

Baloise Group

HALF-YEAR REPORT

2016

Baloise Group
Half-Year Report 2016

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Baloise key figures

	30.6.2015 (restated)	31.12.2015 (restated)	30.6.2016	Change (%)
CHF million				
Business volume				versus 30.6.15
Gross premiums written (non-life)	2,063.9	3,050.0	2,128.3	3.1
Gross premiums written (life)	2,646.6	3,783.4	2,416.8	-8.7
Sub-total of IFRS gross premiums written¹	4,710.5	6,833.4	4,545.0	-3.5
Investment-type premiums	910.7	2,085.1	1,078.9	18.5
Total business volume	5,621.3	8,918.6	5,623.9	0.0
Operating profit (loss)				
Consolidated profit / loss for the period before borrowing costs and taxes				
Non-life	262.0	395.5	208.4	-20.5
Life ²	70.3	277.3	45.5	-35.3
Banking	42.8	80.8	53.5	25.0
Other activities	-24.8	-34.4	-17.9	-27.8
Consolidated profit for the period	249.1	511.1	223.2	-10.4
Balance sheet				
versus 31.12.15				
Technical reserves	47,739.7	45,776.6	47,537.4	3.8
Equity	5,188.1	5,453.6	5,435.5	-0.3
Per cent				
Ratios (per cent)				
Gross combined ratio (non-life)	92.4	92.5	92.3	
Net combined ratio (non-life)	92.3	93.3	92.5	
Key figures on the Company's shares				
versus 31.12.15 ³				
Shares issued (units)	50,000,000	50,000,000	50,000,000	0.0
Basic earnings per share (CHF)	5.30	10.96	4.82	-9.1
Diluted earnings per share (CHF)	5.27	10.65	4.80	-8.9
Equity per share ⁴ (CHF)	109.9	116.0	116.5	0.4
Closing price (CHF)	114.00	127.60	108.20	-15.2
Market capitalisation (CHF million)	5,700.0	6,380.0	5,410.0	-15.2

1 Premiums written and policy fees (gross).

2 Of which deferred gains / losses from other operating segments:

30 June 2015 CHF - 2.7 million / 31 December 2015 CHF - 3.3 million / 30 June 2016 CHF - 1.1 million.

3 Changes in earnings per share compared with 30 June 2015.

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



Dr Andreas Burckhardt, Chairman of the Board of Directors (right),
and Gert De Winter, Chief Executive Officer (left).

DEAR SHAREHOLDER

In the first half of 2016, Baloise generated a profit of CHF 223.6 million (H1 2015: CHF 248.7 million) for its shareholders. The decrease was due to the addition of CHF 54.8 million to reserves in the German non-life business, which resulted in a deduction of CHF 37.9 million from the profit for the period, but taking this action has strengthened the German business. If it had not added to its reserves, Baloise would have generated a profit for its shareholders of CHF 261.5 million. Despite the competitive environment, the Group's business volume remained unchanged year on year at CHF 5,623.9 million. This was because we were able to continue with the planned switch to capital-efficient risk and unit-linked products in our life business.

Profits were down in Baloise's non-life business where profit before taxes and borrowing costs (EBIT) amounted to CHF 208.4 million (H1 2015: CHF 262.0 million). Excluding the one-off action in Germany, EBIT would have been up by 0.5 per cent year on year. The net combined ratio remained healthy at 92.5 per cent, just slightly below the prior-year level (H1 2015: 92.3 per cent). The volume of business expanded by 3.1 per cent and amounted to CHF 2,128.3 million for the half-year.

There was an overall decline in the profits from Baloise's life business, with profit before taxes and borrowing costs (EBIT) falling to CHF 45.5 million (H1 2015: CHF 70.3 million). The focus was on innovative life products, capital-efficient risk products and investment-linked insurance solutions, the latter highlighted by sharp growth of 18.5 per cent in investment-type premiums. The EBIT attributable to the banking business rose to CHF 53.5 million (H1 2015: CHF 42.8 million). Consolidated

equity at the end of the first half of the year stood at CHF 5,435.5 million (31 December 2015 restated: CHF 5,453.6 million). This means that Baloise remains very well capitalised, as is also reflected in the fact that rating agency Standard & Poor's has re-affirmed its credit rating of "A with a stable outlook".

The challenges for investment have become even more intense, but the decent return on Baloise's investments demonstrates that it has adjusted well to the new situation. Reallocating investments, primarily in the bond portfolio, and further increasing our real-estate investments has enabled us to respond well to the tough investment climate. The result was an improved net return on insurance assets of 1.8 per cent (H1 2015: 1.6 per cent).

"The foundations for the next strategic phase have been laid."

Basler Switzerland has maintained its strong position. It dealt extremely well with the competitive environment in the Swiss market, as shown by the higher level of earnings. Together with Baloise Bank SoBa, the Swiss unit again proved that the specialised financial services provider strategy is paying off. Switzerland remains a cornerstone of our Group, which is why we are making a strategic investment at our headquarters in Basel. Construction of the first of three new buildings in Baloise Park is set to start in early 2017. Belgium remained the strongest international market. We outperformed the Belgian market, particularly in terms of the growth in our non-life insurance business. In Germany, action has been taken to stabilise our future financial performance. As a result, the Group's long-term ability to pay dividends has improved. Given the protracted period of low interest rates in Europe, the annuity reserves in the German non-life business have been strengthened. The claims reserves for existing industrial-liability policies were also increased. In Luxembourg, the premium volume increased and there was a further fall in the net combined ratio.

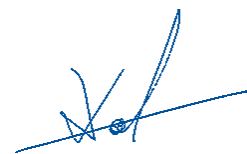
Baloise is underpinned by very strong foundations and so is fully prepared for the next strategic phase. For our customers, we plan to be more than an insurance company, with our future focus on the ever-changing security demands in the digital age.

For our employees, we want to create an environment that encourages entrepreneurship and for you, our shareholders, our aim is to maintain a consistent, attractive dividend policy. Further information about the key aspects of the next strategic phase will be provided at the strategy conference in the autumn.

Basel, August 2016



Dr Andreas Burckhardt
Chairman of the Board of Directors



Gert De Winter
Group CEO

Baloise improves its financial stability while delivering a strong operating performance

OVERVIEW OF OPERATING PERFORMANCE

Baloise generated a profit of CHF 223.6 million for its shareholders for the first half of 2016. This represented a decline of 10.1 per cent compared with the first half of 2015 and resulted from the strengthening of reserves in Germany. Excluding this action, Baloise generated a profit for its shareholders of CHF 261.5 million, which constituted a year-on-year increase of 4.8 per cent. As a result of adding a total of CHF 54.8 to reserves, a half-year loss before taxes and borrowing costs of CHF 50.6 million was reported for Germany. Despite the competitive environment, the Baloise Group's business volume remained unchanged year on year at CHF 5,623.9 million. This was largely attributable to growth in Belgium and Luxembourg. After strengthening its reserves in Germany, Baloise's net combined ratio for non-life business was a healthy 92.5 per cent and thus only just above the prior-year level. Its volume of non-life business grew to CHF 2,128.3 million, which was a rise of 3.1 per cent.

Profits from Baloise's life business were down overall, with profit before taxes and borrowing costs (EBIT) falling to CHF 45.5 million. Investment-type premiums recorded growth of 18.5 per cent, while premiums for traditional life insurance declined. By contrast, the risk products and investment-linked life insurance target segments experienced encouraging growth. Current income from investments was maintained at the same year-on-year level in spite of the tough environment.

Profit before taxes and borrowing costs (EBIT) in the banking business was up by a quarter to CHF 53.5 million. While net interest income and net income from services and brokerage were unchanged year on year, operating expenses were lower because they were offset by a non-recurring item arising from changes to the pension scheme at Baloise Bank SoBa.

Consolidated equity at the end of the first half of the year stood at CHF 5,435.5 million, slightly below the level at the end of the previous year (31 December 2015 restated: CHF 5,453.6 million). This means that Baloise remains very well capitalised, as is also reflected in the fact that rating agency Standard & Poor's has re-affirmed its credit rating of "A with a stable outlook".

The total volume of business came to CHF 5,623.9 million, virtually level with the first half of the previous year (H1 2015: CHF 5,621.3 million).

BUSINESS VOLUME 2016 (GROSS) BY STRATEGIC BUSINESS UNITS

Per cent

Switzerland	56.4
Germany	14.8
Belgium	14.4
Luxembourg	14.4



The **non-life business** (indemnity and personal insurance) generated EBIT of CHF 208.4 million (H1 2015: CHF 262.0 million). This result was 20.5 per cent down on the first half of 2015 due to the strengthening of reserves at Basler Germany, which reduced the pre-tax profit by CHF 54.8 million. Excluding this action, EBIT would have been up by 0.5 per cent year on year. The net combined ratio remained healthy at 92.5 per cent (H1 2015: 92.3 per cent). The business volume was CHF 2,128.3 million, which represented a year-on-year increase of 3.1 per cent. The business volume in Switzerland was virtually unchanged year on year, while Baloise recorded growth rates of 4.1 per cent in Germany, 8.4 per cent in Belgium and 12.4 per cent in Luxembourg.

COMBINED RATIO NET PERFORMANCE, HALF-YEAR FIGURES

Per cent

2016	92.5
2015	92.3
2014	93.2
2013	94.5
2012	92.7

The **life insurance** generated EBIT of CHF 45.5 million (H1 2015: CHF 70.3 million). The result reflects the low-interest-rate environment, which was particularly detrimental to traditional life insurance. Because new business had not been prioritised in this area due to the interest-rate situation, the volume of business was down. Instead, the focus remained on partially autonomous group-life solutions and investment-type premiums, and this was reflected in the decline of 8.7 per cent in traditional life insurance across the group and the corresponding increase of 18.5 per cent in investment-type premiums. The total volume of life business, including investment-type premiums, amounted to CHF 3,495.7 million (H1 2015: CHF 3,557.3 million).

The **banking business** achieved strong results, with EBIT of CHF 53.5 million (H1 2015: CHF 42.8 million). This was again largely driven by Baloise Bank SoBa and Baloise Asset Management. Earnings were also boosted in no small part by a reduction in operating expenses which was the result of a non-recurring item arising from a change in the pension scheme at Baloise Bank SoBa.

In early 2016, poor economic data from China triggered a sharp correction in the equity markets. Largely as a result of

the ECB increasing quantitative easing, there was a turnaround at the end of February which led to a volatile upswing. Following the outcome of the Brexit referendum, which came as a surprise to market players, the markets collapsed again before recovering slightly by the end of June. The combination of expansionary monetary policy and these uncertainty factors pushed interest rates to new lows around the world. As a result, the challenges for investing and re-investing have become more intense. In this environment, Baloise's **investments** delivered an encouraging performance.

Recurring income was virtually unchanged at CHF 779.9 million (H1 2015: CHF 784.4 million). In an environment of progressively lower interest rates, this was achieved by reallocating investments, primarily in the bond portfolio, and by further increasing real-estate investments. As a result, more gains were actually generated than in the first half of 2015. Together with book gains on interest-rate derivatives, they were largely used to strengthen life reserves. The net income of CHF 1,016.3 million was higher than the figure of CHF 921.0 million for the first half of 2015. The net return on insurance assets was slightly improved at 1.8 per cent (H1 2015: 1.6 per cent).

ASSET ALLOCATION IN INSURANCE¹

	31.12.2015			30.6.2016		
	Non-life	Life	Total	Non-life	Life	Total
CHF million						
Investment property	913.7	5,314.2	6,227.9	920.3	5,482.8	6,403.2
Equities	1,282.1	3,066.0	4,348.1	1,257.8	2,947.2	4,205.0
Alternative financial assets	260.8	998.7	1,259.6	275.0	1,025.0	1,300.0
Fixed-income securities	4,921.6	26,327.0	31,248.6	5,120.9	27,242.5	32,363.4
Mortgage assets	418.3	3,902.6	4,320.9	414.9	3,702.6	4,117.5
Policy loans and other loans	1,047.4	4,834.6	5,882.0	1,027.8	4,834.8	5,862.6
Derivative financial instruments	24.8	320.8	345.6	28.8	526.5	555.2
Cash and cash equivalents	291.5	642.3	933.8	347.9	755.4	1,103.3
Total	9,160.2	45,406.3	54,566.5	9,393.5	46,516.7	55,910.2

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

Although the further fall in interest rates has led to a sharp rise in the valuation of our fixed-income investments, it has made future investment even more challenging.

The slight fall in shareholdings was attributable to the performance of the market. Returns on private equity and senior secured loans were attractive but hedge funds delivered negative returns. The impairment losses recognised on financial instruments totalled CHF 69.7 million (gross). The effect of exchange rates on the earnings reported in these financial statements was negligible, because there were no sterling-denominated investments and the majority of the remaining currency risk was hedged. Investment property continued to yield stable returns and slightly higher valuations. The values and income streams generated by mortgages remained consistent.

PERFORMANCE AND TRENDS IN THE REGIONAL MARKETS

Switzerland

Despite a fall in premiums, the Swiss business held its ground in a competitive market. EBIT was up by 18.4 per cent to CHF 241.1 million (H1 2015: CHF 203.6 million). The rise in earnings was partly attributable to the fact that the net combined ratio of 78.4 per cent had decreased again and was 6.5 percentage points lower than in the first half of 2015. The encouraging level of claims incurred across all sectors was reflected in this trend. The business also benefited from a year-on-year improvement in its profit on claims reserves. The volume of business in the first half of 2016 was down by 7.7 per cent, falling to CHF 3,171.7 million. This was due to a selective policy of more conservative underwriting in new life business, and was largely reflected in the sharp fall in single premiums.

Non-life premium income fell slightly, dropping by 0.4 per cent to CHF 1,049.0 million. Premiums in the accident/health division were down because the underwriting policy remained selective. All other non-life divisions reported growth.

Premium income in the unit's **life business**, including investment-type premiums, declined to CHF 2,122.8 million. This was because individual life insurance was not prioritised due to its low margins. As a result, there was a sharp decline in

single premium business, while annual premiums for group life grew by 1.4 per cent. Business involving *Perspectiva*, a partially autonomous pension solution, also received a further boost.

Baloise Bank SoBa (all figures reported according to local accounting standards) generated healthy results in the first half of 2016. The profit for the period edged up to more than CHF 13 million, while net interest income increased significantly, rising by 3.23 per cent to CHF 39.1 million. The bank also reported growth of around CHF 110 million in customer deposits, taking its total assets to CHF 7.48 billion.

Germany

Baloise's strong half-year financial results enabled it to absorb an addition of CHF 54.8 million to the reserves for its German **non-life business**, a one-off measure that resulted in a loss before taxes and borrowing costs of CHF 50.6 million for the German business. The addition to reserves also included reserves recognised for the reduction of 0.75 percentage points in the discount rate for annuity reserves, thus taking account of the protracted period of low interest rates. As a result of this step, the net combined ratio was 116.3 per cent instead of 101.1 per cent (H1 2015: 106.0 per cent) but this strengthening of reserves means that future profits are unlikely to be impaired by legacy issues.

Life business, which was not affected, generated EBIT of CHF 8.0 million. The growth rate of 3.2 per cent in Germany was encouraging. In the non-life target segments, the growth in commercial property, property liability and residential property outperformed the market. In the unit's life business, new products in the risk and investment-linked life insurance target segments offset the absence of "Riester" state-subsidised pension products. The initiatives to reduce headcount are proceeding to plan. Basler Germany is still trying to bring about a significant shift in the business mix towards SME and retail-customer business and is consolidating growth in profitable target segments. Its target is to achieve a sustainable net combined ratio of below 100 per cent in the coming years.

Belgium

The EBIT generated by the Belgian business declined to CHF 70.1 million (H1 2015: CHF 91.3 million). However, Belgium remained the Baloise Group's strongest performing international market. Its total volume of business rose to CHF 807.3 million (H1 2015: CHF 738.9 million), largely helped by growth of 8.4 per cent in its **non-life business**, which was above the market average, and growth of 14.9 per cent in investment-type premiums. Focusing on corporate-client business and expanding to Brussels and Wallonia resulted in growth of 9.3 per cent in the volume of life and non-life business. The environment in retail banking remained very competitive. The net combined ratio increased by 1.3 percentage points to 94.1 per cent as a result of two large motor-vehicle liability claims and storm-related claims that impaired earnings.

Growth in traditional **life business** was down by 0.9 per cent, although the rate of decline was lower than that of the Belgian life market as a whole. Here too, low interest rates have taken their toll. The focus of Baloise's Belgian unit remains on innovative products without long-term guaranteed rates of return where the volume of business has continued to grow.

Luxembourg

EBIT for the Luxembourg business fell to CHF 10.3 million (H1 2015: CHF 13.0 million). Earnings were dented by two relatively large motor-vehicle insurance claims, storm-related claims and other factors such as higher integration costs for the merger with HDI-Gerling Assurances. As a result of this merger, the total volume of business rose to CHF 810.4 million (H1 2015: CHF 637.1 million). Growth in the unit's **non-life business** remained encouraging, with the expansion rate of 12.4 per cent attributable to both new business and changes in insurance rates. The net combined ratio decreased by 2.0 percentage points to 87.2 per cent (H1 2015: 89.2 per cent).

In the unit's **life division**, traditional business was up by 6.7 per cent but investment-type premiums achieved a particularly high growth rate of 30.5 per cent.

OUTLOOK

Baloise is about to enter a new strategic phase. The strengthening of reserves in Germany has laid the foundations that will enable this business unit to generate a consistent financial performance over the long term. In the next few years, the focus will be on increasing our profitability and consequently on maintaining an attractive dividend policy. In addition to its strong core business, Baloise believes there is untapped growth potential for prevention services that extend beyond traditional insurance business. The next steps in the strategic phase will be presented before the end of the year.

BALOISE SHARES

There were a number of uncertainties hanging over the stock markets in the first half of 2016, resulting in a great deal of volatility. Concerns that the Chinese economy might slow down, general worries about the overall health of the global economy and the price slump in the oil markets led to significant turmoil for share prices up to the middle of February. The markets then calmed down in view of US economic growth in the first quarter and the additional monetary policy measures announced by the European Central Bank. Although share prices rallied in March, the Swiss Market Index stagnated owing to the relatively poor performance of the index's heavyweights.

The end of the second quarter was dominated by the discussion about whether the United Kingdom would remain in the European Union, culminating in the referendum and the vote to leave. This triggered significant price adjustments, particu-

larly for financial stocks. Bond markets came under further pressure from the rather weak level of global economic growth and monetary intervention from national central banks.

These challenging market conditions also affected the performance of Baloise shares, which closed the half-year period at CHF 108.2. This constituted a decline of 15.2 per cent compared with the beginning of the year. The Swiss insurance sector index dropped by 8.9 per cent over the same period. The broad Swiss market was also down, falling by 3.0 per cent.

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

	30.6.2015 (restated)	31.12.2015 (restated)	30.6.2016	Change (%) versus 31.12.2015 ¹
Shares issued (units)	50,000,000	50,000,000	50,000,000	0.0
Basic earnings per share (CHF)	5.30	10.96	4.82	-9.1
Diluted earnings per share (CHF)	5.27	10.65	4.80	-8.9
Equity per share ² (CHF)	109.9	116.0	116.5	0.4
Closing price (CHF)	114.00	127.60	108.20	-15.2
Market capitalisation (CHF million)	5,700.0	6,380.0	5,410.0	-15.2

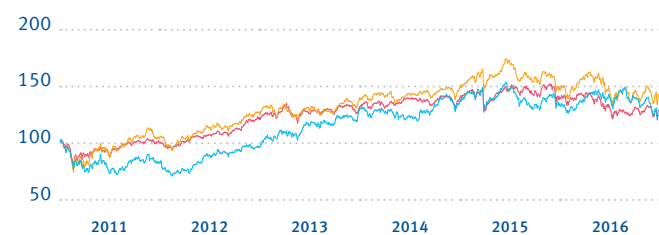
¹ Changes in earnings per share compared with 30 June 2015.

² Calculation is based on the profit for the period attributable to shareholders and the equity attributable to shareholders.

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 LTD REGISTERED SHARES 2011 – 2016



¹ 30. June 2011 = 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 2015	Group	Switzerland	Germany	Belgium	Luxembourg ²
CHF million					
Non-life	2,063.9	1,052.8	471.7	474.8	63.0
Life	2,646.6	2,300.8	236.3	68.4	41.1
Sub-total of IFRS gross premiums written¹	4,710.5	3,353.6	708.0	543.2	104.1
Investment-type premiums	910.7	84.3	97.8	195.7	533.0
Total business volume	5,621.3	3,437.9	805.7	738.9	637.1

BUSINESS VOLUMES

First half of 2016	Group	Switzerland	Germany	Belgium	Luxembourg ²
CHF million					
Non-life	2,128.3	1,049.0	491.0	514.7	70.8
Life	2,416.8	2,072.4	232.8	67.7	43.8
Sub-total of IFRS gross premiums written¹	4,545.0	3,121.4	723.8	582.5	114.7
Investment-type premiums	1,078.9	50.4	108.0	224.8	695.7
Total business volume	5,623.9	3,171.7	831.8	807.3	810.4

1 Premiums written and policy fees (gross).

2 Including Baloise Life Liechtenstein.

PREMIUMS EARNED (GROSS) FIRST HALF OF THE YEAR

	Non-life		Life		Total	
	2015	2016	2015	2016	2015	2016
CHF million						
IFRS gross premiums written	2,063.9	2,128.3	2,646.6	2,416.8	4,710.5	4,545.0
Change in unearned premium reserves	-565.1	-597.0	-	-	-565.1	-597.0
Premiums earned and policy fees	1,498.8	1,531.3	2,646.6	2,416.8	4,145.4	3,948.1

NON-LIFE GROSS PREMIUMS BY SECTOR

	1 st half	1 st half	+ / - %
	2015	2016	
CHF million			
Accident	270.0	268.7	-0.5
Health	98.6	98.3	-0.3
General liability	233.3	241.9	3.7
Motor	712.6	734.1	3.0
Property	592.9	615.9	3.9
Marine	95.7	105.0	9.7
Other	37.9	41.4	9.2
Inward reinsurance	22.8	23.1	1.3
Gross premiums written, non-life	2,063.9	2,128.3	3.1

LIFE GROSS PREMIUMS BY SECTOR

	1 st half	1 st half	+ / - %
	2015	2016	
CHF million			
Business volume of single premiums	1,747.8	1,684.9	-3.6
Business volume of periodic premiums	1,809.5	1,810.8	0.1
Investment-type premiums	-910.7	-1,078.9	18.5
Gross premiums written (life)	2,646.6	2,416.8	-8.7

NET COMBINED RATIO

30 June 2015	Group	Switzerland	Germany	Belgium	Luxembourg
As a percentage of premiums earned					
Claims ratio ¹	61.3	58.7	69.2	59.6	56.7
Expense ratio	31.0	26.2	36.8	33.2	32.5
Combined ratio	92.3	84.9	106.0	92.8	89.2

NET COMBINED RATIO

30 June 2016	Group	Switzerland	Germany	Belgium	Luxembourg
As a percentage of premiums earned					
Claims ratio ¹	60.6	50.8	80.3	59.7	54.6
Expense ratio	31.9	27.6	36.0	34.4	32.6
Combined ratio	92.5	78.4	116.3	94.1	87.2

¹ Including profit-sharing ratio.

GROSS AND NET COMBINED RATIOS AS AT 30 JUNE

	Gross		Net	
	2015	2016	2015	2016
As a percentage of premiums earned				
Claims ratio ¹	62.2	61.5	61.3	60.6
Expense ratio	30.2	30.8	31.0	31.9
Combined ratio	92.4	92.3	92.3	92.5

¹ Including profit-sharing ratio.

Consolidated balance sheet

(unaudited)

	31.12.2015 (restated)	30.6.2016
CHF million		
Assets		
Property, plant and equipment	399.1	359.5
Intangible assets	814.6	777.6
Investments in associates	162.3	160.0
Investment property	6,251.9	6,427.3
Financial assets of an equity nature		
Available for sale	4,443.3	4,336.5
Recognised at fair value through profit or loss	9,327.5	9,339.2
Financial assets of a debt nature		
Held to maturity	8,549.5	8,421.0
Available for sale	23,024.6	24,277.0
Recognised at fair value through profit or loss	1,674.3	1,676.7
Mortgages and loans		
Carried at cost	15,912.6	15,388.8
Recognised at fair value through profit or loss	744.0	885.6
Derivative financial instruments	653.9	909.7
Receivables from financial contracts		
Carried at cost	9.9	5.1
Recognised at fair value through profit or loss	–	–
Reinsurance assets	410.8	453.4
Receivables from reinsurers	52.3	48.9
Insurance receivables	389.4	431.9
Receivables from employee benefits	1.1	7.7
Other receivables	317.5	312.1
Receivables from investments	491.3	407.8
Deferred tax assets	39.8	66.6
Current income tax assets	49.5	64.0
Other assets		
Carried at cost	164.4	288.2
Recognised at fair value through profit or loss	40.2	55.2
Cash and cash equivalents	2,839.8	3,245.5
Non-current assets and disposal groups classified as held for sale	2,018.7	2,032.3
Total assets	78,782.3	80,377.7

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

	31.12.2015 (restated)	30.6.2016
CHF million		
Equity and liabilities		
Equity		
Share capital	5.0	5.0
Capital reserves	253.2	249.8
Treasury shares	-305.4	-354.0
Unrealised gains and losses (net)	-216.5	-173.2
Retained earnings	5,682.7	5,674.3
Equity before non-controlling interests	5,418.9	5,401.9
Non-controlling interests	34.7	33.6
Total equity	5,453.6	5,435.5
Liabilities		
Technical reserves (gross)	45,776.6	47,537.4
Liabilities arising from the banking business and financial contracts		
With discretionary participation features (DPF)	1,930.1	2,148.9
Measured at amortised cost	8,299.2	7,685.5
Recognised at fair value through profit or loss	8,782.8	9,167.8
Financial liabilities	1,707.8	1,710.5
Provisions	94.8	72.8
Derivative financial instruments	250.8	236.3
Insurance liabilities	1,650.4	843.6
Liabilities arising from employee benefits	1,355.6	1,787.5
Other accounts payable	440.6	573.2
Deferred tax liabilities	909.7	1,009.3
Current income tax liabilities	85.8	81.7
Other liabilities	81.6	109.2
Liabilities included in non-current assets and disposal groups classified as held for sale	1,962.9	1,978.5
Total liabilities	73,328.7	74,942.2
Total equity and liabilities	78,782.3	80,377.7

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

Consolidated income statement

(unaudited)

	1 st half	1 st half
	2015	2016
CHF million		
Income		
Premiums earned and policy fees (gross)	4,145.4	3,948.1
Reinsurance premiums ceded	-70.5	-74.2
Premiums earned and policy fees (net)	4,074.9	3,873.9
Investment income	784.4	779.9
Realised gains and losses on investments	366.2	92.8
Income from services rendered	58.1	53.2
Share of profit (loss) of associates	32.7	3.3
Other operating income	91.8	55.9
Income	5,408.0	4,859.0
Expense		
Claims and benefits paid (gross)	-2,732.6	-2,942.3
Change in technical reserves (gross)	-1,452.2	-902.6
Reinsurers' share of claims incurred	57.2	60.7
Acquisition costs	-236.8	-250.3
Operating and administrative expenses for insurance business	-378.2	-402.9
Investment management expenses	-29.7	-28.7
Interest expenses on insurance liabilities	-17.1	-16.2
Gains or losses on financial contracts	-96.6	46.8
Other operating expenses	-171.9	-133.9
Expense	-5,057.8	-4,569.5
Profit for the period before borrowing costs and taxes	350.3	289.5
Borrowing costs	-19.9	-20.0
Profit for the period before taxes	330.3	269.5
Income taxes	-81.2	-46.3
Profit for the period	249.1	223.2
Attributable to:		
Shareholders	248.7	223.6
Non-controlling interests	0.4	-0.5
Earnings / loss per share		
Basic (CHF)	5.30	4.82
Diluted (CHF)	5.27	4.80

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

Consolidated statement of comprehensive income (unaudited)

	1 st half	1 st half
	2015	2016
CHF million		
Profit for the period	249.1	223.2
Items not to be reclassified to the income statement		
Change in reserves arising from reclassification of investment property	–	7.9
Change in reserves arising from assets and liabilities of defined benefit post-employment benefits	94.6	–460.8
Change arising from shadow accounting	–46.4	58.5
Income taxes	–18.7	87.6
Total items not to be reclassified to the income statement	29.5	–306.7
Items to be transferred to the income statement		
Change in unrealised gains and losses on available-for-sale financial assets	–928.3	1,065.1
Change in unrealised gains and losses on associates	–28.7	0.0
Change in hedging reserves for derivative financial instruments held as hedges of a net investment in a foreign operation	36.7	27.9
Change in reserves arising from reclassification of held-to-maturity financial assets	–1.2	–0.6
Change arising from shadow accounting	411.5	–543.6
Exchange differences	–276.3	–27.3
Income taxes	144.3	–172.0
Total items to be transferred to the income statement	–641.9	349.6
Other comprehensive income	–612.5	42.9
Comprehensive income (for the period)	–363.4	266.0
Attributable to:		
Shareholders	–359.1	266.9
Non-controlling interests	–4.3	–0.9

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

Consolidated cash flow statement

(unaudited)

	1 st half	1 st half
	2015	2016
CHF million		
Summary		
Cash flow from operating activities (net)	44.3	719.8
Cash flow from investing activities (net)	26.6	-15.3
Cash flow from financing activities (net)	-279.0	-292.1
Total cash flow	-208.2	412.4
Effect of changes in exchange rates on cash and cash equivalents	-162.7	-6.7
Cash and cash equivalents as at 1 January	2,969.6	2,839.8
Cash and cash equivalents as at 30 June	2,598.8	3,245.5
Cash flow from operating activities		
Profit for the period before taxes	330.3	269.5
Adjustments for		
Depreciation, amortisation and impairment of property, plant and equipment and of intangible assets	30.6	28.4
Realised gains and losses on property, plant and equipment and on intangible assets	-0.2	-0.2
Income from investments in associates	-32.7	-3.3
Realised gains and losses on financial assets, investment property and associates	-357.1	-91.9
Changes in other financial contracts	39.6	-98.0
Changes in technical reserves (gross), including unearned premium reserves	1,963.0	1,496.9
Interest expenses on reinsurance liabilities	0.1	0.0
Borrowing costs	19.9	20.0
Amortised cost valuation of financial instruments	10.3	0.8
Net change in operating assets and liabilities		
Purchase / sale of investment property	-0.2	-108.3
Purchase / sale of financial assets of an equity nature	-762.7	-664.2
Purchase / sale of financial assets of a debt nature	-727.1	432.6
Addition / disposal of mortgages and loans	-738.1	384.3
Addition / disposal of derivative financial instruments	496.3	-74.5
Addition / disposal of financial contracts and liabilities arising from banking business	767.7	-62.1
Other changes in assets and liabilities arising from operating activities	-944.0	-737.9
Taxes paid	-51.5	-72.3
Cash flow from operating activities (net)	44.3	719.8

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

	1 st half	1 st half
	2015	2016
CHF million		
Cash flow from investing activities		
Purchase of property, plant and equipment	- 18.1	- 8.6
Sale of property, plant and equipment	1.1	0.7
Purchase of intangible assets	- 12.0	- 12.8
Sale of intangible assets	-	0.3
Acquisition of companies, net of cash and cash equivalents	-	-
Disposal of companies, net of cash and cash equivalents	-	-
Purchase of investments in associates	-	-
Sale of investments in associates	22.5	-
Dividends from associates	33.2	5.1
Cash flow from investing activities (net)	26.6	- 15.3
Cash flow from financing activities		
Capital increases	-	-
Capital reductions	-	-
Additions to financial liabilities	-	-
Disposals of financial liabilities	-	-
Borrowing costs paid	- 7.9	- 7.9
Purchase of treasury shares	- 71.5	- 89.1
Sale of treasury shares	35.6	37.2
Cash flow attributable to non-controlling interests	- 0.5	- 0.3
Dividends paid	- 234.7	- 232.0
Cash flow from financing activities (net)	- 279.0	- 292.1
Total cash flow	- 208.2	412.4
Cash and cash equivalents		
Balance as at 1 January	2,969.6	2,839.8
Change during the period	- 208.2	412.4
Effect of changes in exchange rates on cash and cash equivalents	- 162.7	- 6.7
Balance as at 30 June	2,598.8	3,245.5
Breakdown of cash and cash equivalents at the balance sheet date		
Cash and bank balances	1,671.2	2,053.5
Cash equivalents	0.0	0.0
Cash and cash equivalents for the account and at the risk of life insurance policyholders	927.6	1,192.0
Balance as at 30 June	2,598.8	3,245.5
Of which: restricted cash and cash equivalents	17.2	136.3

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

Consolidated statement of changes in equity

(unaudited)

2015	Share capital	Capital reserves	Treasury shares	Other changes in equity	Retained earnings (restated)	Equity before non-controlling interests (restated)	Non-controlling interests	Total equity (restated)
CHF million								
Balance as at 1 January 2015	5.0	246.6	-250.0	375.8	5,405.2	5,782.6	39.7	5,822.2
Profit for the period	-	-	-	-	248.7	248.7	0.4	249.1
Other comprehensive income	-	-	-	-607.8	-	-607.8	-4.7	-612.5
Comprehensive income	-	-	-	-607.8	248.7	-359.1	-4.3	-363.4
Other changes in equity in 2015								
Dividend	-	-	-	-	-234.7	-234.7	-0.5	-235.1
Capital increase / repayment	-	-	-	-	-	-	-	-
Purchase / sale of treasury shares	-	2.2	-37.8	-	-	-35.6	-	-35.6
Increase / decrease in non-controlling interests due to change in the scope of consolidation	-	-	-	-	-	-	-	-
Increase / decrease in non-controlling interests due to change in percentage of shareholding	-	-	-	-	-	-	-	-
Balance as at 30 June 2015	5.0	248.8	-287.8	-232.0	5,419.2	5,153.2	34.9	5,188.1

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

2016	Share capital	Capital reserves	Treasury shares	Other changes in equity	Retained earnings (restated)	Equity before non-controlling interests (restated)	Non-controlling interests	Total equity (restated)
CHF million								
Balance as at 1 January 2016	5.0	253.2	-305.4	-216.5	5,682.7	5,418.9	34.7	5,453.6
Profit for the period	-	-	-	-	223.6	223.6	-0.5	223.2
Other comprehensive income	-	-	-	43.3	-	43.3	-0.4	42.9
Comprehensive income	-	-	-	43.3	223.6	266.9	-0.9	266.0
Other changes in equity in 2016								
Dividend	-	-	-	-	-232.0	-232.0	-0.3	-232.2
Capital increase / repayment	-	-	-	-	-	-	-	-
Purchase / sale of treasury shares	-	-3.4	-48.6	-	-	-52.0	-	-52.0
Increase / decrease in non-controlling interests due to change in the scope of consolidation	-	-	-	-	-	-	-	-
Increase / decrease in non-controlling interests due to change in percentage of shareholding	-	-	-	-	-	-	-	-
Balance as at 30 June 2016	5.0	249.8	-354.0	-173.2	5,674.3	5,401.9	33.6	5,435.5

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 2015 annual report. The accounting principles used to prepare these IFRS half-year financial statements are the same as those applied to the annual financial statements for 2015.

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

Currently, there are no new standards or interpretations to be applied that have a material impact on profit for the period or on balance sheet line items.

RESTATEMENT

The concept for the calculation of the deferred policyholders' dividends in Germany (reserve for premium refunds) was subject to a comprehensive review as at 30 June 2016 and was re-evaluated and adapted. This resulted in a retrospective restatement amounting to CHF 8.7 million, which was recognised in other comprehensive income in the prior period in accordance with IAS 8.

The prior-year comparative figures for the financial year ended 31 December 2015 and the six months ended 30 June 2016 – which are shown on the balance sheet and in the statement of changes in equity and the notes to these half-year financial statements – have been restated accordingly.

RECONCILIATION OF THE RESTATED IFRS FIGURES: CORRECTION PROVISION FOR PREMIUM REFUNDS

	Consolidated balance sheet as at 1 January 2015			Consolidated balance sheet as at 31 December 2015		
	prior to restatement	Correction according IAS 8	after restatement	prior to restatement	Correction according IAS 8	after restatement
CHF million						
Balance sheet items						
Deferred tax assets	48.3	-1.6	46.7	41.4	-1.6	39.8
Other assets	79,294.1	-	79,294.1	78,742.4	-	78,742.4
Total assets	79,342.3	-1.6	79,340.8	78,783.8	-1.6	78,782.3
Equity	5,831.0	-8.7	5,822.2	5,462.3	-8.7	5,453.6
Technical reserves (gross)	48,738.9	10.7	48,749.7	45,765.8	10.7	45,776.6
Deferred tax liabilities	1,065.5	-3.6	1,061.9	913.3	-3.6	909.7
Other liabilities	23,706.9	-	23,706.9	26,642.4	-	26,642.4
Total liabilities	79,342.3	-1.6	79,340.8	78,783.8	-1.6	78,782.3

CHANGES IN SHAREHOLDINGS AND IN THE GROUP OF CONSOLIDATED ENTITIES

The merger of Baloise Insurance Company (Bermuda) Ltd. with Baloise Insurance Ltd (Switzerland) as at 1 January 2016 took place within the existing group of consolidated companies.

EXCHANGE RATES

CURRENCY	Balance sheet		Income statement	
	31.12.2015	30.6.2016	30.6.2015	30.6.2016
CHF				
1 EUR (euro)	1.09	1.08	1.06	1.10
1 USD (US dollar)	1.00	0.98	0.95	0.98

SEGMENT REPORTING BY STRATEGIC BUSINESS UNIT (FIRST HALF YEAR)

	Switzerland		Germany		Belgium	
	2015	2016	2015	2016	2015	2016
CHF million						
Income						
Premiums earned and policy fees (gross)	2,955.1	2,720.9	591.8	607.0	508.1	521.8
Reinsurance premiums ceded	-86.1	-42.8	-41.1	-40.5	-31.5	-36.3
Premiums earned and policy fees (net)	2,869.0	2,678.1	550.7	566.5	476.6	485.5
Investment income	457.5	466.9	189.8	175.8	121.9	125.1
Realised gains and losses on investments	49.8	130.2	262.3	24.6	48.3	51.3
Income from services rendered	21.0	18.0	16.1	14.9	0.7	0.9
Share of profit (loss) of associates	0.0	0.0	32.6	3.3	0.1	0.0
Other operating income	40.9	36.9	18.6	14.1	15.3	8.4
Income	3,438.2	3,330.2	1,070.1	799.2	662.8	671.2
Intersegment income	26.4	-12.1	22.5	20.0	15.6	17.3
Income from associates	0.0	0.0	32.6	3.3	0.1	0.0
Expense						
Claims and benefits paid (gross)	-1,870.7	-2,038.5	-494.1	-533.2	-319.4	-317.4
Change in technical reserves (gross)	-1,021.3	-686.4	-348.0	-115.8	-68.9	-102.8
Reinsurers' share of claims incurred	32.9	18.8	61.4	56.7	37.2	26.6
Acquisition costs	-32.6	-46.2	-89.7	-82.4	-104.5	-110.9
Operating and administrative expenses for insurance business	-211.8	-215.1	-95.0	-110.1	-49.5	-55.3
Investment management expenses	-21.0	-22.8	-12.6	-9.0	-5.9	-6.1
Interest expenses on insurance liabilities	-1.1	-1.0	-15.9	-15.2	-0.1	-0.1
Gains or losses on financial contracts	-20.4	-24.6	-11.3	-10.6	-37.5	-16.9
Other operating expenses	-88.6	-73.2	-31.2	-30.2	-22.9	-18.2
Expense	-3,234.6	-3,089.1	-1,036.4	-849.8	-571.5	-601.1
Profit / loss for the period before borrowing costs and taxes	203.6	241.1	33.7	-50.6	91.3	70.1
Borrowing costs	-	-	-	-	-	-
Profit / loss for the period before taxes	203.6	241.1	33.7	-50.6	91.3	70.1
Income taxes	-48.1	-57.0	-13.6	12.7	-23.9	-20.2
Profit / loss for the period (segment result)	155.5	184.1	20.1	-37.9	67.4	50.0
Segment assets as at 30 June ¹	43,600.1	45,045.8	14,737.1	15,468.0	8,524.3	9,520.1
Segment assets as at 31 December 2015 ¹	44,490.9		15,100.9		9,043.6	

¹ restated in segment assets 2015 Germany

Luxembourg		Sub-total		Group business		Eliminated		Total	
2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
92.5	99.8	4,147.6	3,949.5	94.3	50.1	-96.5	-51.5	4,145.4	3,948.1
-10.5	-8.7	-169.3	-128.3	0.0	-	98.8	54.1	-70.5	-74.2
82.0	91.1	3,978.3	3,821.2	94.3	50.1	2.3	2.6	4,074.9	3,873.9
9.4	10.2	778.6	778.1	6.6	2.7	-0.8	-0.9	784.4	779.9
22.2	-111.4	382.6	94.7	-16.4	-1.9	-	-	366.2	92.8
7.9	7.8	45.6	41.7	76.1	78.3	-63.6	-66.7	58.1	53.2
-	-	32.7	3.3	-	-	-	-	32.7	3.3
9.1	11.5	83.9	70.8	37.2	10.9	-29.4	-25.9	91.8	55.9
130.6	9.2	5,301.6	4,809.8	197.9	140.2	-91.5	-90.9	5,408.0	4,859.0
-0.7	1.3	63.7	26.5	-155.2	-117.4	91.5	90.9	-	-
-	-	32.7	3.3	-	-	-	-	32.7	3.3
-47.2	-53.9	-2,731.3	-2,942.9	-42.5	162.1	41.2	-161.4	-2,732.6	-2,942.3
-18.4	-7.5	-1,456.5	-912.4	-32.2	-195.2	36.5	205.0	-1,452.2	-902.6
6.0	4.7	137.5	106.8	-0.3	0.0	-80.0	-46.1	57.2	60.7
-10.3	-11.3	-237.1	-250.7	-0.3	-0.3	0.7	0.8	-236.8	-250.3
-21.0	-21.5	-377.4	-402.1	-0.1	0.0	-0.7	-0.8	-378.2	-402.9
-0.6	-0.7	-40.2	-38.6	-5.0	-4.5	15.4	14.5	-29.7	-28.7
-0.1	-0.1	-17.2	-16.4	-	-	0.1	0.2	-17.1	-16.2
-17.7	96.8	-86.9	44.6	-11.3	-0.3	1.7	2.5	-96.6	46.8
-8.2	-5.3	-151.0	-126.9	-97.5	-83.3	76.6	76.3	-171.9	-133.9
-117.6	1.2	-4,960.1	-4,538.8	-189.2	-121.6	91.5	90.9	-5,057.8	-4,569.5
13.0	10.3	341.6	270.9	8.7	18.6	-	-	350.3	289.5
-	-	-	-	-19.9	-20.0	-	-	-19.9	-20.0
13.0	10.3	341.6	270.9	-11.2	-1.4	-	-	330.3	269.5
-0.4	-1.3	-86.1	-65.8	4.8	19.4	-	-	-81.2	-46.3
12.6	9.0	255.5	205.1	-6.4	18.0	-	-	249.1	223.2
8,712.0	9,672.4	75,573.5	79,706.3	1,940.6	1,575.8	-1,156.4	-904.4	76,357.7	80,377.7
9,349.2		77,984.5		1,841.7		-1,044.0		78,782.3	

SEGMENT REPORTING BY OPERATING SEGMENT (FIRST HALF YEAR)

	Non-life		Life	
	2015	2016	2015	2016
CHF million				
Income				
Premiums earned and policy fees (gross)	1,498.8	1,531.3	2,646.6	2,416.8
Reinsurance premiums ceded	-58.6	-64.0	-11.9	-10.2
Premiums earned and policy fees (net)	1,440.2	1,467.3	2,634.7	2,406.6
Investment income	123.5	122.0	607.3	608.4
Realised gains and losses on investments	19.5	39.0	337.8	41.9
Income from services rendered	10.5	9.3	8.0	8.0
Share of profit (loss) of associates	7.1	-	23.3	1.9
Other operating income	58.1	26.8	50.1	49.6
Income	1,658.9	1,664.4	3,661.2	3,116.3
Intersegment income	-24.3	-24.4	-17.6	-20.3
Income from associates	7.1	-	23.3	1.9
Expense				
Claims and benefits paid (gross)	-890.0	-886.9	-1,842.6	-2,055.4
Change in technical reserves (gross)	-36.6	-76.5	-1,415.6	-826.1
Reinsurers' share of claims incurred	50.3	52.8	6.9	7.9
Acquisition costs	-202.2	-203.8	-34.6	-46.5
Operating and administrative expenses for insurance business	-240.1	-262.7	-138.1	-140.2
Investment management expenses	-10.6	-10.6	-43.4	-41.3
Interest expenses on insurance liabilities	-0.2	-0.2	-17.0	-16.1
Gains or losses on financial contracts	-0.4	-0.3	-61.7	78.4
Other operating expenses	-67.1	-67.7	-45.0	-31.5
Expense	-1,397.0	-1,455.9	-3,590.9	-3,070.8
Profit / loss for the period before borrowing costs and taxes	262.0	208.4	70.3	45.5
Borrowing costs	-	-	-	-
Profit / loss for the period before taxes	262.0	208.4	70.3	45.5
Income taxes	-53.6	-33.5	-20.3	-12.5
Profit / loss for the period (segment result)	208.4	174.9	50.1	33.0

	Banking		Other activities		Eliminated			Total
	2015	2016	2015	2016	2015	2016	2015	2016
	-	-	-	-	-	-	4,145.4	3,948.1
	-	-	-	-	-	-	-70.5	-74.2
	-	-	-	-	-	-	4,074.9	3,873.9
	64.8	60.7	1.3	1.0	-12.5	-12.2	784.4	779.9
	2.1	14.8	6.7	-2.8	-	-	366.2	92.8
	64.8	64.1	78.2	81.6	-103.3	-110.0	58.1	53.2
	-	-	2.3	1.5	-	-	32.7	3.3
	3.0	2.2	5.9	5.8	-25.4	-28.5	91.8	55.9
	134.6	141.9	94.5	87.1	-141.3	-150.7	5,408.0	4,859.0
	-31.8	-32.9	-67.7	-73.1	141.3	150.7	-	-
	-	-	2.3	1.5	-	-	32.7	3.3
	-	-	-	-	-	-	-2,732.6	-2,942.3
	-	-	-	-	-	-	-1,452.2	-902.6
	-	-	-	-	-	-	57.2	60.7
	-	-	-	-	-	-	-236.8	-250.3
	-	-	-	-	-	-	-378.2	-402.9
	-11.2	-13.2	-2.3	-1.3	37.7	37.6	-29.7	-28.7
	-	-	-	-	-	-	-17.1	-16.2
	-31.5	-40.2	-15.9	-3.7	13.0	12.7	-96.6	46.8
	-49.2	-35.0	-101.2	-100.0	90.6	100.4	-171.9	-133.9
	-91.9	-88.4	-119.3	-105.0	141.3	150.7	-5,057.8	-4,569.5
	42.8	53.5	-24.8	-17.9	-	-	350.3	289.5
	-	-	-19.9	-20.0	-	-	-19.9	-20.0
	42.8	53.5	-44.8	-38.0	-	-	330.3	269.5
	-9.1	-11.1	1.7	10.9	-	-	-81.2	-46.3
	33.7	42.4	-43.1	-27.1	-	-	249.1	223.2

SHARE CAPITAL

	Number of treasury shares	Number of shares in circulation	Number of shares issued	Share capital (CHF million)
Balance as at 1 January 2015	3,048,791	46,951,209	50,000,000	5.0
Purchase / sale of treasury shares	415,749	-415,749	-	-
Capital increases	-	-	-	-
Share buy-back and cancellation	-	-	-	-
Balance as at 31 December 2015	3,464,540	46,535,460	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 2016	3,464,540	46,535,460	50,000,000	5.0
Purchase / sale of treasury shares	393,985	-393,985	-	-
Capital increases	-	-	-	-
Share buy-back and cancellation	-	-	-	-
Balance as at 30 June 2016	3,858,525	46,141,475	50,000,000	5.0

The share capital of Baloise Holding Ltd 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 (2015: 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 Annual General Meeting held on 29 April 2016 voted to pay a gross dividend of CHF 5.00 per share for the 2015 financial year. This amounted to a total dividend distribution of CHF 250.0 million. Excluding the treasury shares held by Baloise Holding Ltd at the time that the dividend was paid, the total distribution effectively amounted to CHF 232.0 million.

As at the balance sheet date (30 June 2016), a cumulative total of 781,500 shares in Baloise Holding Ltd had been repurchased for a total amount of CHF 90.3 million under the share buy-back programme that has been in place since 16 April 2015.

FINANCIAL LIABILITIES

No new bonds were issued in the first half of 2016 and no bonds were redeemed.

INCOME FROM INVESTMENTS FOR OWN ACCOUNT AND AT OWN RISK

	1 st half	1 st half
	2015	2016
CHF million		
Investment property	127.5	120.5
Financial assets of an equity nature		
Available for sale	85.0	93.3
Recognised at fair value through profit or loss	10.1	17.6
Financial assets of a debt nature		
Held to maturity	104.0	108.0
Available for sale	251.1	246.8
Recognised at fair value through profit or loss	1.7	1.6
Mortgages and loans		
Carried at cost	195.4	184.8
Recognised at fair value through profit or loss	9.4	7.5
Cash and cash equivalents	0.3	-0.1
Total income from investments for own account and at own risk	784.4	779.9

REALISED GAINS AND LOSSES ON INVESTMENTS

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

	1 st half	1 st half
	2015	2016
CHF million		
Realised gains and losses on investments for own account and at own risk	165.9	264.6
Realised gains and losses on investments for the account and at the risk of life insurance policyholders and third parties	200.2	-171.8
Realised gains and losses on investments as recognised in the income statement	366.2	92.8

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

First half of 2015	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	118.3	–	–	–	–	118.3
Held to maturity ¹	–	–	–	–	–	–
Available for sale	–	159.2	284.3	–	–	443.5
Recognised at fair value through profit or loss	–	8.2	0.3	3.2	755.2	766.9
Carried at cost	–	–	–	33.9	–	33.9
Sub-total	118.3	167.4	284.6	37.1	755.2	1,362.7
Realised losses on disposals and book losses						
Investment property	–73.3	–	–	–	–	–73.3
Held to maturity ¹	–	–	–241.8	–	–	–241.8
Available for sale	–	–50.5	–401.6	–	–	–452.1
Recognised at fair value through profit or loss	–	–33.3	–0.5	–	–357.5	–391.4
Carried at cost	–	–	–	–0.4	–	–0.4
Sub-total	–73.3	–83.9	–643.9	–0.4	–357.5	–1,159.1
Impairment losses recognised in profit or loss						
Held to maturity	–	–	–	–	–	–
Available for sale	–	–37.9	–	–	–	–37.9
Carried at cost	–	–	–	–0.7	–	–0.7
Reversal of impairment losses recognised in profit or loss						
Held to maturity	–	–	–	–	–	–
Available for sale	–	–	–	–	–	–
Carried at cost	–	–	–	0.9	–	0.9
Sub-total	–	–37.9	–	0.2	–	–37.7
Total realised gains and losses on investments	45.0	45.7	–359.3	36.9	397.7	165.9

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 2016	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	114.1	–	–	–	–	114.1
Held to maturity ¹	–	–	0.1	–	–	0.1
Available for sale	–	74.9	158.7	–	–	233.6
Recognised at fair value through profit or loss	–	13.1	0.0	6.7	409.5	429.3
Carried at cost	–	–	–	29.1	–	29.1
Sub-total	114.1	87.9	158.8	35.8	409.5	806.2
Realised losses on disposals and book losses						
Investment property	–83.3	–	–	–	–	–83.3
Held to maturity ¹	–	–	–6.4	–	–	–6.4
Available for sale	–	–24.5	–86.4	–	–	–110.9
Recognised at fair value through profit or loss	–	–31.5	–2.2	0.0	–237.5	–271.2
Carried at cost	–	–	–	–0.1	–	–0.1
Sub-total	–83.3	–56.0	–95.1	–0.1	–237.5	–471.9
Impairment losses recognised in profit or loss						
Held to maturity	–	–	–	–	–	–
Available for sale	–	–61.5	–0.3	–	–	–61.7
Carried at cost	–	–	–	–8.7	–	–8.7
Reversal of impairment losses recognised in profit or loss						
Held to maturity	–	–	–	–	–	–
Available for sale	–	–	–	–	–	–
Carried at cost	–	–	–	0.7	–	0.7
Sub-total	–	–61.5	–0.3	–7.9	–	–69.7
Total realised gains and losses on investments	30.8	–29.5	63.5	27.8	172.1	264.6

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 AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

The sale to the Frankfurter Leben Group of the portfolio of life insurance policies, which had been in run-off since the end of 2011, held by the German branch of Baloise Life Ltd (Basler Leben DfD [Direktion für Deutschland]) was formally completed on 16 September 2015. The portfolio that had been held for sale, and the associated assets and liabilities, have been treated as a disposal group in accordance with IFRS 5. Because the sale had not yet been completed, a subsequent measurement in accordance with IFRS 5 was carried out as at 30 June 2016.

	Disposal groups		Non-current assets	
	31.12.2015	30.6.2016	31.12.2015	30.6.2016
CHF million				
Property, plant and equipment	–	–	–	–
Intangible assets	17.6	13.2	–	–
Investment property	–	–	–	–
Financial assets	1,963.1	1,985.2	–	–
Other investments	–	–	–	–
Receivables	30.3	29.7	–	–
Other assets	7.7	4.2	–	–
Total assets	2,018.7	2,032.3	–	–
Technical reserves	1,938.8	1,960.2	–	–
Liabilities arising from banking business and financial contracts	–	–	–	–
Other financial obligations	15.0	10.3	–	–
Other liabilities	9.0	7.9	–	–
Total liabilities	1,962.9	1,978.5	–	–
Unrealised losses directly associated with non-current assets and disposal groups classified as held for sale	–3.2	–6.1	–	–

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 are current, in sufficient volume and represent 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 following table 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

31.12.2015	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	4,443.3	4,443.3	2,627.7	872.5	943.1
Recognised at fair value through profit or loss	1,173.8	1,173.8	285.7	888.1	–
Financial assets of a debt nature					
Available for sale	23,024.6	23,024.6	23,001.3	23.3	–
Recognised at fair value through profit or loss	46.6	46.6	28.3	18.3	–
Mortgages and loans					
Recognised at fair value through profit or loss	744.0	744.0	–	744.0	–
Derivative financial instruments					
	363.2	363.2	11.0	352.2	–
Receivables from financial contracts					
Recognised at fair value through profit or loss	–	–	–	–	–
Liabilities measured on a recurring basis					
Liabilities arising from banking business and financial contracts					
Recognised at fair value through profit or loss	322.2	322.2	–	322.2	–
Derivative financial instruments					
	250.8	250.8	22.1	228.7	–

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

First half of 2016	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	4,336.5	4,336.5	2,460.1	937.3	939.1
Recognised at fair value through profit or loss	1,181.3	1,181.3	273.7	907.6	–
Financial assets of a debt nature					
Available for sale	24,277.0	24,277.0	24,252.5	24.5	–
Recognised at fair value through profit or loss	44.2	44.2	26.2	18.0	–
Mortgages and loans					
Recognised at fair value through profit or loss	885.6	885.6	–	885.6	–
Derivative financial instruments	582.3	582.3	13.0	569.3	–
Receivables from financial contracts					
Recognised at fair value through profit or loss	–	–	–	–	–
Liabilities measured on a recurring basis					
Liabilities arising from banking business and financial contracts					
Recognised at fair value through profit or loss	402.4	402.4	–	402.4	–
Derivative financial instruments	236.3	236.3	8.9	227.4	–

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

31.12.2015	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	8,153.7	8,153.7	8,011.7	–	142.1
Financial assets of a debt nature					
Recognised at fair value through profit or loss	1,627.7	1,627.7	1,607.8	19.9	–
Derivative financial instruments	290.7	290.7	28.0	262.7	–
Other assets					
Recognised at fair value through profit or loss	40.2	40.2	40.2	–	–
Liabilities measured on a recurring basis					
Liabilities arising from banking business and financial contracts					
Recognised at fair value through profit or loss	8,460.6	8,460.6	8,460.6	–	–
Derivative financial instruments	–	–	–	–	–

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

First half of 2016	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	8,157.9	8,157.9	8,068.2	–	89.7
Financial assets of a debt nature					
Recognised at fair value through profit or loss	1,632.5	1,632.5	1,607.4	25.1	–
Derivative financial instruments	327.4	327.4	137.6	189.8	–
Other assets					
Recognised at fair value through profit or loss	55.2	55.2	55.2	–	–
Liabilities measured on a recurring basis					
Liabilities arising from banking business and financial contracts					
Recognised at fair value through profit or loss	8,765.4	8,765.4	8,765.4	–	–
Derivative financial instruments	–	–	–	–	–

**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	
2015		
CHF million		
Assets and liabilities measured on a recurring basis		
Balance as at 1 January	993.0	993.0
Additions	112.6	112.6
Additions arising from change in the scope of consolidation	–	–
Additions arising from change in the percentage of shareholding	–	–
Disposals	–96.7	–96.7
Disposals arising from change in the scope of consolidation	–	–
Disposals arising from change in the percentage of shareholding	–	–
Reclassified to Level 3	–	–
Reclassified from Level 3	–	–
Reclassification to non-current assets and disposal groups classified as held for sale	–7.8	–7.8
Changes in fair value recognised in profit or loss ¹	–6.1	–6.1
Changes in fair value not recognised in profit or loss ²	14.8	14.8
Exchange differences	–66.7	–66.7
Balance as at 31 December	943.1	943.1
Changes in fair value of financial instruments held at the balance sheet date and recognised in profit or loss	–6.1	–6.1

1 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.

2 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 2016	Available for sale	
CHF million		
Assets and liabilities measured on a recurring basis		
Balance as at 1 January	943.1	943.1
Additions	63.2	63.2
Additions arising from change in the scope of consolidation	–	–
Additions arising from change in the percentage of shareholding	–	–
Disposals	–51.9	–51.9
Disposals arising from change in the scope of consolidation	–	–
Disposals arising from change in the percentage of shareholding	–	–
Reclassified to Level 3	–	–
Reclassified from Level 3	–	–
Changes in fair value recognised in profit or loss ¹	–1.6	–1.6
Changes in fair value not recognised in profit or loss ²	0.0	0.0
Exchange differences	–13.7	–13.7
Balance as at 30 June	939.1	939.1
Changes in fair value of financial instruments held at the balance sheet date and recognised in profit or loss	–1.6	–1.6

1 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.
2 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 instruments with characteristics of equity	Total
	Recognised at fair value through profit or loss	
2015		
CHF million		
Assets and liabilities measured on a recurring basis		
Balance as at 1 January	176.5	176.5
Additions	3.1	3.1
Additions arising from change in the scope of consolidation	–	–
Additions arising from change in the percentage of shareholding	–	–
Disposals	– 20.1	– 20.1
Disposals arising from change in the scope of consolidation	–	–
Disposals arising from change in the percentage of shareholding	–	–
Reclassified to Level 3	–	–
Reclassified from Level 3	–	–
Changes in fair value recognised in profit or loss ¹	– 4.1	– 4.1
Exchange differences	– 13.4	– 13.4
Balance as at 31 December	142.1	142.1
Changes in fair value of financial instruments held at the balance sheet date and recognised in profit or loss	– 4.1	– 4.1

1 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 instruments with characteristics of equity	Total
	Recognised at fair value through profit or loss	
First half of 2016		
CHF million		
Assets and liabilities measured on a recurring basis		
Balance as at 1 January	142.1	142.1
Additions	1.4	1.4
Additions arising from change in the scope of consolidation	–	–
Additions arising from change in the percentage of shareholding	–	–
Disposals	–53.4	–53.4
Disposals arising from change in the scope of consolidation	–	–
Disposals arising from change in the percentage of shareholding	–	–
Reclassified to Level 3	–	–
Reclassified from Level 3	–	–
Changes in fair value recognised in profit or loss ¹	–0.5	–0.5
Exchange differences	0.1	0.1
Balance as at 30 June	89.7	89.7
Changes in fair value of financial instruments held at the balance sheet date and recognised in profit or loss	–0.5	–0.5

1 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

	31.12.2015		1 st half of 2016	
	Total carrying amount	Total fair value	Total carrying amount	Total fair value
CHF million				
Assets				
Financial assets of a debt nature				
Held to maturity	8,549.5	10,007.4	8,421.0	10,645.7
Mortgages and loans				
Carried at cost	15,912.6	16,929.6	15,388.8	16,674.8
Receivables from financial contracts				
Carried at cost	9.9	9.9	5.1	5.1
Other receivables				
Carried at cost	317.5	318.5	312.1	313.1
Receivables from investments				
Carried at cost	491.3	491.3	407.8	407.8
Liabilities				
Liabilities arising from banking business and financial contracts				
Measured at amortised cost	8,299.2	8,484.0	7,685.5	7,821.4
Financial liabilities	1,707.8	1,864.2	1,710.5	1,866.7

GAINS OR LOSSES ON FINANCIAL CONTRACTS

	1 st half	1 st half
	2015	2016
CHF million		
With discretionary participation features (DPF)		
Financial contracts with discretionary participation features (DPF)	-22.2	-26.5
Sub-total	-22.2	-26.5
Measured at amortised cost		
Interest on loans	-0.1	0.0
Interest due	-5.6	-3.2
Interest arising from banking business	-11.4	-8.4
Interest expenses arising from repurchase agreements	0.0	2.4
Acquisition costs arising from banking business	-7.1	-6.9
Interest expenses arising from bonds	-1.5	-
Expenses arising from financial contracts	-8.2	-7.6
Sub-total	-33.9	-23.8
Designated as at fair value through profit or loss		
Change in fair value of bonds	-	-
Change in fair value of other financial contracts	-40.4	97.1
Sub-total	-40.4	97.1
Total gains or losses on financial contracts	-96.6	46.8
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	-	-

The bond of Baloise Bank SoBa amounting to CHF 100 million (3.00 per cent, 2007 to 2015, ISIN CH0030870445) was repaid on 12 June 2015. No new bonds were placed during the reporting period.

ACQUISITION AND DISPOSAL OF COMPANIES

	Cumulative acquisitions		Cumulative disposals	
	31.12.2015	30.6.2016	31.12.2015	30.6.2016
CHF million				
Investments	13.7	-	-	-
Other assets	0.1	-	-	-
Receivables and assets	6.4	-	-	-
Cash and cash equivalents	0.5	-	-	-
Actuarial liabilities	-13.0	-	-	-
Other accounts payable	-3.4	-	-	-
Non-controlling interests	-	-	-	-
Net assets acquired / disposed of	4.3	-	-	-
Funds used / received for acquisitions and disposals				
Cash and cash equivalents	6.6	-	-	-
Offsetting	-	-	-	-
Transfer of assets	-	-	-	-
Directly attributable costs	-	-	-	-
Equity instruments issued	-	-	-	-
Reclassification of investments in associates	-	-	-	-
Acquisition / disposal price	6.6	-	-	-
Net assets acquired / disposed of	-4.3	-	-	-
Other comprehensive income	-	-	-	-
Goodwill / negative goodwill or proceeds from disposals	2.3	-	-	-
Cash and cash equivalents used / received for acquisitions and disposals	-6.6	-	-	-
Cash and cash equivalents acquired / disposed of	0.5	-	-	-
Outflow / inflow of cash and cash equivalents	-6.1	-	-	-

HDI-Gerling Assurances, based in Leudelange, Luxembourg, was acquired in 2015 and was merged with Baloise Assurances Luxembourg S.A. in the same year.

INCOME TAXES

	1 st half	1 st half
	2015	2016
CHF million		
Current income taxes	-73.4	-56.3
Deferred income taxes	-7.8	10.0
Total current and deferred income taxes	-81.2	-46.3

EARNINGS PER SHARE

	1 st half	1 st half
	2015	2016
Profit for the period (attributable to shareholders) (CHF million)	248.7	223.6
Average number of shares outstanding	46,890,724	46,378,151
Basic earnings per share (CHF)	5.30	4.82

	1 st half	1 st half
	2015	2016
Profit for the period (attributable to shareholders) (CHF million)	248.7	223.6
Adjustment of interest expenses arising from convertible bonds (including tax effects) (CHF million)	4.0	4.0
Adjusted profit for the period (attributable to shareholders) (CHF million)	252.7	227.6
Average number of shares outstanding	46,890,724	46,378,151
Adjustment due to potential conversion of convertible bonds	928,788	929,075
Adjustment due to potential exercise of share-based payment plans	87,094	64,717
Adjustment due to potential exercise of put options	0	0
Adjusted average number of shares outstanding	47,906,606	47,371,943
Diluted earnings per share (CHF)	5.27	4.80

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 Ltd for the reporting period as well as for the comparison period.

RELATED PARTY TRANSACTIONS

Compared with the detailed information on related party transactions published in the 2015 annual report, there are no events of relevance to the reporting period.

There were no other material changes in either nature or scope during the reporting period.

CONTINGENT AND FUTURE LIABILITIES

The first half of 2016 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 2015.

EVENTS AFTER THE BALANCE SHEET DAY

By the time that this half-year report had been completed on 25 August 2016 we had not become aware of any events that would have a material impact on the financial statements for the period as a whole.

General information

FINANCIAL CALENDAR AND CONTACTS

- 30.08.2016** Half-year financial results:
conference call for analysts and the media
- 26.10.2016** Strategy Day
- 15.11.2016** Q3 Interim Statement
- 23.03.2017** Annual financial results:
media conference
conference call for analysts
- 28.04.2017** Annual General Meeting of Baloise Holding Ltd
- 30.08.2017** 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 2016 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 30 August 2016.

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Making you safer.