

Financial results for the first half of 2021

## Media information

# Baloise covers millions in storm-related claims and delivers strong financial results for the first half of the year

Basel, 26 August 2021.

*“In recent months, we have experienced severe weather events of historic proportions that have highlighted once again how important insurance protection is for our customers. Baloise is paying out millions in order to help thousands of customers to deal with the consequences of these natural disasters and to mitigate the financial damage. I would like to take this opportunity to express my sincere gratitude to all our colleagues who have been making huge additional efforts to support our customers in these challenging circumstances. Operational excellence shines brightest in darker times. I am proud that we have been able to deliver a very strong business performance in this six-month period despite the devastating weather events in Switzerland. The recovery in profit in the first half of 2021, the strong performance of the life business and the profitability of the non-life business despite further extraordinary loss events strengthen my confidence that we will be able to achieve our objectives for the year as a whole. Baloise is thus proving that it is a sustainably successful business that can deliver outstanding results for all of its stakeholders even in extreme conditions.”*

*Gert De Winter, Group CEO*

### Financial results for the first half of 2021 in brief

- **Profit attributable to shareholders** for the first half of 2021 amounted to CHF 302.3 million (H1 2020: CHF 177.7 million), a year-on-year increase of 70.1 per cent. In the prior-year period, profit had been adversely affected by turmoil in the capital markets and expenses in connection with the pandemic. In the first half of 2021, claims in connection with storms in June, which primarily occurred in Switzerland, had a net negative impact of CHF 40.1 million on profit. But the positive trend in the capital markets and the upturn in interest rates shored up the profit attributable to shareholders. Baloise expects that damage caused by the flooding and storms in July 2021 will have a further net negative impact on profit in the high tens of millions in the second half of the year.
- The **volume of business** grew encouragingly and was up by 9.2 per cent year on year at the end of the reporting period (H1 2021: CHF 5,389.2 million). In addition to the healthy organic growth in all the national subsidiaries, particularly in the attractive non-life business, the increase in volume was also driven by factors such as the full integration of the non-life portfolio of Athora in Belgium and the strong growth in investment-type premiums.

- The volume of premiums in the **non-life business** increased in the first half of 2021. This encouraging trend was driven in part by the acquisition of the Athora portfolio, which was fully included in the figures for the first half of 2021. In the non-life business, the volume of premiums surged by 8.2 per cent to CHF 2,617.3 million (H1 2020: CHF 2,419.5 million). Despite the losses that Baloise incurred as a result of adverse weather events in Switzerland, the **net combined ratio** stood at a solid 92.3 per cent (H1 2020: 91.1 per cent). The storms caused this ratio to deteriorate by 2.1 percentage points.
- Despite a selective underwriting policy, gross premiums written in the **life business** rose by 2.4 per cent to reach CHF 2,220.8 million (H1 2020: CHF 2,168.1 million). EBIT in the life business amounted to a very healthy CHF 194.6 million in the first half of 2021, which was 48.2 per cent higher than the EBIT achieved in the prior-year period (H1 2020: CHF 131.3 million). This very good result was driven mainly by the strong uptrend in the capital markets and the small improvement in the interest-rate situation. The **new business margin** rose to 47.6 per cent in the first half of 2021 thanks to an improved business mix (H1 2020: 44.9 per cent).
- **Asset management** delivered a **net return on insurance assets** of 1.1 per cent, a slight increase compared with the prior-year figure of 1.0 per cent. Net new assets in the business with external customers amounted to CHF 505.5 million in the first half of 2021, a year-on-year increase of 48 per cent.
- Baloise is very well **capitalised**. Consolidated equity went up by 1.6 per cent year on year to reach CHF 7,100.8 million at the midway point of 2021 (2020: CHF 6,985.7 million). In June 2021, Standard & Poor's confirmed its rating of A+ for the Baloise Group.
- In the field of **sustainability**, Baloise is currently working hard to integrate ESG (environmental, social and corporate governance) criteria into its underwriting processes. For example, Baloise will strengthen its focus on green industries. Further climate protection milestones were achieved by joining the Swiss Climate Foundation and offsetting all unavoidable carbon emissions caused by the company's operations.
- **Baloise is continuing to develop its ecosystems and to drive innovation:** further expansion of the Home and Mobility ecosystems. As part of plans to expand the Home ecosystem, [Baloise intends to enter into a partnership with UBS](#). In the Mobility ecosystem, Baloise has been establishing more partnerships and making further investments in recent months, for example in Danish start-up GoMore: [www.baloise.com/mobility](http://www.baloise.com/mobility).

## Overview, profit, business volume and capitalisation

Baloise can look back on a successful first half of 2021 and showed once again that its business model, which is built for sustained success, is resilient in times of crisis. Despite the storms in June 2021, which were particularly bad in Switzerland, leading to a net expense of CHF 40.1 million, the Company was still able to deliver a strong performance. The extreme floods and storms that occurred in July 2021 severely affected all Baloise markets. Based on current information, the Company is expecting this to result in an additional net expense in the high tens of millions in the second half of the year. The impact of the storms in the first half of the year is also reflected in the net combined ratio, which was increased by 2.1 percentage points to 92.3 per cent.

Despite the claims situation, Baloise delivered a strong set of financial results for the first half of 2021, reporting a profit attributable to shareholders of CHF 302.3 million that was 70.1 per cent higher than in the equivalent period of 2020.

Both the COVID-19 pandemic and the recent storms have shown that insurance is an essential institution in society when it comes to protection against financial losses and the safeguarding of livelihoods. Baloise has always delivered on this promise and supported thousands of customers with its reliable service. The popularity of this customer-focused approach is also reflected in the growth of the volume of business, which was up by just over 9.2 per cent.

Baloise continued to work on its focus areas in the first six months of 2021. For example, the core insurance business was further optimised, the asset management and banking services were expanded again and the Company entered into a number of highly promising collaborations in the Home and Mobility ecosystems. Baloise's unique corporate culture, the progress it has made in the digital transformation of its business and its consistently strong earnings power demonstrate how resilient the Company is, even in challenging times. Baloise therefore believes it is on track, by the end of this year, to achieve all targets set for the 2017 to 2021 phase of the strategy and to begin Season 2 of the Simply Safe strategy with a solid foundation.

## Profit

Profit attributable to shareholders for the first half of 2021 amounted to CHF 302.3 million, which was 70.1 per cent higher than in the prior-year period (H1 2020: CHF 177.7 million). The results for the first half of 2020 had been heavily affected by pandemic-related claims and by turmoil in the capital markets. Following the events of last year, profit recovered in the first half of 2021 despite the significant level of claims that resulted from the storm damage in Switzerland in June. All areas of the business contributed to this rise in profit. The recovery in the capital markets and in interest rates had a positive impact.

Earnings before interest and tax (EBIT) came to CHF 365.5 million, a year-on-year increase of 36.1 per cent (H1 2020: CHF 268.6 million).

## Business volume and combined ratio

The first half of 2021 saw encouraging growth in the volume of business. It expanded by 9.2 per cent to reach CHF 5,885.3 million, which was significantly higher than the figure for the prior-year period (H1 2020: 5,389.2 million). All of Baloise's national units contributed to this strong growth. In local currency terms, the rate of growth was 7.8 per cent. Another factor that contributed to this upturn, alongside the healthy organic growth in all the national subsidiaries, was the full integration of the non-life portfolio of Athora in Belgium. The figure for the net combined ratio shows that this growth is delivering sustained profitability. At 92.3 per cent (H1 2020: 91.1 per cent), it was still in the lower half of the guidance range of 90 to 95 per cent despite the expenses resulting from the storms in June reducing it by 2.1 percentage points.

## Capitalisation and equity

Despite the challenging nature of the current environment, Baloise is proving its credentials as a solid business with a strong capital base and balance sheet. Consolidated equity went up by 1.6 per cent year on year to reach CHF 7,100.8 million at the midway point of 2021 (2020: CHF 6,985.7 million). In June 2021, Standard & Poor's confirmed its rating of A+ for the Baloise Group. It awarded this credit rating in recognition of Baloise's excellent capitalisation – which is comfortably above the AAA level according to the S&P capital model – as well as its high operational profitability, robust risk management and solid competitive position in its profitable core markets. The rating of the German business Basler Sachversicherungs-AG was upgraded from 'A' (with a positive outlook) to 'A+' (with a stable outlook) thanks to sustained improvements in its profitability.

The repurchase programme for more than three million shares that was initiated in April 2017 reached completion in March 2020 and the shares were cancelled in July 2021 as had been announced. As a result of this programme, CHF 481.2 million was returned to shareholders.

## Core insurance business

### Non-life division: very healthy growth in all markets and a solid combined ratio once again

The volume of premiums in the non-life business increased in the first half of 2021. This encouraging result was driven not only by organic growth in all business units but also by the acquisition of the Athora portfolio, which was fully included in the figures for the first half of 2021. In the non-life business, the volume of premiums surged by 8.2 per cent to CHF 2,617.3 million (H1 2020: CHF 2,419.5 million). The increase was 6.4 per cent in local currency terms.

The premium volume in Switzerland amounted to CHF 1,067.2 million, up by a solid 1.0 per cent compared with the prior-year period (H1 2020: CHF 1,056.5 million). The premium volume in the non-life business in Germany rose by a very healthy 6.0 per cent to CHF 518.3 million (H1 2020: CHF 488.8 million). Basler Germany expanded in the lucrative retail and SME market, thus achieving its goal of further improving its business mix. Belgium had been significantly boosted in the reporting period by the acquisition of the Athora portfolio and increased its volume of non-life premiums by 17.3 per cent to CHF 906.5 million (H1 2020: CHF 772.7 million). Excluding the acquisition, organic growth came to 4.6 per cent in local currency terms and 14.1 per cent overall. This shows that the Belgian business is diversifying the portfolio at Group level and helping to create stability. Luxembourg also delivered very healthy growth of 7.2 per cent to reach CHF 90.4 million (H1 2020: CHF 84.3 million). This equated to an increase of 4.2 per cent in local currency terms. These strong growth figures bear out the newly implemented sales strategy in the customer segment for promising SMEs.

Compared with the figure for the prior-year period, which had been severely affected by the COVID-19 pandemic, earnings before interest and tax (EBIT) in the non-life business improved by a substantial 22.5 per cent to reach CHF 166.2 million (H1 2020: CHF 135.7 million). EBIT was reduced by CHF 40.1 million due to the storms in June, while the easing of COVID-19 restrictions led to a significant normalisation in the frequency of claims relative to the first half of 2020. Nevertheless, profitability in the non-life business remained very strong, which highlights the high quality of Baloise's non-life portfolio. The net combined ratio was maintained at a healthy level of 92.3 per cent (H1 2020: 91.1 per cent). The increase was due to a normalisation of the frequency of claims and a lower profit on claims reserves. The net combined ratio in Belgium and Germany remained at a positive level of 92.5 per cent (H1 2020: 92.0 per cent) and 92.7 per cent (H1 2020: 93.1 per cent) respectively. Despite the storms, Switzerland achieved a healthy figure of 91.2 per cent.

The sharp increase in the combined ratio in Luxembourg to 96.7 per cent was attributable to the absence of positive effects that had boosted the figure for the first half of the previous year, to storm-related claims from spring 2021 and to a lower profit on claims reserves. Whereas the summer storms mainly affected the Swiss unit in the period up to 30 June, the floods in July will impact on the results of all business units. Due to the extreme floods and storms that occurred in July 2021 and severely affected all Baloise markets, the Company is expecting to incur a significant additional net expense in the second half of the year. The amount is likely to be in the high tens of millions.

### Life division: strong profit contribution

The life business proved to be in good shape. The volume of business rose by 10.0 per cent year on year to CHF 3,268.0 million (H1 2020: CHF 2,969.7 million), driven mainly by the growth in the volume of investment-type premiums. In local currency terms, the rate of growth was 8.9 per cent.

Despite a selective underwriting policy, gross premiums written in the traditional life business rose by 2.4 per cent to reach CHF 2,220.8 million (H1 2020: CHF 2,168.1 million). In local currency terms, the increase was 2.0 per cent. Gross premiums in the Swiss business amounted to CHF 1,879.4 million, up by a total of 1.4 per cent compared with the prior-year period (H1 2020: CHF 1,852.6 million). The German business also registered encouraging growth in the non-life segment, with its gross premiums advancing by 11.2 per cent to CHF 199.3 million (H1 2020: 179.2 million). In local currency terms, the increase was 8.1 per cent. The growth in volume was achieved through a greater level of collaboration with brokers and a new

life insurance product and was achieved in the attractive biometric-risk segment and from products with low minimum capital requirements.

At CHF 92.1 million, gross premiums written in Belgium were on a par with the prior-year period (H1 2020: CHF 92.2 million). In Luxembourg, gross premiums written in the life business rose by a substantial 13.5 per cent to CHF 50 million (H1 2020: CHF 44.1 million), boosted in particular by new sales partnerships with brokers. In local currency terms, the increase was 10.3 per cent.

The volume of investment-type premiums recovered well, rising by a very healthy 30.6 per cent to CHF 1,047.2 million (H1 2020: CHF 801.6 million). The main reason for this strong growth was the rebound in the 'Freedom of Service' business, which in the previous years had suffered badly as a result of market volatility. With more than CHF 13 billion in assets under management, Baloise has thus retained its position as a key player in this segment.

Investment-type premiums increased in Switzerland and Germany as well. In Switzerland, they were up by 32.1 per cent to CHF 53.2 million (H1 2020: CHF 40.2 million).

EBIT in the life business amounted to a very healthy CHF 194.6 million in the first half of 2021, which was 48.2 per cent higher than the EBIT achieved in the prior-year period (H1 2020: CHF 131.3 million). This very good result was driven mainly by the strong uptrend in the capital markets and the small improvement in the interest-rate situation. There was a further improvement in the business mix in the life business.

The interest margin fell slightly, but remains at a very good level of 97 basis points (2020: 102 basis points). The average guaranteed rate of return in the traditional life business decreased by 4 basis points, with the rounded figure standing at 1.1 per cent (2020: 1.1 per cent).

The new business margin in the life business increased to 47.6 per cent in the first half of 2021 (H1 2020: 44.9 per cent), primarily due to an improvement in the new business mix in Belgium and Switzerland.

## Asset Management & Banking

The economy and the stock exchanges staged a strong recovery in the first half of 2021. Equity investors enjoyed a very good first half of the year. At the end of June, the Swiss Market Index was 12 per cent higher than at the beginning of the year. However, the reopening of the economy and the continuation of generous government stimulus packages drove inflation expectations up again, which led to a rise in interest rates. In Germany and Switzerland, the risk-free interest rate increased by 36 and 33 basis points respectively in the first half of 2021. Risk premiums on corporate bonds narrowed further.

### Insurance assets: solid investment yield

The gains on the investment of insurance assets amounted to CHF 649.2 million, which was higher than the figure of CHF 615.8 million for the first half of 2020, which had suffered as a result of the turmoil in the markets. Current income fell slightly to CHF 556.7 million owing to the persistently low level of interest rates (H1 2020: 571.6 CHF million). This year-on-year decrease was mitigated, to an extent, by reallocating assets to private debt and building up positions in corporate bonds at attractive credit spreads.

At CHF 177.2 million, the gains recognised in the income statement were down by CHF 134.2 million compared with the prior-year period. There was a significant improvement in impairment losses, which were CHF 138.6 million lower than in the first half of 2020 as a result of the strong market growth in the first six months of 2021.

The net gains and losses relating to currency hedging costs and currency effects improved by CHF 50.6 million to a net loss of CHF 4.8 million due to lower currency hedging costs and to exchange rate movements on the unhedged portion.

The gains on investments achieved for insurance assets equated to a net return of 1.1 per cent, which was up on the figure for the first half of 2020 (H1 2020: 1.0 per cent). Unrealised gains fell by CHF 382.8 million because of the rise in interest rates. The rate of return on insurance assets according to IFRS – which includes unrealised net gains and losses on investments but excludes gains and losses on held-to-maturity debt instruments – was 0.4 per cent, representing a slight decrease on the 0.6 per cent rate of return in the first half of 2020.

## Sustained growth in external customers' assets

As at 30 June 2021, the total assets under management by Baloise stood at CHF 67.2 billion (2020: CHF 66.2 billion). The volume increase was due not only to the performance but also to additional inflows in external customer business.

Net new assets in the business with external customers amounted to CHF 505.5 million in the first half of 2021, a year-on-year increase of 48 per cent. This was a much higher rate of growth than in the prior-year period and led to a considerable increase in the volume of business with external customers. The main drivers of this growth were inflows into the Swiss unit's discretionary portfolio management and its asset management business.

Comprehensive income in the Asset Management & Banking segment came to CHF 42.3 million, which was well above the CHF 37.0 million reported for the prior-year period. The difference was primarily due to one-off effects in 2020 when reserves were set aside for the launch of the omnichannel strategy at Baloise Bank SoBa.

The Baloise Swiss Property Fund carried out a further capital increase of around CHF 135 million from 10 August 2021 to 19 August 2021 in response to the desire expressed by investors to increase their real estate investments.

The strategic alliance entered into in summer 2020 through a long-term equity investment in Tolomeo Capital AG was successfully implemented from an operational perspective. Among other things, the quality of the BFI Systematic fund products, which are targeted at individual investors, was significantly improved through the use of an innovative rules-based approach and adaptation to the changing conditions in the capital markets.

## Ecosystems & innovation

### Home ecosystem

Baloise made further progress with the expansion of its Home ecosystem in the first half of the year. The announcement that UBS and Baloise intend to enter into a strategic partnership in their shared Home & Living ecosystem was a key step forward in the enlargement of the partner network. The aim of this strategic relationship is to give customers access to complementary services that address property owners' key needs regarding financing, insurance and maintenance. It will be based on the established UBS platforms Atrium and [key4](#), Baloise's Home initiatives, existing and prospective equity investments of both companies and potential further partnerships with third parties. Alliances with, and investments in, innovative Swiss start-ups such as Houzy, Devis, MOVU, Bubble Box and Batmaid have laid the foundations for a network of services that are already making everyday life easier for our customers.

### Mobility ecosystem

Baloise also continued to drive forward the expansion of the **Mobility ecosystem** in the first half of 2021. In January, the Belgian Baloise subsidiary Mobly announced [a new collaboration between its search engine VROOM.be and the lending platform Mozzeno](#). With around 17 million visitors and more than 32,000 adverts per year, VROOM.be reaches a large audience. Mobly focuses on a comprehensive package of mobility services offering maximum user-friendliness. Tapping into the digital and efficient car loan services from Mozzeno, Mobly will now be able to facilitate the borrowing of money from local investors on fair terms. The mobility platform Mobly has been part of Baloise's Mobility ecosystem since 2018.

In April, Baloise announced that it was [investing in the Danish peer-to-peer carsharing company GoMore](#). The investment of around EUR 5 million underlines Baloise's interest in the rapidly growing market for sustainable mobility. GoMore enables its members to share private cars through car rental and ridesharing options. Many of the cars are also available to lease at low cost via GoMore. These offerings are an ideal complement to the services within the Mobility ecosystem provided by Baloise's existing partners such as

Mobly, Gowago, Ben Fleet Services, Stratos, Drivolution and aboDeinauto.

In May, under the [tagline Mobility@Baloise](#), Baloise launched its own mobility accelerator with the aim of promoting innovative ideas at the earliest possible stage. The initiative goes hand in hand with the launch of the information platform [www.baloise.com/mobility](http://www.baloise.com/mobility), which is designed to act as a new gateway to the Mobility@Baloise ecosystem for interested start-ups and young entrepreneurs. The initiative attracted a great deal of interest, and more than three dozen exciting start-ups were shortlisted. A third of them are now participating in the Mobility accelerator programme.

In July 2021, Baloise announced the [founding of the corporate start-up Parcandi](#), which was initially developed as part of an internal innovation campaign. Parcandi connects drivers looking for somewhere to park to owners of unused parking spaces. An app allows users to reserve spaces with just a few clicks. Parcandi redefines parking by making long, tortuous searches for parking spaces a thing of the past. At [www.parcandi.ch](http://www.parcandi.ch) drivers can reserve their desired space up to two hours in advance or just find a spot as and when they need it – and then park for as long as they like. Payment is online by credit card, once users have finished parking. They are only charged for the time they have actually been parked, a reservation period of up to two hours is free. The bespoke system that controls access to car parks and displays availability can be flexibly adjusted to suit the providers of the spaces and is easily scalable to include additional car parks, allowing Parcandi to add new parking spaces or cities quickly and efficiently. The entrances to participating residential or commercial buildings and the parking spaces themselves are clearly marked with the Parcandi logo. To book a parking space once they've arrived, users simply need to register their number plate and telephone number via [www.parcandi.ch](http://www.parcandi.ch), which only takes a few seconds.

\*Formerly 'Carhelper'.

## FRIDAY

On 30 June 2021, insurtech company FRIDAY successfully commenced operations in the French insurance market with the launch of a multi-risk home contents insurance product. FRIDAY is thus forging ahead with the creation of a multi-country platform and its pursuit of further growth. The insurtech company is also considering whether to open itself up to more third-party investors with a fresh funding round. Gross premiums written by FRIDAY have roughly doubled each year since it was founded and stood at more than CHF 30 million at the end of 2020. This growth was accompanied by high customer satisfaction and continuous improvement of the claims ratio. FRIDAY intends to achieve further growth in 2021. The plan is for it to generate a contribution of over CHF 160 million to total business volume by 2025.

An overview of the innovative projects launched at Baloise since the start of Simply Safe can be found here: [www.baloise.com/innovations](http://www.baloise.com/innovations).

## Outlook

Baloise showed once again in the first half of 2021 that it is able to deliver strong results in challenging circumstances thanks to its forward-looking and sustainable business model. This was demonstrated in impressive fashion by the half-year results and in particular by the continued strength of the balance sheet, healthy level of profitability and very encouraging growth in the volume of business. Baloise is on track to achieve its targets for the strategic phase ending in 2021. The Company has thus generated strong momentum as it prepares to move into the next phase of its strategy, Simply Safe: Season 2. By 2025, so within four years, Baloise is aiming to be in the top 5 per cent of the best companies to work for in Europe, to have gained 1.5 million new customers and to have generated CHF 2 billion in cash. Of this cash, it intends to distribute 60 to 80 per cent as dividends. Baloise will also be looking to further exploit the considerable potential for growth of its digital insurance enterprise FRIDAY. And in addition to the two existing pillars of

insurance and Asset Management & Banking, it wants to establish the Home and Mobility ecosystems – along with further innovations – as a new third pillar of its business and reach an additional business volume of CHF 350 million with a target valuation of CHF 1 billion in these new areas.

## Further information

- Further information on the financial results for the first half of 2021 can be found at [www.baloise.com](http://www.baloise.com)

## Dial-in details

- **Thursday, 26 August 2021:** Webcast to present the financial results for the first half of 2021
  - **9.30am – 10.30am CET: Webcast – 2021 half-year financial results**  
**Dial-in number:** +41 (0)58 310 5000
  - [Link to webcast](#)
  - **11am – 12.30pm CET: Conference call for analysts**  
**Dial-in number:** +41 (0)58 310 5000
  - [Link to webcast](#)

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## Data protection

We take data protection very seriously at Baloise. Following the implementation of the new data protection legislation, we would like to inform you that we maintain your contact details (provided by you or publicly accessible) in our database in order to be able to send you our media releases. Should you wish to unsubscribe from the newsletter, please click on the link at the end of this media release. Your data will then be deleted from our database.

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The Baloise Group is more than just a traditional insurance company. The changing security, safety and service needs of society in the digital age lie at the heart of its business activities. The 7,600 or so employees of Baloise therefore focus on the wishes of their customers. The best possible customer service, combined



with innovative products and services, makes Baloise the first choice for people who want to feel 'simply safe'. Located at the heart of Europe, with its head office in Basel, the Baloise Group is a provider of prevention, pension, assistance and insurance solutions. Its core markets are Switzerland, Germany, Belgium and Luxembourg. In Switzerland, with Baloise Bank SoBa, the Group also operates as a specialised financial services provider, offering a combination of insurance and banking services. The Group offers innovative pension products to retail customers throughout Europe from its competence centre in Luxembourg. Baloise Holding Ltd shares are listed in the main segment of the SIX Swiss Exchange.

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