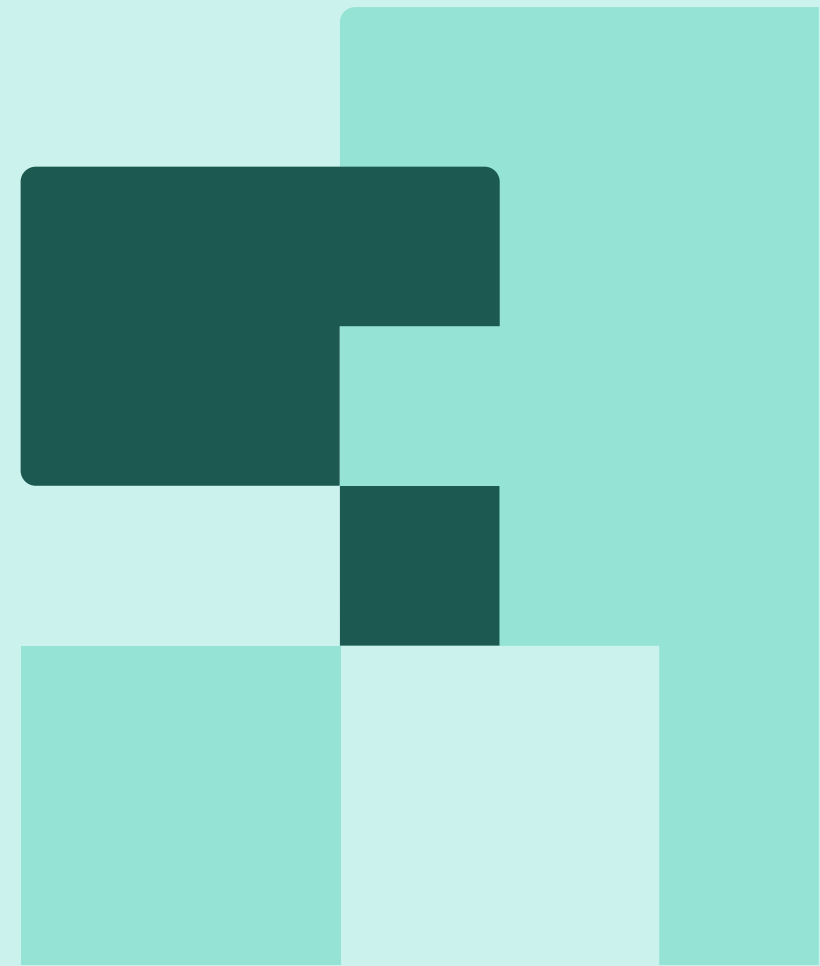


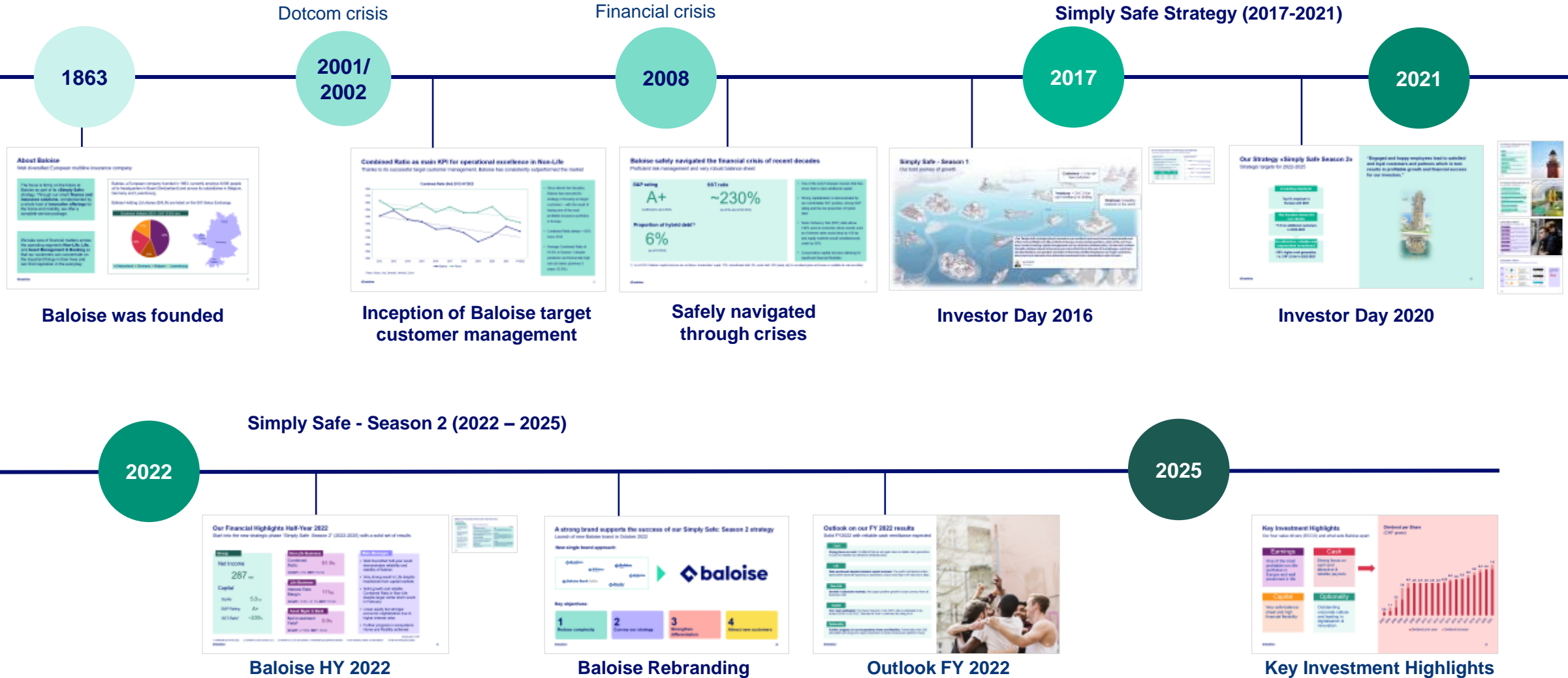
# About Baloise

Carsten Stolz, 12 January 2023

Octavian Seminar 2023, Zurich



# A Brief History of Baloise



# Key Investment Highlights

Our four value drivers (ECCO) and what sets Baloise apart

## Earnings

One of the most profitable non-life portfolios in Europe and well positioned in life

## Cash

Strong focus on cash and attractive & reliable payouts



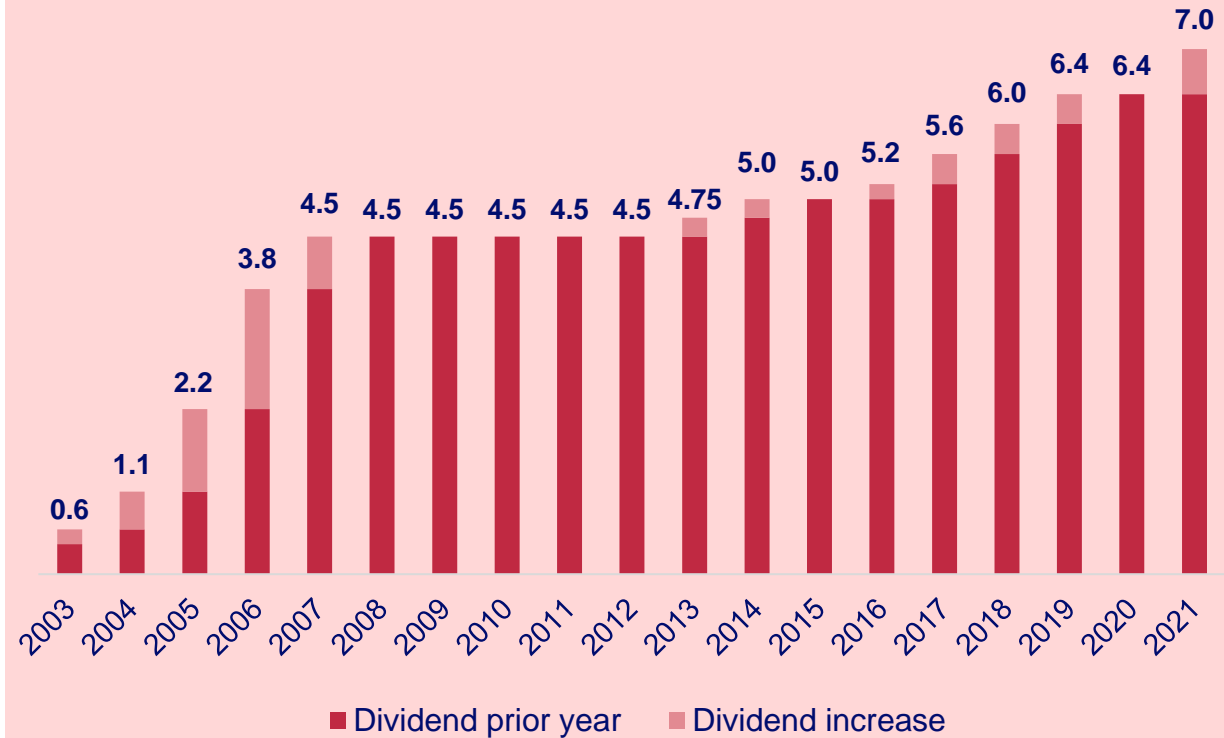
## Capital

Very safe balance sheet and high financial flexibility

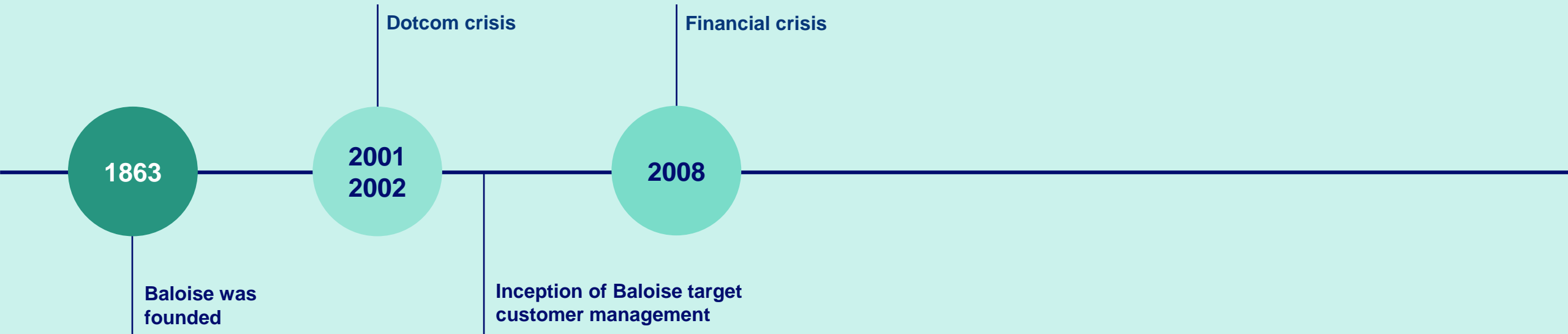
## Optionality

Outstanding corporate culture and leading in digitalisation & innovation

## Dividend per Share (CHF gross)



# About Baloise



# About Baloise

Well diversified European multiline insurance company

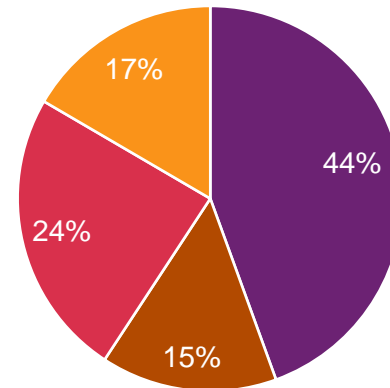
The focus is firmly on the future at Baloise as part of its «**Simply Safe**» strategy. Through our smart **finance and insurance solutions**, complemented by a whole host of **innovative offerings** for the home and mobility, we offer a complete service package.

We take care of financial matters across the operating segments **Non-Life, Life, and Asset Management & Banking** so that our customers can concentrate on the important things in their lives and can find inspiration in the everyday.

Baloise, a European company founded in 1863, currently employs 8,000 people at its headquarters in Basel (Switzerland) and across its subsidiaries in Belgium, Germany and Luxembourg.

Bâloise Holding Ltd shares (BALN) are listed on the SIX Swiss Exchange.

Business Volume 2021: CHF 9'591 mn



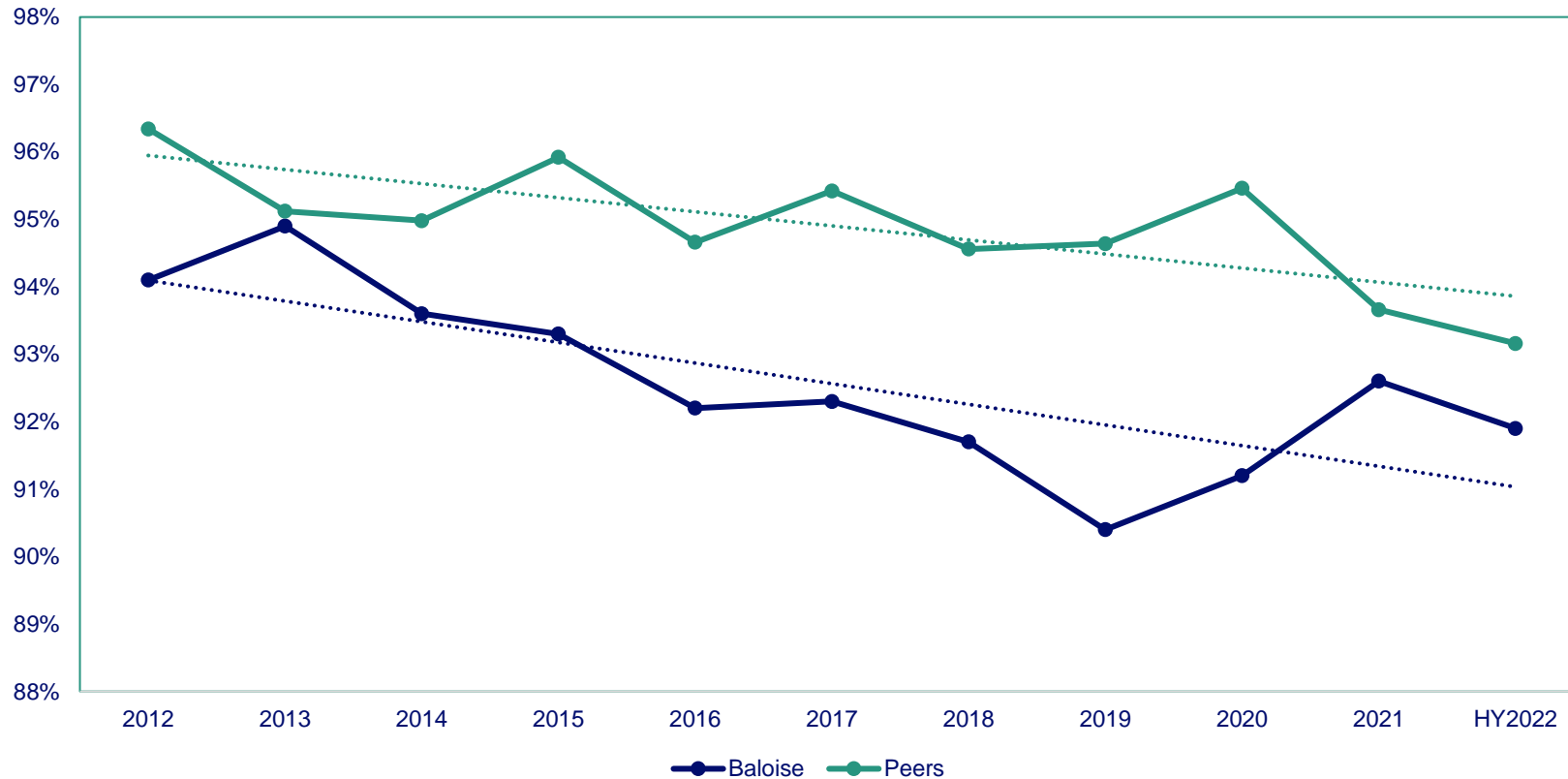
■ Switzerland ■ Germany ■ Belgium ■ Luxembourg



# Combined Ratio as main KPI for operational excellence in Non-Life

Thanks to its successful target customer management, Baloise has consistently outperformed the market

Combined Ratio (Net) 2012-HY2022



Peers: Allianz, Axa, Generali, Helvetia, Zurich

- Since almost two decades, Baloise has executed its strategy in focusing on target customers – with the result of having one of the most profitable insurance portfolios in Europe
- Combined Ratio always < 95% since 2012
- Average Combined Ratio of 91.6% in Season 1 despite pandemic and historically high nat-cat claims (previous 5 years: 93.6%)

# Baloise safely navigated the financial crisis of recent decades

Proficient risk management and very robust balance sheet

## S&P rating

A+

(confirmed in June 2022)

## SST ratio

~230%

(as of the end of Q3 2022)

## Proportion of hybrid debt<sup>1)</sup>

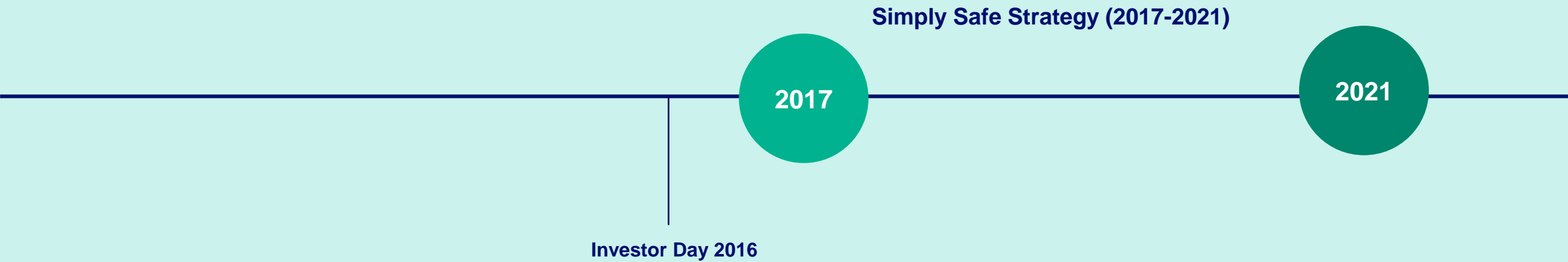
6%

(as of HY2022)

- One of the only European insurers that has never had to raise additional capital
- Strong capitalization is demonstrated by our comfortable SST position, strong S&P rating and the low proportion of hybrid debt.
- Swiss Solvency Test (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%
- Conservative capital structure allowing for significant financial flexibility

1) As of HY22, Baloise's capital structure was as follows: shareholders' equity: 70%; subordinated debt: 6%; senior debt: 24% (equity adj. for unrealised gains and losses on available-for-sale securities).

# Baloise Strategy «Simply Safe - Season 1»





# Simply Safe - Season 1

Our bold journey of growth

**Customers:** + 1 mn net new customers

**Investors:** + CHF 2.0 bn cash remittance to Holding

**Employee:** A leading employer in the sector



«Our 'Simply Safe' strategic phase is based on our excellent track record over the past decade: one of the most profitable non-life portfolios in Europe, strong market positions, state-of-the-art IT systems, forward-looking capital management and an attractive dividend policy. On the basis of these strengths, Baloise intends to become even more attractive in the eyes of its employees, customers and shareholders. Our greatest conviction is that only satisfied employees can inspire customers, who in turn form the basis of an attractive investment from a shareholder's point of view.»



Gert De Winter  
CEO Baloise

# Our Innovation Pipeline and Positioning for the Digital Age

Going beyond traditional insurance as part of our Simply Safe Strategy

## Innovation Approach

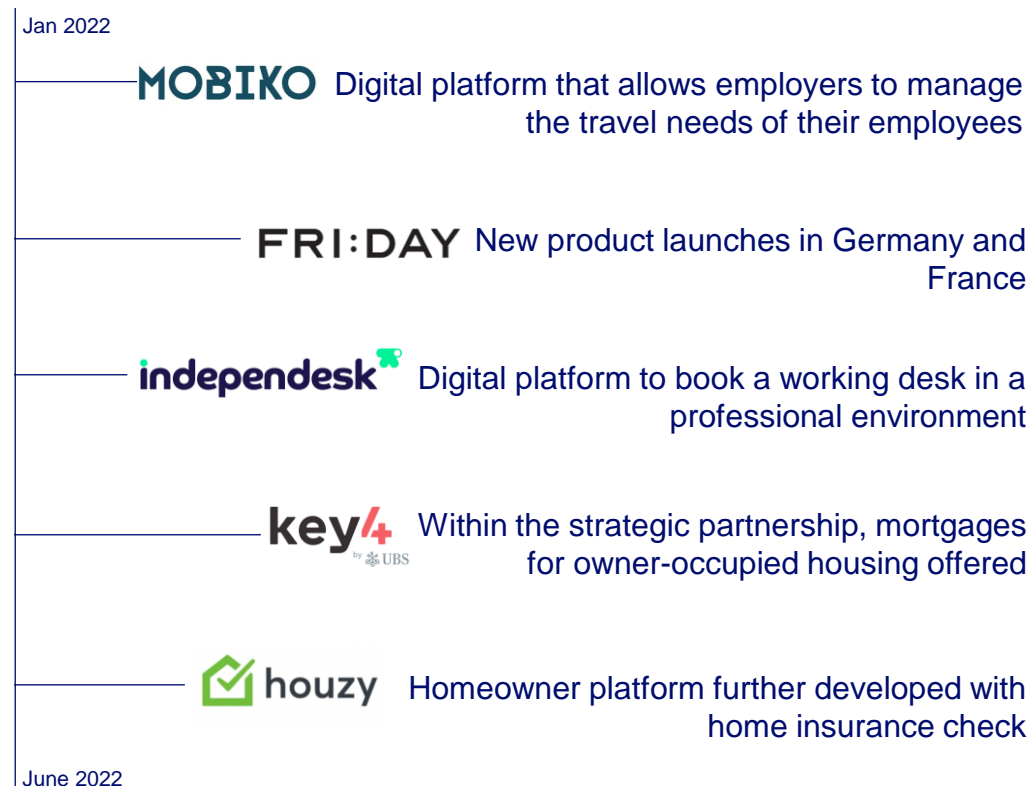
Key points

- 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** infrastructure
- We follow a value-driven innovation approach with the **ambition of creating CHF 1 bn of value by 2025**
- In 2017 – 2021, we have invested on average CHF 52.1 mn per year leading to **revenues of more than CHF 70 mn in 2021**
- For 2022, investments in innovation in the order of **CHF 50 mn** expected

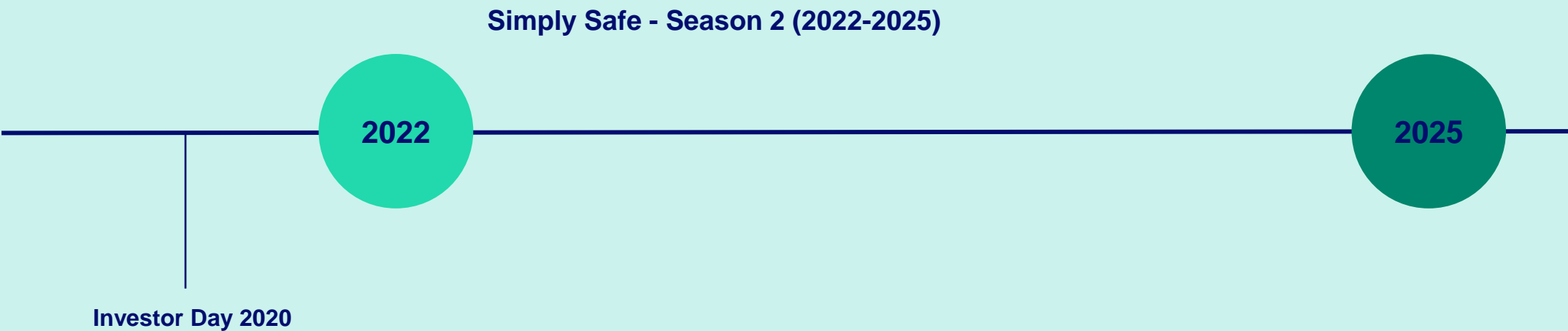
In CHF mn	Yearly average investments 2017-2021	Revenue 2021	Revenue target 2025
<b>Total</b>	<b>52.1</b>	<b>70.4</b>	<b>350</b>
FRIDAY	32.2	52.7	150
Home	11.3	10.1	100
Mobility	8.5	7.6	100

## Innovation Timeline 2022

Initiatives, Investments, Partnerships



# Baloise Strategy «Simply Safe - Season 2»



# Our Strategy «Simply Safe Season 2»

Strategic targets for 2022-2025

## A leading employer

Top 5% employer in  
Europe until 2025

## The trusted choice for our clients

+1.5 mn additional customers  
in 2022-2025

## An attractive, reliable and responsible investment

+25% higher cash generation,  
i.e. CHF 2.0 bn in 2022-2025

“Engaged and happy employees lead to satisfied and loyal customers and partners which in turn results in profitable growth and financial success for our investors.”





# Our Strategy «Simply Safe Season 2»

Financial messages for 2022-2025

## Non-Life

Combined ratio (net) of about 90%

## Life

EBIT of more than CHF 200 million and resilient interest rate margin

## Asset Management & Banking

At least CHF 10 billion of new net third-party assets

## Cost Synergies

Leverage cost efficiencies of about CHF 200 million in the Group

## Cash Deployment

Cash payout ratio of 60-80% and 10-30% for investments in innovation

## Innovation

Revenue of CHF 350 million and CHF 1.0 billion valuation by 2025



# Our Strategy «Simply Safe Season 2»

Our commitments to our stakeholders

## Employees: Increasing Happiness at Work

Inspiring and collaborative work environment

## Customers: Higher Customer Satisfaction

Support with personal and professional development to feel safer

## Investors: Attractive, Reliable and Responsible Investment

Higher cash generation and transparent cash deployment in a well-balanced and value-creating way

## Partners: Responsible and Successful Cooperation

Preferred partner for brokers, agents, suppliers, and sourcing and innovation partners

## Society: Valued Member of Society

Protection, security and liquidity for the economy

## Environment: Climate Protection

Commitment to further reduce CO<sub>2</sub> emissions and use 100% renewable energy sources for electricity



*In 2022 Baloise was classified as one of the 25 most sustainable listed companies in Switzerland and its sustainability rating was upgraded to AA by MSCI*



# Sustainability at Baloise

## ESG implementation in business areas

### Regulation

Continuous alignment of requirements with existing processes and disclosure

### Underwriting

Application of process to support customers in their sustainability transition and yearly evaluation of approach

### Asset Management

Implementation of regulatory requirements and further development of ESG Policy

### Risk Management

Identification of ESG factors in assessed risks

### Procurement

Adjustments of Vendor Code of Conduct incl. referencing documents and process

### Carbon Accounting

Compensation of operational CO2 emissions since 2020, adaptation of GHG protocol structure and development of environmental target set

### Annual Reporting

Further steps towards integrated reporting and transparency on material topics



# Sustainability at Baloise

Baloise ESG ratings were upgraded by MSCI, Sustainalytics and S&P Global

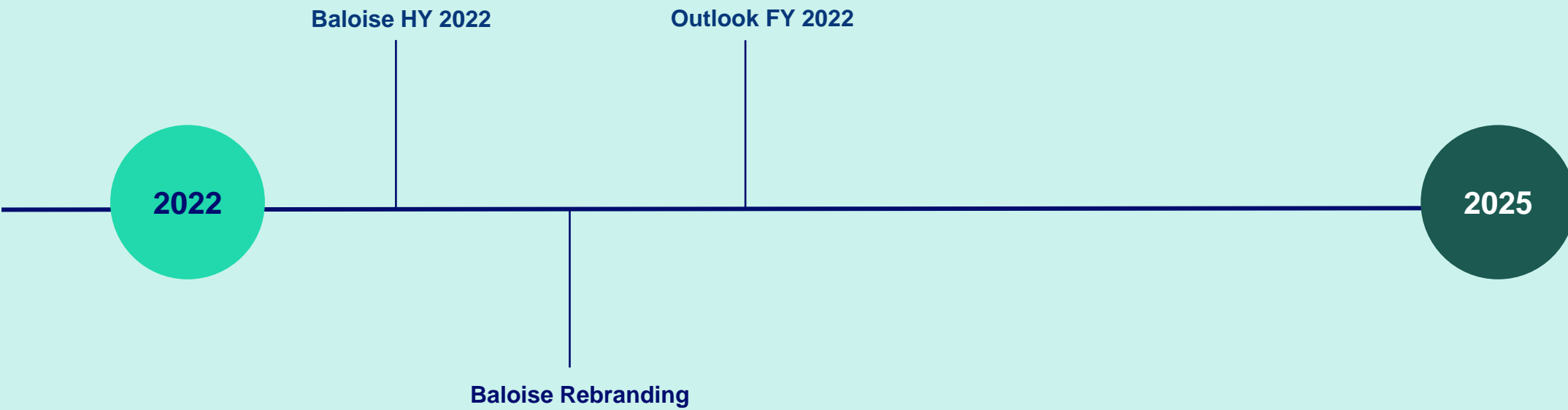
Year	MSCI ESG RATINGS	SUSTAINALYTICS	S&P Global Ratings
2022	 <p>MSCI ESG RATINGS <b>AA</b></p> <p>CCC   B   BB   BBB   A   <b>AA</b>   AAA</p>	 <p><b>SUSTAINALYTICS</b> a Morningstar company</p> <p><b>Jan. 2022: 20.4 Medium Risk</b> Subindustry Diversified Insurance Services Positioning 19 out of 76</p>	 <p><b>Baloise Holding AG</b> INS Insurance</p> <p>Nov 12, 2021</p> <p><b>43</b> Score used for index selection</p> <p><b>S&amp;P Global</b> Ratings</p>
2021	 <p>MSCI ESG RATINGS <b>A</b></p> <p>CCC   B   BB   BBB   <b>A</b>   AA   AAA</p>	 <p><b>SUSTAINALYTICS</b> a Morningstar company</p> <p><b>Jan. 2021: 23.6 Medium Risk</b> Subindustry Diversified Insurance Services Positioning 20 out of 71</p>	 <p><b>Baloise Holding AG</b> INS Insurance</p> <p>Nov 13, 2020</p> <p><b>34</b> Score used for index selection</p> <p><b>S&amp;P Global</b> Ratings</p>
2020	 <p>MSCI ESG RATINGS <b>BBB</b></p> <p>CCC   B   BB   <b>BBB</b>   A   AA   AAA</p>	 <p><b>SUSTAINALYTICS</b> a Morningstar company</p> <p><b>Dec. 2019: 26.0 Medium Risk</b> Subindustry Diversified Insurance Services Positioning 27 out of 65</p>	 <p><b>Baloise Holding AG</b> INS Insurance</p> <p>Sep 13, 2019</p> <p><b>23</b> Score used for index selection</p> <p><b>S&amp;P Global</b> Ratings</p>

First-time participation in the CDP (Climate Disclosure Project) in 2022.





# Baloise in 2022 at a Glance



# Our 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

# Inflation and increasing interest rates remain key topics

## Our current view

### Main messages

- Impact of inflation depends on geographic exposure, business mix and asset allocation
- Significantly lower inflation environment in Switzerland compared to other geographies
- We anticipate an inflation-driven increase in costs but have already counteracted some of this increase by raising premiums.
- Baloise well positioned to benefit from increasing interest rates

### Overview on financial impacts

#### Assets

##### Fixed-interest securities

Unrealized capital gains of available-for-sale bonds decrease with increasing interest rates, but no impact on held-to-maturity bonds (Baloise: comparably large share of >20%) and higher reinvestment levels will gradually lead to **higher recurring income**

##### Investment property

Increase in discount rates could lead to lower market values (depending on valuation levels applied) but **rental income expected to increase** over time

##### Other assets

**Inflation protection** from equity instruments and floating rate assets

#### Liabilities

##### Life

Impact of **higher interest rates** depends on duration gap (Baloise: positively positioned)

##### Non-Life

Business with longer settlement periods is usually more exposed to increases in claim and labour costs. **Price adjustments** as mitigating measure (Baloise: large part of short-tail business)

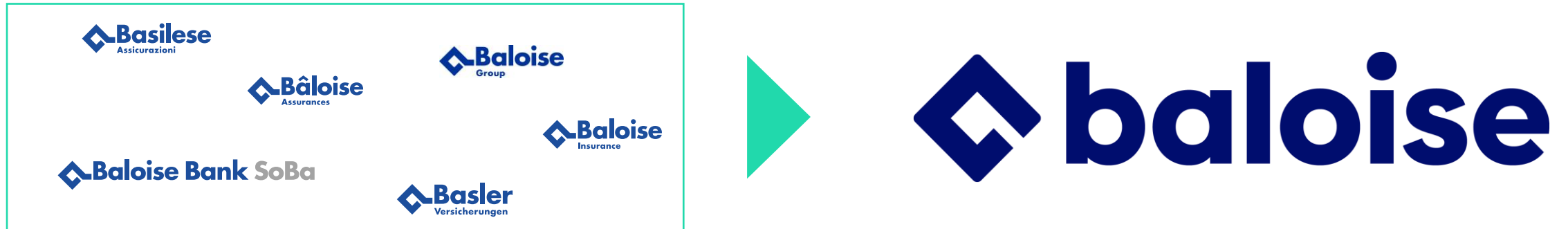
##### Capital

Increasing refinancing costs but **positive impact on solvency** from higher interest rates for life business (Baloise: balanced maturity profile and very low share of hybrid capital)

# A strong brand supports the success of our Simply Safe: Season 2 strategy

Launch of new Baloise brand in October 2022

New single brand approach:



Key objectives:

**1**

Reduce complexity

**2**

Convey our strategy

**3**

Strengthen  
differentiation

**4**

Attract new customers

# Outlook on our FY 2022 results

Solid FY2022 with reliable cash remittance expected

## Cash

**Strong focus on cash:** Confident that we will again have a reliable cash generation in 2022 to maintain our attractive dividend policy.

## Life

**Well positioned despite turbulent capital markets:** The profit contribution before taxes (EBIT) from life business is expected to reach more than CHF 300 mn in 2022.

## Non-Life

**Growth in attractive markets:** We expect positive growth in local currency from all business units.

## Capital

**Very well capitalized:** The Swiss Solvency Test (SST) ratio is estimated to be around 230% in Q3 2022. Standard & Poor's confirmed its rating of A+.

## Optionality

**Further progress in our ecosystems Home and Mobility:** Partnership with UBS intensified with long-term equity investment in Swiss homeowner platform Houzy.



# Key Investment Highlights

# Key Investment Highlights

Our four value drivers (ECCO) and what sets Baloise apart

## Earnings

One of the most profitable non-life portfolios in Europe and well positioned in life

## Cash

Strong focus on cash and attractive & reliable payouts



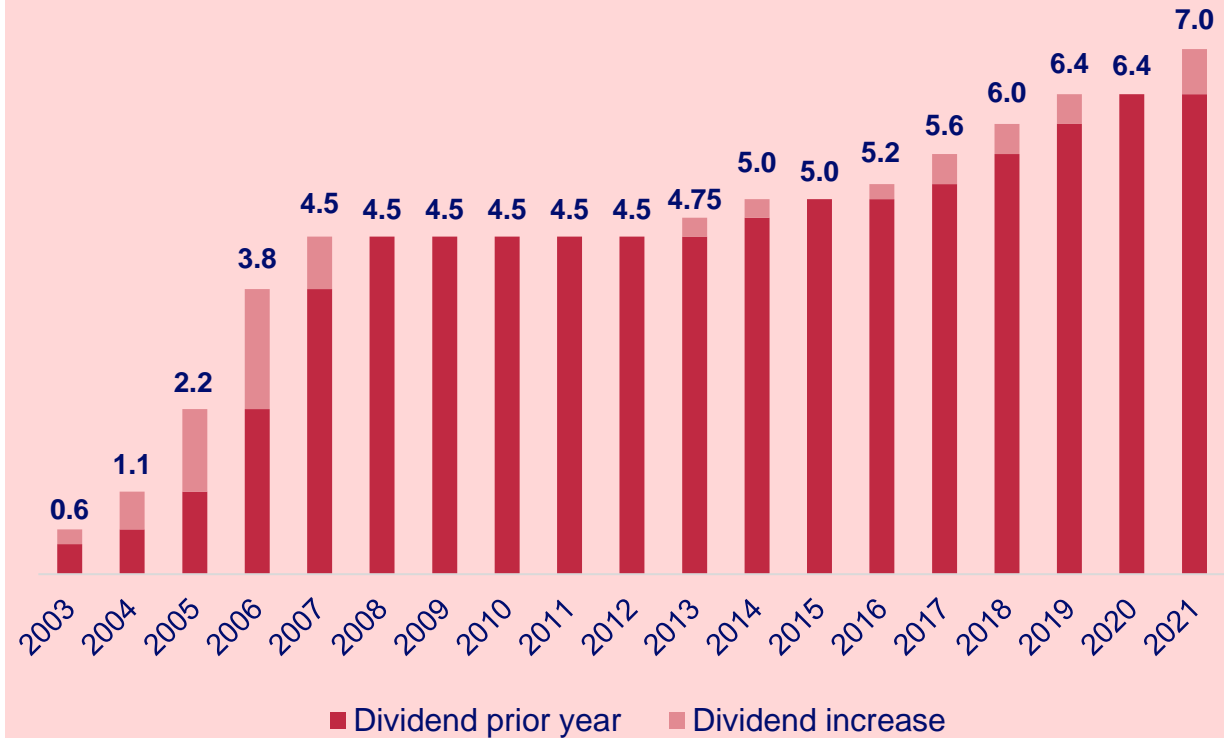
## Capital

Very safe balance sheet and high financial flexibility

## Optionality

Outstanding corporate culture and leading in digitalisation & innovation

## Dividend per Share (CHF gross)





# Reporting Agenda

## **Annual Financial Results 2022:**

9 March 2023

## **Annual Report 2022:**

28 March 2023

## **Annual General Meeting Bâloise Holding AG:**

28 April 2023





# Cautionary statement regarding forward-looking information

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