

Bâloise Holding Ltd

HALF-YEAR REPORT

2014

Bâloise Holding Ltd
Half-Year Report 2014

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Key figures

	30.6.2013	31.12.2013	30.06.2014	Change (%)
CHF million				
Business volume				versus 30.06.13
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-linked 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 profit (loss)				versus 30.06.13
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	150.7
Banking	40.7	75.4	40.6	-0.2
Other activities	-13.6	-44.5	-24.5	80.1
Consolidated profit for the period	246.5	455.4	351.5	42.6
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
Per cent				
Ratios				
Gross combined ratio (non-life)	93.0	93.1	93.3	
Net combined ratio (non-life)	94.5	94.9	93.2	
Key figures on the Company's shares				
				versus 31.12.13 ³
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 ⁴ (CHF)	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 deferred gains/losses from 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 Changes in earnings per share compared with 30 June 2013.

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

The outstanding financial results that Baloise is reporting for the first six months of 2014 once again underscore the Company's strength and solidity. We are focusing on attractive segments in core markets where we are well positioned. We are generating robust growth in our target segments. Our core insurance business is not the only segment that is very successful and highly profitable; Baloise's investments have also delivered an excellent performance. The Company is strongly capitalised. Standard & Poor's has acknowledged this strength by upgrading our credit rating to A with a stable outlook in the middle of this year. We can therefore assure our shareholders that their company is performing highly successfully.

Our workforce of some 8,000 people go the extra mile every day for our customers and owners. Our aspiration is to constantly improve our offering and to further enhance the value

already added in recent years. As the performance of our share price shows, we have excelled in this respect thus far. We are very proud to be one of the most profitable insurance companies in Europe.

The Baloise Group raised its earnings for the first six months of 2014 by roughly 43 per cent year on year to CHF 350 million, which was its best first-half profit since 2007. All business divisions and regional units contributed to this result. We focused on enhancing our efficiency and profitable growth. We therefore concentrated on core European markets that made a substantial contribution to the Baloise Group's success. As part of this strategic focus we sold our Croatian and Serbian units earlier this year. Because it was not possible for us to significantly expand Basler Austria within a reasonable timeframe, we signed an agreement on 15 May 2014 to sell this company to the Helvetia

Group. The disposal of this Austrian subsidiary marked the completion of our consolidation process. We are now focusing on our core markets of Switzerland, Belgium, Germany and Luxembourg, where we intend to strengthen our profitability and continue to grow.

“Seeking out attractive opportunities for growth”

The Baloise Group expanded its total volume of business by roughly 7 per cent to CHF 5,831 million in the first half of this year. Our strategic objective is to grow in markets that are attractive. As far as our life insurance activities are concerned, this approach is clearly illustrated by our Swiss unit's group life business, where we offer interesting solutions and are expanding our pure-play risk business. In Belgium, our investment-linked life insurance business is achieving especially encouraging growth because we are covering the specific needs of the local market and have forged partnerships with banks, developing a new hybrid product that combines the features of both conventional and investment-linked life insurance. However, targeting growth in attractive segments also means focusing on highly profitable niche markets and foregoing some business volumes. In Germany we are therefore exiting the motor fleet insurance market and are significantly scaling back our business with large industrial enterprises in certain sectors. The decline in premiums written in our German non-life insurance business can therefore be attributed to the targeted optimisations made to our business mix and the desire to restructure our client portfolio. The Baloise Group's impressive net combined ratio of 93.2 per cent is proof positive that we are improving the quality of our customer base. Although the level of large claims incurred in the first half of 2014 remained virtually unchanged year on year, the claims ratio fell by an encouraging 1.5 percentage points.

In addition to claims prevention, reliable and consistent asset management constitutes one of our core competences. The strong growth in our business has increased the size of our investment portfolios, on which we achieved an impressive net return of 2.0 per cent in the first half of 2014, which was

37 basis points higher than in the prior-year period. We managed to do so because the higher income we earned from equities and other alternative investments and the gains achieved on interest-rate hedging instruments compensated for the lower income received from fixed-income investments.

The Baloise Group's robust profitability has enabled it to generate strong cash flows. The key to this success lies in the genuine added value that we offer our customers through our Safety World. This is made possible by our staff, for whom we aspire to be an employer of choice in return. Thanks to our earnings power, our market position and our workforce, we are ideally placed to write the next chapter in the success story that is Baloise.

These outstanding half-year financial results reaffirm the strategic approach that we have 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 consistent, attractive dividends.

Basel, August 2014



Dr Andreas Burckhardt

Chairman of the Board of Directors



Dr Martin Strobel

Group CEO

Excellent earnings driven by profitable growth

OVERVIEW OF OPERATING PERFORMANCE

The profit reported by Baloise for the first six months of 2014 constituted its best first-half earnings since 2007, rising by 42.9 per cent year on year to CHF 349.9 million. All business divisions and national Baloise companies once again contributed to this result. Whereas the volume of premiums under IFRS in the non-life division contracted by a modest 0.4 per cent, the Baloise Group expanded the volume of premiums written in its life insurance division by 5.9 per cent. Although profit before borrowing costs and taxes in the non-life business declined, the net combined ratio improved to 93.2 per cent. Profitability in the life insurance business rose sharply. The Baloise Group's investments delivered an excellent performance. While recurring income fell only slightly year on year despite persistently low interest rates, net income was well above its prior-year level. The banking business compensated for its lower net interest income by increasing its business volumes and cutting its costs, so that its profit before borrowing costs and taxes remained virtually unchanged year on year. Baloise has a very strong balance sheet. Its consolidated equity grew by 7.9 per cent to CHF 5,295.9 million primarily on the back of the outstanding profit for the period and the lower level of interest rates, which resulted in higher 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". The total volume of business, which includes investment-linked life insurance, grew by 7.2 per cent in local-currency terms and by 6.9 per cent in Swiss francs to CHF 5,830.7 million.

BUSINESS VOLUME 2014 (GROSS) BY STRATEGIC BUSINESS UNITS

Per cent

→ Switzerland	57.7
→ Germany	16.3
→ Belgium	13.7
→ Luxembourg	10.4
→ Other units and Group business	1.8



Baloise's non-life division (indemnity and personal insurance) generated a profit of CHF 193.1 million before borrowing costs and taxes (H1 2013: CHF 224.7 million). Although the non-life business improved its technical result, its profit before borrowing costs and taxes fell by 14.1 per cent year on year owing to restructuring costs and the higher level of large claims incurred in Germany, natural disasters in Belgium and the lower amount of gains realised on investments. Whereas the expense ratio edged up marginally, the claims ratio declined by a pleasing 1.5 percentage points. The net combined ratio fell by 1.3 percentage points year on year to an impressive 93.2 per cent. Because it was focusing on attractive target segments, Baloise slightly reduced its volume of premiums under IFRS by 0.4 per cent to CHF 2,291.5 million.

COMBINED RATIO NET PERFORMANCE, HALF-YEAR FIGURES

Per cent

2014	93.2
2013	94.5
2012	92.7
2011	93.0
2010	90.2

The life insurance division more than doubled its profit before borrowing costs and taxes year on year to CHF 249.2 million. The excellent amount of financial income more than compensated for the lower technical result arising from the level of interest rates. In its life insurance business the Baloise Group benefited from the impact of its interest-rate hedging instruments (rise in the value of tradable interest-rate derivatives used to hedge against adverse movements in market rates) and from the strong demand for attractive solutions in its group life business. It expanded the volume of business in its conventional life insurance by 6.1 per cent in local-currency terms. Volumes in its investment-linked products grew by 36.1 per cent year on year in local-currency terms mainly on the back of its Luxembourg-based unit-linked business.

The new business transacted in the first half of 2014 was worth CHF 25.5 million (H1 2013: CHF 30.3 million). This year-on-year decrease – despite larger volumes – was attributable to lower interest rates. The new business margin came to 11.3 per cent (H1 2013: 17.3 per cent).

Profit before borrowing costs and taxes in the banking division remained virtually unchanged year on year at CHF 40.6 million (H1 2013: CHF 40.7 million) and was largely attributable to the robust operating performances delivered by Baloise Asset Management and [Baloise Bank SoBa](#).

The benign market conditions prevailing at the end of 2013 deteriorated in the first half of 2014 in response to turmoil in emerging markets, disappointing fundamentals and the spectre of deflation in the eurozone. Developments in Ukraine exacerbated this trend in the second quarter. Heightened risk aversion translated into a marked decline in risk-free interest rates. Nonetheless, equity markets – supported by central banks' consistently expansionary monetary policies – still managed to generate positive returns. Baloise's [investments](#) delivered an exceptional performance in this environment.

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. This amounted to a net return of 2.0 per cent on insurance

assets (H1 2013: 1.7 per cent). Despite interest rates remaining low, recurring income declined only modestly year on year from CHF 913.1 million to CHF 896.6 million in the first six months of 2014.

The recent fall in risk-free interest rates caused the prices of the bonds in our portfolio to rise sharply – with the corresponding effect recognised in equity – and book gains to be recognised on interest-rate derivatives. 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 3.8 per cent, which was well above the prior-year figure of 0.5 per cent.

Baloise increased its equity exposure further. Hedge funds and private equity yielded positive returns. The impairment losses recognised on financial instruments with characteristics of equity amounted to CHF 9.4 million (gross). Investment property continued to yield stable returns and slightly higher valuations. Mortgages consistently maintained their value.

ASSET ALLOCATION IN INSURANCE¹

	31.12.2013			30.06.2014		
	Non-life	Life	Total	Non-life	Life	Total
CHF million						
Investment property	782.1	4,675.6	5,457.8	794.3	4,768.9	5,563.3
Equities	1,064.8	2,068.0	3,132.8	1,146.8	2,461.4	3,608.3
Alternative financial assets	270.0	985.0	1,255.0	285.5	1,034.0	1,319.5
Fixed-income securities	5,369.3	24,798.6	30,167.9	5,348.3	25,563.2	30,911.5
Mortgage assets	393.3	4,288.7	4,682.0	426.5	4,250.9	4,677.4
Policy loans and other loans	1,247.8	6,357.3	7,605.2	1,338.0	6,792.8	8,130.8
Derivative financial instruments	17.0	196.8	213.8	5.0	266.6	271.6
Cash and cash equivalents	470.9	1,120.3	1,591.3	363.2	1,031.3	1,394.5
Total	9,615.4	44,490.3	54,105.7	9,707.8	46,169.1	55,876.9

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

PERFORMANCE AND TRENDS IN THE REGIONAL MARKETS

Switzerland

Our business in Switzerland delivered yet another impressive performance in terms of its profitability and strong growth. Its profit before borrowing costs and taxes jumped by more than 45 per cent to CHF 301.6 million. Its total volume of business increased by 6.5 per cent to CHF 3,366.8 million.

The lower level of claims incurred compared with the first half of 2013 had a positive impact on the gross combined ratio, which fell by 3.4 percentage points to 83.3 per cent. The volume of non-life insurance premiums written contracted by a modest 0.2 per cent to CHF 1,060.1 million owing to the cautious underwriting of daily sickness allowance insurance and group accident insurance.

The life insurance division reported excellent financial results. The volume of conventional product premiums written grew by 8.1 per cent to CHF 2,202.1 million. The Swiss unit expanded the volume of its investment-linked life insurance business by an outstanding 71 per cent to CHF 104.6 million.

Baloise Bank SoBa (all figures according to local accounting standards) slightly improved on the profit that it had reported for the first half of 2013 and, despite interest rates remaining low, it generated encouraging growth. Its customer deposits increased by 3.6 per cent, its profit for the period rose to CHF 12.8 million and its total assets expanded by 3.9 per cent to CHF 7.1 billion.

Germany

The financial results achieved in Germany were affected by the ongoing restructuring programme. Profit before borrowing costs and taxes fell by 26.7 per cent to CHF 17.1 million in the first half of 2014 owing to the cost of social compensation plans. These restructuring efforts reduced the overall level of claims incurred, which was reflected in the fact that the claims ratio declined by 2.2 percentage points. Consequently, the gross combined ratio also fell, amounting to 103.3 per cent in the first six months of 2014. The total volume of business transacted by the German unit shrank by 4.0 per cent in local-currency terms and by 4.7 per cent in Swiss francs to CHF 952.9 million. The unit's growth mirrored that of the German life insurance

market, which contracted in aggregate. The decline in premiums written in the non-life insurance business was attributable to the restructuring of our client portfolio and the improvements made to our business mix; for example, we started to exit the motor fleet insurance market and to significantly scale back our business with large industrial enterprises in certain sectors.

Belgium

Our business in Belgium raised its profit for the period before borrowing costs and taxes by 45.5 per cent to CHF 95.2 million, thereby making the largest contribution to the Baloise Group's net profit after the Swiss unit. Income from non-life insurance premiums increased. Despite the fact that the expense ratio fell, the gross combined ratio rose to 101.6 per cent because the claims ratio was 8.9 percentage points higher. The reason for this was the hail storm that occurred in June. The total volume of business grew by 12.7 per cent to CHF 800.3 million. Business in investment-linked life insurance achieved encouraging growth of 83.1 per cent on the back of partnerships forged with banks and a new hybrid product that combined the features of both conventional and investment-linked life insurance.

Luxembourg

The business unit in Luxembourg remained highly successful and earned a profit of CHF 15.7 million before borrowing costs and taxes, which constituted a year-on-year increase of 82.3 per cent. This sharp rise was attributable to the unit's impressive operating performance coupled with positive integration-related effects. Our business in Luxembourg achieved an excellent gross combined ratio of 81.6 per cent, which was the lowest in the Baloise Group. By acquiring the Luxembourg business of the Belgian firm P&V Assurances, our Luxembourg unit expanded its volume of business – which had already been increasing anyway – by 31.7 per cent to CHF 607.3 million.

OUTLOOK

These impressive 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 consistent, attractive dividends.

BALOISE SHARES

Equity markets performed fairly well in the first half of 2014. The festering conflicts in eastern Europe and the Middle East repeatedly triggered heightened stock market volatility. The Swiss Market Index gained 4.3 per cent during the first six months of the year, while the level of the European insurance sector index was the same at the end of this period as it had been at the beginning. The European Central Bank cut its key interest rate in order to boost banks' sluggish lending and counter the threat of deflation. The prospect of central banks continuing their highly expansionary monetary policies caused interest

rates to fall sharply in the first half of the year. This trend depressed the share prices of insurers that engage in life business.

These market conditions also affected the performance of Baloise shares, which closed the first six months of 2014 at CHF 104.50. The shares in Baloise Holding Ltd 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

	30.6.2013	31.12.2013	30.06.2014	Change (%) versus 31.12.2013 ¹
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 ² (CHF)	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

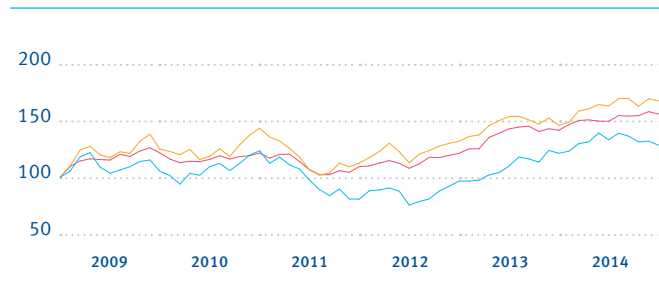
1 Changes in earnings per share compared with 30 June 2013.

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 2009 – 2014



1 30. Juni 2009 = 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 2013	Group	Switzerland	Germany	Belgium	Luxembourg ²	Other units ³
CHF million						
Non-life	2,301.4	1,061.8	576.1	523.0	50.3	87.4
Life	2,481.3	2,037.8	302.8	79.0	37.4	24.4
Sub-total of IFRS gross premiums written¹	4,782.8	3,099.6	878.9	602.0	87.7	111.7
Investment-linked premiums	672.6	61.2	121.0	108.2	373.6	8.7
Total business volume	5,455.4	3,160.8	999.9	710.2	461.3	120.4

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 written¹	4,920.3	3,262.2	837.8	602.2	123.8	91.4
Investment-linked 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

1 Premiums written and policy fees (gross).

2 Including Baloise Life Liechtenstein.

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

PREMIUMS EARNED (GROSS)

FIRST HALF OF THE YEAR

	Non-life		Life		Total	
	2013	2014	2013	2014	2013	2014
CHF million						
IFRS gross premiums written	2,301.4	2,291.5	2,481.3	2,628.9	4,782.8	4,920.3
Change in unearned premium reserves	-622.0	-610.4	-	-	-622.0	-610.4
Premiums earned and policy fees	1,679.5	1,681.1	2,481.3	2,628.9	4,160.8	4,309.9

NON-LIFE GROSS PREMIUMS BY SECTOR

	1 st half	1 st half	+/- %
	2013	2014	
CHF million			
Accident	318.6	305.8	-4.0
Health	109.3	104.9	-4.0
General liability	257.0	247.6	-3.7
Motor	787.3	786.1	-0.2
Property	642.9	662.5	3.0
Marine	110.8	104.8	-5.4
Other	42.8	46.3	8.2
Inward reinsurance	32.6	33.5	2.8
Gross premiums written, non-life	2,301.4	2,291.5	-0.4

LIFE GROSS PREMIUMS BY SECTOR

	1 st half	1 st half	+/- %
	2013	2014	
CHF million			
Business volume of single premiums	1,349.5	1,695.6	25.6
Business volume of periodic premiums	1,804.5	1,843.7	2.2
Investment-linked premiums	-672.6	-910.4	35.4
Gross premiums written (life)	2,481.3	2,628.9	5.9

GROSS COMBINED RATIO

30 June 2013	Group	Switzerland	Germany	Belgium	Luxembourg	Other units ¹
As a percentage of premiums earned						
Claims ratio ²	62.0	61.7	69.8	58.0	47.1	58.8
Expense ratio	31.0	25.0	34.5	35.5	33.3	35.8
Combined ratio	93.0	86.7	104.3	93.5	80.4	94.6

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

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

2 Including profit-sharing ratio.

GROSS AND NET COMBINED RATIOS AS AT 30 JUNE

	Gross		Net	
	2013	2014	2013	2014
As a percentage of premiums earned				
Claims ratio ¹	62.0	62.3	62.5	61.0
Expense ratio	31.0	31.0	32.0	32.2
Combined ratio	93.0	93.3	94.5	93.2

1 Including profit-sharing ratio.

Condensed consolidated balance sheet

(unaudited)

	31.12.2013	30.06.2014
CHF million		
Assets		
Property, plant and equipment	422.5	410.1
Intangible assets	1,080.3	1,019.5
Investments in associates	222.0	233.2
Investment property	5,685.9	5,781.2
Financial assets of an equity nature		
Available for sale	4,096.4	4,444.7
Recognised at fair value through profit or loss	7,248.0	7,835.3
Financial assets of a debt nature		
Held to maturity	8,100.7	8,259.8
Available for sale	22,431.0	23,000.0
Recognised at fair value through profit or loss	1,795.5	1,761.0
Mortgages and loans		
Carried at cost	17,373.4	18,013.5
Recognised at fair value through profit or loss	956.1	844.0
Derivative financial instruments	410.7	545.5
Receivables from financial contracts		
Carried at cost	389.4	404.3
Recognised at fair value through profit or loss	–	–
Reinsurance assets	396.4	478.6
Receivables from reinsurers	21.7	31.8
Insurance receivables	518.4	574.0
Receivables from employee benefits	0.7	11.3
Other receivables	257.0	277.4
Receivables from investments	612.5	536.5
Deferred tax assets	56.0	52.7
Current income tax assets	47.8	49.1
Other assets		
Carried at cost	165.4	237.0
Recognised at fair value through profit or loss	47.3	52.3
Cash and cash equivalents	2,960.8	2,951.1
Non-current assets and disposal groups classified as held for sale	401.0	593.4
Total assets	75,696.9	78,397.2

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

	31.12.2013	30.06.2014
CHF million		
Equity and liabilities		
Equity		
Share capital	5.0	5.0
Capital reserves	233.1	241.2
Treasury shares	-240.8	-260.6
Unrealised gains and losses (net)	-68.1	216.4
Retained earnings	4,926.7	5,053.0
Equity before non-controlling interests	4,855.9	5,255.0
Non-controlling interests	50.5	40.9
Total equity	4,906.4	5,295.9
Liabilities		
Technical reserves (gross)	47,435.6	49,274.5
Liabilities arising from the banking business and financial contracts		
With discretionary participation features (DPF)	1,492.7	1,621.3
Measured at amortised cost	7,258.4	7,424.8
Recognised at fair value through profit or loss	7,791.1	8,059.2
Financial liabilities	1,697.6	1,700.3
Provisions	129.4	169.7
Derivative financial instruments	68.2	80.4
Insurance liabilities	2,118.0	1,380.2
Liabilities arising from employee benefits	989.5	1,153.5
Other accounts payable	445.2	567.6
Deferred tax liabilities	882.3	991.4
Current income tax liabilities	50.2	64.5
Other liabilities	78.6	89.6
Liabilities included in disposal groups classified as held for sale	353.9	524.1
Total liabilities	70,790.5	73,101.3
Total equity and liabilities	75,696.9	78,397.2

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

Condensed consolidated income statement

(unaudited)

	1 st half	1 st half
	2013	2014
CHF million		
Income		
Premiums earned and policy fees (gross)	4,160.8	4,309.9
Reinsurance premiums ceded	-82.0	-84.9
Premiums earned and policy fees (net)	4,078.8	4,225.1
Investment income	913.1	896.6
Realised gains and losses on investments	155.3	662.2
Income from services rendered	60.5	55.7
Share of profit (loss) of associates	37.0	4.7
Other operating income	66.1	70.9
Income	5,310.8	5,915.3
Expense		
Claims and benefits paid (gross)	-2,770.0	-2,880.5
Change in technical reserves (gross)	-1,228.6	-1,368.9
Reinsurers' share of claims incurred	39.7	74.8
Acquisition costs	-238.2	-271.2
Operating and administrative expenses for insurance business	-435.8	-446.9
Investment management expenses	-35.5	-34.3
Interest expenses on insurance liabilities	-23.8	-21.6
Gains or losses on financial contracts	-56.9	-301.2
Other operating expenses	-210.4	-207.4
Expense	-4,959.6	-5,457.0
Profit for the period before borrowing costs and taxes	351.2	458.3
Borrowing costs	-28.4	-21.7
Profit for the period before taxes	322.8	436.6
Income taxes	-76.2	-85.0
Profit for the period	246.5	351.5
Attributable to:		
Shareholders	244.8	349.9
Non-controlling interests	1.8	1.7
Earnings / loss per share		
Basic (CHF)	5.22	7.45
Diluted (CHF)	5.19	7.37

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
	2013	2014
CHF million		
Profit for the period	246.5	351.5
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	119.8	– 218.0
Change arising from shadow accounting	– 10.0	36.9
Income taxes	– 23.9	42.6
Total items not to be reclassified to the income statement	85.9	– 139.0
Items to be transferred to the income statement		
Change in unrealised gains and losses on available-for-sale financial assets	– 563.8	968.6
Change in unrealised gains and losses on associates	– 15.7	12.7
Change in hedging reserves for derivative financial instruments held as cash flow hedges	–	–
Change in hedging reserves for derivative financial instruments held as hedges of a net investment in a foreign operation	– 37.6	1.5
Change in reserves arising from reclassification of held-to-maturity financial assets	– 1.4	– 1.7
Change arising from shadow accounting	253.6	– 442.4
Exchange differences	83.9	28.2
Income taxes	88.7	– 143.7
Total items to be transferred to the income statement	– 192.3	423.2
Other comprehensive income	– 106.5	284.2
Comprehensive income (for the period)	140.1	635.7
Attributable to:		
Shareholders	137.8	634.3
Non-controlling interests	2.3	1.4

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
	2013	2014
CHF million		
Summary		
Cash flow from operating activities (net)	445.5	162.7
Cash flow from investing activities (net)	23.2	83.0
Cash flow from financing activities (net)	-581.6	-245.2
Total cash flow	-112.9	0.5
Effect of changes in exchange rates on cash and cash equivalents	18.2	-8.7
Reclassification to non-current assets and disposal groups classified as held for sale	-	-1.5
Cash and cash equivalents as at 1 January	2,923.7	2,960.8
Cash and cash equivalents as at 30 June	2,829.0	2,951.1
Cash flow from operating activities		
Profit for the period before taxes	322.8	436.6
Adjustments for		
Depreciation, amortisation and impairment of property, plant and equipment and of intangible assets	47.8	37.1
Realised gains and losses on property, plant and equipment and on intangible assets	0.7	-0.1
Income from investments in associates	-37.8	-4.7
Realised gains and losses on financial assets, investment property and associates	-154.6	-661.4
Changes in other financial contracts	-6.7	237.3
Changes in technical reserves (gross), including unearned premium reserves	1,683.7	1,834.1
Interest expenses on reinsurance liabilities	0.1	0.4
Borrowing costs	28.4	21.7
Amortised cost valuation of financial instruments	8.5	5.0
Additions and disposals of assets and liabilities resulting in a cash flow		
Purchase / sale of investment property	-22.0	-53.7
Purchase / sale of financial assets of an equity nature	-555.8	-731.0
Purchase / sale of financial assets of a debt nature	-121.0	123.6
Addition / disposal of mortgages and loans	117.9	-614.6
Addition / disposal of derivative financial instruments	-124.7	-9.0
Addition / disposal of financial contracts and liabilities arising from banking business	-149.7	173.4
Other changes in assets and liabilities arising from operating activities	-535.8	-569.3
Taxes paid	-56.3	-62.6
Cash flow from operating activities (net)	445.5	162.7

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

	1 st half	1 st half
	2013	2014
CHF million		
Cash flow from investing activities		
Purchase of property, plant and equipment	-11.1	-8.2
Sale of property, plant and equipment	0.3	0.2
Purchase of intangible assets	-9.5	-7.4
Sale of intangible assets	-	-
Acquisition of companies, net of cash and cash equivalents	-	-16.4
Disposal of companies, net of cash and cash equivalents	-0.3	110.1
Purchase of investments in associates	-	-
Sale of investments in associates	7.8	-
Dividends from associates	36.0	4.7
Cash flow from investing activities (net)	23.2	83.0
Cash flow from financing activities		
Capital increases	-	-
Capital reductions	-	-
Additions to financial liabilities	224.5	-
Disposals of financial liabilities	-550.0	-
Borrowing costs paid	-29.2	-9.7
Purchase of treasury shares	-49.7	-52.2
Sale of treasury shares	34.9	40.5
Cash flow attributable to non-controlling interests	-0.3	-0.3
Dividends paid	-211.8	-223.6
Cash flow from financing activities (net)	-581.6	-245.2
Total cash flow	-112.9	0.5
Cash and cash equivalents		
Balance as at 1 January	2,923.7	2,960.8
Change during the period	-112.9	0.5
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	18.2	-8.7
Balance as at 30 June	2,829.0	2,951.1
Breakdown of cash and cash equivalents at the balance sheet date		
Cash and bank balances	1,859.7	2,127.1
Cash equivalents	0.0	0.0
Cash and cash equivalents for the account and at the risk of life insurance policyholders	969.3	823.9
Balance as at 30 June	2,829.0	2,951.1
Of which: restricted cash and cash equivalents	14.0	25.2

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

Condensed consolidated statement of changes in equity (unaudited)

2013	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 2013¹	5.0	218.3	-237.9	-67.8	4,685.9	4,603.5	37.8	4,641.3
Profit for the period	-	-	-	-	244.8	244.8	1.8	246.5
Other comprehensive income	-	-	-	-107.0	-	-107.0	0.5	-106.5
Comprehensive income	-	-	-	-107.0	244.8	137.8	2.3	140.1
Other changes in equity in 2013								
Dividend	-	-	-	-	-211.8	-211.8	-0.3	-212.1
Capital increase / repayment	-	-	-	-	-	-	-	-
Purchase / sale of treasury shares	-	7.8	-22.6	-	-	-14.8	-	-14.8
Increase / decrease in non-controlling interests due to change in the scope of consolidation	-	0.9	-	-	-	0.9	0.0	0.9
Increase / decrease in non-controlling interests due to change in percentage of shareholding	-	-	-	-	-	-	-	-
Balance as at 30 June 2013	5.0	227.0	-260.6	-174.8	4,718.9	4,515.6	39.9	4,555.4

1 The prior-year comparative figures have been restated owing to the first-time adoption of IAS 19 (amendment) and IFRS 10.

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

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.

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 2013 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 2013.

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 Offsetting Financial Assets and Financial Liabilities

This amendment relates to a situation in which two entities each owe money to the other. In this case, both entities are required to present their rights and obligations in respect of each other as a net amount on their respective balance sheets, provided that a range of strict conditions primarily focusing on the absolute enforceability of contractual rights are all satisfied. If a net amount is presented, disclosure requirements relating to rights associated with the transaction and any other associated arrangements must be satisfied. In addition, enhanced disclosures that also show the theoretical potential for offsetting are required (e. g. in cases of default). This amendment does not impact materially 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

During the first half of the reporting year, the real-estate company Singel Office Antwerpen NV, whose registered office is in Brussels, was acquired in Belgium and the net assets of the company P&V Assurances were acquired in Luxembourg.

All of the Croatian and Serbian companies were sold to the Austrian UNIQA Group on 11 March 2014.

Further real-estate companies in Germany were merged with existing companies as planned, continuing the process that had begun in 2013. These mergers had no net impact on the Baloise Group's profit for the period. In Luxembourg, the company Barosa S.à r.l. was sold in the first half of this year.

EXCHANGE RATES

CURRENCY	Balance sheet		Income statement	
	31.12.2013	30.06.2014	30.6.2013	30.06.2014
CHF				
1 EUR (euro)	1.23	1.21	1.23	1.22
1 USD (US dollar)	0.89	0.89	0.94	0.89
100 HRK (Croatian kunas)	16.10	16.03	16.24	16.02

SEGMENT REPORTING BY STRATEGIC BUSINESS UNIT (FIRST HALF YEAR)

	Switzerland		Germany		Belgium	
	2013	2014	2013	2014	2013	2014
CHF million						
Income						
Premiums earned and policy fees (gross)	2,700.1	2,865.7	741.7	706.6	537.4	542.9
Reinsurance premiums ceded	-86.8	-88.6	-48.9	-46.7	-34.2	-39.4
Premiums earned and policy fees (net)	2,613.2	2,777.1	692.8	659.9	503.2	503.5
Investment income	484.7	486.7	255.5	248.1	138.8	137.6
Realised gains and losses on investments	57.0	171.7	96.6	172.9	11.3	74.3
Income from services rendered	20.2	17.9	18.9	18.2	2.1	0.9
Share of profit (loss) of associates	0.0	0.0	37.7	4.7	-0.7	0.0
Other operating income	34.6	34.6	21.2	27.6	7.8	6.6
Income	3,209.8	3,488.1	1,122.7	1,131.4	662.5	723.0
Intersegment income	37.6	35.7	23.5	24.7	15.5	15.4
Income from associates	0.0	0.0	37.4	4.7	0.3	0.0
Expense						
Claims and benefits paid (gross)	-1,766.3	-1,825.4	-562.8	-593.5	-333.6	-351.6
Change in technical reserves (gross)	-900.3	-1,003.0	-286.6	-254.6	-44.8	-82.2
Reinsurers' share of claims incurred	47.7	29.7	50.8	58.4	9.4	62.4
Acquisition costs	-15.2	-41.5	-89.6	-93.1	-109.1	-115.4
Operating and administrative expenses for insurance business	-205.9	-211.5	-120.4	-123.4	-72.5	-66.5
Investment management expenses	-22.6	-22.4	-14.6	-14.6	-6.9	-6.9
Interest expenses on insurance liabilities	-2.2	-1.2	-20.8	-19.4	-0.3	-0.4
Gains or losses on financial contracts	-29.6	-30.5	-8.8	-12.0	-20.9	-31.3
Other operating expenses	-107.5	-80.7	-46.6	-62.0	-18.1	-35.9
Expense	-3,002.0	-3,186.5	-1,099.4	-1,114.2	-597.0	-627.8
Profit / loss for the period before borrowing costs and taxes	207.8	301.6	23.4	17.1	65.5	95.2
Borrowing costs	-	-	-	-	-	-
Profit / loss for the period before taxes	207.8	301.6	23.4	17.1	65.5	95.2
Income taxes	-42.1	-60.0	-6.8	3.8	-19.9	-31.3
Profit / loss for the period (segment result)	165.7	241.6	16.5	21.0	45.6	64.0
Segment assets as at 30 June	39,819.4	41,747.7	16,381.9	16,701.1	9,026.4	9,740.1
Segment assets as at 31 December 2013	40,370.7		16,264.8		9,189.9	

Luxembourg		Other units		Sub-total		Group business		Eliminated		Total	
2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
75.7	108.1	106.4	88.3	4,161.2	4,311.6	133.6	133.8	-134.0	-135.5	4,160.8	4,309.9
-9.3	-10.2	-38.3	-37.2	-217.5	-222.1	-0.3	-0.1	135.7	137.4	-82.0	-84.9
66.4	97.8	68.2	51.1	3,943.8	4,089.5	133.3	133.7	1.7	1.9	4,078.8	4,225.1
8.4	11.2	16.3	5.6	903.8	889.2	10.6	8.4	-1.3	-1.0	913.1	896.6
-23.6	228.6	0.8	6.0	142.2	653.5	13.1	8.7	-	-	155.3	662.2
6.3	6.9	3.7	1.9	51.2	45.8	67.8	73.1	-58.4	-63.2	60.5	55.7
-	-	-	-	37.0	4.7	-	-	-	-	37.0	4.7
10.5	10.7	0.7	3.6	74.8	83.1	17.1	10.9	-25.7	-23.1	66.1	70.9
68.0	355.2	89.7	68.2	5,152.7	5,765.9	241.8	234.8	-83.7	-85.4	5,310.8	5,915.3
-0.7	1.6	35.9	35.8	111.8	113.1	-195.5	-198.5	83.7	85.4	-	-
-	-	-	-	37.8	4.7	-	-	-	-	37.8	4.7
-34.5	-50.4	-67.5	-54.5	-2,764.6	-2,875.5	-55.5	-77.0	50.1	72.0	-2,770.0	-2,880.5
-5.7	-34.3	-1.3	-7.4	-1,238.8	-1,381.5	-26.1	-10.2	36.3	22.8	-1,228.6	-1,368.9
1.6	3.2	22.6	20.3	132.0	173.9	-4.2	-2.4	-88.2	-96.7	39.7	74.8
-5.2	-9.3	-19.4	-12.4	-238.5	-271.7	-11.8	-14.0	12.1	14.5	-238.2	-271.2
-18.3	-24.9	-7.0	-5.9	-424.0	-432.2	0.2	-0.2	-12.1	-14.5	-435.8	-446.9
-0.4	-0.5	-1.3	-1.1	-45.8	-45.5	-5.9	-5.8	16.3	17.1	-35.5	-34.3
-0.1	-0.3	-0.5	-0.5	-23.9	-21.7	-	-	0.2	0.2	-23.8	-21.6
9.7	-218.4	-0.2	-0.2	-49.9	-292.4	-8.3	-9.9	1.3	1.1	-56.9	-301.2
-6.5	-4.6	-7.2	-2.9	-186.0	-186.0	-92.1	-90.3	67.7	69.0	-210.4	-207.4
-59.4	-339.5	-81.8	-64.5	-4,839.5	-5,332.5	-203.9	-209.9	83.7	85.4	-4,959.6	-5,457.0
8.6	15.7	7.9	3.7	313.2	433.3	37.9	25.0	-	-	351.2	458.3
-	-	-	-	-	-	-28.4	-21.7	-	-	-28.4	-21.7
8.6	15.7	7.9	3.7	313.2	433.3	9.6	3.2	-	-	322.8	436.6
-1.6	-2.0	-4.6	-1.1	-75.0	-90.5	-1.2	5.5	-	-	-76.2	-85.0
7.1	13.8	3.3	2.6	238.2	342.8	8.4	8.7	-	-	246.5	351.5
7,733.9	8,781.4	994.8	607.5	73,956.4	77,577.7	1,806.1	1,964.1	-1,176.6	-1,144.6	74,585.9	78,397.2
8,161.2		975.6		74,962.2		1,871.6		-1,136.9		75,696.9	

SEGMENT REPORTING BY OPERATING SEGMENT (FIRST HALF YEAR)

	Non-life		Life	
	2013	2014	2013	2014
CHF million				
Income				
Premiums earned and policy fees (gross)	1,679.5	1,681.1	2,481.3	2,628.9
Reinsurance premiums ceded	-70.8	-73.4	-11.2	-11.4
Premiums earned and policy fees (net)	1,608.6	1,607.6	2,470.1	2,617.5
Investment income	151.3	145.6	689.5	685.1
Realised gains and losses on investments	49.7	8.4	97.0	648.5
Income from services rendered	8.8	9.7	7.2	6.9
Share of profit (loss) of associates	0.0	-	31.9	0.8
Other operating income	17.9	20.9	48.0	56.6
Income	1,836.3	1,792.2	3,343.7	4,015.4
Intersegment income	-24.0	-28.0	-14.8	-15.9
Income from associates	0.0	-	31.9	0.8
Expense				
Claims and benefits paid (gross)	-985.2	-991.4	-1,784.8	-1,889.0
Change in technical reserves (gross)	-66.9	-51.9	-1,161.7	-1,317.0
Reinsurers' share of claims incurred	35.5	65.6	4.1	9.3
Acquisition costs	-239.9	-229.5	1.6	-41.6
Operating and administrative expenses for insurance business	-271.8	-287.1	-164.0	-159.9
Investment management expenses	-10.9	-11.3	-45.8	-45.5
Interest expenses on insurance liabilities	-0.3	-0.5	-23.4	-21.1
Gains or losses on financial contracts	-0.3	-0.3	-22.7	-264.1
Other operating expenses	-71.8	-92.6	-47.5	-37.2
Expense	-1,611.6	-1,599.1	-3,244.3	-3,766.2
Profit / loss for the period before borrowing costs and taxes	224.7	193.1	99.4	249.2
Borrowing costs	-	-	-	-
Profit / loss for the period before taxes	224.7	193.1	99.4	249.2
Income taxes	-44.0	-39.0	-22.9	-49.6
Profit / loss for the period (segment result)	180.7	154.0	76.5	199.6

	Banking		Other activities		Eliminated		Total	
	2013	2014	2013	2014	2013	2014	2013	2014
	-	-	-	-	-	-	4,160.8	4,309.9
	-	-	-	-	-	-	-82.0	-84.9
	-	-	-	-	-	-	4,078.8	4,225.1
	78.6	72.8	8.8	9.3	-15.1	-16.2	913.1	896.6
	-2.3	0.4	11.0	5.0	-	-	155.3	662.2
	57.2	60.7	84.6	83.2	-97.1	-104.7	60.5	55.7
	-	-	5.1	3.9	-	-	37.0	4.7
	4.2	3.0	17.2	12.1	-21.2	-21.7	66.1	70.9
	137.6	136.8	126.7	113.5	-133.5	-142.5	5,310.8	5,915.3
	-27.4	-29.8	-67.4	-68.9	133.5	142.5	-	-
	-	-	5.9	3.9	-	-	37.8	4.7
	-	-	-	-	-	-	-2,770.0	-2,880.5
	-	-	-	-	-	-	-1,228.6	-1,368.9
	-	-	-	-	-	-	39.7	74.8
	-	-	-	-	-	-	-238.2	-271.2
	-	-	-	-	-	0.0	-435.8	-446.9
	-10.0	-11.6	-3.6	-2.9	34.8	37.1	-35.5	-34.3
	-	-	-	-	-	-	-23.8	-21.6
	-33.9	-36.3	-15.6	-16.7	15.6	16.2	-56.9	-301.2
	-53.0	-48.3	-121.1	-118.4	83.0	89.2	-210.4	-207.4
	-97.0	-96.2	-140.3	-138.0	133.5	142.5	-4,959.6	-5,457.0
	40.7	40.6	-13.6	-24.5	-	-	351.2	458.3
	-	-	-28.4	-21.7	-	-	-28.4	-21.7
	40.7	40.6	-42.0	-46.3	-	-	322.8	436.6
	-8.5	-6.2	-0.8	9.7	-	-	-76.2	-85.0
	32.2	34.4	-42.8	-36.5	-	-	246.5	351.5

SHARE CAPITAL

	Number of treasury shares	Number of shares in circulation	Number of shares issued	Share capital (CHF million)
Balance as at 1 January 2013	3,053,746	46,946,254	50,000,000	5.0
Purchase / sale of treasury shares	- 24,803	24,803	-	-
Capital increases	-	-	-	-
Share buy-back and cancellation	-	-	-	-
Balance as at 31 December 2013	3,028,943	46,971,057	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 2014	3,028,943	46,971,057	50,000,000	5.0
Purchase / sale of treasury shares	137,683	- 137,683	-	-
Capital increases	-	-	-	-
Share buy-back and cancellation	-	-	-	-
Balance as at 30 June 2014	3,166,626	46,833,374	50,000,000	5.0

The registered shares of Bâloise Holding are fully paid-up and each has a par value of CHF 0.10 (31 December 2013: 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 share capital of Bâloise Holding totals CHF 5.0 million and is divided into 50,000,000 registered, fully paid-up shares with a par value of CHF 0.10 each.

The Annual General Meeting held on 24 April 2014 voted to pay a gross dividend of CHF 4.75 per share for the 2013 financial year. This amounted to a total dividend distribution of CHF 237.5 million. Excluding the treasury shares held by Bâloise Holding at the time that the dividend was paid, the total distribution effectively amounted to CHF 223.6 million.

FINANCIAL LIABILITIES

No new bonds were placed nor were any bonds repaid during the reporting period.

INCOME FROM INVESTMENTS FOR OWN ACCOUNT AND AT OWN RISK

	1 st half	1 st half
	2013	2014
CHF million		
Investment property	129.2	129.9
Financial assets of an equity nature		
Available for sale	73.2	91.4
Recognised at fair value through profit or loss	0.0	4.7
Financial assets of a debt nature		
Held to maturity	124.6	117.0
Available for sale	318.5	304.2
Recognised at fair value through profit or loss	2.4	2.4
Mortgages and loans		
Carried at cost	254.1	235.7
Recognised at fair value through profit or loss	10.1	10.6
Cash and cash equivalents	1.0	0.8
Total income from investments for own account and at own risk	913.1	896.6

REALISED GAINS AND LOSSES ON INVESTMENTS

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

	1 st half	1 st half
	2013	2014
CHF million		
Realised gains and losses on investments for own account and at own risk	77.1	309.0
Realised gains and losses on investments for the account and at the risk of life insurance policyholders and third parties	78.2	353.2
Realised gains and losses on investments as recognised in the income statement	155.3	662.2

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

First half of 2013	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	116.6	–	–	–	–	116.6
Held to maturity ¹	–	–	36.1	–	–	36.1
Available for sale	–	68.5	135.0	–	–	203.5
Recognised at fair value through profit or loss	–	4.2	2.2	0.0	73.8	80.2
Carried at cost	–	–	–	5.9	–	5.9
Sub-total	116.6	72.7	173.4	6.0	73.8	442.4
Realised losses on disposals and book losses						
Investment property	–45.2	–	–	–	–	–45.2
Held to maturity ¹	–	–	–2.0	–	–	–2.0
Available for sale	–	–21.6	–16.8	–	–	–38.4
Recognised at fair value through profit or loss	–	–1.7	–1.0	–3.9	–250.9	–257.5
Carried at cost	–	–	–	–1.5	–	–1.5
Sub-total	–45.2	–23.3	–19.8	–5.4	–250.9	–344.6
Impairment losses recognised in profit or loss						
Held to maturity	–	–	–0.3	–	–	–0.3
Available for sale	–	–20.4	–0.5	–	–	–20.9
Carried at cost	–	–	–	–3.8	–	–3.8
Reversal of impairment losses recognised in profit or loss						
Held to maturity	–	–	–	–	–	–
Available for sale	–	–	1.4	–	–	1.4
Carried at cost	–	–	–	3.1	–	3.1
Sub-total	–	–20.4	0.5	–0.7	–	–20.6
Total realised gains and losses on investments	71.4	29.0	154.0	–0.1	–177.2	77.1

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 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.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

During the first half of the reporting year, all of the assets and associated liabilities of the Austrian companies were reclassified as held for sale. The sale is likely to be completed in the second half of 2014.

	Disposal groups		Non-current assets	
	31.12.2013 ¹	30.06.2014 ²	31.12.2013	30.06.2014
CHF million				
Property, plant and equipment	–	1.7	–	–
Intangible assets	19.9	39.3	–	–
Investment property	9.2	24.9	–	–
Financial assets	350.0	505.8	–	–
Other investments	–	–	–	–
Receivables	21.9	21.3	–	–
Other assets	–	0.4	–	–
Total assets	401.0	593.4	–	–
Technical reserves	335.4	464.3	–	–
Liabilities arising from banking business and financial contracts	0.7	–	–	–
Other financial obligations	12.2	57.6	–	–
Other liabilities	5.5	2.3	–	–
Total equity and liabilities	353.9	524.1	–	–
Unrealised losses directly associated with non-current assets and disposal groups classified as held for sale	39.3	17.9	–	–

1 The line items shown relate to the assets and associated liabilities of all Croatian and Serbian subsidiaries.

2 The line items shown relate to the assets and associated liabilities of all Austrian subsidiaries.

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

First half of 2013	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	3,885.9	3,885.9	1,965.8	950.4	969.6
Recognised at fair value through profit or loss	99.4	99.4	99.4	–	–
Financial assets of a debt nature					
Available for sale	22,446.8	22,446.8	22,394.8	51.9	–
Recognised at fair value through profit or loss	75.9	75.9	48.0	27.8	–
Mortgages and loans					
Recognised at fair value through profit or loss	855.3	855.3	–	855.3	–
Derivative financial instruments					
	267.6	267.6	1.7	265.9	–
Receivables from financial contracts					
Recognised at fair value through profit or loss	–	–	–	–	–
Total assets measured on a recurring basis	27,630.8	27,630.8	24,509.8	2,151.4	969.6
Liabilities measured on a recurring basis					
Liabilities arising from banking business and financial contracts					
Recognised at fair value through profit or loss	166.9	166.9	–	166.9	–
Derivative financial instruments					
	83.4	83.4	4.6	78.9	–
Total liabilities measured on a recurring basis	250.3	250.3	4.6	245.8	–

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 2013.

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

First half of 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	4,444.7	4,444.7	2,574.2	909.7	960.8
Recognised at fair value through profit or loss	492.6	492.6	180.6	312.0	–
Financial assets of a debt nature					
Available for sale	23,000.0	23,000.0	22,953.2	46.8	–
Recognised at fair value through profit or loss	62.4	62.4	39.4	23.0	–
Mortgages and loans					
Recognised at fair value through profit or loss	844.0	844.0	–	844.0	–
Derivative financial instruments	286.1	286.1	1.3	284.9	–
Receivables from financial contracts					
Recognised at fair value through profit or loss	–	–	–	–	–
Total assets measured on a recurring basis	29,129.8	29,129.8	25,748.7	2,420.3	960.8
Liabilities measured on a recurring basis					
Liabilities arising from banking business and financial contracts					
Recognised at fair value through profit or loss	218.0	218.0	–	218.0	–
Derivative financial instruments	79.0	79.0	12.9	66.1	–
Total liabilities measured on a recurring basis	297.0	297.0	12.9	284.1	–

Financial instruments measured on a non-recurring basis

The Baloise Group is obliged to apply accounting standard IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations) owing to the disposal of its Austrian units. The Baloise Group has assets and liabilities measured at fair value on a non-recurring basis as part of the disposal group recognised for this purpose. Information on the fair value of the disposal group can be found in the section on non-current assets held for sale and discontinued operations.

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

First half of 2013	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	6,357.7	6,357.7	6,261.0	45.0	51.7
Financial assets of a debt nature					
Recognised at fair value through profit or loss	1,681.5	1,681.5	1,646.9	34.6	–
Derivative financial instruments	180.6	180.6	29.0	151.6	–
Other assets					
Recognised at fair value through profit or loss	63.6	63.6	63.6	–	–
Total assets measured on a recurring basis	8,283.4	8,283.4	8,000.6	231.1	51.7
Liabilities measured on a recurring basis					
Liabilities arising from banking business and financial contracts					
Recognised at fair value through profit or loss	7,071.1	7,071.1	7,068.6	2.6	–
Derivative financial instruments	–	–	–	–	–
Total liabilities measured on a recurring basis	7,071.1	7,071.1	7,068.6	2.6	–

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 2013.

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

First half of 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	7,342.7	7,342.7	7,179.9	34.4	128.4
Financial assets of a debt nature					
Recognised at fair value through profit or loss	1,698.7	1,698.7	1,665.5	33.2	–
Derivative financial instruments	259.4	259.4	63.5	195.9	–
Other assets					
Recognised at fair value through profit or loss	52.3	52.3	52.3	–	–
Total assets measured on a recurring basis	9,353.0	9,353.0	8,961.2	263.5	128.4
Liabilities measured on a recurring basis					
Liabilities arising from banking business and financial contracts					
Recognised at fair value through profit or loss	7,841.2	7,841.2	7,840.0	1.2	–
Derivative financial instruments	1.4	1.4	1.4	–	–
Total liabilities measured on a recurring basis	7,842.6	7,842.6	7,841.4	1.2	–

Financial instruments measured on a non-recurring basis

The Baloise Group is obliged to apply accounting standard IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations) owing to the disposal of its Austrian units. The Baloise Group has assets and liabilities measured at fair value on a non-recurring basis as part of the disposal group recognised for this purpose. Information on the fair value of the disposal group can be found in the section on non-current assets held for sale and discontinued operations.

**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 2013		
CHF million		
Assets and liabilities measured on a recurring basis		
Balance as at 1 January	714.0	714.0
Additions	43.1	43.1
Additions arising from change in the scope of consolidation	–	–
Additions arising from change in the percentage of shareholding	–	–
Disposals	– 25.3	– 25.3
Disposals arising from change in the scope of consolidation	–	–
Reclassified to Level 3 ¹	280.1	280.1
Reclassified from Level 3 ¹	– 66.0	– 66.0
Changes in fair value recognised in profit or loss ²	– 6.1	– 6.1
Changes in fair value not recognised in profit or loss ³	14.9	14.9
Exchange differences	15.0	15.0
Balance as at 30 June	969.6	969.6
Changes in fair value of financial instruments held at the balance sheet date and recognised in profit or loss	– 6.1	– 6.1

1 Any reclassification of financial instruments either to or from Level 3 during the reporting period was mainly attributable to market inactivity coupled with unobservable inputs or to the cancellation of the lock-up period applicable to certain hedge funds.

2 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.

3 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
First half of 2014	Available for sale	
CHF million		
Assets and liabilities measured on a recurring basis		
Balance as at 1 January	959.0	959.0
Additions	25.1	25.1
Additions arising from change in the scope of consolidation	–	–
Additions arising from change in the percentage of shareholding	–	–
Disposals	– 39.5	– 39.5
Disposals arising from change in the scope of consolidation	–	–
Reclassified to Level 3 ¹	–	–
Reclassified from Level 3 ¹	–	–
Reclassification to non-current assets and disposal groups classified as held for sale	–	–
Changes in fair value recognised in profit or loss ²	– 2.7	– 2.7
Changes in fair value not recognised in profit or loss ³	24.9	24.9
Exchange differences	– 6.0	– 6.0
Balance as at 30 June	960.8	960.8
Changes in fair value of financial instruments held at the balance sheet date and recognised in profit or loss	– 2.7	– 2.7

1 Any reclassification of financial instruments either to or from Level 3 during the reporting period was mainly attributable to market inactivity coupled with unobservable inputs or to the cancellation of the lock-up period applicable to certain hedge funds.

2 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.

3 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	
First half of 2013		
CHF million		
Assets and liabilities measured on a recurring basis		
Balance as at 1 January	53.2	53.2
Additions	4.8	4.8
Additions arising from change in the scope of consolidation	–	–
Additions arising from change in the percentage of shareholding	–	–
Disposals	–7.1	–7.1
Disposals arising from change in the scope of consolidation	–	–
Reclassified to Level 3 ¹	–	–
Reclassified from Level 3 ¹	–	–
Changes in fair value recognised in profit or loss ²	–0.2	–0.2
Exchange differences	1.0	1.0
Balance as at 30 June	51.7	51.7
Changes in fair value of financial instruments held at the balance sheet date and recognised in profit or loss	–0.2	–0.2

1 No financial instruments were reclassified either to or from Level 3 during the reporting period.

2 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 2014		
CHF million		
Assets and liabilities measured on a recurring basis		
Balance as at 1 January	51.8	51.8
Additions	73.9	73.9
Additions arising from change in the scope of consolidation	–	–
Additions arising from change in the percentage of shareholding	–	–
Disposals	0.0	0.0
Disposals arising from change in the scope of consolidation	–	–
Reclassified to Level 3 ¹	–	–
Reclassified from Level 3 ¹	–	–
Reclassification to non-current assets and disposal groups classified as held for sale	–	–
Changes in fair value recognised in profit or loss²	3.6	3.6
Exchange differences	–0.9	–0.9
Balance as at 30 June	128.4	128.4
Changes in fair value of financial instruments held at the balance sheet date and recognised in profit or loss	3.6	3.6

1 No financial instruments were reclassified either to or from Level 3 during the reporting period.

2 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 half of 2013		1 st half of 2014	
	Total carrying amount	Total fair value	Total carrying amount	Total fair value
CHF million				
Assets				
Financial assets of a debt nature				
Held to maturity	8,161.5	8,886.2	8,259.8	9,335.2
Mortgages and loans				
Carried at cost	17,666.8	18,463.5	18,013.5	19,146.1
Receivables from financial contracts				
Carried at cost	378.5	378.5	404.3	404.3
Other receivables				
Carried at cost	265.6	266.9	277.4	278.6
Receivables from investments				
Carried at cost	587.0	587.0	536.5	536.5
Total assets	27,059.3	28,582.2	27,491.4	29,700.7
Liabilities				
Liabilities arising from banking business and financial contracts				
Measured at amortised cost	7,199.0	6,944.2	7,424.8	7,502.7
Financial liabilities	1,695.0	1,780.9	1,700.3	1,845.6
Total liabilities	8,894.0	8,725.1	9,125.1	9,348.3

GAINS OR LOSSES ON FINANCIAL CONTRACTS

	1 st half	1 st half
	2013	2014
CHF million		
With discretionary participation features (DPF)		
Financial contracts with discretionary participation features (DPF)	- 22.1	- 23.4
Sub-total	- 22.1	- 23.4
Measured at amortised cost		
Interest on loans	- 0.2	- 0.1
Interest due	- 4.4	- 4.6
Interest arising from banking business	- 20.3	- 16.8
Interest expenses arising from repurchase agreements	0.0	0.0
Acquisition costs arising from banking business	- 3.0	- 7.6
Interest expenses arising from bonds	- 1.6	- 1.6
Expenses arising from financial contracts	- 9.1	- 8.4
Sub-total	- 38.8	- 39.2
Designated as at fair value through profit or loss		
Change in fair value of bonds	-	-
Change in fair value of other financial contracts	4.0	- 238.6
Sub-total	4.0	- 238.6
Total gains or losses on financial contracts	- 56.9	- 301.2
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	-	-

ACQUISITION AND DISPOSAL OF COMPANIES

	Cumulative acquisitions		Cumulative disposals	
	31.12.2013	30.6.2014	31.12.2013	30.6.2014
CHF million				
Investments	13.0	270.6	1.7	30.1
Other assets	0.3	10.0	0.5	396.9
Receivables and assets	0.0	53.9	69.6	0.2
Cash and cash equivalents	0.0	16.2	1.0	1.1
Actuarial liabilities	-10.2	-228.2	-65.9	-
Other accounts payable	-0.8	-98.5	-3.7	-350.3
Non-controlling interests	-	-	-	-10.9
Net assets acquired / disposed of	2.3	24.1	3.2	67.1
Funds used / received for acquisitions and disposals				
Cash and cash equivalents	2.9	32.6	3.4	111.3
Offsetting	-	-	-	-
Transfer of assets	-	-	-	-
Directly attributable costs	-	-	-	-
Equity instruments issued	-	-	-	-
Reclassification of investments in associates	-	-	-	-
Acquisition / disposal price	2.9	32.6	3.4	111.3
Net assets acquired / disposed of	-2.3	-24.1	-3.2	-67.1
Other Comprehensive Income	-	-	0.1	-44.1
Goodwill / negative goodwill or proceeds from disposals	0.6	8.5	0.3	0.1
Cash and cash equivalents used / received for acquisitions and disposals	-2.9	-32.6	3.4	111.3
Cash and cash equivalents acquired / disposed of	0.0	16.2	-1.0	-1.1
Outflow / inflow of cash and cash equivalents	-2.9	-16.4	2.4	110.2

The Baloise Group sold all its Croatian and Serbian subsidiaries with effect from 11 March 2014. It also sold the company Barosa S.à r.l. in Luxembourg during the first half of the reporting year. During the same period, the Baloise Group acquired the real-estate company Singel Office Antwerpen NV in Belgium and the net assets of the firm P&V Assurances in Luxembourg.

INCOME TAXES

	1 st half	1 st half
	2013	2014
CHF million		
Current income taxes	-46.9	-76.1
Deferred income taxes	-29.4	-9.0
Total current and deferred income taxes	-76.2	-85.0

EARNINGS PER SHARE

	1 st half	1 st half
	2013	2014
Profit for the period (attributable to shareholders) (CHF million)	244.8	349.9
Average number of shares outstanding	46,872,920	46,945,827
Basic earnings per share (CHF)	5.22	7.45

	1 st half	1 st half
	2013	2014
Profit for the period (attributable to shareholders) (CHF million)	244.8	349.9
Adjustment of interest expenses arising from convertible bonds (including tax effects) (CHF million)	3.8	3.9
Adjusted profit for the period (attributable to shareholders) (CHF million)	248.6	353.7
Average number of shares outstanding	46,872,920	46,945,827
Adjustment due to potential conversion of convertible bonds	923,077	923,077
Adjustment due to potential exercise of share-based payment plans	111,710	124,291
Adjustment due to potential exercise of put options	31	0
Adjusted average number of shares outstanding	47,907,738	47,993,195
Diluted earnings per share (CHF)	5.19	7.37

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.

RELATED PARTY TRANSACTIONS

There were no material changes in either the nature or scope of the detailed information on related party transactions published during the reporting period compared with the corresponding information published in the annual report for 2013.

CONTINGENT AND FUTURE LIABILITIES

The first half of 2014 did not reveal any facts that would require material amendments to be made to the pertinent disclosures contained in the annual report for the year ended 31 December 2013.

EVENTS AFTER THE BALANCE SHEET DAY

By the time that this half-year report had been completed on 26 August 2014 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

- 28.08.2014** Half-year financial results:
conference call for analysts and the media
- 14.11.2014** Q3 Interim Statement
- 26.03.2015** Annual financial results:
media conference
conference call for analysts
- 30.04.2015** Annual General Meeting of Baloise Holding Ltd
- 27.08.2015** 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 2014 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 28 August 2014.

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Making you safer.