

Media information

Baloise raises profit by around 43 per cent

Basel, 28 August 2014: The outstanding financial results that Baloise is reporting for the first six months of 2014 once again underscore the Company's strength. It expanded its total volume of business by 6.9 per cent to CHF 5,831 million by focusing on target segments. It improved the quality of its client portfolio and achieved an impressive combined ratio of 93.2 per cent. Baloise's life insurance operations benefited from the strong demand for attractive solutions in group life business. The Company's substantial equity of CHF 5,296 million and its excellent solvency ratio of 316 per cent reflect its reliability and strong capital base.

The key performance indicators for the **first half of 2014** are as follows:

- **Business volume** **CHF 5,831 million**
(30 June 2013: CHF 5,455 million;
up 6.9 per cent)
- **Profit for the period** **CHF 350 million**
(attributable to shareholders) (30 June 2013: CHF 245 million;
up 42.9 per cent)
- **Equity** **CHF 5,296 million**
(31 December 2013: CHF 4,906
million; up 7.9 per cent)
- **Solvency ratio** **316 per cent**
(31 December 2013: 267 per cent)
- **Combined ratio (net)** **93.2 per cent**
(30 June 2013: 94.5 per cent)
- **New business margin (life)** **11.3 per cent**
(30 June 2013: 17.3 per cent)

Martin Strobel, Baloise Group CEO, commented: "I am delighted to report that we are growing encouragingly, our profit has risen sharply and we are focusing on attractive business segments. This helps to explain why we are one of the most profitable insurance companies in Europe. We offer our customers genuine added value in the form of our Safety World. We are therefore ideally placed to write the next chapter in the success story of Baloise."

Summary: The Baloise Group raised its profit for the period by approximately 43 per cent year on year to an exceptional CHF 350 million. All business divisions and all regional units contributed to this result. Further improvements in portfolio quality and the robust operational profitability of the non-life insurance business translated into a net combined ratio of 93.2 per cent (H1 2013: 94.5 per cent). This strong operating performance and the low level of claims incurred formed the basis for this impressive combined ratio. Baloise achieved above-average growth in life insurance. Life insurance earnings were boosted by the optimisation of the business mix that has taken place in recent years. In addition, the value of interest-rate hedging instruments rose sharply as a result of lower interest rates, which in turn increased the gains on investments. The margin on new life insurance business fell to 11.3 per cent (H1 2012: 17.3 per cent) as a result of lower interest rates. The banking business compensated for its lower net interest income by increasing its business volumes and cutting its costs, and it consolidated its earnings before interest and tax (EBIT) for the first half of 2014 at CHF 41 million (down 0.2 per cent year on year). The total volume of business showed solid growth in the target segments, advancing by 7.2 per cent in local-currency terms to CHF 5,831 million.

Balance sheet: Baloise has a very strong balance sheet. Its consolidated equity grew by 7.9 per cent to CHF 5,206 million, primarily on the back of the outstanding profit for the period and the lower level of interest rates, which had a positive impact on the valuation reserves of fixed-income securities. The solvency ratio reached an excellent 316 per cent compared with 267 per cent at the end of 2013. The Swiss Solvency Test (SST) is still well within the 'green zone'.

Investments: Baloise achieved highly impressive gains on its investments. Net income came to CHF 1,172.0 million, which was well above the CHF 955.6 million reported for the first half of 2013. As well as enhancing this performance, our strong business growth increased the size of our investment portfolios, on which Baloise achieved an impressive net return of 2.0 per cent compared with 1.7 per cent in the prior-year period. We invested further in equities that meet our quality criteria and offer the prospect of consistently high dividend payments. The higher income we earned from equities and other alternative investments largely compensated for the lower income received from fixed-income investments.

Business units: The Swiss unit continued to generate robust growth in its attractive target segments and reaffirmed its strong market position by delivering an outstanding operating performance in its life insurance business, as well as in its non-life and personal insurance businesses. Nonetheless, persistently low interest rates continued to pose a serious challenge for pension schemes. Improvements in portfolio quality and the lower level of storm-related claims reduced the gross combined ratio by 3.4 percentage points to 83.3 per cent. All business divisions and national Baloise companies contributed to the profit for the period. Belgium and Luxembourg achieved excellent growth and raised their EBIT substantially (by 45.4 per cent in Belgium and by 82.3 per cent in Luxembourg). EBIT in Germany fell by 26.7 per cent owing to the cost of social compensation plans.

Outlook: These outstanding half-year financial results reaffirm the strategic approach that Baloise has adopted. By focusing on attractive core markets, rigorously implementing its target-customer management policies and offering innovative supplementary services around safety and security, Baloise is excellently placed to meet its targets of a combined ratio of between 93 per cent and 96 per cent, a new business margin in excess of 10 per cent and a return on equity of between 8 per cent and 12 per cent. This operational strength will facilitate our practice of paying reliable, attractive dividends.

Key performance indicators for the first half of 2014

| | 30.6.2013 | 31.12.2013 | 30.6.2014 | Change % |
|--|----------------|----------------|----------------|------------------------------|
| CHF million | | | | |
| Business volume | | | | |
| | | | | versus 30.6.13 |
| Gross premiums written (non-life) | 2,301.4 | 3,441.7 | 2,291.5 | - 0.4 |
| Gross premiums written (life) | 2,481.3 | 3,787.2 | 2,628.9 | 5.9 |
| Sub-total of IFRS gross premiums written¹ | 4,782.8 | 7,228.9 | 4,920.3 | 2.9 |
| Investment-type premiums | 672.6 | 1,780.6 | 910.4 | 35.4 |
| Total business volume | 5,455.4 | 9,009.5 | 5,830.7 | 6.9 |
| CHF million | | | | |
| Operating performance | | | | |
| | | | | versus 30.6.13 |
| Consolidated profit / loss for the period before borrowing costs and taxes | | | | |
| Non-life | 224.7 | 366.3 | 193.1 | - 14.1 |
| Life ² | 99.4 | 261.1 | 249.2 | 150.6 |
| Banking | 40.7 | 75.4 | 40.6 | - 0.2 |
| Other activities | - 13.6 | - 44.5 | - 24.5 | 79.9 |
| Profit for the period (attributable to shareholders) | 244.8 | 452.6 | 349.9 | 42.9 |
| CHF million | | | | |
| Balance sheet | | | | |
| | | | | versus 31.12.13 |
| Technical reserves | 48,466.3 | 47,435.6 | 49,274.5 | 3.9 |
| Equity | 4,555.4 | 4,906.4 | 5,295.9 | 7.9 |
| As a percentage | | | | |
| Ratios | | | | |
| Gross combined ratio (non-life) | 93.0 | 93.1 | 93.3 | - |
| Net combined ratio (non-life) | 94.5 | 94.9 | 93.2 | - |
| New business margin (life) | 17.3 | 13.5 | 11.3 | - |
| Investment yield (insurance) ³ | 1.7 | 3.3 | 2.0 | - |
| CHF million | | | | |
| Embedded value of life insurances policies | | | | |
| | | | | versus 30.6.13 |
| Annual premium equivalent (APE) | 175.7 | 333.2 | 226.0 | 28.6 |
| Value of new business | 30.3 | 44.9 | 25.5 | - 16.0 |
| CHF million | | | | |
| Key figures on Baloise shares | | | | |
| | | | | versus 31.12.13 ⁴ |
| Shares issued (units) | 50,000,000 | 50,000,000 | 50,000,000 | 0.0 |
| Basic earnings per share (CHF) | 5.22 | 9.65 | 7.45 | 42.7 |
| Diluted earnings per share (CHF) | 5.19 | 9.38 | 7.37 | 42.0 |
| Equity per share (CHF) ⁵ | 96.3 | 103.5 | 111.9 | 8.1 |
| Closing price (CHF) | 91.85 | 113.60 | 104.50 | - 8.0 |
| Market capitalisation (CHF million) | 4,592.5 | 5,680.0 | 5,225.0 | - 8.0 |

1 Premiums written and policy fees (gross).

2 Of which latent effects arising from gains/losses in other operating segments:
30 June 2013 CHF - 2.0 million; 31 December 2013 CHF - 1.7 million; 30 June 2014 CHF 1.5 million.

3 Insurance assets excl. investment-type assets; investment yield incl. costs, excl. movements in unrealised capital gains.

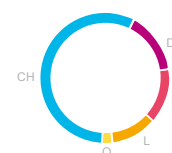
4 Changes in earnings per share compared with 30 June 2013.

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

6 Insurance assets excl. investment-type assets.

BUSINESS VOLUME (GROSS) BY STRATEGIC BUSINESS UNITS

As a percentage



| | |
|--------------------------------|------|
| Switzerland | 57.4 |
| Germany | 16.3 |
| Belgium | 13.7 |
| Luxembourg | 10.4 |
| Other units and Group business | 1.8 |

COMBINED RATIO NET PERFORMANCE, HALF-YEAR FIGURES 2010-2014

As a percentage



ALLOCATION OF INVESTMENTS (INSURANCE)⁶

As a percentage



| | |
|------------------------------|----|
| Fixed-income securities | 55 |
| Mortgages loans | 8 |
| Policies & other loans | 15 |
| Investment property | 10 |
| Shares & investment funds | 7 |
| Other short-term investments | 3 |
| Alternative financial assets | 2 |

Further information

- [Media information at www.baloise.com](http://www.baloise.com)
- [H1 2014 report \(PDF\)](#)
- [Presentation for H1 financial statements \(PDF\)](#)
- [Video statement by Martin Strobel >> Play](#)
- [Picture of Martin Strobel](#)
- [Media kit for H1 2014](#)

Important dates

- **Thursday 28 August 2014:** Conference calls for the half-year financial results
 - Newswires: 07:15 CET
 - Media: 09:30 CET
 - Analysts: 11:00 CET

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- **Friday 14 November 2014:** Q3 2014 interim statement

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Headquartered in Basel, Switzerland, the Baloise Group is a European provider of insurance and pension solutions and has positioned itself as a market player that offers an intelligent 'Safety World' prevention strategy. In Switzerland the Company operates as a focused financial services provider, offering a combination of insurance and banking services. It also has a market presence in Belgium, Germany, Liechtenstein and Luxembourg. Its distribution network includes its own sales organisation as well as brokers and other partners. The Company uses its competence centre in Luxembourg to run its business in innovative pension products for private customers throughout Europe. Baloise Holding Ltd shares are listed in the main segment of the SIX Swiss Exchange. The Baloise Group employs some 8,000 people.

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