

# Half Year Results 2022

Presentation to Investors and Analysts

Basel, 25 August 2022



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# Agenda

1. Half Year Results 2022 – In a Nutshell
2. Capitalisation
3. Non-Life
4. Life
5. Asset Management and Banking
6. Ecosystems and Innovation
7. Insurance Assets
8. Segment Reporting
9. Further Information

# 1. Half Year Results 2022 – In a Nutshell

# Financial Highlights Half-Year 2022

Start into the new strategic phase “Simply Safe: Season 2” (2022-2025) with a solid set of results

## Group

Net Income

**287** mn

Capital

Equity **5.0** bn

S&P Rating **A+**

SST-Ratio<sup>1</sup> **~230%**

## Non-Life Business

Combined Ratio **91.9%**

Growth<sup>2</sup>: 2.3%, EBIT: 162 mn

## Life Business

Interest Rate Margin **111bp**

Growth<sup>3</sup>: -5.9% / -21.1%, EBIT: 178 mn

## Asset Mgmt & Bank

Net Investment Yield<sup>4</sup> **0.9%**

Growth<sup>5</sup>: +713mn, EBIT: 39 mn

## Main Messages

- Well diversified half-year result demonstrates reliability and stability of Baloise
- Very strong result in Life despite headwinds from capital markets
- Solid growth and reliable Combined Ratio in Non-Life despite larger winter storm event in February
- Lower equity but stronger economic capitalization due to higher interest rates
- Further progress in ecosystems Home and Mobility achieved

All amounts in CHF

1) Estimated per 30.06.2022

2) Growth in Local Currency (LC)

3) Growth (in LC) in Life business / investment-type premium business

4) On insurance assets, not annualized

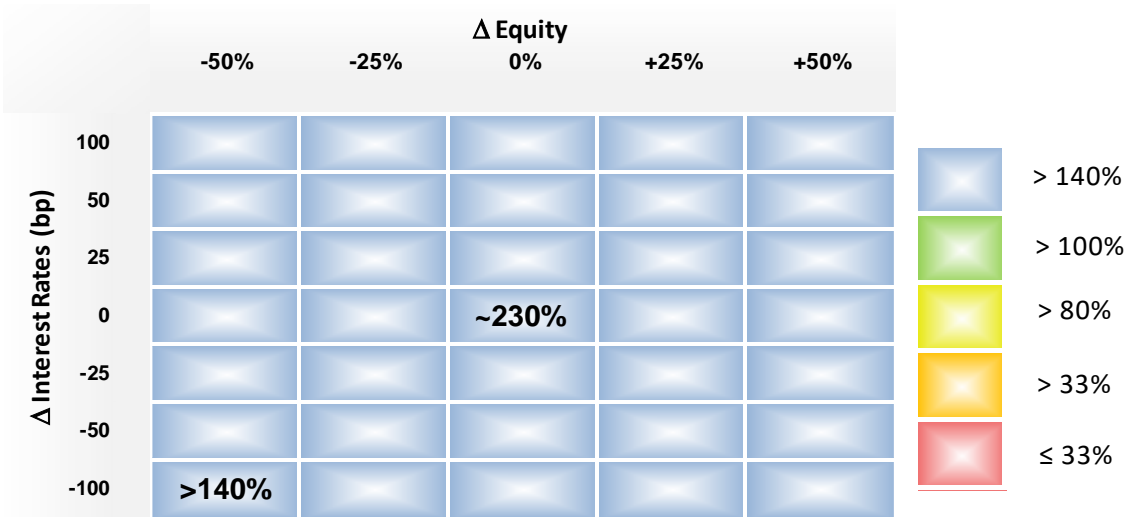
5) Net new third party assets

## 2. Capitalisation

# Economic Capitalisation

## Swiss Solvency Test (SST)

SST ratio and sensitivities as of 30 June 2022, estimated



- › Estimated SST ratio as of 30 June 2022 in the range of 230% (1 January 2022: 220%)
- › SST ratio above 140% even in economic stress events such as if interest rates would drop by 100 bp and equity markets would simultaneously crash by 50%

## Solvency II

- › All SII-quotas without transitionals and without volatility adjustment 'in the green' as of 31 December 2021

*For further details see Solvency and Financial Condition Reports (SFCR), April 2022*

## Standard & Poor's Rating

- › Standard & Poor's rating of 'A+' confirmed in June 2022

*Standard & Poor's acknowledges Baloise's sizable market shares and very profitable technical results, the sustainable and extremely strong capital adequacy and Baloise's high quality investment portfolio*

# Capital - IFRS Total Equity

## Change in equity

Lower equity due to lower unrealized capital gains on fixed-interest securities (see other comprehensive income and p.9) and dividend payment

In CHF mn, incl. non-controlling interests	<b>HY 2022</b>	<b>Per share<sup>1)</sup></b>
<b>Total equity at January 1</b>	<b>7,300</b>	<b>161.7</b>
Other comprehensive income	-2,258	
Dividends	-317	
Profit for the period	286 $\Delta = -31.2\%$	$\Delta = -31.5\%$
Purchase / sale of treasury shares	11	
Change in non-controlling interests	0	
<b>Total equity at June 30</b>	<b>5,021</b>	<b>110.8</b>

<sup>1)</sup> based on consolidated equity (excl. non-controlling interests) and on average shares outstanding

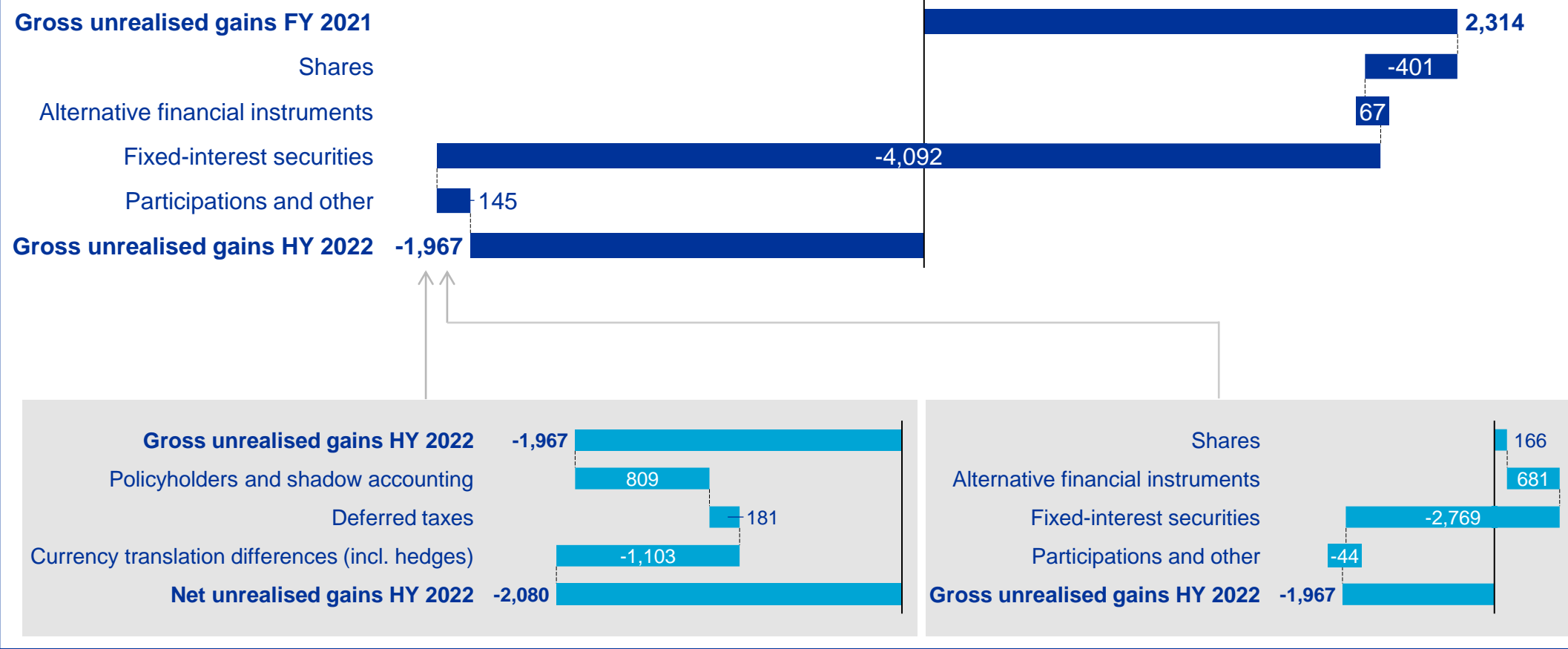


# Capital – Unrealised Capital Gains

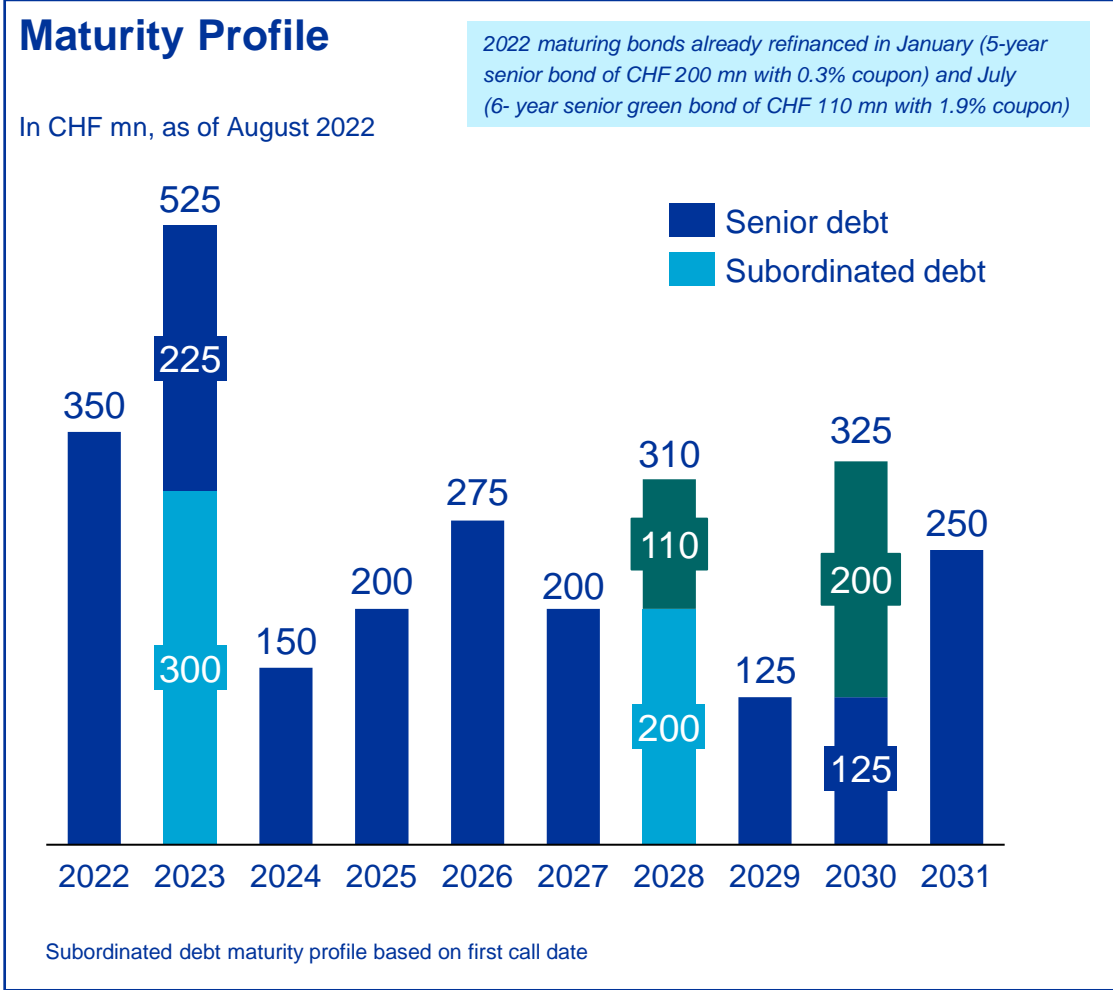
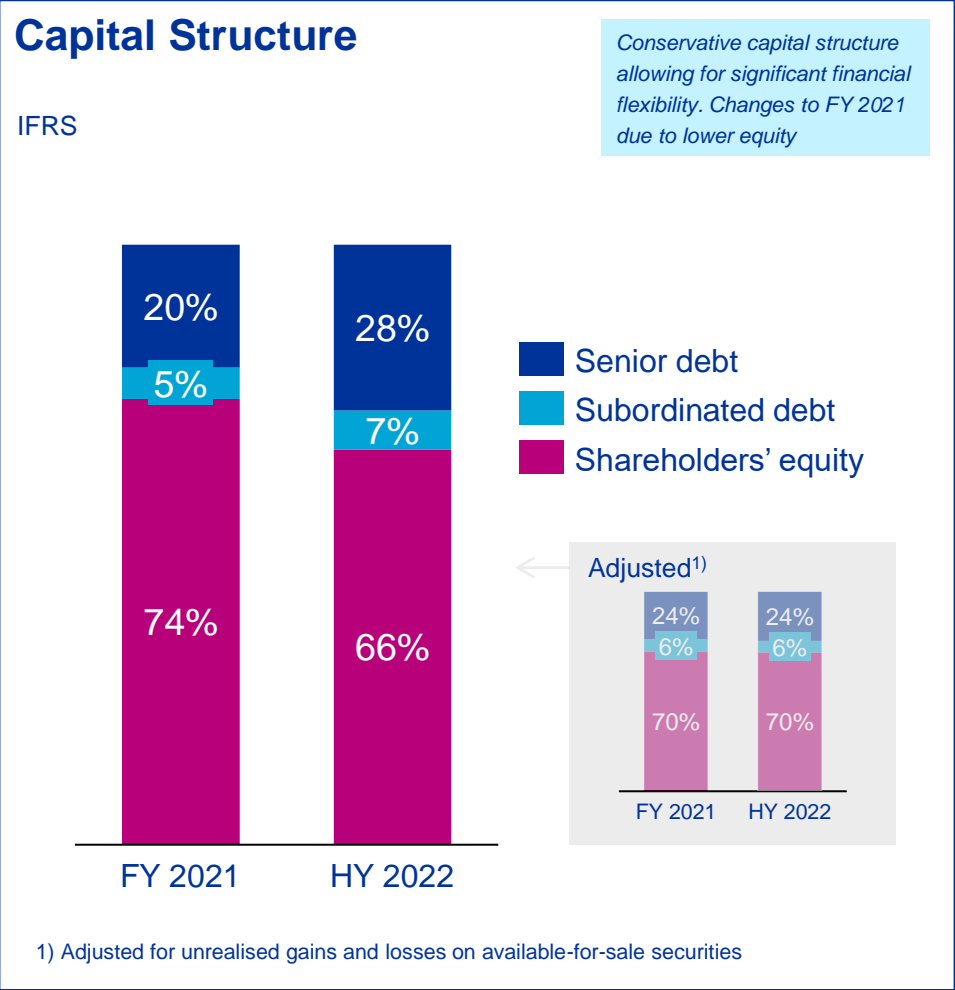
## Gross and net unrealised capital gains

in CHF mn

Lower unrealised capital gains due to increased interest rates and adverse market conditions

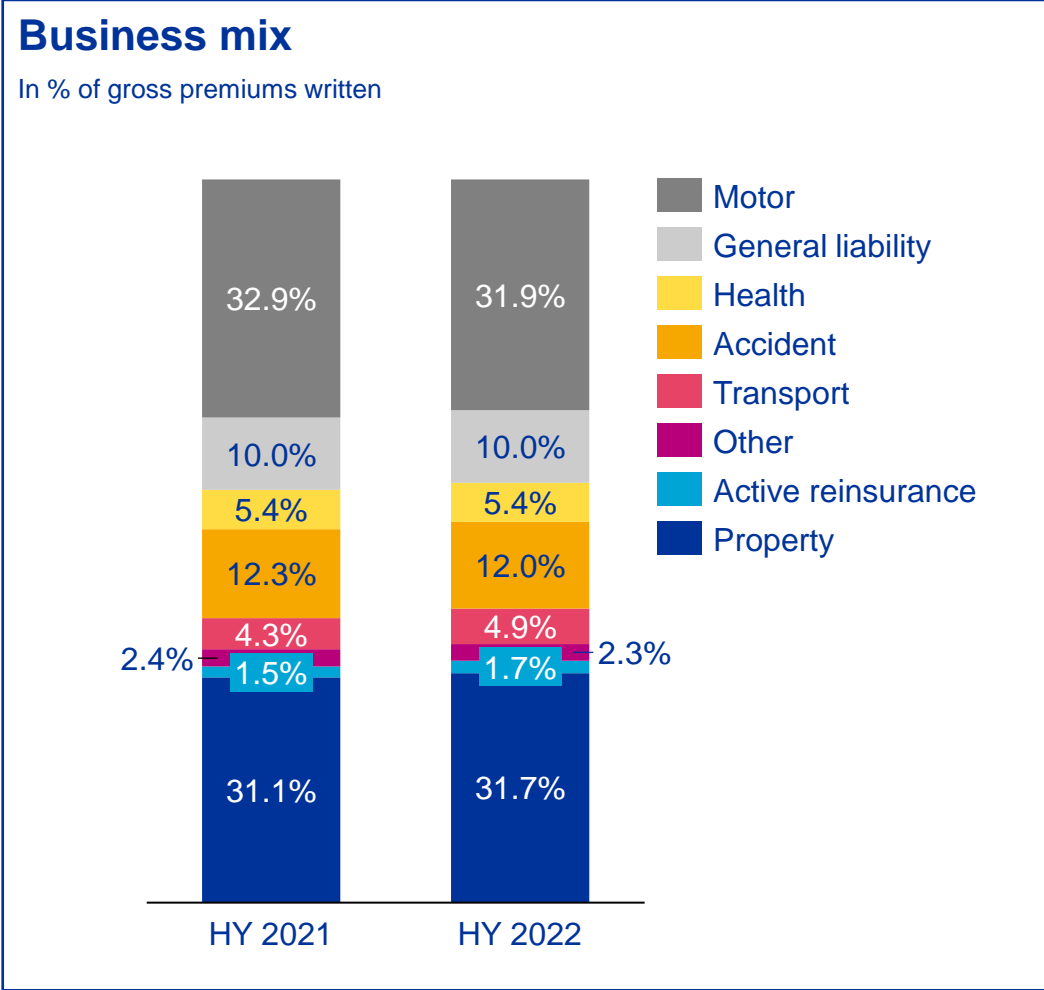
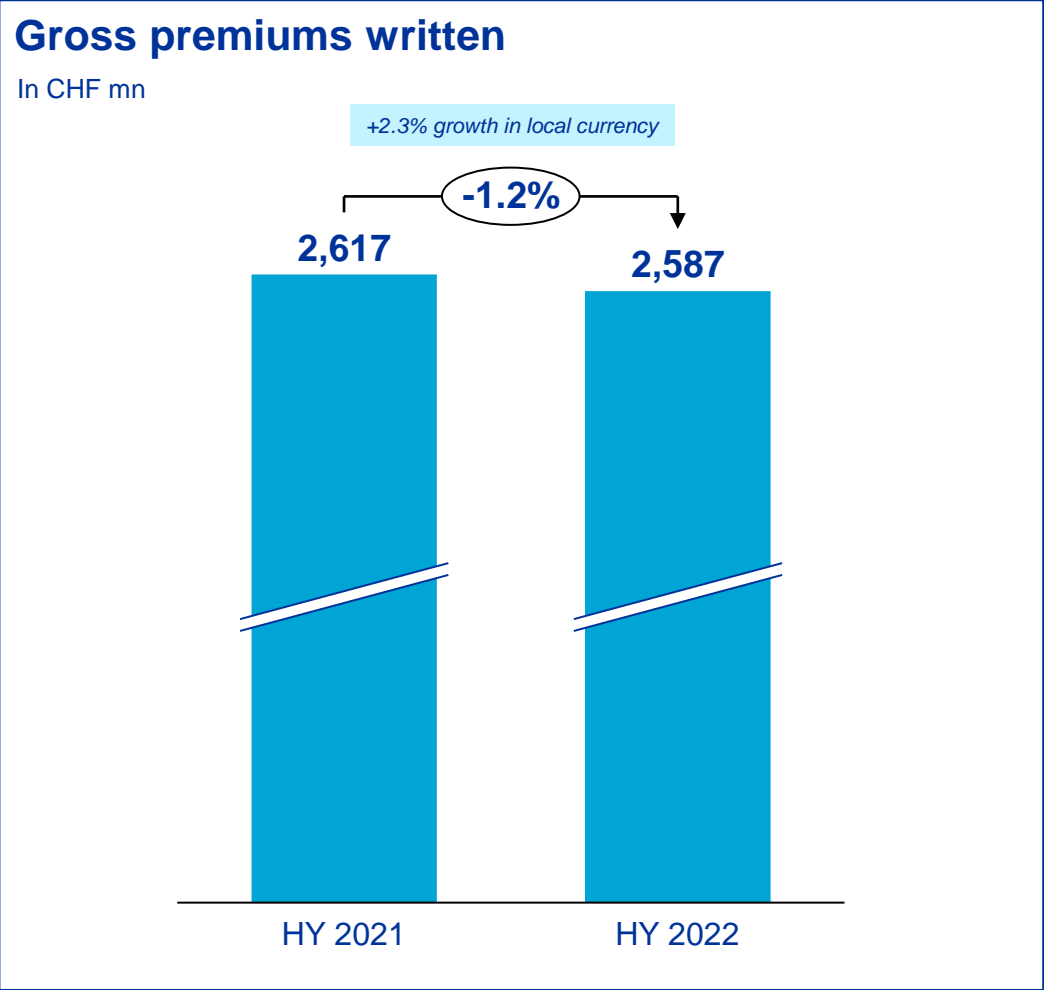


# Capital – Structure and Debt Maturity Profile



# 3. Non-Life

# Non-Life – Business Volume and Business Mix



# Non-Life – Earnings and Combined Ratio

<b>Profit &amp; Loss</b>		
In CHF mn	<b>HY 2021</b>	<b>HY 2022</b>
Premiums earned (net)	1,878	<b>1,834</b>
Premiums earned (gross)	1,993	<b>1,973</b>
Reinsurance premiums ceded	-115	<b>-139</b>
<b>Claims and benefit paid (net)</b>	<b>-1,128</b>	<b>-1,097</b>
Claims and benefits paid (gross)	-1,115	<b>-1,265</b>
Reinsurers' share of claims incurred	58	<b>110</b>
Change in technical reserves	-71	<b>59</b>
<b>Technical costs</b>	<b>-586</b>	<b>-584</b>
Acquisition costs	-310	<b>-291</b>
Operating and administrative expenses	-276	<b>-293</b>
<b>Net investment result</b>	<b>83</b>	<b>69</b>
<b>Other</b>	<b>-80</b>	<b>-61</b>
<b>EBIT</b>	<b>166</b>	<b>162</b>

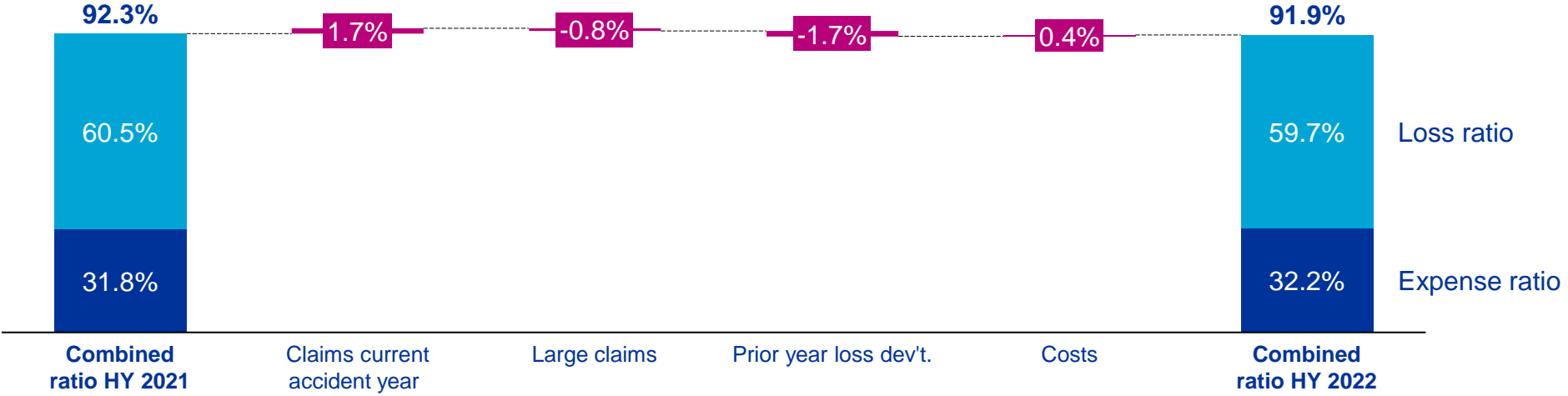
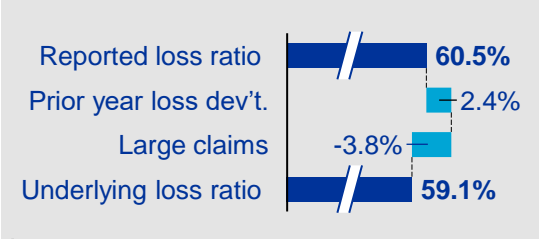
<b>Margin – Net combined ratio</b>		
In %	<b>HY 2021</b>	<b>HY 2022</b>
<b>Net combined ratio</b>	<b>92.3</b>	<b>91.9</b>
<b>Loss ratio</b>	<b>60.5</b>	<b>59.7</b>
Claims and benefit paid (net) / premiums earned (net)	60.1	<b>59.8</b>
Adjustment for non-life annuities <sup>1)</sup>	-0.4	<b>-0.4</b>
Adjustment for impending losses <sup>2)</sup>	0.9	<b>0.3</b>
<b>Expense ratio</b>	<b>31.8</b>	<b>32.2</b>
Technical costs / premiums earned (net)	31.2	<b>31.8</b>
Expense adjustment	0.6	<b>0.4</b>

<sup>1)</sup> for interest effect from discounted non-life annuity reserves  
<sup>2)</sup> relating to future reporting periods

# Non-Life – Analysis of Change





## Net combined ratio and underlying loss ratio

In % of net premiums earned



Loss ratio incl. surplus sharing

# Non-Life – Margins by Country

Net combined ratio					
	Switzerland	Germany	Belgium	Luxembourg	Group
In % of net premiums earned					
Loss ratio	62.6	55.5	59.3	57.7	<b>59.7</b>
Expense ratio	26.1	35.5	34.6	34.0	<b>32.2</b>
Combined ratio HY 2022	88.7	91.0	93.9	91.7	<b>91.9</b>
<b>Change vs. HY 2021 (in pts)</b>					
Δ Loss ratio	-1.8	-1.9	0.6	-6.2	<b>-0.8</b>
Δ Expense ratio	-0.7	0.2	0.8	1.2	<b>0.4</b>
Δ Combined ratio	-2.5	-1.7	1.4	-5.0	<b>-0.4</b>
Loss ratio incl. surplus sharing					

Increase in expense ratio driven by one-off effect in Belgium

# Non-Life – Investment Result

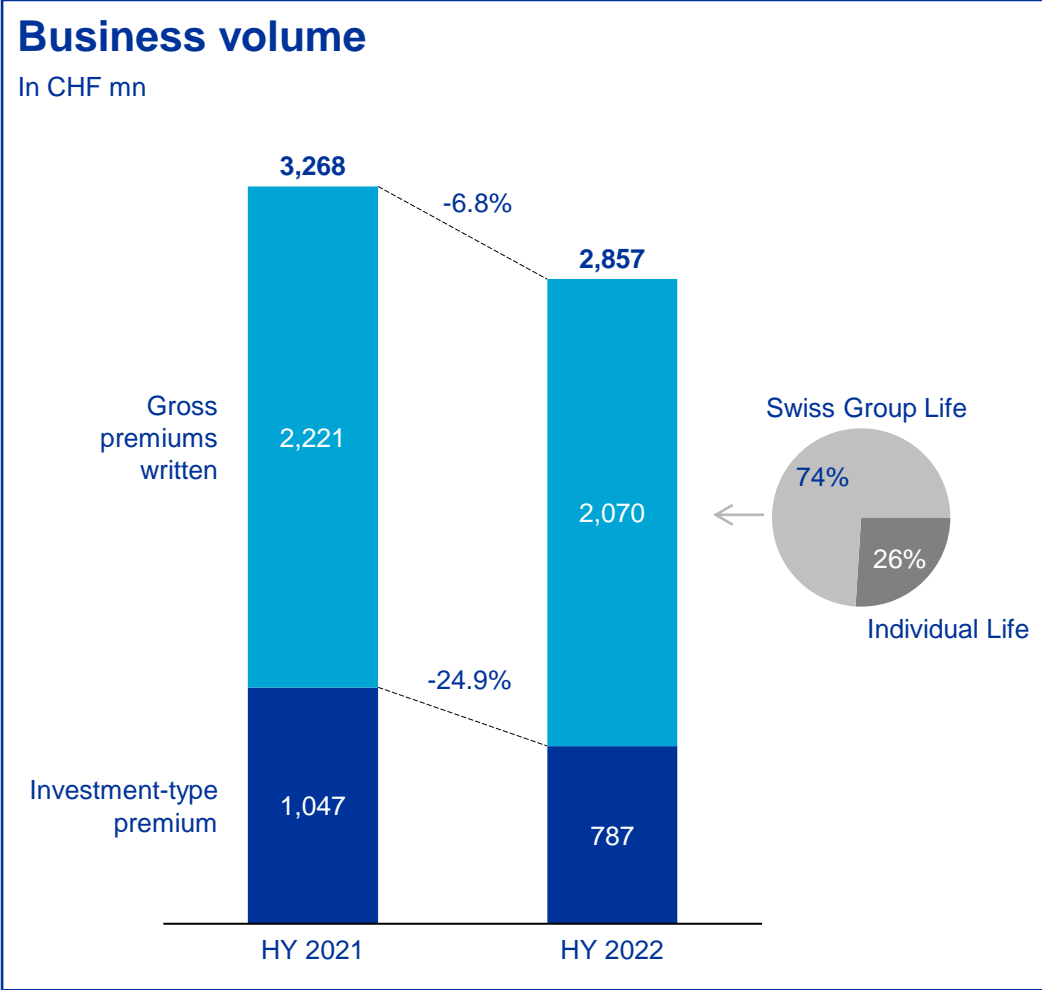
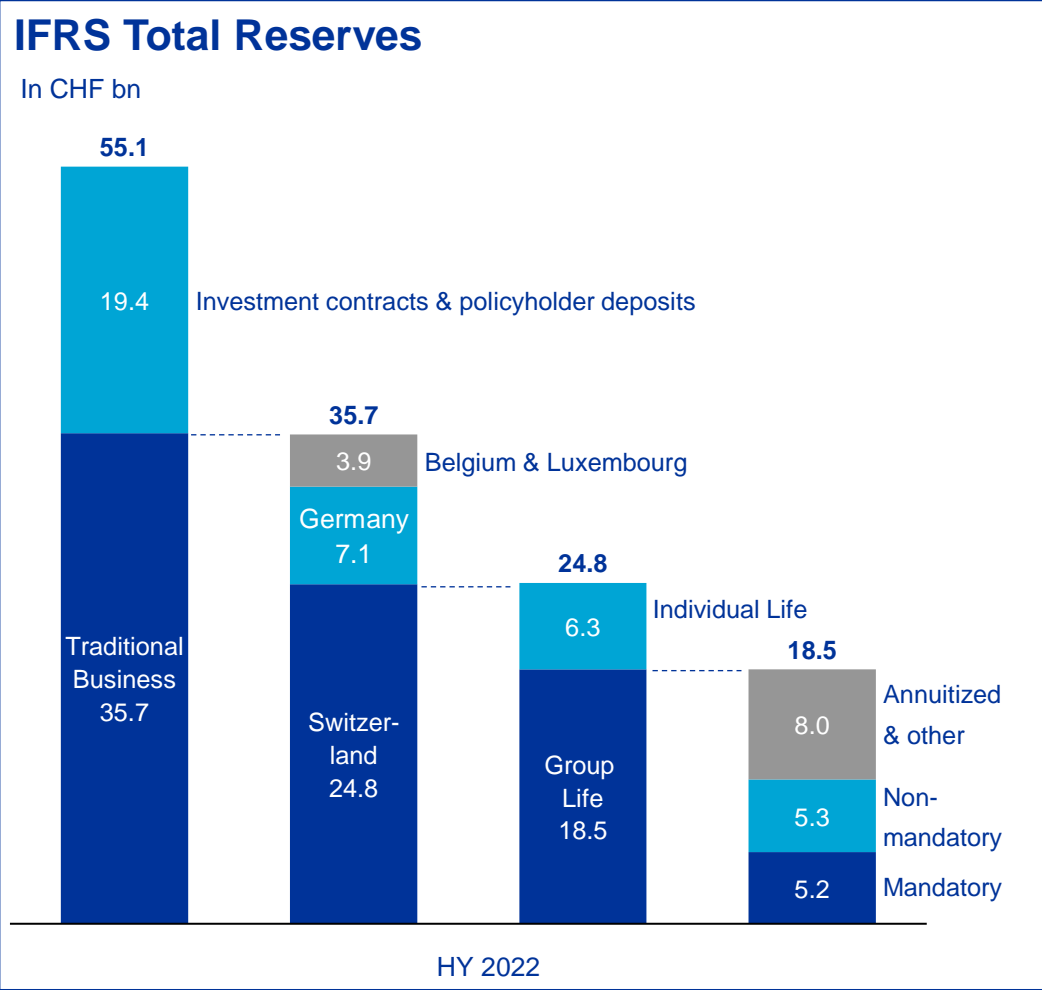
Investment income and yield							
In CHF mn	HY 2022		HY 2022 Gains and losses through income statement			HY 2022	HY 2021
	Current investment income	HY 2022 Impairments	On underlying	On Derivatives	Net	Net investment result	Net investment result
Fixed-income securities <sup>1)</sup>	31	-5	-1	-	-1	25	30
Equities	24	-17	11	11	23	30	17
Investment property	18	-	14	-	14	33	30
Other <sup>2)</sup>	10	-3	11	-	11	19	15
<b>Total before FX and investment expenses</b>	83	-25	36	11	47	106	92
FX: gains / losses and hedging costs			-34	13		-21	7
Investment expenses						-16	-16
<b>Net investment result</b>						69	83
<b>Average investments</b>						10,370	10,979
<b>Net investment yield<sup>3)</sup></b>						0.7%	0.8%

<sup>1)</sup> incl. senior secured loans and mortgage receivables <sup>2)</sup> incl. mortgages and loans <sup>3)</sup> not annualized

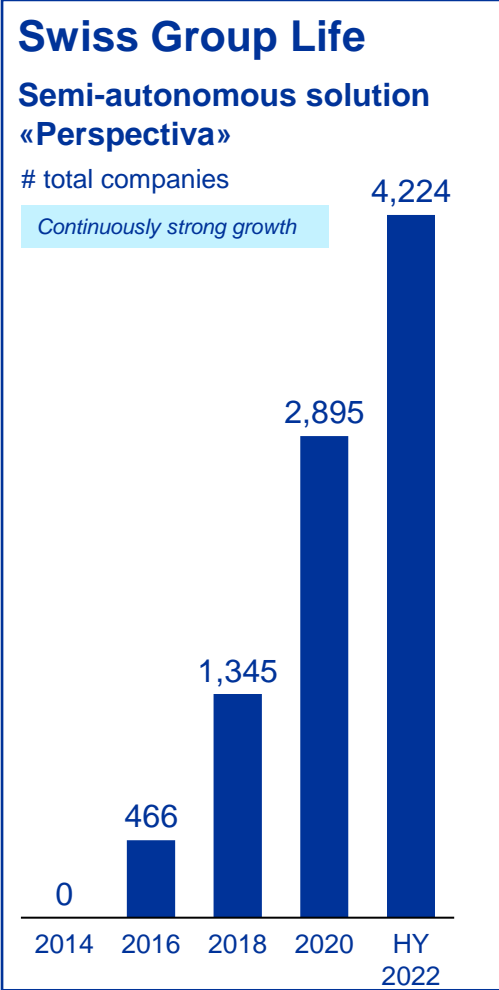
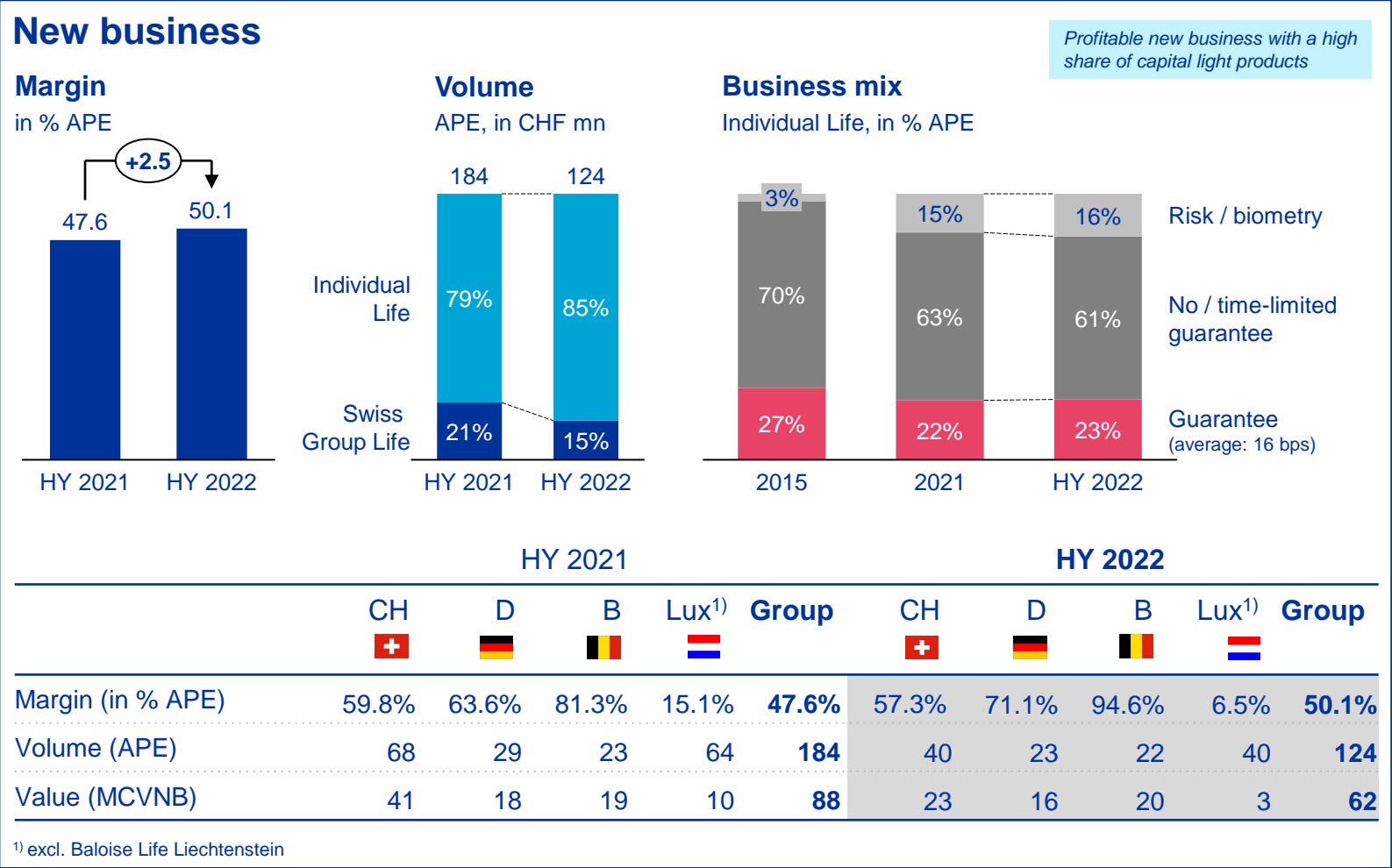


# 4. Life

# Life – Business Volume and Business Mix



# Life – Volume and Value of New Business



# Life – Profit by Sources

## EBIT Life

IFRS, in CHF mn

In CHF mn	HY 2021	HY 2022
Savings results	250	129
Risk result	90	36
Cost result	-46	-29
Policyholder participation	-92	-9
Interest rate effects	-8	52
Reserve strengthening / releases	-10	30
DAC, PVFP	2	21
<b>EBIT</b>	<b>195</b>	<b>178</b>

*Lower savings result due to adverse capital markets*

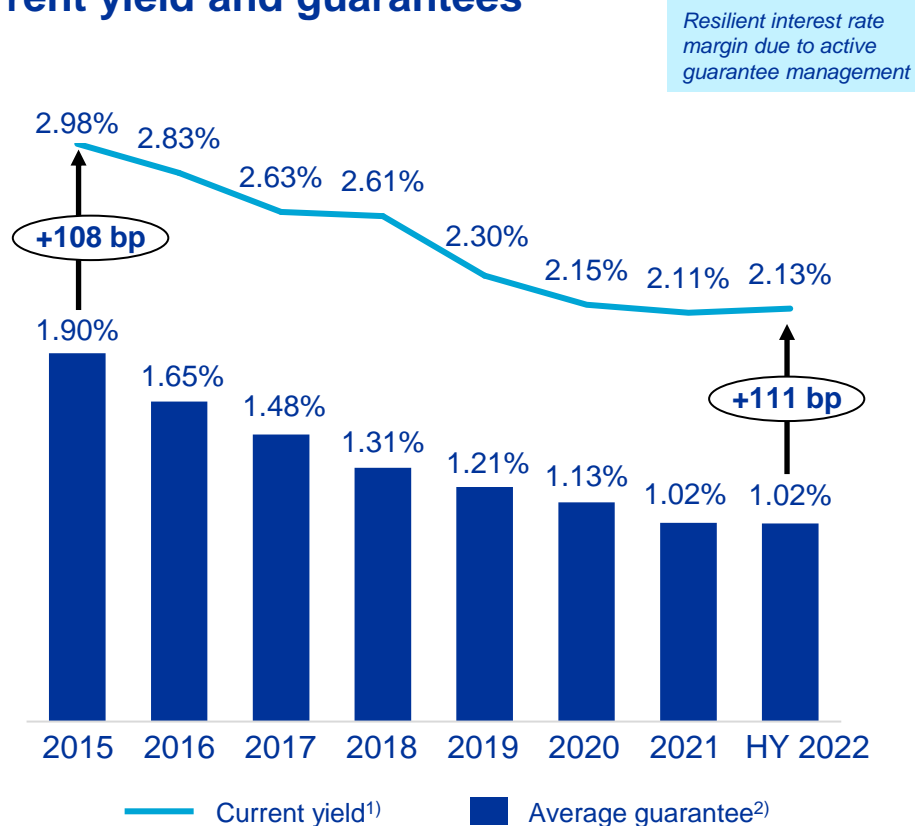
*Decreased risk result due to one-off effect from Swiss Group Life (new longevity-assumptions)*

*Lower policyholder participation due to lower savings result*

*Reserve releases due to the increased interest rates*

# Life – Average Guarantees and Interest Rate Margin

## Current yield and guarantees



<sup>1)</sup> Current investment income (IFRS) in % of statutory reserves, excl. realised capital gains / losses and FX hedging cost, incl. investment costs

<sup>2)</sup> Average guarantee (statutory basis), as at beginning of next reporting period

## Technical reserves and average guarantees

Statutory basis

	CH Ind. Life	CH Group Life	CH +	D +	B +	Lux +	Group
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### Technical reserves<sup>3)</sup>

As at 31.12. resp. 30.06. current year, in CHF bn

FY 2021	7.2	18.1	<b>25.3</b>	5.5	7.7	0.6	<b>39.1</b>
HY 2022	7.1	17.9	<b>24.9</b>	5.4	7.5	0.6	<b>38.3</b>

### Average guarantees

As at 1.1. resp. 1.7. next reporting period

FY 2015	1.9%	1.3%	<b>1.5%</b>	2.8%	2.9%	2.7%	<b>1.9%</b>
FY 2016	1.7%	1.0%	<b>1.2%</b>	2.4%	2.6%	2.6%	<b>1.6%</b>
⋮			⋮				⋮
FY 2021	0.4%	0.7%	<b>0.6%</b>	1.5%	1.9%	2.0%	<b>1.0%</b>
HY 2022	0.4%	0.8%	<b>0.6%</b>	1.5%	1.8%	1.9%	<b>1.0%</b>

<sup>3)</sup> excl. unit-linked

# Life – Investment Result

Investment income and yield							
In CHF mn	HY 2022		HY 2022 Gains and losses through income statement			HY 2022 Net investment result	HY 2021 Net investment result
	Current investment income	HY 2022 Impairments	On underlying	On derivatives	Net		
Fixed-income securities <sup>1)</sup>	239	-20	1	-73 <sup>4)</sup>	-72	147	267
Equities	46	-24	1	16	17	40	65
Investment property	124	-	140	-	140	263	208
Other <sup>2)</sup>	55	-7	47	-	47	96	91
<b>Total before FX and investment expenses</b>	465	-51	188	-56	132	546	632
FX: gains / losses and hedging costs			-131	112		-18	-12
Investment expenses						-53	-54
<b>Net investment result</b>						475	566
<b>Average investments</b>						47,331	50,075
<b>Net investment yield<sup>3)</sup></b>						1.0%	1.1%

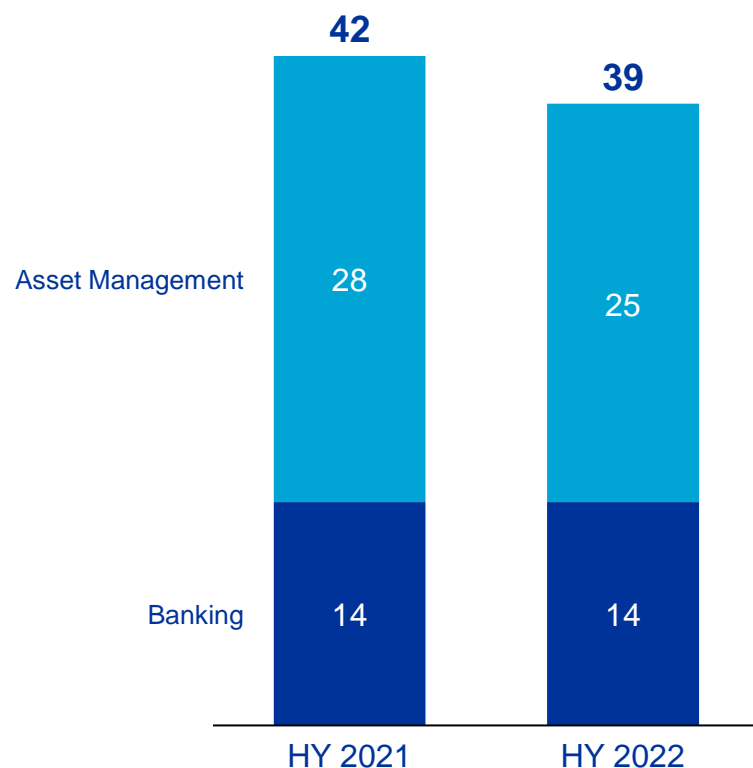
<sup>1)</sup> incl. senior secured loans and mortgage receivables <sup>2)</sup> incl. mortgages and loans <sup>3)</sup> not annualized <sup>4)</sup> Hedging effect from a portfolio of financial contracts, which is offset outside the investment result. Adjusted for this negative effect, the net investment yield would be 1.2% for Life and 1.1% for the Group.

# 5. Asset Management and Banking

# Asset Management and Banking

## IFRS Earnings

EBIT, in CHF mn



## Split of total assets

IFRS values, in CHF mn

	FY 2021	HY 2022
Insurance assets	60,122	55,279
Non-life	10,594	10,143
Life	49,528	45,136
Banking assets	8,600	8,805
Investment-linked life insurance	17,309	15,029
Other	-358	-187
<b>Assets on balance sheet</b>	<b>85,673</b>	<b>78,926</b>
Third party assets	13,423	12,905
<b>Total Assets under Management</b>	<b>99,096</b>	<b>91,831</b>
	HY 2021	HY 2022
<b>Net new third party assets</b>	<b>505</b>	<b>713</b>

+41% vs. HY21



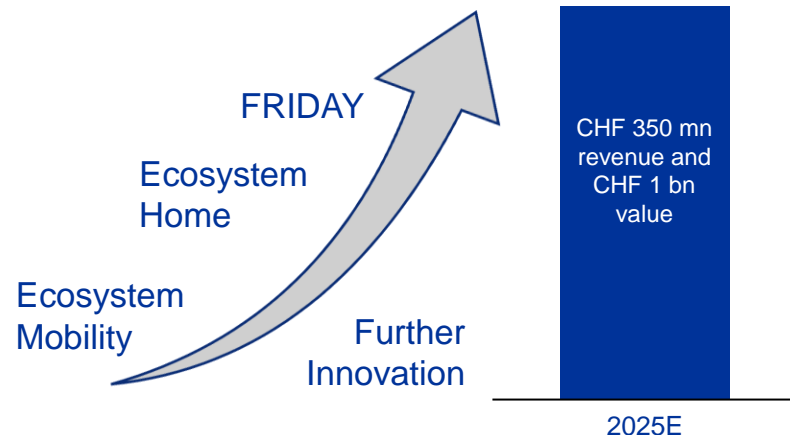
# 6. Ecosystems and Innovation

# Full Innovation Pipeline and Well Positioned for the Digital Age

## Innovation Approach

Key points

[Find out more on «Baloise Innovation Connecting the dots»](#)

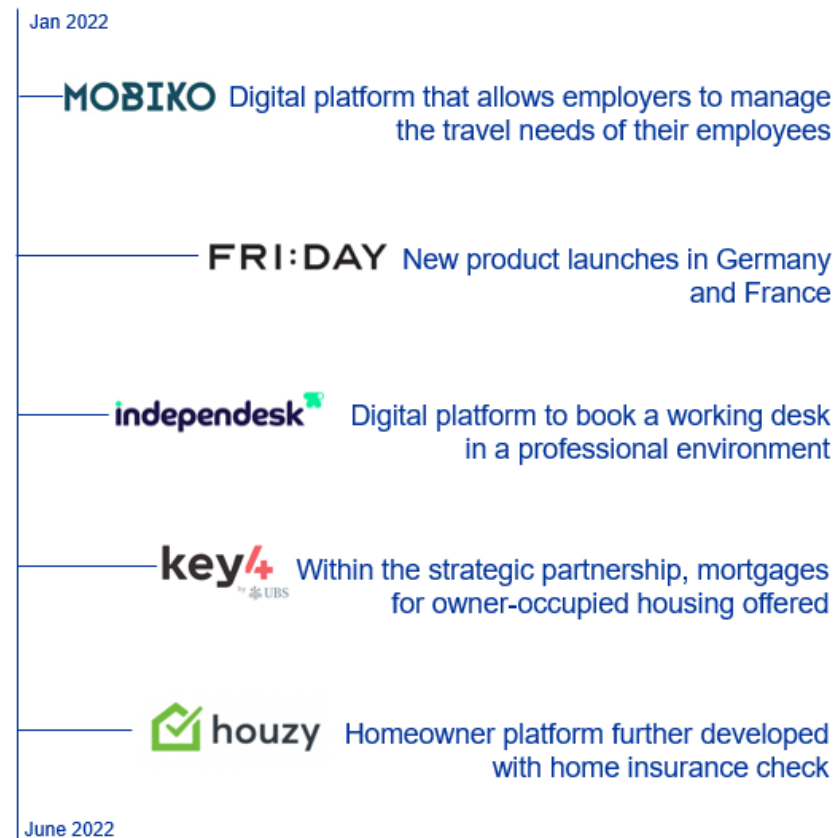


- › In accordance with our core objectives to **invest, acquire, incubate, develop and partner**, we are constantly filling our innovation funnel
- › We have prioritized the **Mobility and Home ecosystems**, as well as **core insurance**
- › For 2022, investments in innovation in the order of **CHF 50 mn** expected
- › We follow a **value-driven innovation approach** with the ambition of generating CHF 1 bn of value and more than CHF 350 mn revenue by 2025

## Innovation Timeline 2022

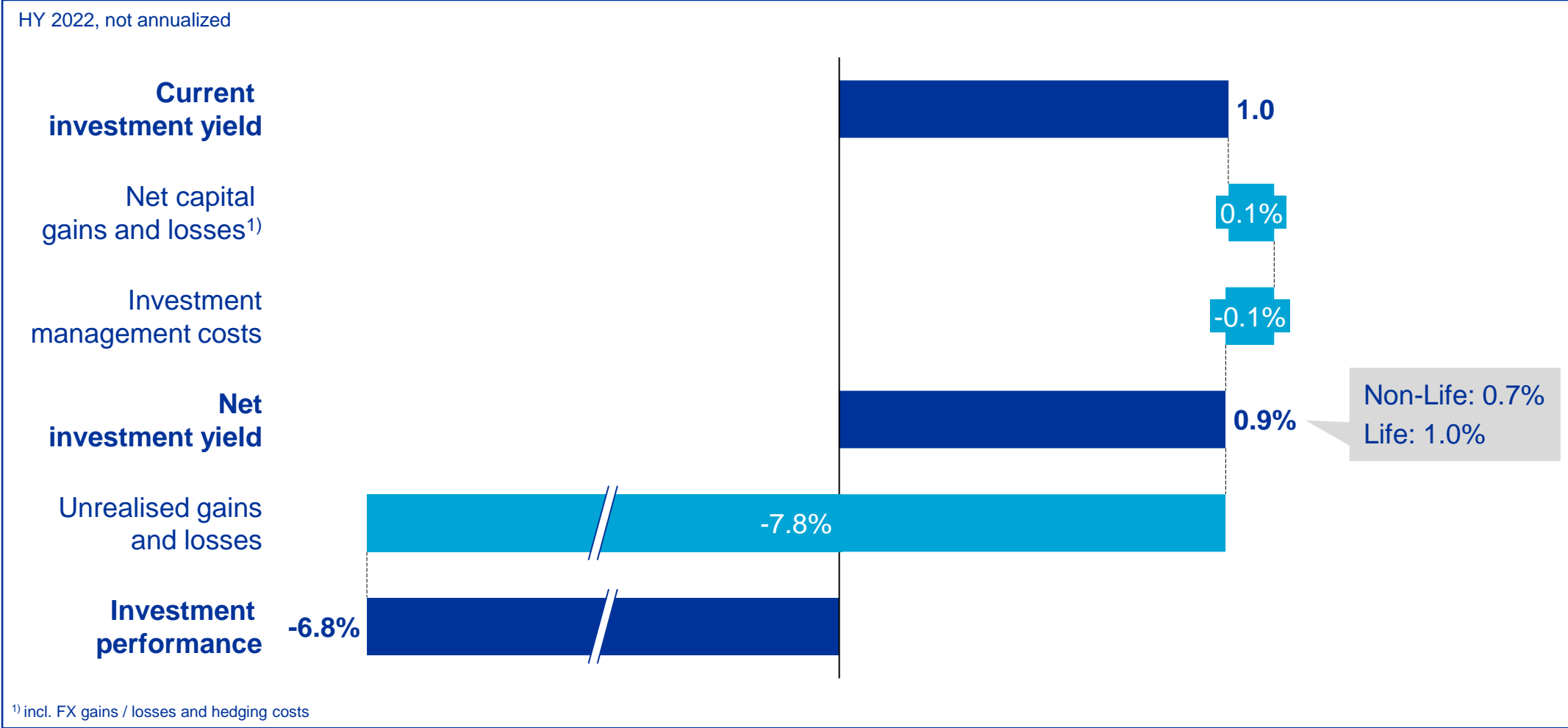
Initiatives, Investments, Partnerships

[Click here to learn more about our innovation timeline](#)

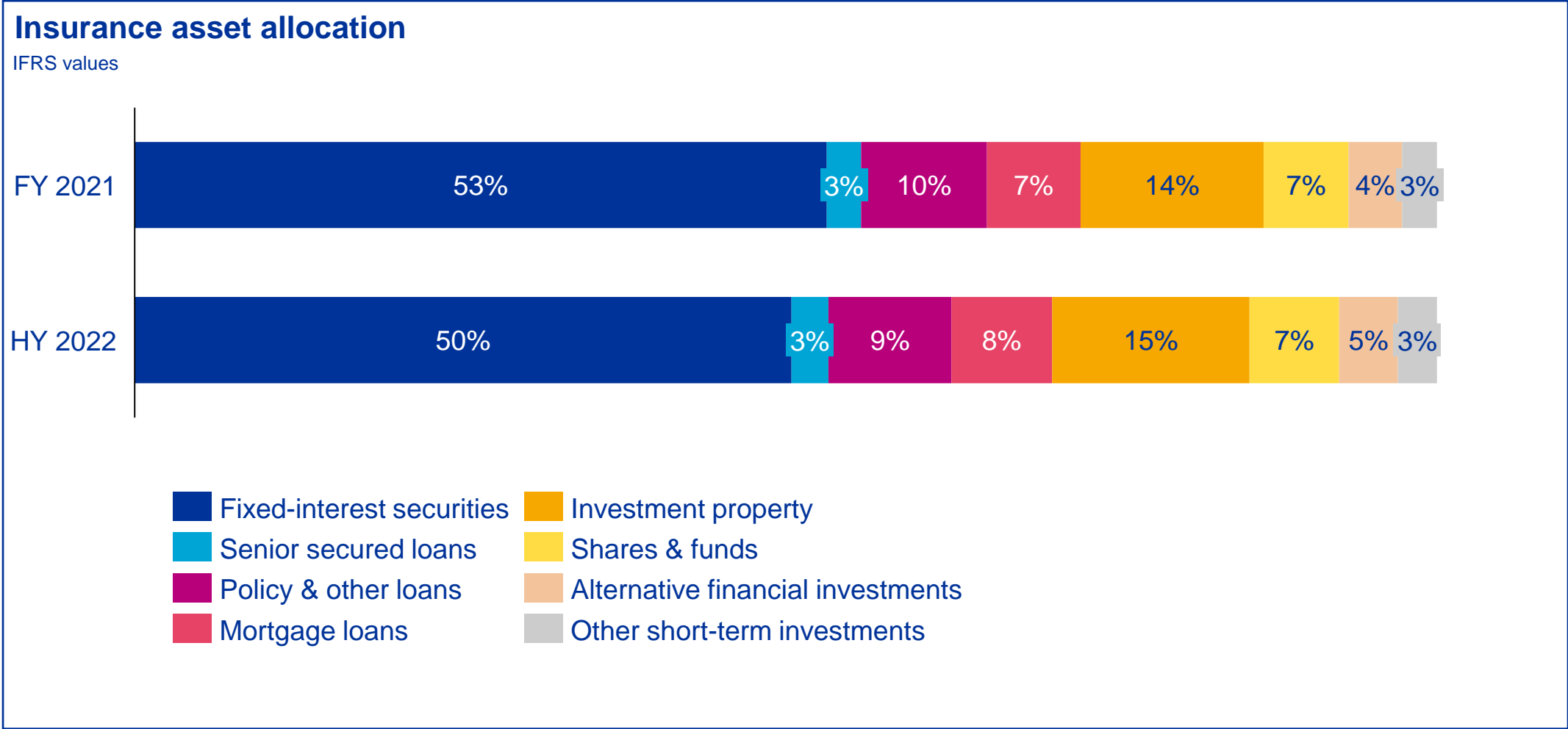


# 7. Insurance Assets

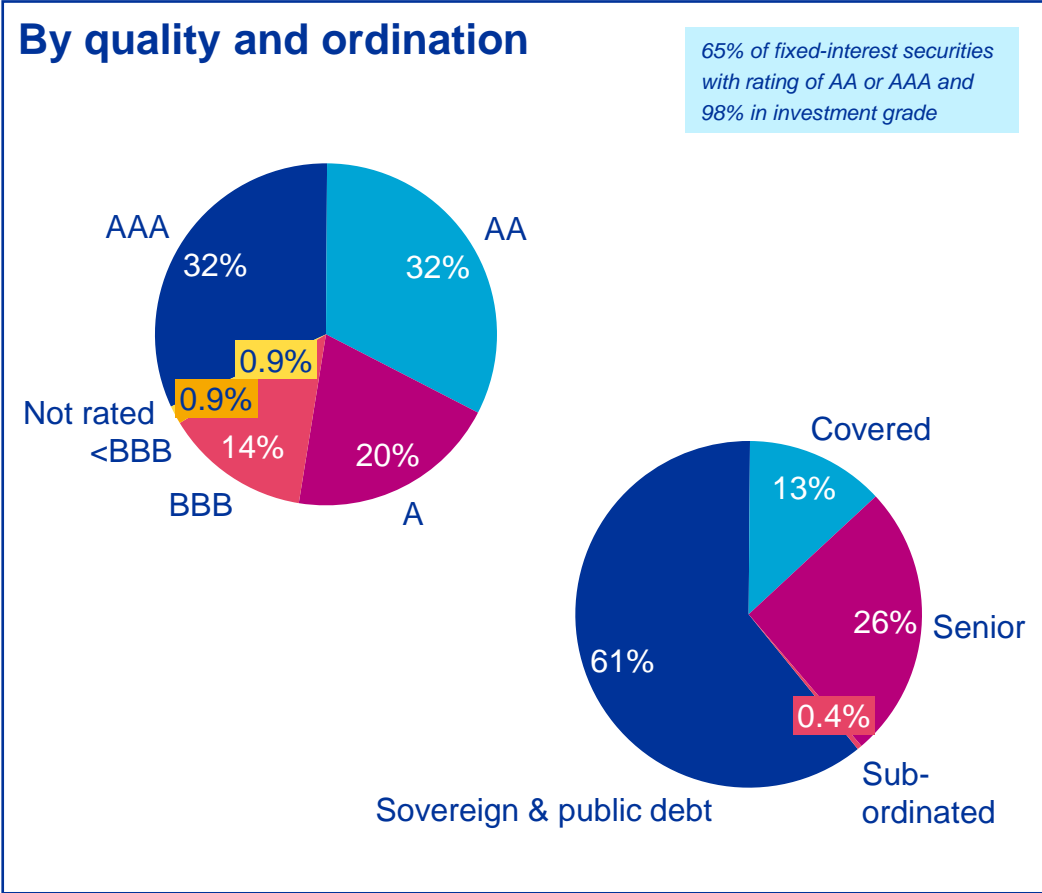
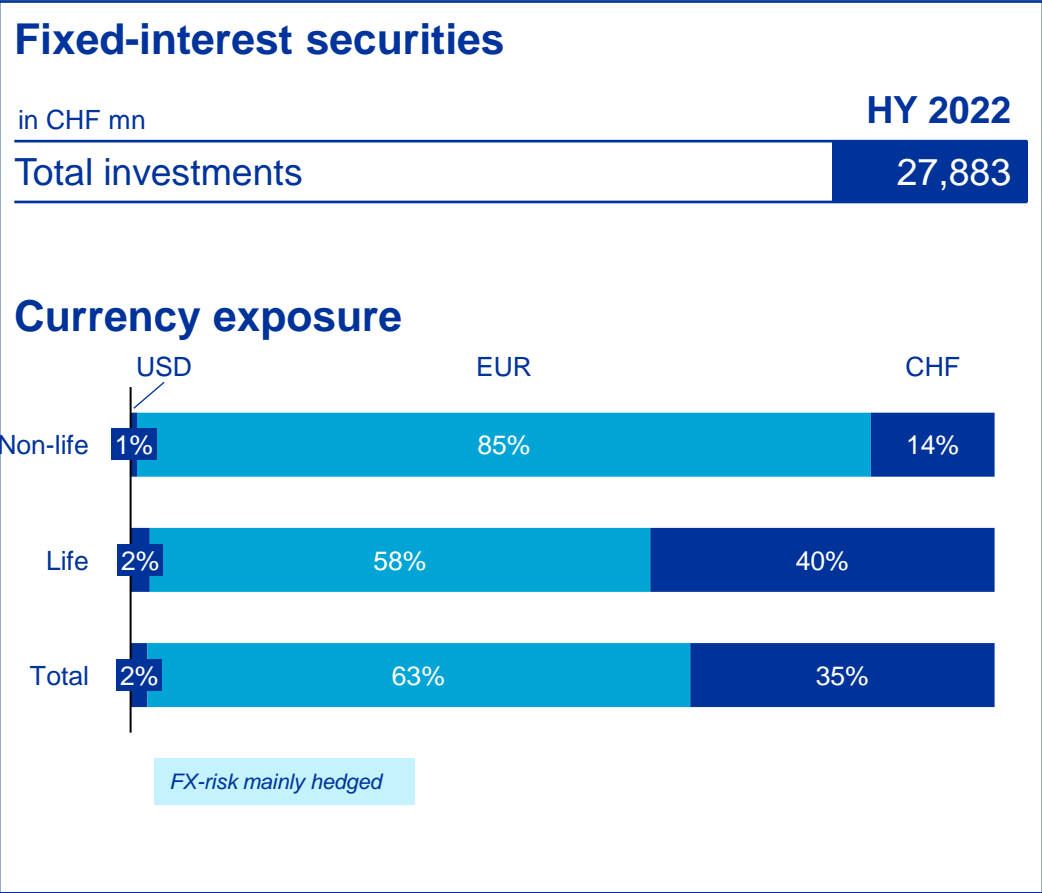
# Investment Performance (Insurance)



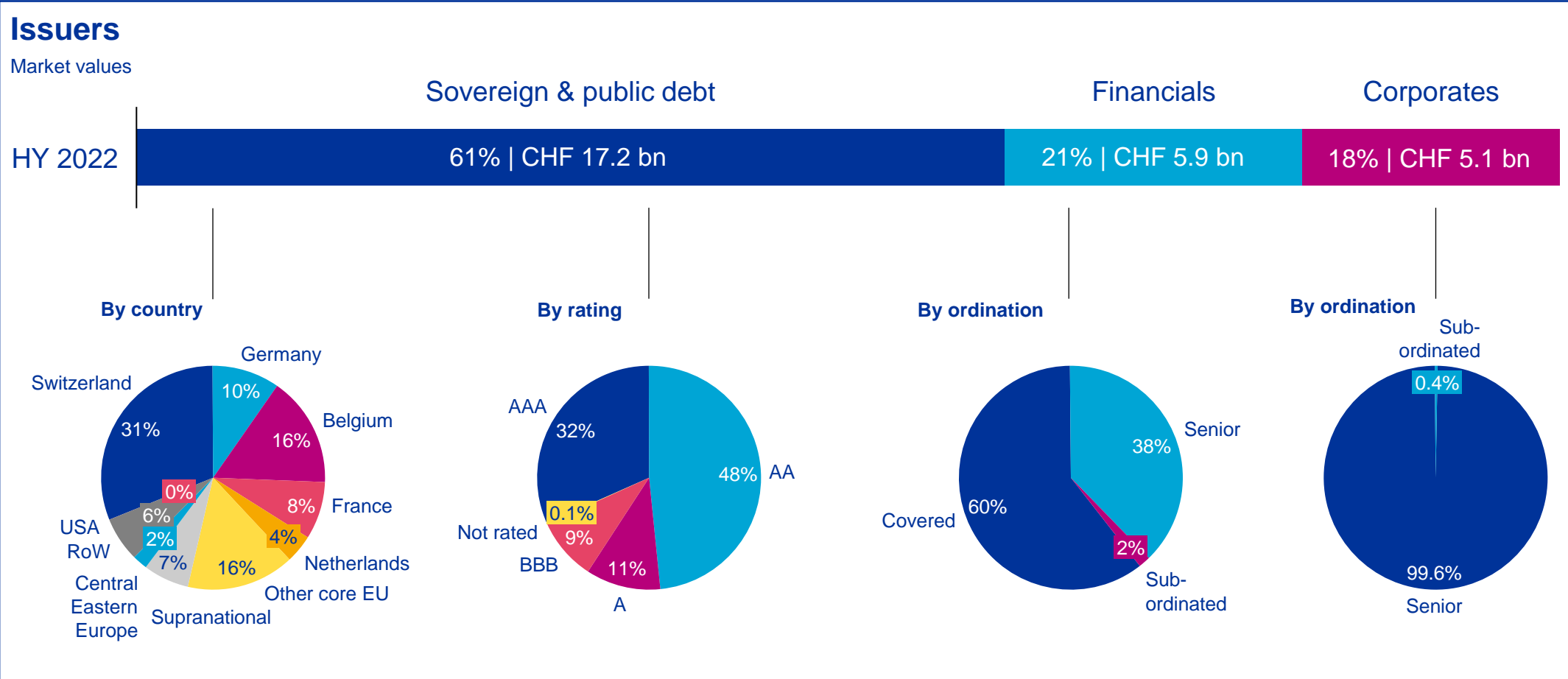
# Insurance Asset Allocation



# Insurance Assets: Fixed-Interest Securities (1/3)



# Insurance Assets: Fixed-Interest Securities (2/3)



# Duration: Fixed-Interest Securities (3/3)

HY 2022

50%

55,279

## Duration of bonds and promissory notes

### Duration by classification

	FY 2021		HY 2022	
	Years	in %	Years	in %
Duration bonds available-for-sale (AFS)	8.6	69.3	<b>8.6</b>	<b>70.7</b>
Duration bonds held-to-maturity (HTM)	9.1	20.3	<b>8.2</b>	<b>19.9</b>
Duration promissory notes	9.3	10.4	<b>9.1</b>	<b>9.5</b>
Duration portfolio	8.8	100	<b>8.5</b>	<b>100</b>

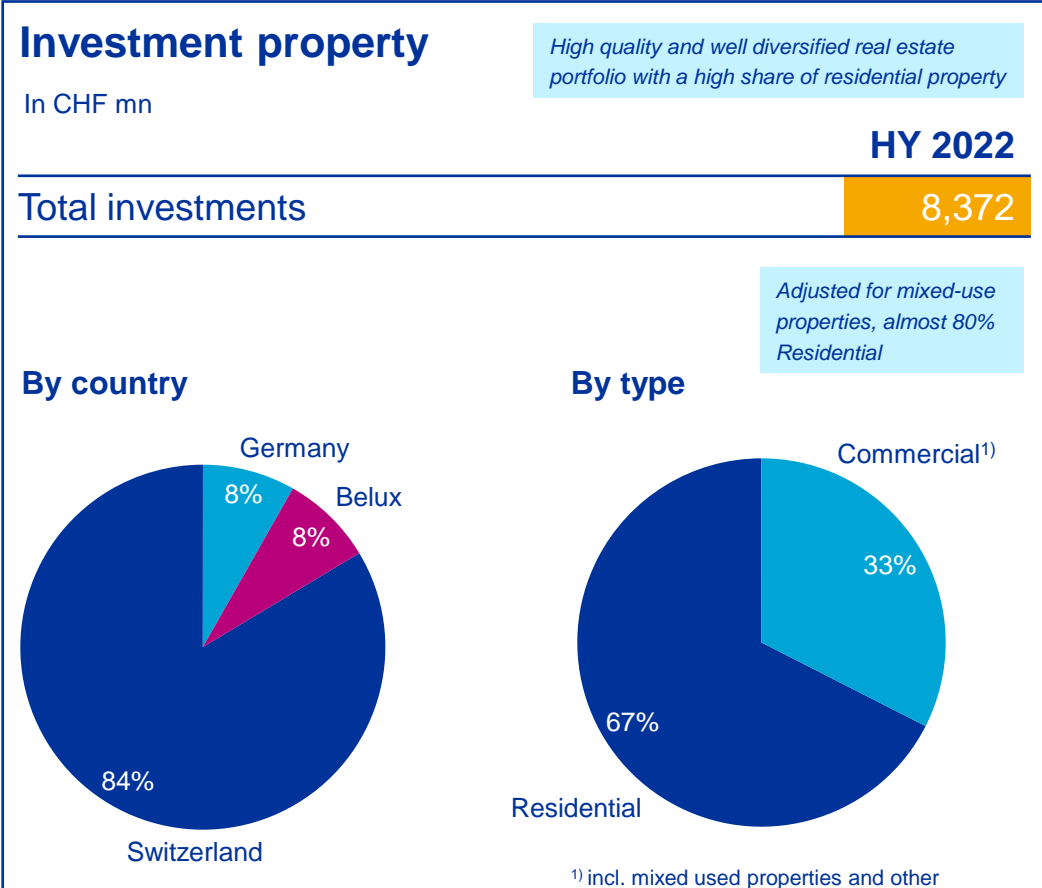
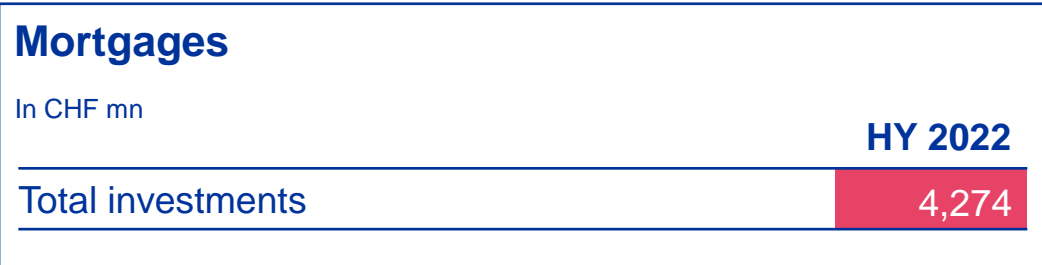
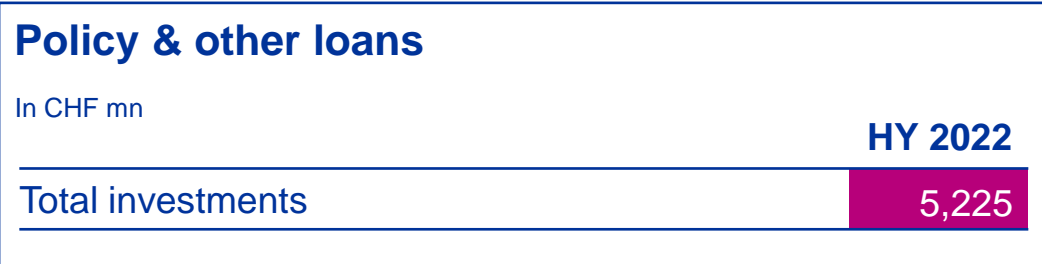
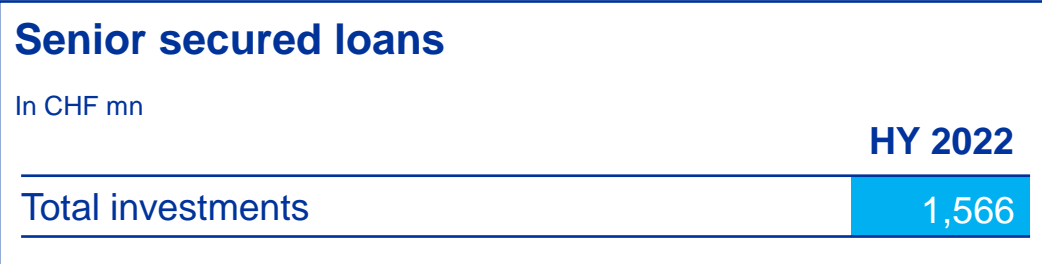
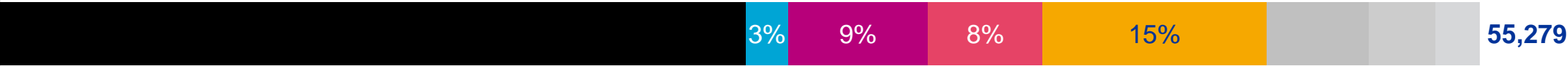
### Duration by line of business

	FY 2021		HY 2022	
	Years	in %	Years	in %
Duration life bonds (incl. promissory notes)	9.3	83.2	<b>9.1</b>	<b>81.8</b>
Duration non-life bonds (incl. promissory notes)	6.0	16.8	<b>5.9</b>	<b>18.2</b>
Duration portfolio	8.8	100	<b>8.5</b>	<b>100</b>



# Insurance Assets: Policy Loans, Mortgages, Investment Property

HY 2022



# Insurance Assets: Shares & Funds

HY 2022



## Shares & funds

in CHF mn

HY 2022

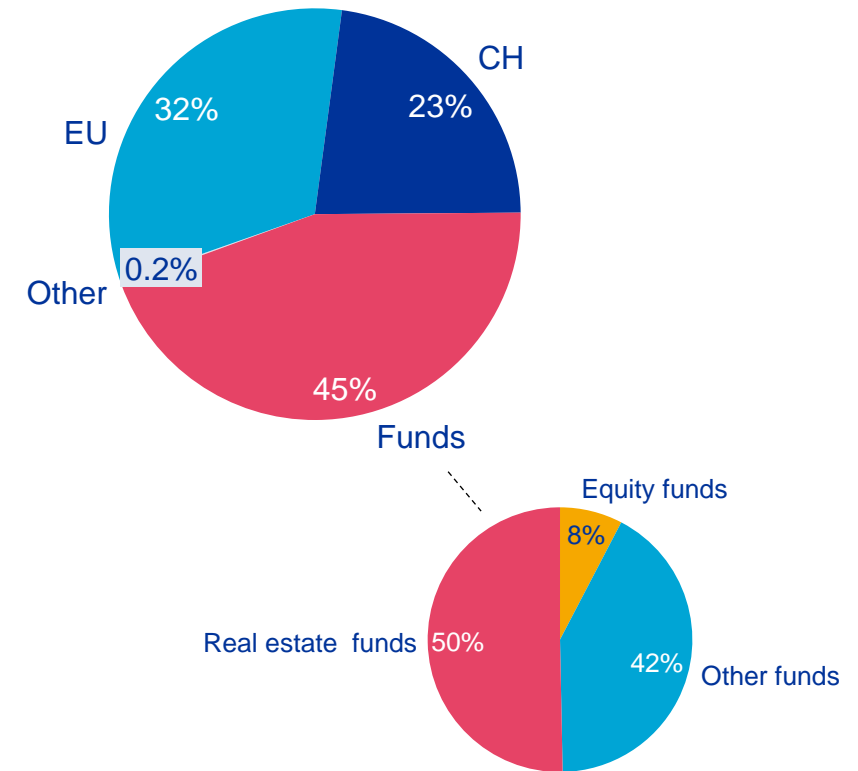
Total investments	3,809
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### IFRS equity exposure

Equities	3.0%
Other equity classified assets <sup>1)</sup>	3.8%
<b>Shares &amp; funds</b>	<b>6.9%</b>
Private equity	2.4%
Equity derivatives	-0.8%
<b>IFRS equity exposure</b>	<b>8.5%</b>

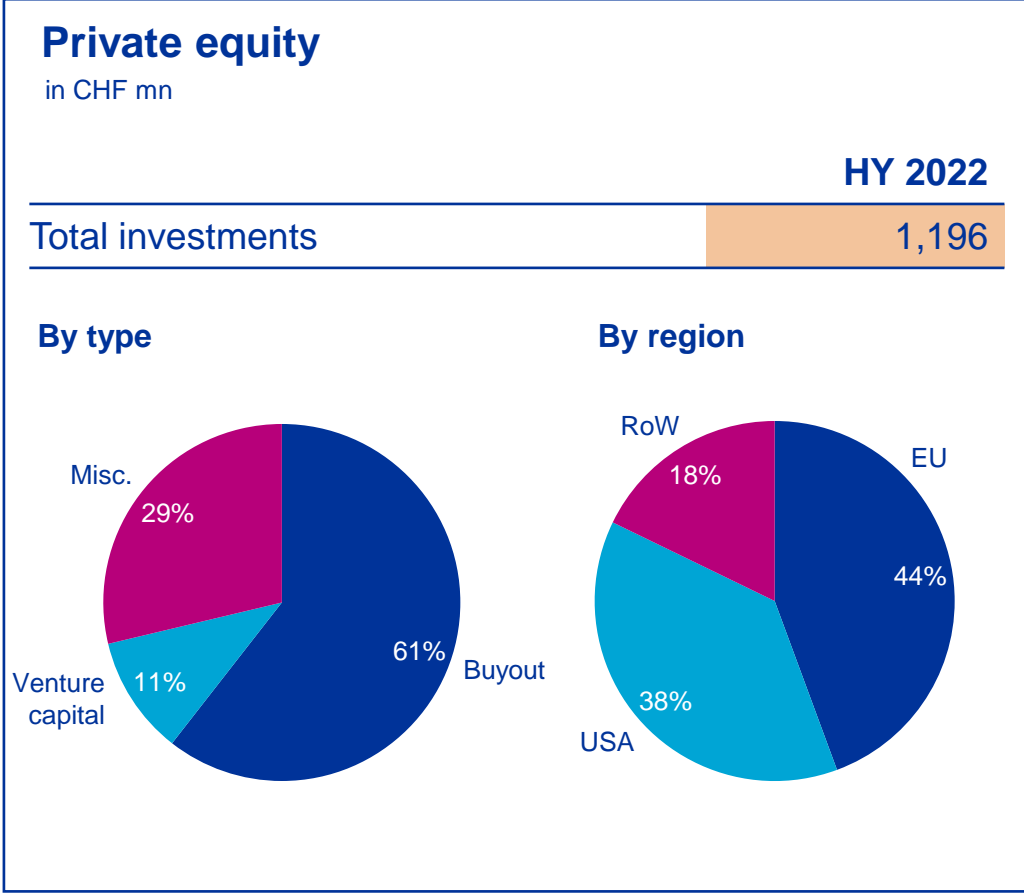
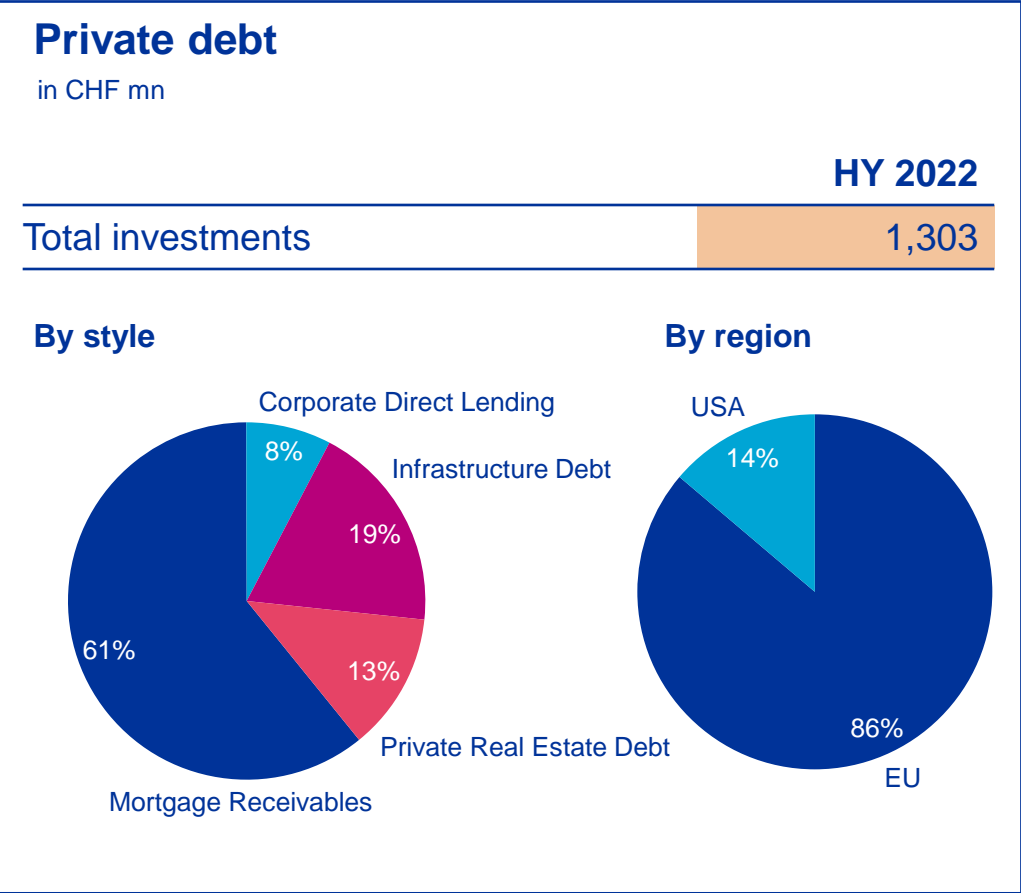
<sup>1)</sup> e.g. bond & property funds treated as equity under IFRS

## Regional exposure



# Insurance Assets: Alternative Financial Investments

HY 2022



# Responsible Investment Approach

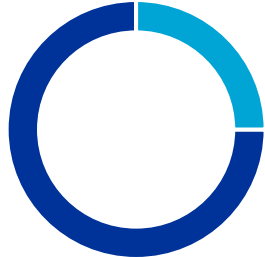
## Responsible investment strategy

- › As a long-term investor and member of the PRI and the SSF, we are convinced that **ESG (Environmental, Social and Governance)** will positively impact our long-term risk-return profile and generate positive impact on the environment and society
  
- › Our responsible investment strategy, including our climate and active ownership strategies, consists of 3 strategic pillars:
  - **Exclusion:** E.g., we do not invest in producers of controversial weapons, coal producers (more than 10% of turnover), producers of unconventional oil & gas (more than 10% of turnover)
  - **ESG-Integration:** Currently >80% of our assets. We only invest in securities with an ESG rating of at least B according to MSCI ESG
  - **Active Ownership:** Engagement & proxy voting



## ESG rating distribution

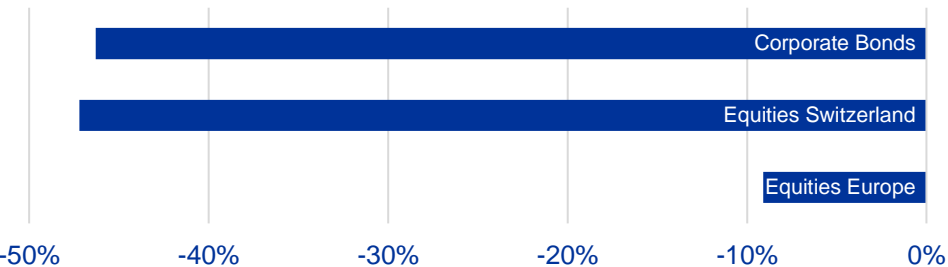
	A – AAA	75%
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	B – BBB	25%



Based on available ESG ratings (MSCI), June 2022

## CO<sub>2</sub> benchmarking

Corporate bonds and equities of our insurance portfolio in CO<sub>2</sub>-comparison to the benchmark<sup>1)</sup>  
(weighted average tons CO<sub>2</sub> / USD mn sales)



1) BAM / MSCI, December 2021: Swiss Equity vs. SMI, Europe Equity vs. EuroStoxx 50 and Corporate Bonds vs. Bloomberg Global Aggregate Index

# 8. Segment Reporting

# Business Volume Matrix HY 2022

in CHF mn	Switzerland	Germany	Belgium	Luxembourg	Group Business	Total
<b>Non-life</b>	<b>1,086.5</b> 42.0% 38.0%	<b>517.9</b> 20.0% 64.5%	<b>859.4</b> 33.2% 75.1%	<b>87.1</b> 3.4% 14.4%	<b>36.2</b> 1.4% 99.8%	<b>2,587.1</b> 100.0% 47.5%
<b>Life</b>	<b>1,726.9</b> 83.4% 60.4%	<b>192.7</b> 9.3% 24.0%	<b>101.5</b> 4.9% 8.9%	<b>48.7</b> 2.4% 8.1%	<b>0.1</b> 0.0% 0.2%	<b>2,069.8</b> 100.0% 38.0%
<b>Investment-type premiums</b>	<b>43.5</b> 5.5% 1.5%	<b>92.6</b> 11.8% 11.5%	<b>183.5</b> 23.3% 16.0%	<b>467.1</b> 59.4% 77.5%	<b>0.0</b> 0.0% 0.0%	<b>786.8</b> 100.0% 14.5%
<b>Total life</b>	<b>1,770.4</b> 62.0% 62.0%	<b>285.3</b> 10.0% 35.5%	<b>285.0</b> 10.0% 24.9%	<b>515.8</b> 18.1% 85.6%	<b>0.1</b> 0.0% 0.2%	<b>2,856.6</b> 100.0% 52.5%
<b>Total</b>	<b>2,856.9</b> 52.5% 100.0%	<b>803.2</b> 14.8% 100.0%	<b>1,144.4</b> 21.0% 100.0%	<b>602.9</b> 11.1% 100.0%	<b>36.2</b> 0.7% 100.0%	<b>5,443.6</b> 100.0% 100.0%

# Growth Matrix HY 2022

in % in CHF (in % in local currency)	Switzerland	Germany	Belgium	Luxembourg	Group Business	Total
Non-life	1.8%	-0.1% (6.0%)	-5.2% (0.6%)	-3.7% (2.2%)	3.8% (10.0%)	-1.2% (2.3%)
Life	-8.1%	-3.3% (2.5%)	10.2% (16.9%)	-2.6% (3.2%)	-17.6% -17.6%	-6.8% (-5.9%)
Investment-type premiums	-18.2%	-3.7% (2.2%)	-10.4% (-4.9%)	-32.6% (-29.3%)	- -	-24.9% (-21.1%)
Total life	-8.4%	-3.4% (2.4%)	-4.0% (1.8%)	-30.6% (-27.1%)	-17.6% (-17.6%)	-12.6% (-10.7%)
Total	-4.8%	-1.3% (4.7%)	-4.9% (0.9%)	-27.7% (-23.9%)	3.8% (10.0%)	-7.5% (-4.9%)

# EBIT Matrix HY 2022

in CHF mn (change in %)	Switzerland	Germany	Belgium	Luxembourg	Group Business	Eliminated	Total
<b>Non-life</b>	<b>103.1</b> (-4.3)	<b>23.6</b> (461.9)	<b>48.7</b> (3.4)	<b>-2.0</b> (-9.1)	<b>-10.3</b> (n.a.)	<b>-1.0</b> (-23.1)	<b>162.1</b> (-2.3)
<b>Life</b>	<b>181.5</b> (-0.3)	<b>-1.5</b> (n.a.)	<b>23.1</b> (33.5)	<b>7.5</b> (21.0)	<b>-4.0</b> (-4.8)	<b>-28.1</b> (-3.4)	<b>178.5</b> (-8.4)
<b>Asset Mgmt &amp; Banking</b>	<b>12.4</b> (-8.8)	<b>-</b> (n.a.)	<b>-</b> (n.a.)	<b>-</b> (n.a.)	<b>5.0</b> (-19.4)	<b>21.5</b> (-4.4)	<b>38.8</b> (-8.3)
<b>Other</b>	<b>-12.5</b> (52.4)	<b>-2.0</b> (-51.2)	<b>-</b> (n.a.)	<b>-0.5</b> (n.a.)	<b>-18.1</b> (-47.2)	<b>7.5</b> (-5.1)	<b>-25.6</b> (-31.9)
<b>Total</b>	<b>284.5</b> (-3.7)	<b>20.1</b> (-11.1)	<b>71.8</b> (11.5)	<b>4.9</b> (-5.8)	<b>-27.4</b> (24.5)	<b>-</b> (n.a.)	<b>353.8</b> (-3.2)



# 9. Further Information

# Reporting Agenda and Contact Details

## Reporting agenda

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<b>Q3 2022 interim statement</b>	17 November 2022
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<b>Publication of the Preliminary Annual Financial Results 2022</b>	9 March 2023
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<b>Publication of the Annual Report 2022</b>	28 March 2023
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<b>Annual General Meeting</b>	28 April 2023
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## Contact details

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