Q4 2016 Earnings Call

Company Participants

- German Egloff, Head of Finance (CFO)
- Gert De Winter, Group Chief Executive Officer
- Marc Kaiser, Head-Corporate Communications & Investor Relations
- Martin Wenk, Head of Asset Management

Other Participants

- Daniel Bischof, Analyst
- Farquhar C. Murray, Analyst
- Michael Igor Huttner, Analyst
- Peter D. Eliot, Analyst
- Ralph Hebgen, Analyst
- René Locher, Analyst
- Stefan Schürmann, Analyst

MANAGEMENT DISCUSSION SECTION

Operator

Ladies and gentlemen, good morning. Welcome to the Bâloise Group Annual Results 2016 Analysts Conference Call. I'm Celina, the Chorus Call operator. I would like to remind you that all participants will be in listen-only mode, and the conference is being recorded. After the presentation, there will be a Q&A session. The conference must not be recorded for publication or broadcast.

At this time, it's my pleasure to hand over to Mr. Marc Kaiser, Head of Corporate Communications and Investor Relations. Please go ahead, sir.

Marc Kaiser {BIO 15056036 <GO>}

Good morning, everybody. Welcome from our side. Thank you for joining us for this year's full year results 2016 call. And I would now like to hand over to Gert De Winter.

Gert De Winter {BIO 19720616 <GO>}

Thank you, Marc. Maybe quickly the highlights of 2016, and then a short look forward into 2017. 2016 was another very good year for Bâloise Group and we are very satisfied with the results. We increased the profit by almost 5%, up to CHF 535 million. We see very good growth in the target segments we are aiming at, meaning in non-life 3%, in the unit-linked business over 5%. The already explained combined ratio has been brought down further by 1.1% points to 92.2%, and that is despite the reserves strengthening in Germany in half year of 2016.

In the life business, we're clearly adapting the business mix away from guarantees and into more capital-efficient growth products, and we are underwriting selectively. And you see the impact structurally on the new business margin and on the interest margin that we gain out of the life business. And despite the low interest environment or even negative interest environment, our asset management business continues to provide a solid, very interesting source of profit.

The balance sheet is very strong, even stronger after reserving an additional over CHF 300 million in the life business. And given these excellent results, the proposal to the board will be to increase the dividend up to CHF 5.20 per share. This means that we start 2017 and our new Simply Safe strategy with a very, very strong results, with also very ambitious goals, 1 million additional clients, one of the best employers and CHF 2 billion cash into the holding for investments in growth and to continue our attractive shareholder policy.

Of course, we're only started, but you can always (03:16) see the signals on the way with investments in new products, partnerships with fintechs, the launch of a mobile insurer in Germany, the first connected car product launched this week in Luxembourg. So, Simply Safe is already on its way.

That would be it, I would be very willing to open up for questions. With me are Martin Wenk, our CIO; and German Egloff, our CFO. So, we will be trying to deal with your difficult questions.

Q&A

Operator

We will now begin the question-and-answer session The first question is from Mr. Peter Eliot from Kepler Cheuvreux. Please go ahead.

Q - Peter D. Eliot {BIO 7556214 <GO>}

Thank you very much. Three questions if I may. The first one was on the reserve releases, I mean you – obviously this very good (04:29) first half of the year and you can see that that could continue in the second half. Just looking forward, I'm just wondering to what extent we can expect that to continue. And I'm just wondering if there's any guidance or any comments you can make there on what we might expect for the future.

The second thing was, just on slide 12 actually, you – under loss ratio, there's an adjustment for impending losses which has had sort of a 1 percentage point swing across the year. So I was wondering if you could just explain what's happening there.

And then the third question was on the life. I guess looking at slide 19, if you sort of sum up the policyholder participation and reserve strengthening, you get sort of CHF 402 million which is quite a lot more than the savings results. I mean I understand that it's in shareholders' interest to put as much into reserves as possible. There's this (05:38) sort of asymmetric risk play there. But I guess, I was just surprised at the extent of it and that essentially, it kind of looks like people that sort of (05:50) put more into reserves or (05:51) policyholder than you have in the savings (05:54) result. And I'm just wondering if you could give us your thoughts on the dynamics there. Thank you very much.

A - Gert De Winter {BIO 19720616 <GO>}

Let me take out the first of the questions, I'll hand over to German afterwards, on the more technical one. In terms of the reserve release, I assume you're pointing at the non-life reserve release.

Q - Peter D. Eliot {BIO 7556214 <GO>}

Yes, (06:15)

A - Gert De Winter {BIO 19720616 <GO>}

So if you look at last year, the profit generated by the reserves release were less and that was actually because of old claims in Germany. If you look at 2016, we are back, I would say, to what would be a historical average of around 2% to 3% of reserve release. So it's rather a normalized situation again in 2016 if you compare it to 2015. So, that would be the guidance, 2% to 3% per year in terms of...

Q - Peter D. Eliot {BIO 7556214 <GO>}

Could I just maybe ask very quickly. I mean, obviously you had some significant strengthening in Germany this year, and if you back that out then the reserve releases I think would be just over 4%. So, maybe that's just normal volatility and different regions contribute differently.

A - German Egloff {BIO 4782831 <GO>}

Yeah. I would say so, that of course the German reserve strengthening was extraordinary. But on the other hand, the portfolio in Switzerland is a lot bigger and there we have certain volatilities as well. So I would say that, in general, it's still about the same as we – what we said in the past.

About the impending losses, that relates to the health and accident business in Switzerland where due to the development of the claims there, you have to reserve for future losses. But in fact, that's just because of the current situation in the claims – what's happening on the claims side. If you remember we are re-underwriting that portfolio. So, that is just a regulatory rule and then that's why it's right to develop that from the order reclaims ratio to see the quality of the portfolio. That's just an accounting position, if you like.

And then for the EBIT on life, I mean there the most of the reserve strengthening is actually fueled by the thing what we're doing on the local GAAP closings, and there we are just re-reserving the guarantee rates. And just imagine, if interest rates are staying where they are currently, then the average guarantee rate or the average liability still stays relatively high, because there is still an ongoing gap between the returns that you get and the liabilities that you have. So therefore, it's wise to re-reserve that liability.

In Germany, you have this ZZR, so there it's legally ruled. In Switzerland, we haven't that (09:38) at the moment, but of course the regulator is discussing it as well. So, we are actually doing it anyway what we think is sensible as well to avoid to get a regulatory rule for that. So, we think it's certainly sensible, maybe you could say even a bit conservative target. But on the other hand, if you distribute it to the shareholders that would be wrong as well because you can actually only decide whether you do it now or later, but you have to do it anyway. And ultimately, I mean if interest rates are – even if they are rising currently, you still have to re-reserve the technical interest rate because the average is still going down.

Q - Peter D. Eliot {BIO 7556214 <GO>}

Okay. Thanks a lot.

A - German Egloff {BIO 4782831 <GO>}

So actually, I mean if the interest rate situation is changing a lot, you can free up the capital a bit.

Operator

The second question comes from Mr. Farquhar Murray from Autonomous. Please go ahead.

Q - Farquhar C. Murray {BIO 15345435 <GO>}

Good morning, gentlemen. Just two questions if I may. Firstly, the life EBIT in the second half is a very strong CHF 181 million. I think if there is some mortality benefit in there then it would be great, perhaps if you could maybe quantify that for us, even so it looks to be running probably a bit ahead of the guided rate of about CHF 200 million per annum. So I just wondered if you could give us an update on that guidance on the life EBIT, and in particular, perhaps why it might be looking like its running a bit better?

And then secondly, on the non-life side, you're indicating that – adjusting for the German reserve strengthening, the combined ratio at the group level would have been about 90.3%. Is that a realistic expectation for the years ahead, because I would have thought maybe there was a bit of favorable weather in 2016, but will be interested to get your thoughts? Thanks.

A - German Egloff {BIO 4782831 <GO>}

Okay. I (11:57) for the first one. It's always difficult to predict the life EBIT, but I still think that CHF 200 million is quite a fair guess and I would stay to that. But if you say, well, is it improving in the long term, just the question we had before? Of course, if your technical liabilities are coming down then that's long-term possibility to get more profit out the way. However, currently, I would more or less stick to those CHF 200 million.

What you have to consider is that we are still quite sensitive on what capital markets are doing, just that in the last phase of the year, because for example, derivatives are going through P&L there. And that's just – if you have interest rate derivatives, that 1 or 2 basis points may make a difference of a double-digit million amount. So therefore, it can happen that you are a bit above. But in general, I would say that CHF 200 million is a fair expectation nevertheless.

Q - Farquhar C. Murray {BIO 15345435 <GO>}

Just one point to detail, I mean what was the mortality release in the second half by the way?

A - German Egloff {BIO 4782831 <GO>}

(13:23)

Q - Farquhar C. Murray {BIO 15345435 <GO>}

Yeah, yeah.

A - German Egloff {BIO 4782831 <GO>}

Now, I have to look – come back to that later. Maybe I have the (13:34) combined ratio. There, to expect a 90-ish combined ratio is maybe a bit too optimistic. You just have to consider. We had slots in Belgium and Germany, but we had almost no elementary losses in Switzerland. And of course, if you have a nice big hailstorm in Switzerland, that changes the situation immediately. So therefore, in a very good and lucky year, the 90s might be realistic. But I think, as an expectation, it will be too optimistic.

Q - Farquhar C. Murray {BIO 15345435 <GO>}

Okay. (14:23)

A - German Egloff {BIO 4782831 <GO>}

And I just gave information (14:26) the release of the claims reserve adjustments. So from the risk result, would be about the same as in previous year in general. So, there was a one-off in it.

Q - Farquhar C. Murray {BIO 15345435 <GO>}

Okay. Thanks.

A - German Egloff {BIO 4782831 <GO>}

Thank you.

Operator

The next question comes from Mr. Stefan Schürmann from Bank Vontobel. Please go ahead.

Q - Stefan Schürmann

Yes, hello. I have three questions, please. The first one on the cash to the holding, just maybe can you elaborate how much cash you paid up to the holding in 2016. I'm not quite sure about that amount, I think it was CHF 275 million in 2015. And now, on the base of where your target is for CHF 2 billion going forward.

Then the second question is basically on the reserve additions in life. Can you maybe give some more granularity on where that happened? Is that only Switzerland, is it also Germany, and then maybe also individual and group life?

And the third one, just on the run-off transaction in Germany, where you basically closed now this year (15:36). Can you confirm again that there will be basically a neutral impact on P&L, and also maybe give a hint on how much holding capital can free up with that?

A - German Egloff {BIO 4782831 <GO>}

Okay. I'm starting. Cash to the holding, you see the participation earnings, which are CHF 250-ish million and that includes the dividends which are already paid and the accrued dividends. However, the whole cash statement is not done yet because that's now the starting point, but of course we have interest rates as well for example, and there are other look-through effects that are flowing through the holding.

And of course, we are currently about to – let's say, to improve those flows up to now until the Investor Day. The cash flow is not overall targeted to the holding. We had all the cash profits within the group and that will be re-managed. So currently, the figure is not disclosed and it's probably then next year when we have a starting point to see and we have to define what includes those cash flows at all.

Then the reserve for life, strengthening, it's mainly – the big chunk is Switzerland and its group life and individual life, and it's the ZZR in Germany. What we haven't had this year, but last year is the so-called, knipperend licht (17:34) reserve in Belgium because we got an extension there.

The Belgium regulator said that people that are above a certain Solvency II ratio get an exemption from providing this knipperend licht (17:51) reserve. However, we have in Belgium, and you know in Belgium, there is – is the only company that we have where in the same legal entity, we have life and non-life business. And Belgium has this thing called funds for future appropriations. And there that is a certain buffer for future reserve strengthenings, for example. And they have put some millions in there to be prepared if, let's say, they're changing their politics again. Because last year in Belgium, that was not because their (18:33) Solvency II ratio was too low, just nobody got an exemption there. So, they are changing their politics by the year sometimes.

And then the third one was the sell-off of the portfolio in Germany. There is some SST capital that will be free but that's not really relevant for the group. In general, there will be certain deconsolidation loss, which is in the area of between CHF 10 million and CHF 20 million.

Q - Stefan Schürmann

Okay. Yes. Thank you.

A - German Egloff {BIO 4782831 <GO>}

Thank you.

Operator

The next question is from Mr. Ralph Hebgen from KBW. Please go ahead.

Q - Ralph Hebgen {BIO 6297020 <GO>}

Yeah. Hi. Hi, guys. Thanks for taking my questions. Two things relating to the life result. If you look at slide 19, the profit by source, what I missed on the slide is perhaps a comment on the fee result. Is there a reason that you don't split that out separately or perhaps it's not material enough? Anything on your thinking on what might constitute a fee result would be welcome?

And second, staying on the slide, the risk result has increased very forcibly, and I was wondering whether you could tell us a little bit about the underlying drivers there and indeed also whether you see the acceleration as sustainable or the CHF 296 million here as a new baseline going forward? Thank you.

A - German Egloff {BIO 4782831 <GO>}

First, for the fee result, firstly that's distributed through the three drivers, so that is a bit difficult to separate that. That's one point. And the other point is that we have fee business as well, which is in the banking segment from the asset management side, and which is actually originated from the life business. So if the – both asset management is managing funds, which are used for unit liked policies, part of the fee result is in the banking segment and part of it is in the life segment. So, therefore, that's not an easy one to clear that up.

What you're probably interested in is to know what this really more services business is creating in terms of fees. And I would not guide the (21:43) but we can for the future. We can totally discuss whether we would like to disclose that or not. And this is the first one, and the second one about the risk result. There is a one-off included because there was a release of claims reserves in that just – like I just mentioned before.

So I think that the CHF 240 million from 2015 is probably a better proxy than the CHF 296 million. What's more is that currently in Switzerland, especially in the second field of business, we have quite a tough political discussion, how big the risk results might be there. And so the tariffs are (22:42) going down a bit. So it shouldn't be – even though, of course, mortality gains are a natural hedge to the old age risk, but politics are not considering that as appropriate way of thinking. So, therefore, I think CHF 240 million is probably the better – a better proxy for the future.

Q - Ralph Hebgen {BIO 6297020 <GO>}

Okay. That's extremely helpful. Thank you. Just as a – and perhaps a point on my wish list. I'm so, almost skeptical or hesitant to say it but analysts always want more stuff. But do you think it might be possible for you to analyze the risk result in future by reference to expense ratios and loss ratios as some other companies have done So, that might give us some additional...

A - German Egloff {BIO 4782831 <GO>}

Since I'm certainly not doing it myself, and I'm not responsible for it in the future. I gladly take it and pass it over to my colleagues, so they can do with it whatever they like then.

Q - Ralph Hebgen {BIO 6297020 <GO>}

Okay, that's excellent. Thank you very much indeed.

A - German Egloff {BIO 4782831 <GO>}

Thank you.

Operator

We have a follow-up question from Mr. Farquhar Murray. Please go ahead.

Q - Farquhar C. Murray {BIO 15345435 <GO>}

Good morning, gentleman. Just I have one brief follow-up actually. I understand you're not giving any the SST position as formal number, but I just wondered if you could maybe give us a sense of how the SST ratio has developed there – through the year-to-date so far in particular given some of the kind of the sovereign spread widening (24:32) and perhaps you could just give us bit of a color around how sensitive you would be to sovereign spreads more generally? Thanks.

A - German Egloff {BIO 4782831 <GO>}

Yes, I can give you that, the color would be green actually.

Q - Farquhar C. Murray {BIO 15345435 <GO>}

More green or less green?

A - German Egloff {BIO 4782831 <GO>}

Well, fairly green. Comfortably green.

Q - Farquhar C. Murray {BIO 15345435 <GO>}

Okay.

A - German Egloff {BIO 4782831 <GO>}

It's – still be a bad debt, and the sensitivity is that we have given in the – at the Investors Day, they still hold to. What I can tell you is that, it seems and that the ratio is getting a bit less nervous than, than it has to be in the past. However, whether that's from the Capital Markets, or because the model is getting more stable, that's another question. But, still I mean the key questions around SST is, is there a reason to bother around the dividend? No, obviously not, otherwise we wouldn't increase it. And is there a reason to bother around the capital? Neither that, otherwise we wouldn't increase the dividend.

Q - Farquhar C. Murray {BIO 15345435 <GO>}

Okay. Thanks much.

A - German Egloff {BIO 4782831 <GO>}

Thank you.

Operator

The next question comes from Mr. René Locher from MainFirst. Please go ahead.

Q - René Locher

Yes. Hello, everybody. Just a few follow-up questions. So, first of all I would like to start with slide 36, there is this EBIT Matrix. And I was wondering if it is fair to assume that non-life Germany, which was minus CHF 53 million in 2016, if you target now a combined ratio of roughly 100% in Germany, is it fair to assume that here – that we should have at least a breakeven EBIT in German non-life? That's the first question.

And, the second one is just curious at the very beginning, (26:56) I think that's slide 5, when I look at banking and asset management, interesting here I think that the assets under management to third party, you're at CHF 4.9 billion. And I mean, correct me when I'm wrong but I think you mentioned at the Investor's Day, that you target CHF 5 billion in third party asset, just as a clarification?

And then – yeah again one follow-up on cash remittance. When I am looking at in the Annual Report on page 268, so that's the income statement of the Bâloise Holding. They are looking at the total income, there are three income streams and yeah it looks very volatile from 2015 to 2016. I was just wondering what is the dividend income in – you have in 2016?

And then my last question, here again on cash remittance, and I am wondering – as far as I understood, you go for this CHF 2 billion, five years profit, CHF 400 million per annum, if I did simple 50 million shares, that that's roughly CHF 8 per share, and this I understood. You're also financing, like for example, fintech, brochure (28:34) and so on and so on. And then as an example, the mobile insurer Friday you launched in Germany, was this financed by the cash or was it financed by policyholder money? Thank you very much.

A - Gert De Winter {BIO 19720616 <GO>}

Let me try to respond to some of the questions, but I'll certainly handover to the more technical questions in there to Martin Wenk and German Egloff. First on the combined ratio in Germany, as we have said last year too, we target as of 2017, a combined ratio which is below 100% in Germany. It's clear that the German market is different, is even more competitive, is fragmented. So we don't expect it to become – to land in the range of 90% to 95%, but rather in the range of 96% to 98% in Germany. The asset management, and Martin will certainly allude to that, what you see on page 5 is the current third-party assets under management, with the project objective that we have set and stated forward. So we are aiming for an additional CHF 5 billion...

Q - René Locher

Oh, I see.

A - Gert De Winter {BIO 19720616 <GO>}

...assets under management. I'll leave the cash remittance and so forth to German, and maybe Martin can also say something additionally on the third-party project.

A - Martin Wenk {BIO 4193573 <GO>}

Yeah. Hi, René. This is Martin. I mean Gert already said this explanation, it's really so that we want to double...

Q - René Locher

Okay.

A - Martin Wenk {BIO 4193573 <GO>}

...our third-party business. So it's by coincidence a similar figure.

Q - René Locher

Okay. Thank you.

A - German Egloff {BIO 4782831 <GO>}

For the profit or the dividend or the profit of the subsidiaries, the figure is actually far less volatile than it looks between 2015 and 2016. The reason that 2015 was so high was that the valuation of the subsidiaries was reevaluated and Luxembourg was – the value was increased and Liechtenstein re-upped (31:04) value was decreased. So therefore, there was a special effect there. In fact, the dividend was CHF 254 million in 2015 and in 2016, CHF 256 million, so it's more or less quite stable.

Q - René Locher

Okay. Thank you.

Operator

Gentlemen that was the last question. Sorry, we have a last set on (31:30) registration from Mr. Michael Huttner from JPMorgan. Please go ahead.

Q - Michael Igor Huttner {BIO 1556863 <GO>}

Thank you. And I'm sure you've been asked the same question. But I wasn't listening all the time and maybe the answer – I did not understand the answer. Just getting back to the life, the CHF 250 million-odd profit and after CHF 317 million of reserving. If I think of the underlying, should I add back the CHF 300 million reserving or – I mean, clearly, the reserving is a negative. But how much does it – what would be the underlying if interest rates were a little bit benign. I mean, maybe not stable, but (32:12).

A - German Egloff {BIO 4782831 <GO>}

What I said there is that the CHF 200 million underlying is probably still quite a good guidance, because we have the re-reserving of the technical interest rate is – has actually different possibilities. Interest rates are rising immediately. But still the technical guarantees are too high for a while, and if they stay where they are, you have to continuously re-reserve. And if they in fold after re-reserve until you're on nil (32:45) I guess.

So therefore – as a current guidance to CHF 200 million for the next, let's say, 18 month or so, is probably not a bad proxy. But you're right (33:02) the CHF 300 million, if the situation would change dramatically, the CHF 300 million or whatever we did in additional reserving will become free again then it of course (33:19) then adds to the EBIT figure in the future.

A - Martin Wenk {BIO 4193573 <GO>}

Maybe I can add one more aspect to that because I think it's important. Some of those of realizing of gains already happens by managing the assets. And as you know, we have this negative rates on the short end of the curve, and if we sell bonds there, we just realize – we realize capital gains, but we also lose current income by the high coupons. So we have to put something into reserves for that, that we need in the future to have the income that we lose in the reserves. So some of the reserves are already consumed for that, and you cannot just add that to or – to the profit that we have made, this CHF 300 million. So this is – it's a delicate balance that we do and some of it is just initiated basically by asset management.

Q - Michael Igor Huttner {BIO 1556863 <GO>}

Understand. And just as a follow-on, you said 18 months kind of CHF 200 million, kind of feel for what it could look like. Does the 18 months – is that linked to the likely referendum, I know, have you done with some of the conversion rates?

A - German Egloff {BIO 4782831 <GO>}

No, no, no, that's a bond that was just – I just didn't want to say five years, and I didn't want to say one years for banking month, but...

Q - Michael Igor Huttner {BIO 1556863 <GO>}

Okay.

A - German Egloff {BIO 4782831 <GO>}

So that's at 20 months as well.

Q - Michael Igor Huttner {BIO 1556863 <GO>}

Okay, okay.

A - German Egloff {BIO 4782831 <GO>}

It was an educated guess, just.

Q - Michael Igor Huttner {BIO 1556863 <GO>}

Okay.

A - German Egloff {BIO 4782831 <GO>}

...because within, I don't expect a dramatic change in the interest rates for the next, let's say 12 months, so it's early as 18 months if you see a reaction in the figures.

Q - Michael Igor Huttner {BIO 1556863 <GO>}

I understand. That makes sense. That's it. Thank you very much.

A - German Egloff {BIO 4782831 <GO>}

Thank you.

Operator

We have a question from Mr. Daniel Bischof from Baader-Helvea. Please go ahead.

Q - Daniel Bischof {BIO 17407166 <GO>}

Yeah, good morning, a very quick one on page 18. When you reported a significant improvement in the life new business margin here, the more selective underwriting had a positive impact, but I think you also mentioned there was a change in the calculation method. Could you explain what happened there and what the underlying improvement was?

A - German Egloff {BIO 4782831 <GO>}

Yes. We had that – but it was just some model adjustments, up to now we were maybe too conservative in building in the change in the – or the management rules concerning the policyholder dividend. And the environment was there a bit more aggressive in the past already and we just did that as well now. And now about the impact, I wouldn't know exactly, probably half of it is portfolio mix and half of it is model (36:29) change (36:29).

Q - Daniel Bischof {BIO 17407166 <GO>}

All right. Thank you.

Operator

We have another follow-up question from Mr. René Locher. Please go ahead.

Q - René Locher

Yes, me again. You just sort of answered one of my questions that was some on these investment in insurtech, like for example, mobility in Germany. And again just to understand, I mean, I've got a lot of detail from IR department as far as I understood so far, I think you've invested CHF 20 million. You intend to invest CHF 50 million, but I am wondering if this money – is this cash you optioned (37:14) to the holding or is this money from policyholders account? Thank you.

A - German Egloff {BIO 4782831 <GO>}

Yes. We are doing both. So, on Friday, so tomorrow, so next Friday the company, and that's a subsidiary. So, that's still money, company money. And – but we have this fund that we are setting up together with Anthemis, we mentioned that in the Investors Day, and that's an investment which is a (38:00). So that's policyholder money or reserves, let's put it that way.

Q - René Locher

Okay. Okay. So that helps.

A - Gert De Winter {BIO 19720616 <GO>}

All of these things, non-life reserves. You don't know and you can't decide whether its policyholder or shareholder.

A - Martin Wenk {BIO 4193573 <GO>}

I can just add to that, to that fact that (38:17) is investments we do in insurtech with Anthemis, it's a portfolio that is supposedly is to reach CHF 50 million. And we have CHF 600 million in private equity investments already. So basically, all we do is we take 10% of our private equity investment and allocate it in an industry that should lead to some insights for own industry, that's all. But it has the same, let's say the same guidance, the same expectations behind it as if we would do another private equity investment.

Q - René Locher

No. No. Fully understood. I mean you know, where I'm coming from is, I guess offered (38:56) already at the Investors Day when you are going for CHF 2 billion in cash, then I guess you should not expect that all that money is going back to shareholder. Otherwise, I would end up at roughly CHF 8 per share, right, so that's why I am asking. Thanks you very much.

A - Gert De Winter {BIO 19720616 <GO>}

I think René, just to conclude on that and I think at the Investors Day and we'll repeat that the CHF 2 billion cash into the holdings serves two purposes. One is certainly to continue the attractive shareholder policy, that's one. The second one, however being the investments in new growth, in new areas of growth, like mobile insurance, like digitalization and other things. So it's the combination of two. And it's not – as we look at those investments and those growth opportunities on a case-by-case basis, you can't tell that much of the CHF 2 billion goes into growth and that much of the CHF 2 billion goes to the shareholder. So that's the case-by-case judgment call, depending on the opportunity and the likelihood of generating growth and profit.

Q - René Locher

Yeah. Thank you, perfect. Thank you very much.

Operator

This was the last question.

A - Gert De Winter {BIO 19720616 <GO>}

If there are no other questions, then I would like to wrap it up and thank all of you for the interesting questions and the insights. And looking forward to see you soon again.

Operator

Ladies and gentlemen, the conference is now over. Thank you for choosing Chorus Call, and thank you for participating in the conference. You may now disconnect your lines. Goodbye.