹⁾	33	-22	12	8	20	32
Investment property	19	-	4	-	4	23
Other	19	-1	6	-	6	24
Total before FX and Investment expenses	122	-23	60	8	69	168
FX: gains / losses and hedging costs			-18	10		-7
Investment expenses						-11
Net investment result						150
Average investments						9,101
Investment yield						1.6%

¹⁾ incl. senior secured loans
For previous year, see appendix p.32

05 Outlook

Gert De Winter
Group CEO

Summary

Well-positioned for succeeding in Baloise's next strategic phase

- The HY16 results demonstrate again Baloise's ability to outperform in this challenging market environment
- Given to its outstanding cash generation, Baloise further improved its financial stability and gives peace of mind to its customers and shareholders
- Baloise will present the cornerstones and key measures of its strategic journey in the next 5 years on the upcoming Strategy Day

Q&A

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I Operations

Business Volume Matrix HY 2016

in CHF mn	Switzerland	Germany	Belgium	Luxembourg	Rest	Total
Life	2,072.4 85.8% 65.3%	232.8 9.6% 28.0%	67.7 2.8% 8.4%	43.8 1.8% 5.4%	- - -	2,416.8 100% 43.0%
Investment-type premiums	50.4 4.7% 1.6%	108.0 10.0% 13.0%	224.8 20.8% 27.8%	695.7 64.5% 85.8%	- - -	1,078.9 100% 19.2%
Non-life	1,049.0 49.3% 33.1%	491.0 23.1% 59.0%	514.7 24.2% 63.8%	70.8 3.3% 8.7%	2.7 0.1% 100.0%	2,128.3 100% 37.8%
Total	3,171.7 56.4% 100%	831.8 14.8% 100%	807.3 14.4% 100%	810.4 14.4% 100%	2.7 0.0% 100%	5,623.9 100% 100%

Growth Matrix HY 2016

in % in CHF (in % in LC)	Switzerland	Germany	Belgium	Luxembourg	Rest	Total
Life	-9.9%	-1.5% (-4.9%)	-0.9% (-4.3%)	6.7% (3.0%)	- -	-8.7% (-9.1%)
Investment-type premiums	-40.3%	10.5% (6.7%)	14.9% (10.9%)	30.5% (27.2%)	- -	18.5% (15.2%)
Non-life	-0.4%	4.1% (0.5%)	8.4% (4.7%)	12.4% (8.5%)	71.7% (71.7%)	3.1% (1.3%)
Total	-7.7%	3.2% (-0.3%)	9.3% (5.5%)	27.2% (23.8%)	71.7% (71.7%)	0.0% (-1.3%)

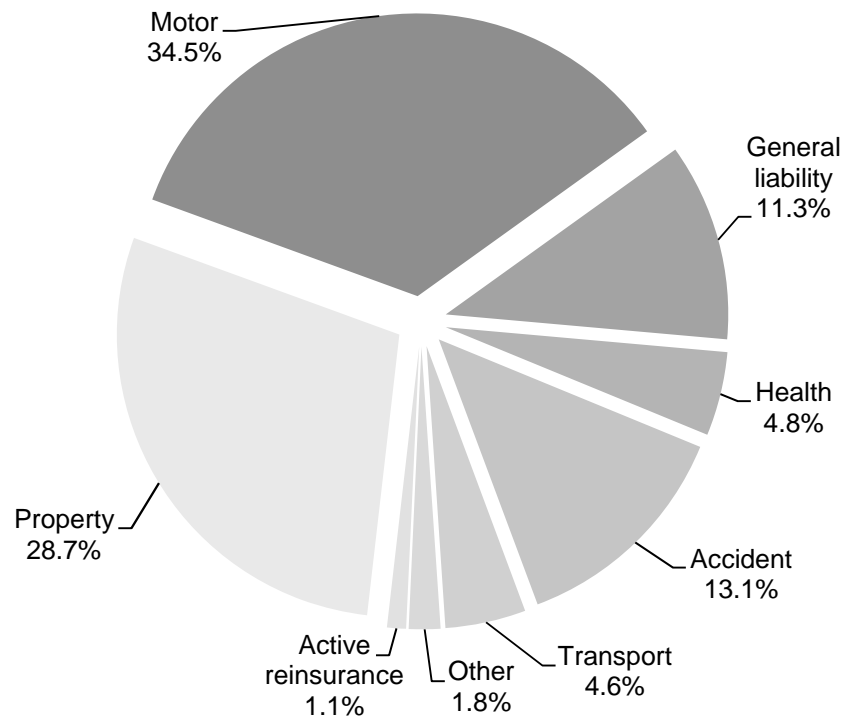
EBIT Matrix HY 2016

in CHF mn (change in %)	Switzerland	Germany	Belgium	Luxembourg	Rest	Eliminated	Total
Life	69.2 (6.1%)	8.0 (63.3%)	-7.8 (n.m.)	3.0 (-28.6%)	-2.9 (-63.3%)	-24.1 (14.2%)	45.5 (-35.3%)
Non-life	153.9 (15.5%)	-48.2 (n.m.)	77.9 (17.7%)	7.5 (-8.5%)	19.9 (-13.9%)	-2.5 (31.6%)	208.4 (-20.5%)
Banking	24.3 (80.0%)	-1.0 (900.0%)	- (n.m.)	- (n.m.)	9.9 (-3.9%)	20.2 (5.8%)	53.5 (25.0%)
Other	-6.3 (-25.9%)	-9.4 (123.8%)	- (n.m.)	-0.2 (n.m.)	-8.4 (-50.0%)	6.4 (60.0%)	-17.9 (-27.8%)
Total	241.1 (18.4%)	-50.6 (n.m.)	70.1 (-23.2%)	10.3 (-20.8%)	18.6 (113.8%)	- (n.m.)	289.5 (-17.4%)

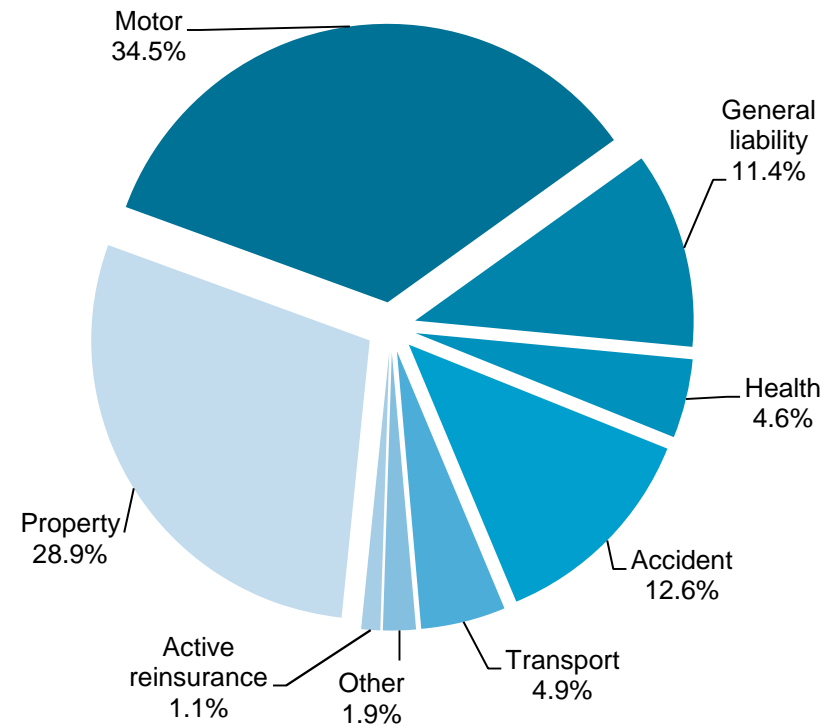
Business Mix Non-Life

in % of gross premiums written

HY 2015



HY 2016



in CHF mn

Gross premiums written non-life

HY 2015

2,064

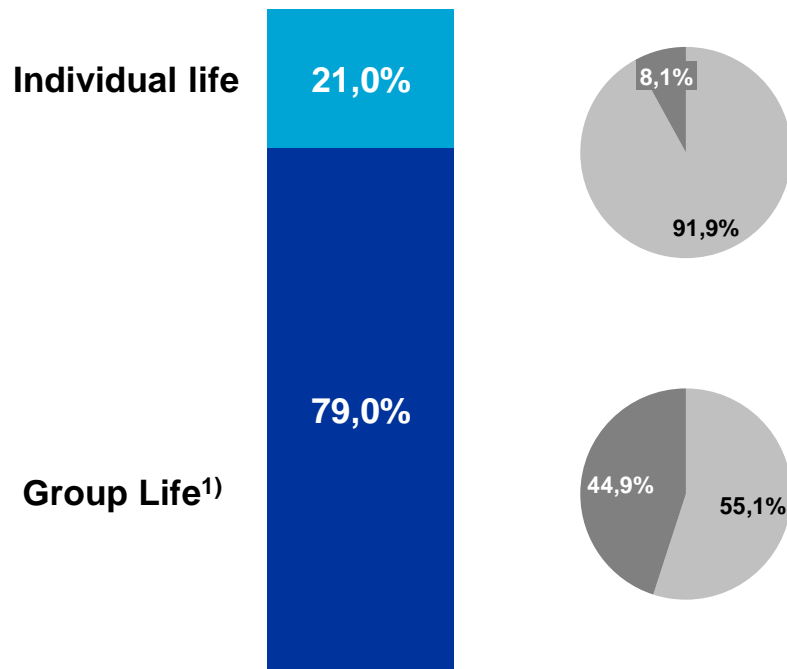
HY 2016

2,128

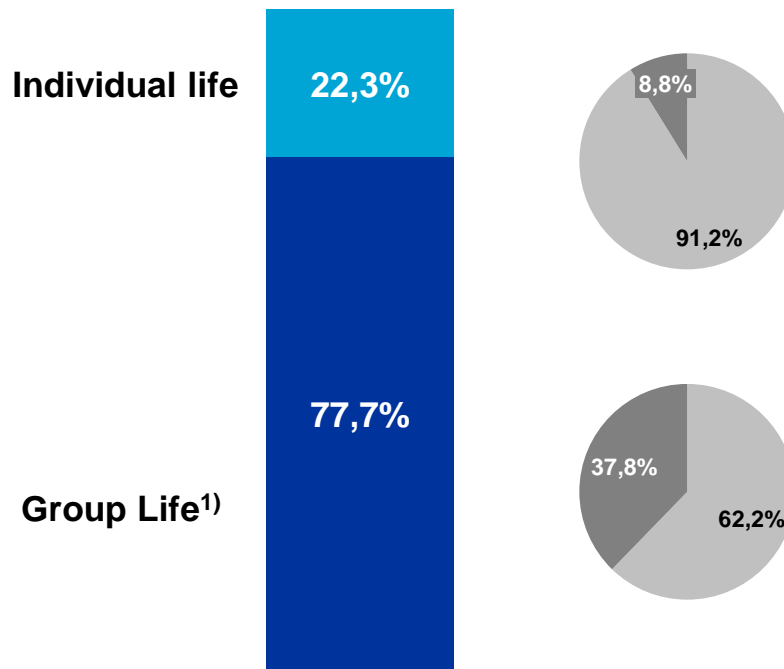
Business Mix Life

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

HY 2015



HY 2016



■ Single Premiums ■ Periodic premiums

¹⁾ Swiss Group life business only

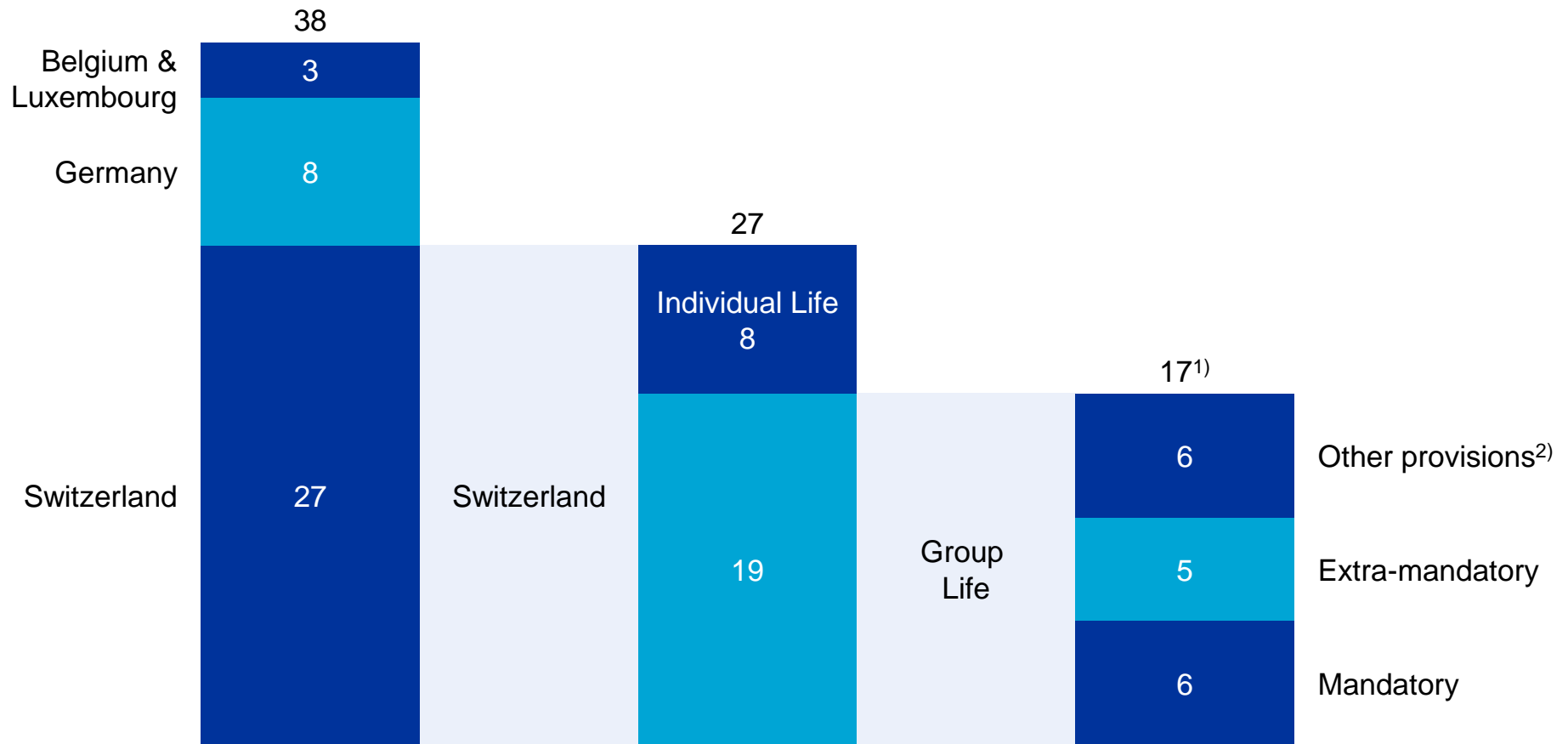
MCEV: New Business Margin

in CHF mn, based on
statutory financial
statements

	HY 2015					HY 2016				
	CH	D	B	Lux	Group	CH	D	B	Lux	Group
MCVNB	0	3	3	9	15	-3	4	6	6	13
APE	135	12	24	51	222	78	16	28	53	176
NB Margin on APE	0.3%	21.6%	12.9%	18.1%	7.0%	-3.8%	25.5%	21.0%	11.0%	7.3%
PVNB	2,030	116	268	514	2,927	1,181	167	334	533	2,215
NB Margin on PVNB	0.0%	2.2%	1.2%	1.8%	0.5%	-0.3%	2.5%	1.8%	1.1%	0.6%

Technical Reserves Life

HY 2016: gross, in CHF bn



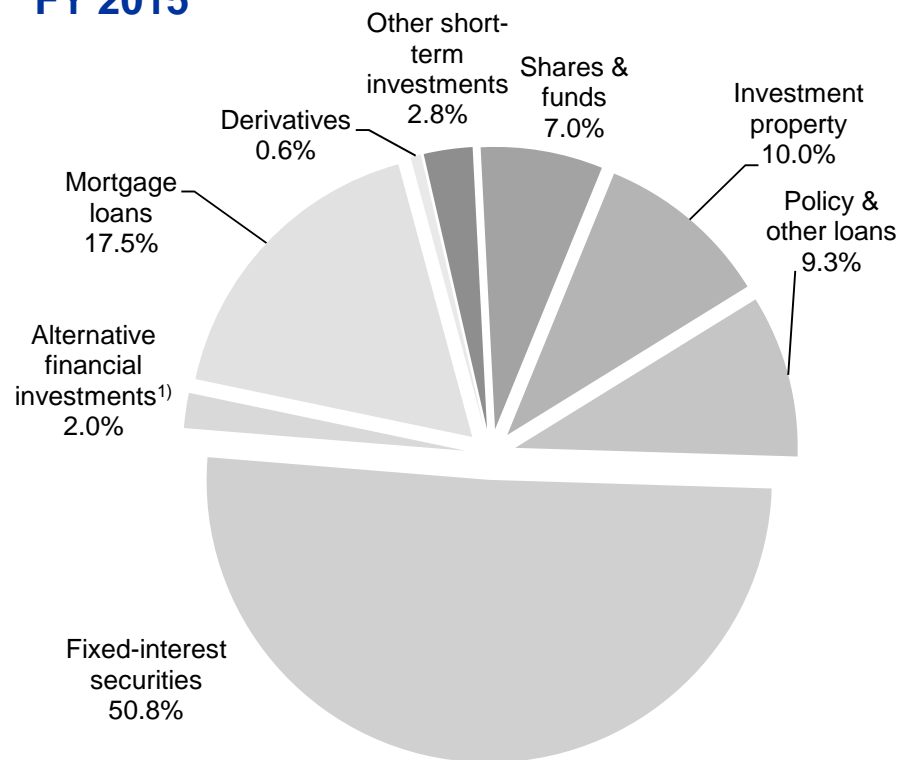
¹⁾ local GAAP

²⁾ provisions for annuities, mortality, disability, reserve strengthening, cost of living adjustment fund

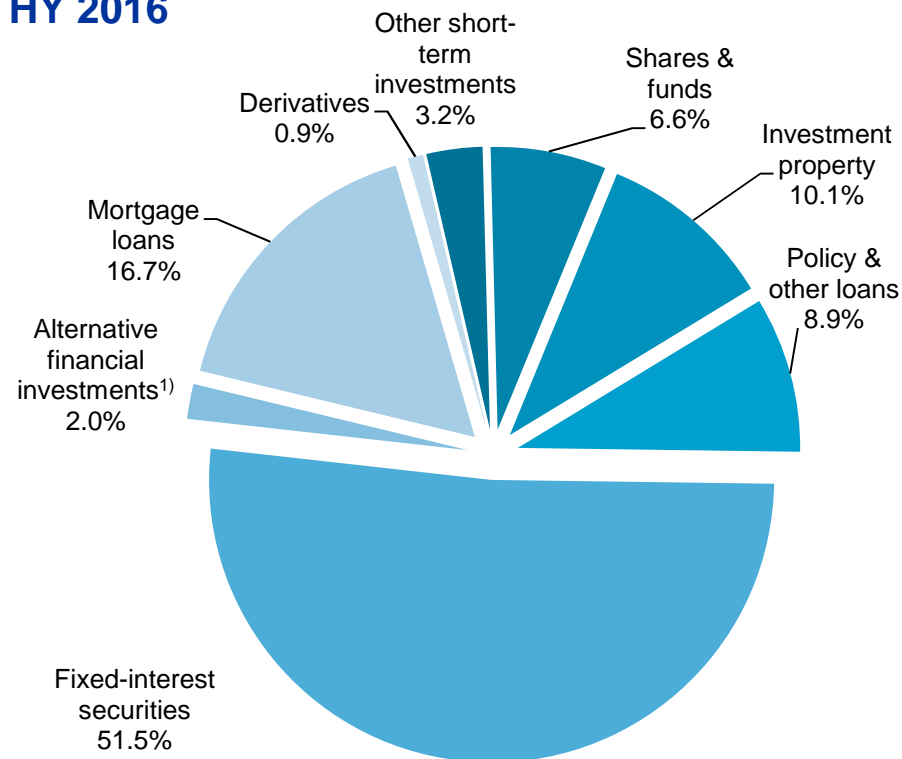
II Financials

Group Asset Allocation

FY 2015



HY 2016



in CHF mn

Total group assets²⁾

HY 2016

63,598

¹⁾ private equity and hedge funds

²⁾ incl. banking assets, excl. assets from investment-type insurance contracts

HY 2015: Details Investment Result Life

HY 2015 in CHF mn, excl. income on assets from unit-linked contracts, before PH participation

	Recurring gross income	Impairments	Gains and losses through income statement			Net investment result
			On underlying	On derivatives	Net	
Fixed-income securities	299	-	175	-15	160	459
Equities ¹⁾	61	-22	62	-36	26	65
Investment property	107	-	38	-	38	146
Other	140	-6	47	-	47	182
Total before FX and Investment expenses	607	-28	323	-51	272	852
FX: gains / losses and hedging costs			-557	460		-97
Investment expenses						-43
Net investment result						712
Average investments						46,503
Investment yield						1.5%

¹⁾ incl. senior secured loans

HY 2015: Details Investment Result Non-Life

HY 2015 in CHF mn

	Recurring gross income	Impairments	Gains and losses through income statement			Net investment result
			On underlying	On derivatives	Net	
Fixed-income securities	54	-	36	-	36	90
Equities ¹⁾	29	-9	54	-15	39	59
Investment property	20	-	7	-	7	26
Other	21	-2	20	-	20	39
Total before FX and Investment expenses	124	-10	116	-15	101	214
FX: gains / losses and hedging costs			-112	41		-71
Investment expenses						-11
Net investment result						132
Average investments						9,457
Investment yield						1.4%

¹⁾ incl. senior secured loans

Impairments in HY 2016

Financial assets of an equity nature

Impairments (in CHF mn), gross 61

Impairments in % of \emptyset asset of an equity nature 1.1%

→ Low impairments

Financial assets of a debt nature

Impairments (in CHF mn), gross 9

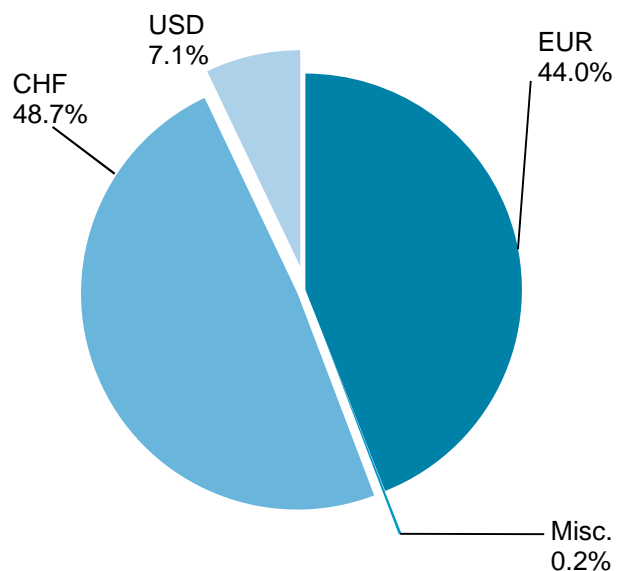
Impairments in % of \emptyset assets of a debt nature 0%

→ Broadly diversified portfolio of high quality bonds

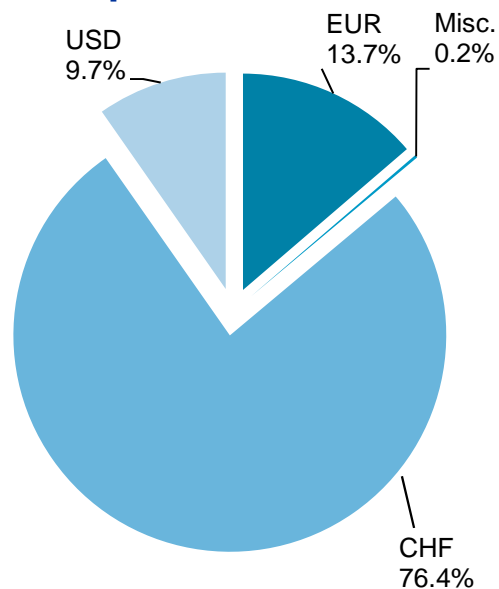
Total Insurance Assets: Currency Exposure, Gross

excluding banking assets and assets from investment-type insurance contracts

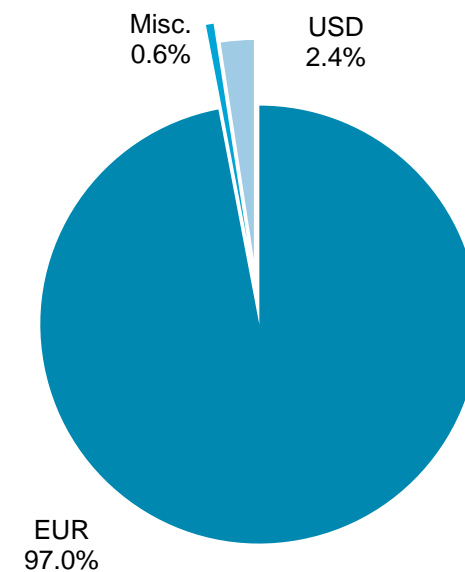
Group



Swiss operations



Foreign operations



in CHF mn

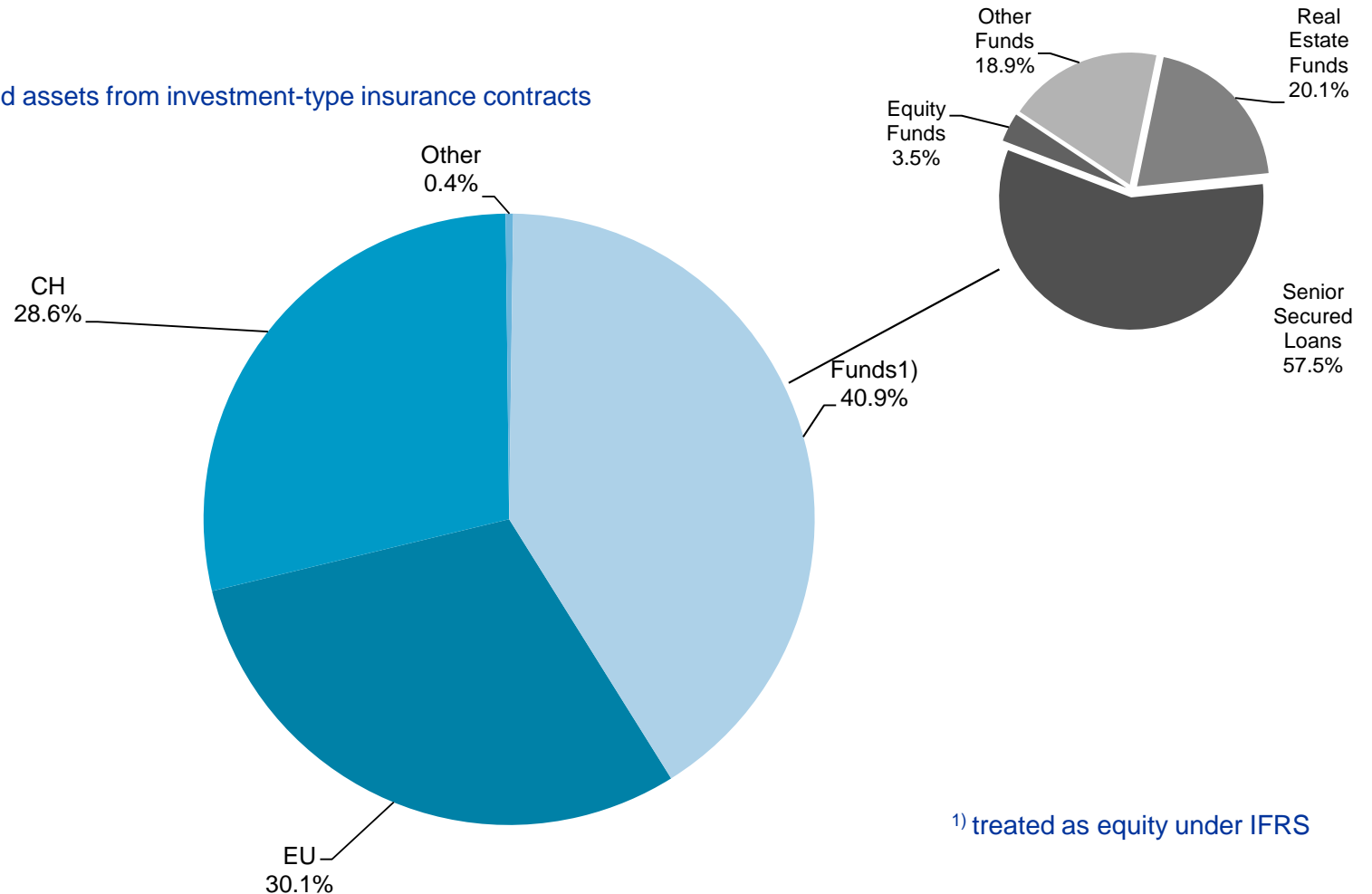
HY 2016

Total insurance assets

55,910

Equity Portfolio: Regional Exposure

excluding banking assets and assets from investment-type insurance contracts



¹⁾ treated as equity under IFRS

in CHF mn	HY 2016
Total equity investments	4,205

Hedge Fund Portfolio

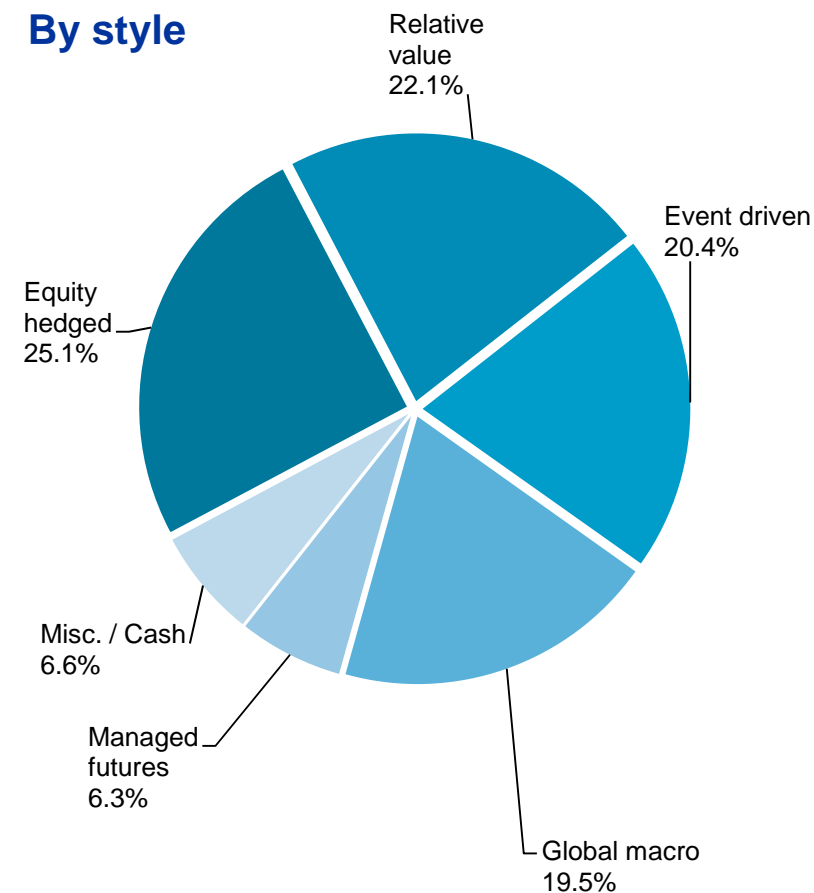
excluding banking assets and assets from investment-type insurance contracts

	HY 2016
Total hedge fund investments (in CHF mn)	730
Performance (in USD)	-2.2%
Impairments ¹⁾ (in CHF mn), gross	3
Impairments in % of ø Hedge Funds	0.5%

- Broadly diversified portfolio
- FX-risk mainly hedged

¹⁾ part of the impairments on financial assets with an equity nature

By style



Private Equity Portfolio

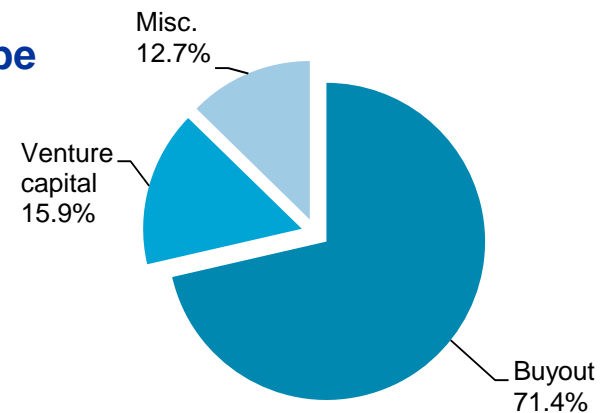
excluding banking assets and assets from investment-type insurance contracts

	HY 2016
Total private equity investments (in CHF mn)	570
Performance (in USD, Sep 15 - Mar 16)	2.8%
Impairments ¹⁾ (in CHF mn), gross	1
Impairments in % of ø Private Equity	0.2%

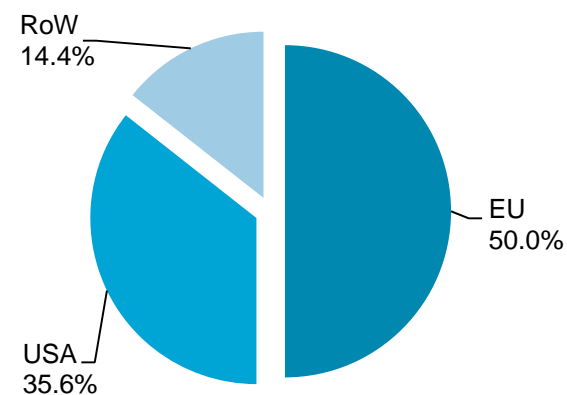
→ FX-risk mainly hedged

¹⁾ part of the impairments on financial assets with an equity nature

By type



By region

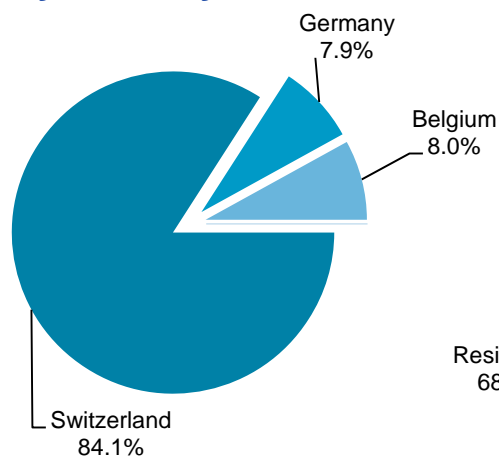


Investment Property and Mortgages

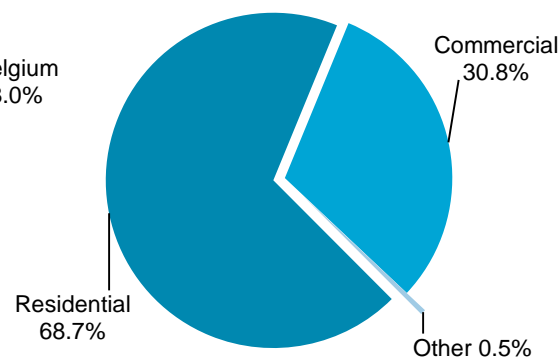
excluding banking assets and assets from investment-type insurance contracts

in CHF mn	HY 2016
Total investment property	6,403
Net yield	1.9%

By country



By type



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

in CHF mn	HY 2016
Total mortgages	4,118
Gross yield ¹⁾	2.0%
administration costs	-4 bps
risk costs	2 bps
Net yield ¹⁾	2.0%

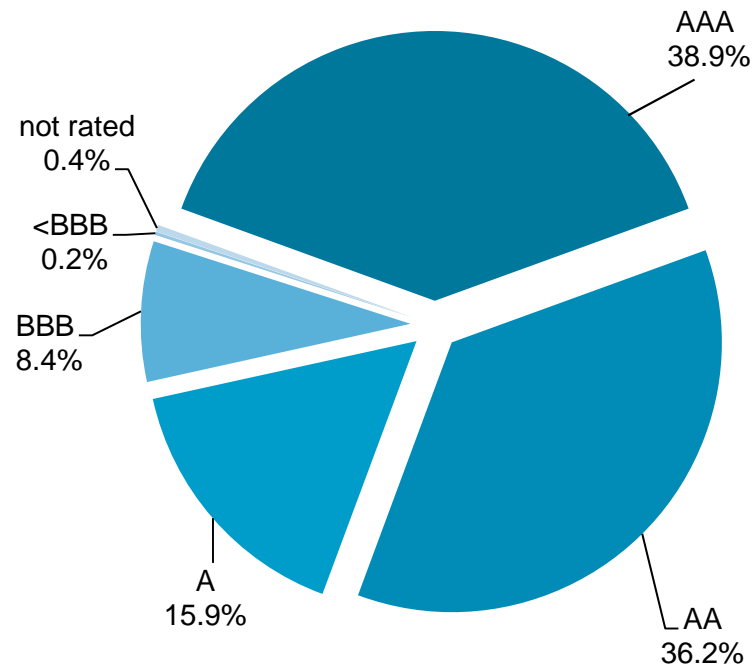
¹⁾ in % of mortgage investments

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

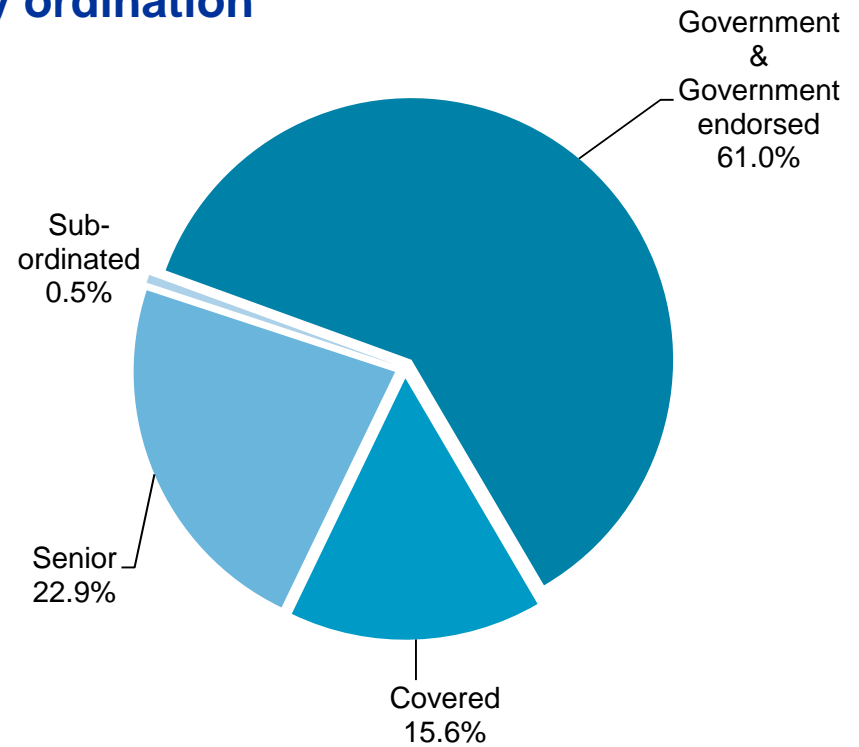
Bond Portfolio

excluding banking assets and assets from investment-type insurance contracts

By quality



By ordination



in CHF mn

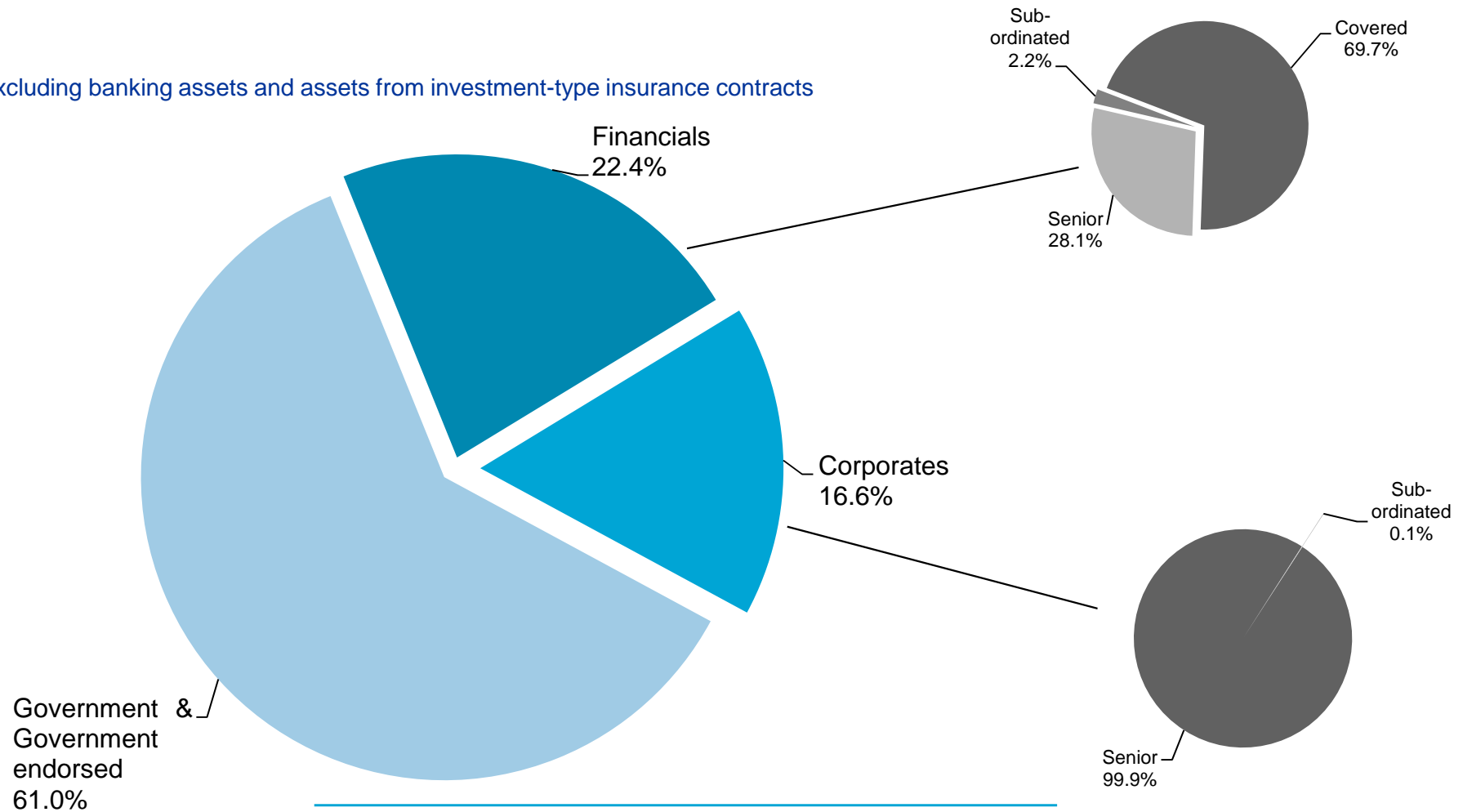
Total bond investments

HY 2016

32,363

Bond Portfolio: Issuers

excluding banking assets and assets from investment-type insurance contracts

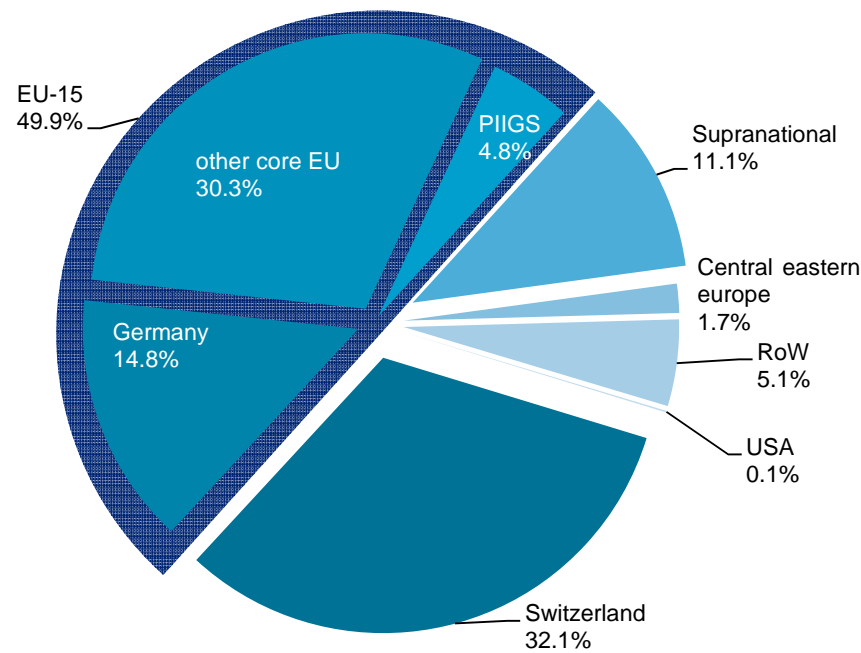


in CHF mn	HY 2016
Total bond investments	32,363

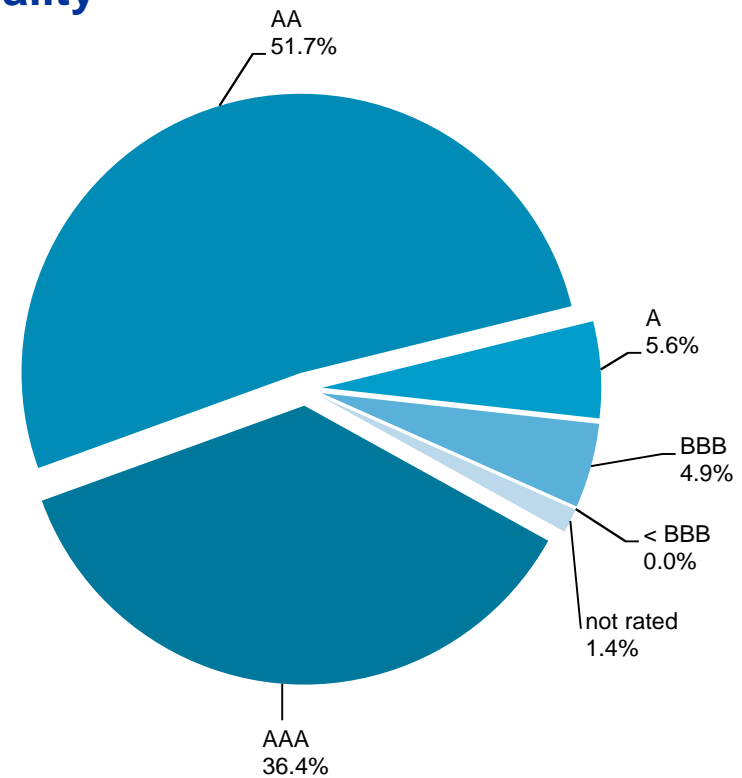
Bond Portfolio: Sovereign and Public Debt

excluding banking assets and assets from investment-type insurance contracts

By region



By quality



in CHF mn

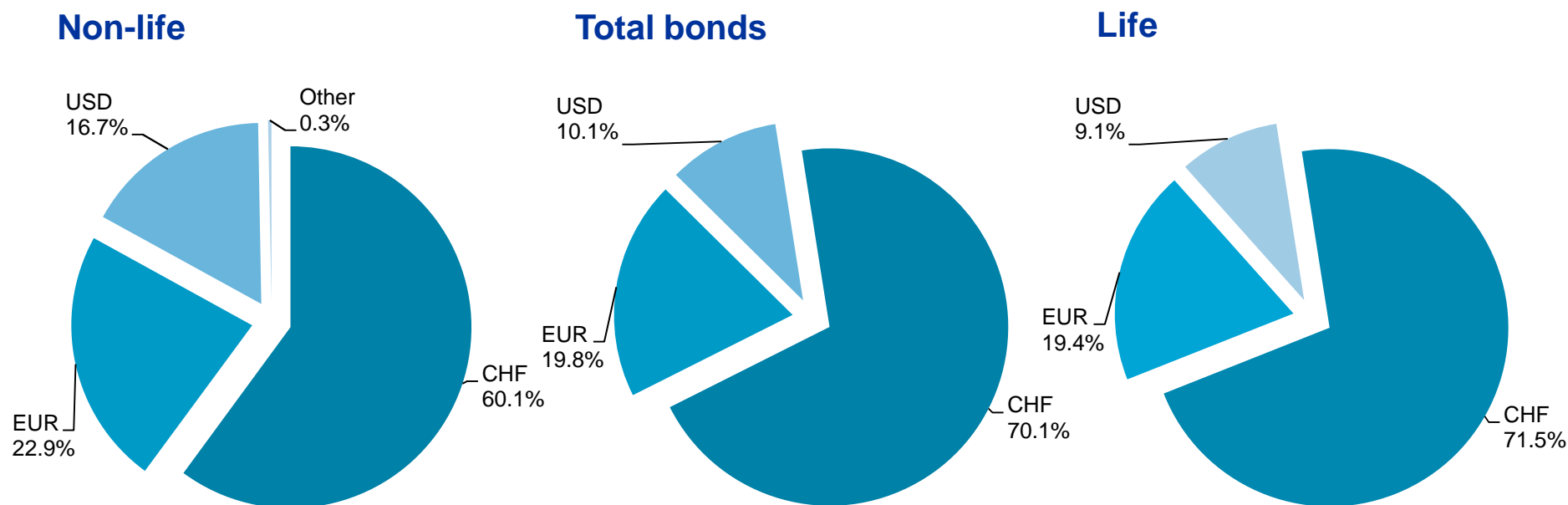
Total sovereign and public debt

HY 2016

22,546

Bond Portfolio: Currency Exposure of Swiss Operations

excluding banking assets and assets from investment-type insurance contracts



→ Total net currency exposure after hedges & liabilities: 4.4% EUR, 1.2% USD

in CHF mn

HY 2016

Total bonds investments¹⁾

22,053

¹⁾ held by Swiss operations

Duration of Bonds and Promissory Notes

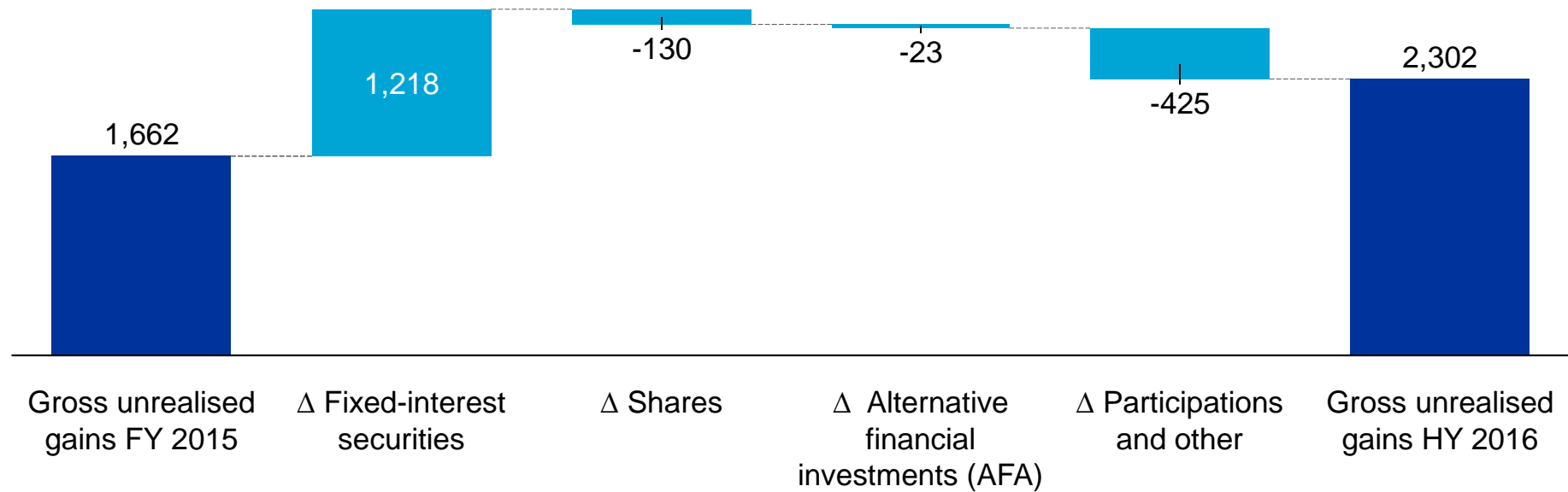
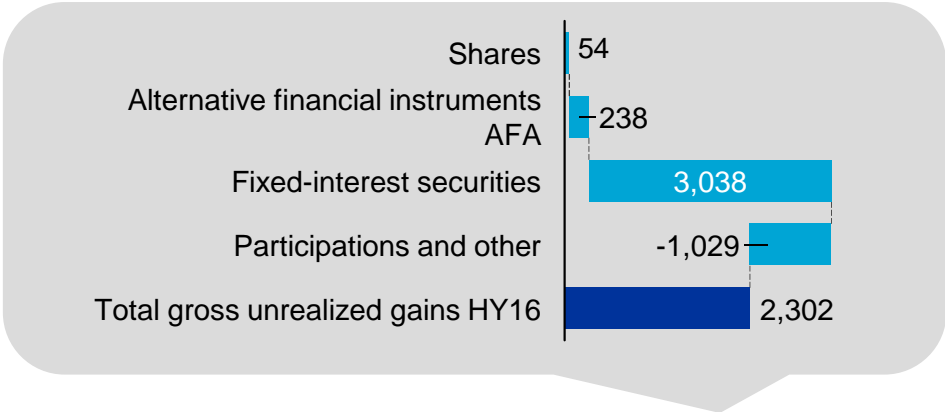
excluding banking assets and assets from investment-type insurance contracts

Duration by classification	2015		HY 2016	
	Years	% of total	Years	% of total
Duration bonds available-for-sale (AFS)	8.4	59.9%	8.8	60.0%
Duration bonds held-to-maturity (HTM)	10.4	24.9%	11.0	25.1%
Duration promissory notes	8.3	15.2%	8.8	14.9%
Duration portfolio	8.9	100%	9.3	100%

Duration by line of business	2015		HY 2016	
	Years	% of total	Years	% of total
Duration life bonds (incl. promissory notes)	9.3	87.1%	9.9	85.6%
Duration non-life bonds (incl. promissory notes)	5.7	12.9%	5.7	14.4%
Duration portfolio	8.9	100%	9.3	100%

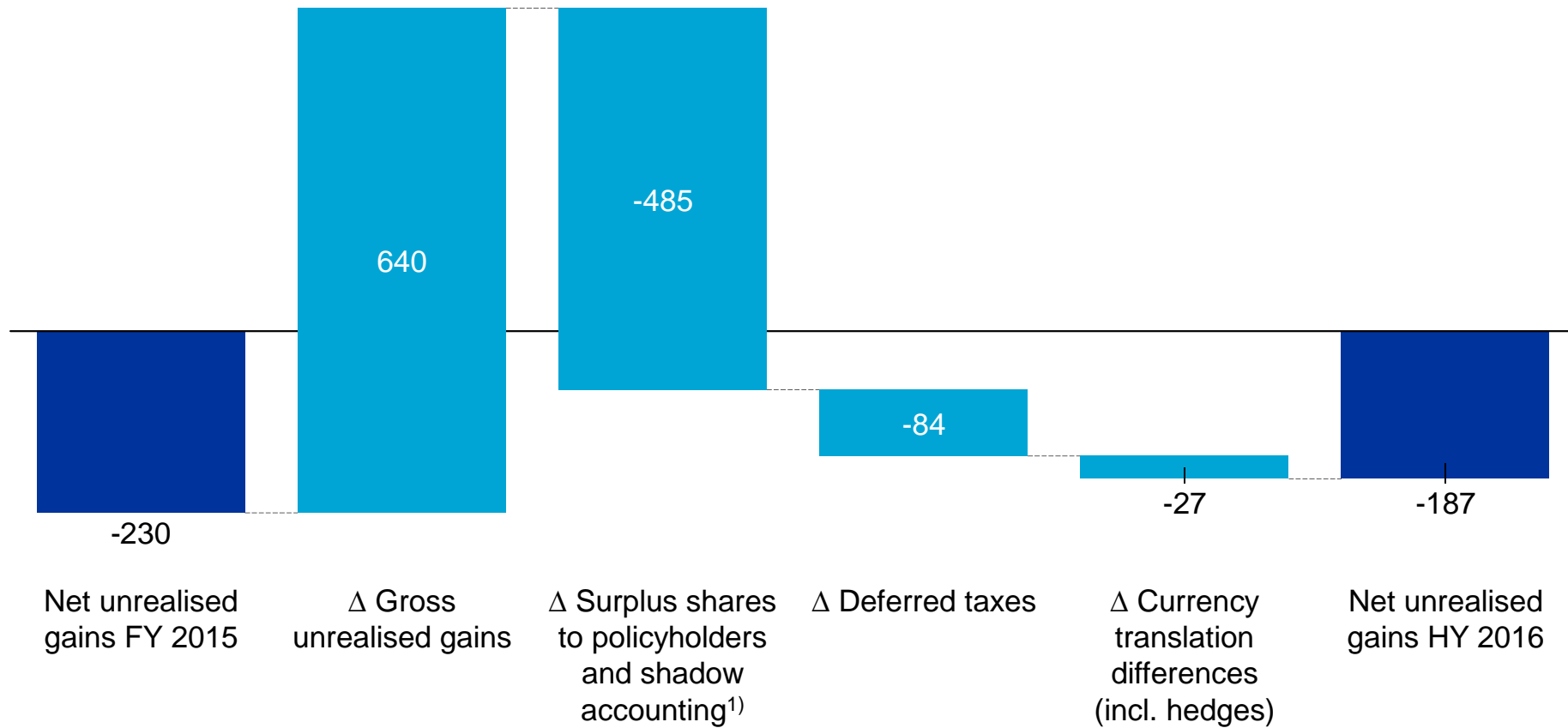
Gross Unrealised Capital Gains

in CHF mn, incl. non-controlling interests



Net Unrealised Capital Gains

in CHF mn, incl. non-controlling interests

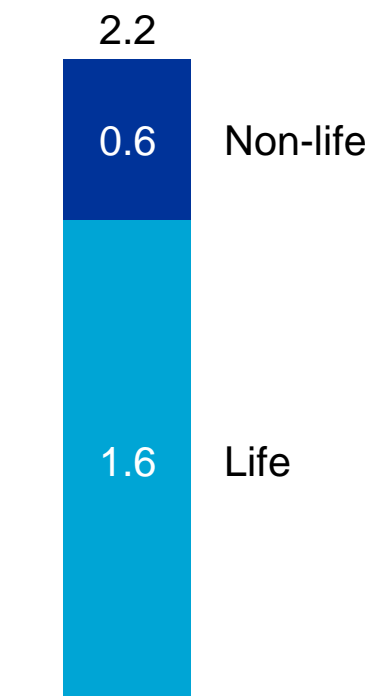


¹⁾ incl. DAC, URR, terminal policyholders' dividends

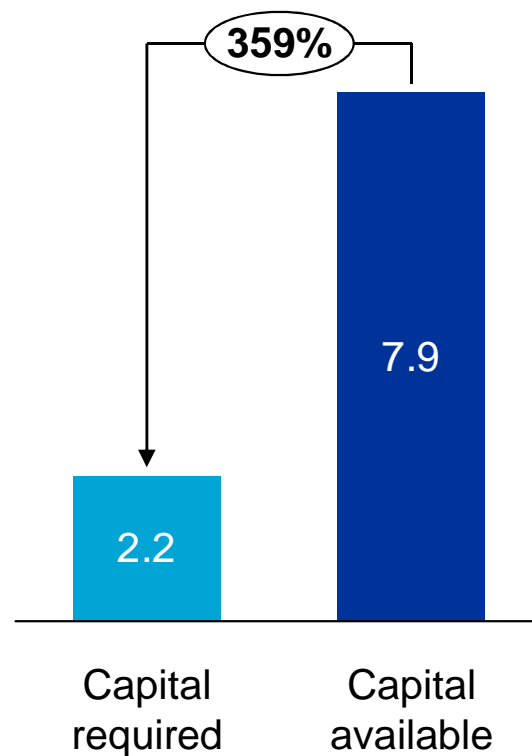
Consolidated Solvency I

in CHF bn, excluding banking assets

Capital required



Required vs. available capital



Available funds

	HY 2016
Total equity	5.4
Goodwill / intangibles	-0.2
DAC non-life	-0.1
Unallocated surplus	3.3
Other	-0.1
Banking assets	-0.4
Total	7.9

Currency

in CHF	B/S		P/L	
	FY 2015	HY 2016	HY 2015	HY 2016
EUR	1.09	1.08	1.06	1.10
USD	1.00	0.98	0.95	0.98

III Reporting Agenda & Contact Details

Reporting Agenda

→ Strategy Day Wednesday, 26 October 2016

→ Q3 Interim Statement Tuesday, 15 November 2016

→ Full Year Results 2016 Thursday, 23 March 2017

You can find all published documentation at www.baloise.com

Contacts

Investor Relations

+41 58 285 81 81

investor.relations@baloise.com

www.baloise.com/investors

Media Relations

+41 58 285 84 67

media.relations@baloise.com

www.baloise.com/media

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