

# Annual Report 2018

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Summary

# Baloise key figures

	2017	2018	Change (%)
CHF million			
<b>Business volume</b>			
Gross premiums written (non-life)	3,229.3	3,405.9	5.5
Gross premiums written (life)	3,512.0	3,360.3	-4.3
Sub-total of IFRS gross premiums written <sup>1</sup>	6,741.3	6,766.2	0.4
Investment-type premiums	2,519.5	1,912.1	-24.1
<b>Total business volume</b>	<b>9,260.8</b>	<b>8,678.2</b>	<b>-6.3</b>
<b>Operating profit (loss)</b>			
Profit / loss before borrowing costs and taxes			
Non-life	374.7	371.7	-0.8
Life <sup>2</sup>	306.0	333.2	8.9
Banking	81.8	92.1	12.6
Other activities	-78.5	-59.4	-24.3
Profit for the period	531.9	522.9	-1.7
<b>Balance sheet</b>			
Technical reserves	48,008.5	46,575.2	-3.0
Equity	6,409.2	6,008.2	-6.3
<b>Ratios (per cent)</b>			
Return on equity (RoE)	8.9	8.6	-
Gross combined ratio (non-life)	90.2	89.2	-
Net combined ratio (non-life)	92.3	91.7	-
New business margin (life)	33.4	48.5	-
Investment performance (insurance) <sup>3</sup>	2.5	0.7	-
<b>Embedded value of life insurance policies</b>			
Embedded value (MCEV)	4,896.8	5,181.3	5.8
Annual premium equivalent (APE)	376.8	293.9	-22.0
Value of new business	125.8	142.4	13.2
<b>Key figures on the Company's shares</b>			
Shares issued (units)	48,800,000	48,800,000	0.0
Basic earnings per share <sup>4</sup> (CHF)	11.50	11.14	-3.1
Diluted earnings per share <sup>4</sup> (CHF)	11.48	11.12	-3.1
Equity per share <sup>4</sup> (CHF)	133.2	127.1	-4.6
Closing price (CHF)	151.70	135.40	-10.7
Market capitalisation (CHF million)	7,403.0	6,607.5	-10.7
Dividend per share <sup>5</sup> (CHF)	5.60	6.00	7.1

1 Premiums written and policy fees (gross).

2 Of which deferred gains / losses from other operating segments (31 December 2017: CHF 14.5 million; 31 December 2018: CHF 10.2 million).

3 Excluding investments for the account and at the risk of life insurance policyholders.

4 Calculation is based on the profit for the period attributable to shareholders and the equity attributable to shareholders.

5 2018 based on the proposal submitted to the Annual General Meeting.

## At a glance

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Equity of  
CHF **6,008.2** million

Return on equity  
(RoE) of  
**8.6 %**

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Profit for the period of  
CHF **522.9** million

Profit (attributable to the  
shareholders)

CHF **523.2** million

Dividend of  
CHF **6.00** per share  
(will be proposed to the  
Annual General Meeting  
on 26 April 2019)

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**- 24.1 %**  
lower business volume  
with investment-type premiums

Net investment yield  
of insurance assets  
**2.2 %**

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Net combined ratio of  
**91.7 %**

New business margin of  
**48.5 %**

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Dr Andreas Burckhardt, Chairman of the Board of Directors (on the left), and Gert De Winter, Group CEO (on the right), on site of the Baloise Park.

## DEAR SHAREHOLDERS

The continuing success and strong positioning of Baloise underpin its five-year strategic phase, Simply Safe, which is intended to equip the Company to face the challenges of the future. We are now two years into the initiative and the progress made so far towards the strategic goals is extremely promising. The holding company has already received CHF 864 million in cash of the total target amount of CHF 2 billion, we have signed up 304,000 new customers (our target: 1 million) and we are among the top 23 per cent of the most attractive employers in our sector in Europe (our ambition: top 10 per cent).

In 2018, Baloise's profit for the period attributable to shareholders amounted to CHF 523.2 million (2017: CHF 548.0 million). In the non-life business, we achieved an improved net combined ratio of 91.7 per cent (2017: 92.3 per cent) while in the life business, stable interest rates and further portfolio reallocations led to an improved EBIT of CHF 333.2 million (2017: CHF 306.0 million). In Asset Management, we achieved a net investment yield on the insurance assets of 1.2 per cent (2017: 1.3 per cent).

The change in corporate culture that began two years ago is being vigorously driven forward and we have achieved a balance between the core business that underpins our current business

performance and the initiatives that are designed to secure our future. Sustainable value generation requires a strong focus on the core business, but at the same time it needs the core business to be expanded and new, modern, streamlined business models to be introduced. Only by balancing all these aspects can value be continuously created. Baloise also has a strong balance sheet and strong operational profitability, which has been optimised in terms of risk-bearing capacity and earnings opportunities. Ultimately, successful value management relies on having the right corporate culture and the ability to adapt.

The value of Baloise is measured by the return on equities or total shareholder return. It is driven by four, equally important dimensions: profit, capital, cash and the value of optionalities. The last of these is reflected in the development opportunities created by Baloise. They influence the future value and therefore have to be taken into account in the value appraisal. Cash and profit reflect the current earnings power of the Baloise Group, while capital indicates the resilience of the Company's financial position. The value of optionalities includes the effect of capital spending and initiatives that should generate additional income from existing and new areas of business in future. The Company

has a dynamic process in place to ensure that these innovations bring the Baloise business model in line with the needs of the future.

In the existing business model, Baloise is driving forward the adjustment and renewal of its core business with services such as a simplified digital claims handling process, property insurance and cyber insurance. When developing new areas of business, we have four approaches: we invest in young companies, develop our own start-ups, acquire companies and enter into partnerships. For example, we are investing up to CHF 50 million in insurtech and fintech companies in partnership with the investment firm Anthemis. We are working to develop start-up companies with digital insurer FRIDAY in Germany and Mobly in Belgium, a platform for mobility services that focuses on the used car sector. But we are also buying companies such as the removals platform MOVU in Switzerland and Drivolution in Belgium, a company specialising in drive safety for fleets. Finally, we are entering into partnerships such as that with the Baselieter Kantonalbank and Bank Cler in Switzerland, which offer our insurance services in combination with new customer solutions via their sales channels.

### “The course is set for the next stage of the strategic phase.”

The Baloise innovation cycle is a four-phase process. As well as launching new initiatives, it is important to have a system in place to halt those that are less successful while they are still in their early stages. The more phases an initiative goes through, the more resources and capital expenditure it consumes. The initial, exploratory phase requires little capital spending and generally lasts one to two weeks. Thanks to the strong entrepreneurial spirit that now exists within the Company, the pipeline is currently well stocked. If an idea makes it through the first couple of weeks, it enters a two to three month validation phase which culminates in a “minimal viable product”. This then passes to the third phase – incubation – which can last up to a year. The objective for the end of the incubation phase is to have a marketable product that can be used to invest in growth, i. e. to increase the number of customers and the level of revenue. Baloise can invest in such a phase itself or bring in third parties. At the beginning of this phase, the focus is still not yet on profitability. However, it is important to get as many initiatives as possible from the growth phase onto the road to success.

Over the past year, we have also implemented a number of organisational changes. The demands placed on IT systems at Baloise have always been immense, but are now skyrocketing due to the rapid pace of the innovation process and the new challenges of digitalisation. The Board of Directors of Baloise has therefore created a Group IT corporate division in order to simplify the IT landscape, leverage synergies and drive forward the change process and further digitalisation with the necessary speed and sense of purpose. Alexander Bockelmann has been appointed to the newly created post of Chief Technology Officer.

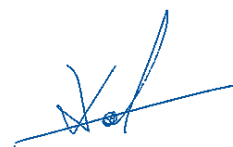
The first two years of the new strategy have focused on Baloise’s objectives and strategic direction. The experience gathered during this period has been used to make necessary and useful adjustments, setting the course for the coming years. Agility in the implementation of this strategy will be crucial to our future success. With the support of our employees and a strong corporate culture to build on, we believe we are on the right track. Our shareholders should also be able to reap the benefit. As an indicator of the confidence we have in our targets, the Board of Directors will be asking the Annual General Meeting to increase the dividend by CHF 0.40 to CHF 6.00.

Basel, March 2019



**Dr. Andreas Burckhardt**

Chairman of the Board of Directors



**Gert De Winter**

Group CEO

# Baloise on course for success after two years of Simply Safe

Baloise can look back on a successful 2018. The results show that its chosen strategic direction is the right one. In the last few years, more than 50 initiatives have been launched that are driving the digital and cultural transformation. At the same time, Baloise's operational success shows that its core business remains strong. The non-life business continues to grow in all markets and profitability remains high. The shift in the life portfolio towards life insurance products that tie up less capital is having a sustained positive effect. As a result, the contribution to EBIT from the life business again rose significantly in 2018. The non-life portfolio's good profitability can be seen from the further improvement of the combined ratio, which was achieved despite the adverse impact of severe winter storms.

## OVERVIEW

In 2018, Baloise's profit attributable to shareholders was down slightly year on year at CHF 523.2 million (2017: CHF 548.0 million). The volume of business fell by 6.3 per cent to CHF 8,678.2 million (2017: CHF 9,260.8 million), primarily because of a sharp reduction in investment-type premiums and the continuation of the strict underwriting policy in the traditional life business. There was an encouraging rise in earnings before interest and tax (EBIT), which climbed by 7.8 per cent to CHF 737.5 million (2017: CHF 684.1 million).

In the second year of Simply Safe, significant progress was made on the strategic objectives to be achieved by 2021. The number of customers increased by 186,000. The total number of new customers therefore stands at 304,000. The cash upstream to Baloise Holding is exceeding expectations and amounted to CHF 449 million in 2018. So far, CHF 864 million of the targeted CHF 2 billion has been achieved. Progress has also been made in terms of making it into the top 10 per cent of employers in the industry, with Baloise now in the top 23 per cent (2017: top 25 per cent). In view of the strong annual financial results for 2018 overall, the 2019 Annual General Meeting will be asked to raise the dividend by CHF 0.40 to CHF 6.00.

The non-life business generated premium income reported under IFRS of CHF 3,405.9 million (2017: CHF 3,229.3 million), a year-on-year rise of 5.5 per cent. All business units contributed to this improvement. EBIT in the non-life business came to CHF 371.7 million and was thus on a par with the strong prior-year figure (2017: CHF 374.7 million). The net combined ratio improved to 91.7 per cent, which was 0.6 percentage points lower than the already very good figure reported a year ago.

The volume of traditional life business amounted to CHF 3,360.3 million in 2018, a year-on-year fall of 4.3 per cent (2017: CHF 3,512.0 million). This further reduction was due to the underwriting policy, which remains restrictive in view of the negative interest-rate situation. EBIT in the life business rose once again in 2018, advancing by 8.9 per cent to CHF 333.2 million (2017: CHF 306.0 million). The reason for this improvement was the ongoing optimisation of the business mix and the reduced need to strengthen reserves.

At CHF 1,912.1 million, the volume of investment-type premiums was down substantially compared with the prior year (2017: CHF 2,519.5 million) owing to the smaller underwriting volume in Luxembourg. Following strong growth in previous years, the main reasons for this decrease were volatility in the stock markets and postponement of sales due to the implementation of new regulatory requirements.

Gains on investments achieved for insurance assets amounted to CHF 1,250.7 million, which was lower than the figure for 2017 of CHF 1,621.6 million. This was due to the drop in realised gains compared with the prior year. The difficulties presented by the interest-rate environment were largely overcome by means of systematic reallocation among the asset classes. Current income decreased slightly, by CHF 17.9 million, to reach CHF 1,282.6 million. The gains on investments achieved for insurance assets equated to a net return of 2.2 per cent. The rate of return on insurance assets according to IFRS was 0.7 per cent, representing a decrease on the 2.5 per cent rate of return according to IFRS in 2017.



In operational terms, the EBIT generated by the banking business was encouraging at CHF 92.1 million (2017: CHF 81.8 million). This equated to a year-on-year rise of 12.6 per cent.

Consolidated equity fell by 6.3 per cent year on year to reach CHF 6,008.2 million at the end of 2018 (31 December 2017: CHF 6,409.2 million). This decrease was due to the lower valuation of available-for-sale securities with characteristics of liabilities and equity and to the ongoing share buy-back.

#### BUSINESS VOLUME IN 2018 (GROSS) BY STRATEGIC BUSINESS UNIT

As a percentage

→ Switzerland	48.3
→ Germany	16.3
→ Belgium	19.8
→ Luxembourg	15.3



Baloise remains strongly capitalised, as confirmed when Standard & Poor's raised the Company's credit rating from "A" to "A+" in 2018. In the Swiss Solvency Test (SST), a ratio of over 200 per cent is expected as at 1 January 2019.

#### BUSINESS VOLUME

	2017	2018	+/- %
CHF million			
Total business volume	9,260.8	8,678.2	-6.3
Life	3,512.0	3,360.3	-4.3
Non-life	3,229.3	3,405.9	5.5
Investment-type premiums	2,519.5	1,912.1	-24.1

#### NON-LIFE DIVISION: IMPROVED PROFITABILITY AND SUSTAINED GROWTH

The non-life division saw a further rise in the volume of premiums (in Swiss francs). At CHF 3,405.9 million, it was up by 5.5 per cent compared with 2017. In local currency terms, the increase was 3.1 per cent. All of the strategic business units reported growth. While Switzerland's growth was 1.9 per cent, Belgium achieved 10.1 per cent, Germany 5.4 per cent and Luxembourg 10.0 per cent. EBIT in the non-life business was only slightly

lower than in the prior year, falling to CHF 371.7 million (2017: CHF 374.7 million). The net combined ratio improved to an excellent 91.7 per cent, which was 0.6 percentage points below the good ratio reported a year ago (2017: 92.3 per cent). The main reason for this improvement was a higher profit on claims reserves. The net combined ratio in the German business was also encouraging, as it stabilised at 95.8 per cent.

FRIDAY, Germany's leading digital insurance company, has received a "media for equity" investment in a volume of around CHF 43 million. SevenVentures – the investment arm of ProSiebenSat.1 Media SE – and media investor German Media Pool have acquired a stake in the start-up, which Baloise founded around two years ago when it announced its Simply Safe strategy. Following their investment, SevenVentures and German Media Pool now hold a combined 18.2 per cent stake in FRIDAY. With a stake of 81.8 per cent, Baloise remains the majority shareholder and is investing a further sum of around CHF 85 million as part of the ongoing development of this business. FRIDAY enjoyed another successful year in 2018. The Berlin-based firm doubled the number of new customers to around 30,000 (2017: 15,000).

#### NET COMBINED RATIO

As a percentage



#### LIFE DIVISION: FURTHER IMPROVEMENT IN THE EBIT CONTRIBUTION

The ongoing improvements to the business mix in view of the extremely low level of interest rates and the sharp contraction of business involving investment-type premiums in Luxembourg were reflected in the decrease in the life business volume, which fell by 12.6 per cent to CHF 5,272.4 million. In the traditional life business, the volume of premiums decreased by 4.3 per cent to CHF 3,360.3 million (2017: CHF 3,512.0 million) in line with the strategy. The volume of investment-type premiums dropped by a substantial 24.1 per cent to CHF 1,912.1 million (2017: CHF 2,519.5 million). This was primarily attributable to the

performance of the business in Luxembourg. Following more than ten years of double-digit growth rates, with assets under management more than doubling to CHF 10 billion since 2012, the volume of premiums underwent a correction in 2018 because of reduced demand resulting from volatility and uncertainty in the capital markets last year and from the postponement of sales due to the implementation of new regulatory requirements. At CHF 456.6 million and CHF 112.3 million respectively, the volume of investment-type premiums in Belgium and Switzerland was on a par with the prior-year level. In Germany, investment-type premiums increased by an encouraging 9.7 per cent to CHF 227.1 million (2017: CHF 207.1 million).

EBIT in the life business was even higher than in the prior year, with a further substantial rise of CHF 27.2 million or 8.9 per cent to CHF 333.2 million (2017: CHF 306.0 million). This increase was predominantly driven by the shift in the portfolio towards products that tie up less capital and by the overall reduced need to strengthen reserves thanks to the more stable interest-rate environment. Moreover, the risk result in Switzerland benefited from a non-recurring effect resulting from an adjustment to the biometric basis. The new business margin improved to 48.5 per cent thanks to the selective underwriting policy and the better business mix (2017: 33.4 per cent). The interest margin in the life business stood at 1.3 per cent (2017: 1.14 per cent). The positive operating income resulted in an increase in the embedded value of the life insurance business from CHF 4,896.8 million to

CHF 5,181.3 million in 2018. The value of new business also rose, reaching CHF 142.4 million (2017: CHF 125.8 million).

#### ASSET MANAGEMENT AND BANKING DIVISION: EARNINGS REMAIN STABLE

In operational terms, the EBIT generated by the banking business was encouraging at CHF 92.1 million (2017: CHF 81.8 million). This equated to a year-on-year rise of 12.6 per cent. Baloise Bank SoBa and Baloise Asset Management played the biggest part in this division's stable profit contribution. Net new assets in the business with third parties came to CHF 801 million, representing a significant increase compared with the prior-year figure of CHF 406 million.

#### INVESTMENTS: SOLID RESULTS IN A QUIET MARKET ENVIRONMENT

The gains on the investment of insurance assets amounted to CHF 1,250.7 million, which was below the 2017 level of CHF 1,621.6 million. The difficulties presented by the interest-rate environment were largely overcome by means of systematic reallocation. Current income decreased slightly, by CHF 17.9 million, to reach CHF 1,282.6 million. There was limited appeal in the reinvestment of maturing bonds denominated in Swiss francs. Baloise therefore avoided reinvesting them for the most part and instead opted for currency-hedged euro-denominated bonds. It continued to build up its portfolio of investment

#### PROPRIETARY INVESTMENTS BY CATEGORY<sup>1</sup>

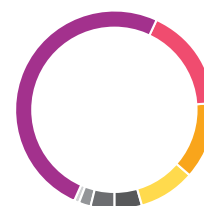
	31.12.2017	31.12.2018	+/- %
CHF million			
Investment property	7,480.3	7,904.0	5.7
Equities	3,633.6	2,834.6	-22.0
Alternative financial assets	1,112.6	1,153.6	3.7
Fixed-income securities	33,388.2	31,798.7	-4.8
Mortgage assets	10,596.4	10,724.9	1.2
Policy loans and other loans	5,972.1	5,671.3	-5.0
Derivatives	362.4	453.9	25.2
Cash and cash equivalents	2,133.2	2,543.5	19.2
<b>Total</b>	<b>64,678.9</b>	<b>63,084.5</b>	<b>-2.5</b>

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

#### INVESTMENT COMPONENTS IN 2018

As a percentage

Fixed-income securities	50.4
Mortgage assets	17.0
Investment property	12.5
Policy loans and other loans	9.0
Equities	4.5
Cash and cash equivalents	4.0
Alternative financial assets	1.8
Derivatives	0.7





## ASSETS HELD BY BALOISE

as at 31 December 2017	Non-life	Life	Banking	Total for the Group
CHF million				
Investments for own account and at own risk	9,605.9	48,141.2	7,397.8	64,678.9
Asset portfolio for the account and at risk of life insurance policyholders and third parties <sup>1</sup>		14,543.8		15,027.4
<b>Total recognised assets</b>	<b>9,605.9</b>	<b>62,685.0</b>	<b>7,397.8</b>	<b>79,706.3</b>
<b>Third-party assets</b>				<b>8,958.6</b>

as at 31 December 2018	Non-life	Life	Banking	Total for the Group
CHF million				
Investments for own account and at own risk	9,388.5	46,612.6	7,572.9	63,084.5
Asset portfolio for the account and at risk of life insurance policyholders and third parties <sup>1</sup>		–		14,133.7
<b>Total recognised assets</b>	<b>9,388.5</b>	<b>46,612.6</b>	<b>7,572.9</b>	<b>77,218.2</b>
<b>Third-party assets</b>				<b>8,963.6</b>

<sup>1</sup> Including CHF 54.1 million (2017: CHF 70.5 million) in other assets (precious metal holdings from investment-linked life insurance policies).

property and mortgages with stable income, thereby slightly mitigating the effect of declining income.

At CHF 386.6 million, the gains recognised in the income statement were down by CHF 180.9 million compared with the prior year. Significantly smaller gains were realised on bonds than in 2017. As a result of the strong correction in the stock markets in December 2018, gross impairment losses were CHF 66.7 million higher than in 2017, which had been an exceptionally good year for the stock markets. The currency-related losses of CHF 192.3 million were attributable to currency hedging costs and to currency effects arising on unhedged currency exposures. The gains on investments achieved for insurance assets equated to a net return of 2.2 per cent, which was lower than the net return of 2.9 per cent achieved in 2017. This was primarily due to the reduction in realised gains. Unrealised gains fell by CHF 864.8 million on the back of the poor performance of equities and the widening of spreads. Consequently, the rate of return on insurance assets according to IFRS – which includes unrealised net gains and losses on investments but excludes gains and losses on held-to-maturity debt instruments – was 0.7 per cent, representing a decrease on the 2.5 per cent rate of return according to IFRS in 2017.

## EQUITY REMAINS ROBUST

Consolidated equity fell by 6.3 per cent year on year to reach CHF 6,008.2 million at the end of 2018 (31 December 2017: CHF 6,409.2 million). This decrease was due to the lower valuation of available-for-sale securities with characteristics of liabilities and equity and to the ongoing share buy-back. Under the programme to buy back more than 3 million shares, which began in April 2017, a total of 1,336,575 shares had been repurchased by the end of 2018. This meant CHF 198.5 million was returned to the shareholders. Baloise remains strongly capitalised, as confirmed when Standard & Poor's raised the Company's credit rating from "A" to "A+" in 2018. In the Swiss Solvency Test (SST), a ratio of over 200 per cent is expected as at 1 January 2019. The SST ratio will be disclosed at the end of April 2019.

# Consolidated income statement

## FIVE-YEAR OVERVIEW

	2014	2015	2016	2017	2018
CHF million					
<b>Income</b>					
Premiums earned and policy fees (gross) <sup>1</sup>	7,168.1	6,832.4	6,680.6	6,726.4	6,737.0
Reinsurance premiums ceded	-163.6	-148.6	-168.2	-183.4	-209.0
Premiums earned and policy fees (net)	7,004.5	6,683.7	6,512.4	6,542.9	6,528.0
Investment income	1,701.9	1,521.8	1,476.6	1,392.5	1,376.0
Realised gains and losses on investments <sup>2</sup>					
For own account and at own risk	775.1	379.1	303.1	427.8	96.1
For the account and at risk of life insurance policyholders and third parties	587.4	7.1	364.1	696.5	-1,087.8
Income from services rendered	110.7	112.6	110.1	116.9	130.4
Share of profit (loss) of associates	8.1	36.8	7.1	5.5	6.2
Other operating income	185.2	136.6	136.8	235.0	227.6
<b>Income</b>	<b>10,372.8</b>	<b>8,877.9</b>	<b>8,910.2</b>	<b>9,417.1</b>	<b>7,276.6</b>
<b>Expense</b>					
Claims and benefits paid (gross)	-5,666.4	-5,352.4	-5,664.2	-5,726.5	-5,904.4
Change in technical reserves (gross)	-1,469.5	-1,241.9	-669.1	-535.0	412.4
Reinsurance share of claims incurred	146.6	97.9	108.2	80.8	83.3
Acquisition costs	-569.6	-472.4	-502.9	-482.1	-535.8
Operating and administrative expenses for insurance business	-866.5	-761.3	-763.9	-765.8	-810.8
Investment management expenses	-66.9	-60.4	-60.3	-77.2	-82.2
Interest expenses on insurance liabilities	-42.6	-34.1	-30.5	-21.9	-19.2
Gains or losses on financial contracts	-462.6	-0.9	-342.9	-613.4	801.2
Other operating expenses	-446.8	-333.1	-300.9	-591.8	-483.6
<b>Expense</b>	<b>-9,444.3</b>	<b>-8,158.6</b>	<b>-8,226.6</b>	<b>-8,733.0</b>	<b>-6,539.1</b>
<b>Profit before borrowing costs and taxes</b>	<b>928.6</b>	<b>719.2</b>	<b>683.6</b>	<b>684.1</b>	<b>737.5</b>
Borrowing costs	-43.5	-40.0	-38.0	-34.3	-39.9
<b>Profit before taxes</b>	<b>885.1</b>	<b>679.3</b>	<b>645.6</b>	<b>649.8</b>	<b>697.6</b>
Income taxes	-173.2	-168.2	-111.7	-117.9	-174.7
<b>Profit for the period</b>	<b>711.9</b>	<b>511.1</b>	<b>533.9</b>	<b>531.9</b>	<b>522.9</b>
Attributable to					
Shareholders	710.7	512.1	534.8	548.0	523.2
Non-controlling interests	1.3	-1.0	-0.9	-16.1	-0.3
Earnings / loss per share					
Basic (CHF)	15.15	10.96	11.53	11.50	11.14
Diluted (CHF)	14.63	10.65	11.22	11.48	11.12

1 In line with the accounting principles applied by the Baloise Group, investment-type insurance premiums are not included in premiums earned and policy fees.

2 Including financial liabilities held for trading purposes (derivative financial instruments).

# Consolidated balance sheet

## FIVE-YEAR OVERVIEW

as at 31.12.	2014	2015 (restated)	2016	2017	2018
CHF million					
<b>Assets</b>					
Property, plant and equipment	379.2	399.1	349.3	353.3	318.3
Intangible assets	909.2	838.2	836.1	1,002.5	1,041.2
Investments in associates	227.9	162.3	160.4	138.4	221.1
Investment property	5,962.9	6,251.9	6,817.5	7,480.3	7,904.0
Financial instruments with characteristics of equity	13,451.2	13,770.8	14,305.6	15,874.9	14,137.9
Financial instruments with characteristics of liabilities	34,461.6	33,248.4	33,766.5	35,360.1	33,775.1
Mortgages and loans	18,165.9	16,656.6	16,354.7	16,568.6	16,396.2
Derivative financial instruments	613.2	653.9	757.3	800.4	914.8
Other assets / receivables	2,153.5	3,921.5	4,024.3	3,305.1	2,036.6
Deferred tax assets	48.3	39.8	69.3	88.8	73.5
Cash and cash equivalents	2,969.6	2,839.8	3,173.3	3,551.6	4,036.1
<b>Total assets</b>	<b>79,342.3</b>	<b>78,782.3</b>	<b>80,614.3</b>	<b>84,523.9</b>	<b>80,854.8</b>

as at 31.12.	2014	2015 (restated)	2016	2017	2018
CHF million					
<b>Equity and liabilities</b>					
<b>Equity</b>					
Equity before non-controlling interests	5,791.3	5,418.9	5,741.3	6,346.2	5,970.6
Non-controlling interests	39.7	34.7	32.4	63.0	37.6
<b>Total equity</b>	<b>5,831.0</b>	<b>5,453.6</b>	<b>5,773.7</b>	<b>6,409.2</b>	<b>6,008.2</b>
<b>Liabilities</b>					
Gross technical reserves	48,738.9	45,776.6	46,209.0	48,008.5	46,575.2
Liabilities arising from banking business and financial contracts	17,740.8	19,012.0	20,317.7	22,696.5	21,539.0
Derivative financial instruments	176.4	250.8	299.0	145.3	117.3
Other accounts payable	5,789.7	7,379.5	7,070.0	6,341.9	5,707.2
Deferred tax liabilities	1,065.5	909.7	944.9	922.4	907.8
<b>Total liabilities</b>	<b>73,511.4</b>	<b>73,328.7</b>	<b>74,840.6</b>	<b>78,114.7</b>	<b>74,846.6</b>
<b>Total equity and liabilities</b>	<b>79,342.3</b>	<b>78,782.3</b>	<b>80,614.3</b>	<b>84,523.9</b>	<b>80,854.8</b>

# Business volume, premiums and combined ratio

## BUSINESS VOLUME

2017	Group	Switzerland	Germany (restated) <sup>1</sup>	Belgium	Luxembourg
CHF million					
Non-life	3,229.3	1,324.6	762.0	999.0	122.3
Life	3,512.0	2,904.3	379.2	148.8	79.6
Sub-total of IFRS gross premiums written <sup>2</sup>	6,741.3	4,228.9	1,141.2	1,147.8	201.9
Investment-type premiums	2,519.5	111.6	207.1	439.3	1,761.6
<b>Total business volume</b>	<b>9,260.8</b>	<b>4,340.6</b>	<b>1,348.2</b>	<b>1,587.1</b>	<b>1,963.5</b>

2018	Group	Switzerland	Germany	Belgium	Luxembourg
CHF million					
Non-life	3,405.9	1,349.2	803.1	1,099.6	134.5
Life	3,360.3	2,728.0	385.7	166.1	80.5
Sub-total of IFRS gross premiums written <sup>2</sup>	6,766.2	4,077.2	1,188.7	1,265.7	215.0
Investment-type premiums	1,912.1	112.3	227.1	456.6	1,116.0
<b>Total business volume</b>	<b>8,678.2</b>	<b>4,189.5</b>	<b>1,415.9</b>	<b>1,722.3</b>	<b>1,331.0</b>

1 Change of chief operating decision-maker for the medical malpractice portfolio from Germany to Group business.

2 Premiums written and policy fees (gross).

## NET COMBINED RATIO

2017	Group	Switzerland	Germany (restated) <sup>1</sup>	Belgium	Luxembourg
as a percentage of premiums earned					
Claims ratio <sup>2</sup>	60.7	56.6	62.1	57.3	61.5
Expense ratio	31.6	26.9	36.6	34.6	30.0
<b>Combined ratio</b>	<b>92.3</b>	<b>83.5</b>	<b>98.7</b>	<b>91.9</b>	<b>91.5</b>

2018	Group	Switzerland	Germany	Belgium	Luxembourg
as a percentage of premiums earned					
Claims ratio <sup>2</sup>	59.9	57.5	59.7	57.9	56.6
Expense ratio	31.8	27.0	36.1	34.4	33.3
<b>Combined ratio</b>	<b>91.7</b>	<b>84.5</b>	<b>95.8</b>	<b>92.3</b>	<b>89.9</b>

1 Change of chief operating decision-maker for the medical malpractice portfolio from Germany to Group business.

2 Including the profit-sharing ratio.

## GROSS AND NET COMBINED RATIO

	Gross		Net	
	2017	2018	2017	2018
as a percentage of premiums earned				
Claims ratio <sup>1</sup>	59.7	58.6	60.7	59.9
Expense ratio	30.5	30.6	31.6	31.8
<b>Combined ratio</b>	<b>90.2</b>	<b>89.2</b>	<b>92.3</b>	<b>91.7</b>

1 Including the profit-sharing ratio.

## FUNDING RATIO (NON-LIFE)

	2017	2018
CHF million		
Technical reserve for own account <sup>1</sup>	5,924.8	5,777.1
Premiums written and policy fees for own account	3,065.0	3,220.1
<b>Funding ratio (per cent)</b>	<b>193.3</b>	<b>179.4</b>

1 Not including capitalised settlement premiums.

# Income statement of Bâloise Holding Ltd

	2017	2018
CHF million		
Income from long-term equity investments	406.8	432.2
Income from interest and securities	33.8	21.6
Other income	6.9	37.3
<b>Total income</b>	<b>447.5</b>	<b>491.1</b>
Administrative expenses	-46.6	-37.6
Depreciation, amortisation and impairment	-	-1.8
Interest expenses	-30.5	-35.2
Other expenses	-2.8	-2.6
<b>Total expenses</b>	<b>-79.9</b>	<b>-77.2</b>
<b>Tax expense</b>	<b>-0.3</b>	<b>-2.0</b>
<b>Profit for the period</b>	<b>367.3</b>	<b>411.9</b>



# Balance sheet of Bâloise Holding Ltd

	31.12.2017	31.12.2018
CHF million		
<b>Assets</b>		
Cash and cash equivalents	96.1	36.5
Receivables from Group companies	359.9	341.7
Receivables from third parties	2.8	7.5
<b>Current assets</b>	<b>458.8</b>	<b>385.7</b>
Financial assets		
Loans to Group companies	102.0	529.7
Long-term equity investments	1,860.8	1,786.1
<b>Non-current assets</b>	<b>1,962.8</b>	<b>2,315.8</b>
<b>Total assets</b>	<b>2,421.6</b>	<b>2,701.5</b>
<b>Equity and liabilities</b>		
Current liabilities		
Liabilities to Group companies	3.4	7.4
Liabilities to third parties	1.6	3.5
Current interest-bearing liabilities to third parties	–	175.0
Deferred income	27.7	21.2
Non-current liabilities		
Long-term interest-bearing liabilities to Group companies	340.0	620.0
Long-term interest-bearing liabilities to third parties	1,250.0	1,075.0
Provisions	7.7	4.4
<b>Liabilities</b>	<b>1,630.4</b>	<b>1,906.5</b>
Share capital	4.9	4.9
Statutory retained earnings		
General reserve	11.7	11.7
Reserve for treasury shares	6.1	6.4
Voluntary retained earnings		
Free reserves	472.4	566.1
Distributable profit:		
– Profit carried forward	0.6	0.7
– Profit for the period	367.3	411.9
Treasury shares	–71.8	–206.7
<b>Equity</b>	<b>791.2</b>	<b>795.0</b>
<b>Total equity and liabilities</b>	<b>2,421.6</b>	<b>2,701.5</b>

# Financial calendar

**7 MARCH 2019**

**Annual financial results**

Media conference

Conference call for analysts

**28 MARCH 2019**

**Annual Report**

Publication of the Annual Report 2018

**26 APRIL 2019**

**Annual General Meeting**

Bâloise Holding Ltd

**28 AUGUST 2019**

**Half-year financial results**

Conference call for analysts and the media

**13 NOVEMBER 2019**

**Q3 interim statement**

**12 MARCH 2020**

**Annual financial results**

Media conference

Conference call for analysts

**26 MARCH 2020**

**Annual Report**

Publication of the Annual Report 2019

**24 APRIL 2020**

**Annual General Meeting**

Bâloise Holding Ltd

**Bâloise Holding Ltd**

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