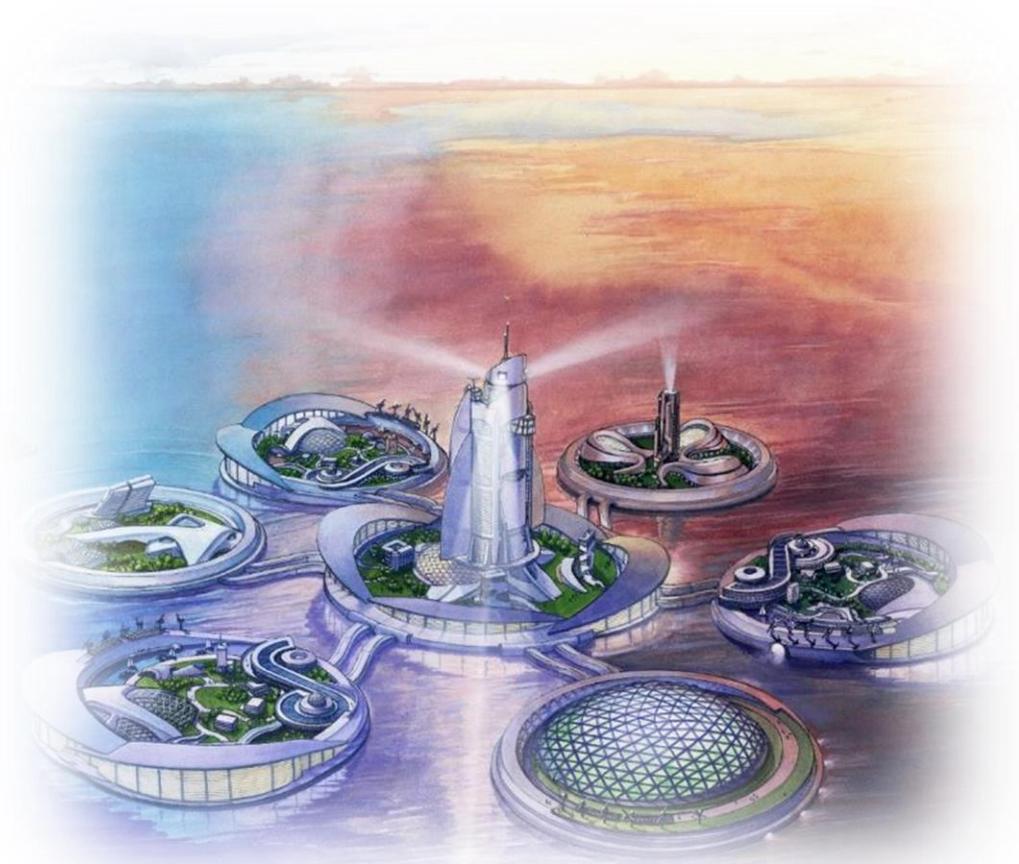


Investor Day 2020

Simply Safe - Season 2

Presentation to Investors and Analysts

Basel, 29 October 2020



Watch out for the livestream icon in the presentation to watch the section directly or click [here](#) for further information



Cautionary Statement Regarding Forward-Looking Information

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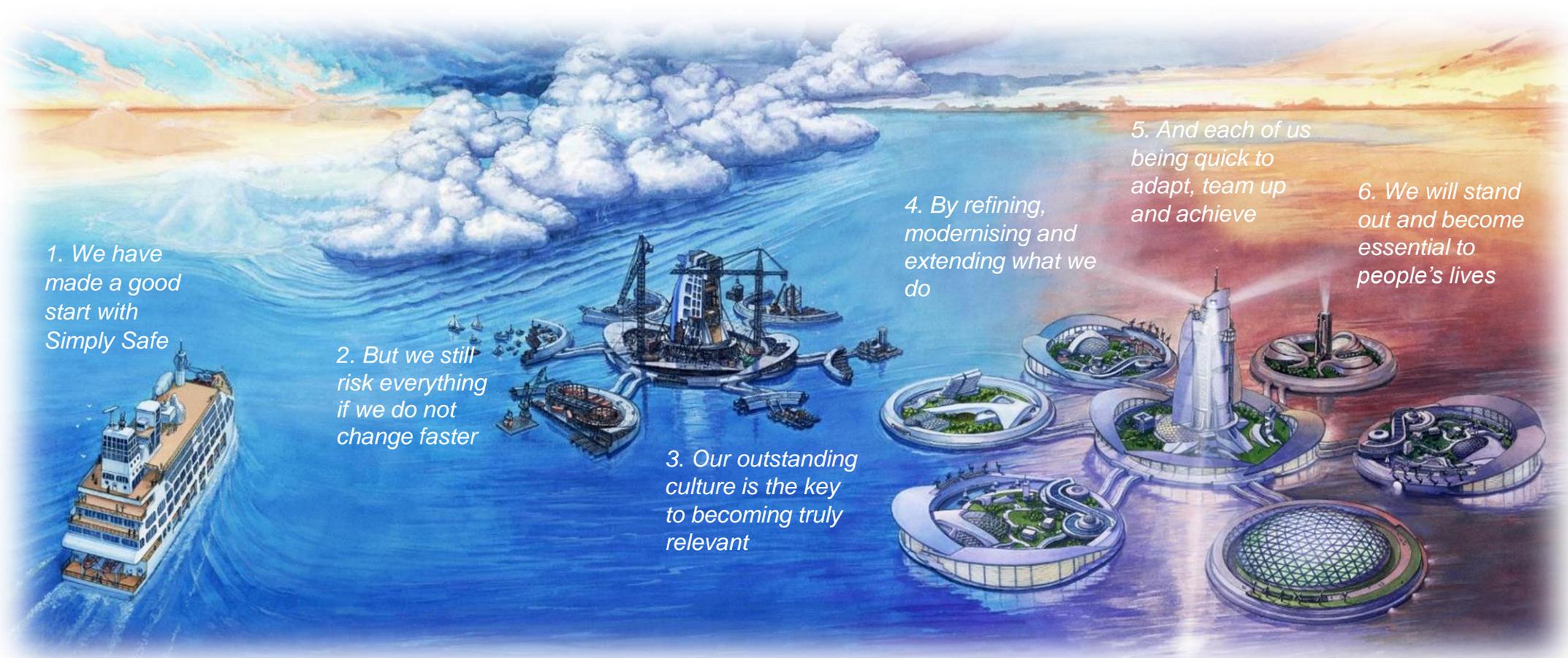
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...We will stand out and become essential to people's lives.

Simply Safe – Season 2 (2022 – 2025)

Becoming essential to people's lives



1. We have made a good start with Simply Safe

2. But we still risk everything if we do not change faster

3. Our outstanding culture is the key to becoming truly relevant

4. By refining, modernising and extending what we do

5. And each of us being quick to adapt, team up and achieve

6. We will stand out and become essential to people's lives

1. Taking Pride in the Success of Season 1

«We have made a good start with Simply Safe»



1. Taking Pride in the Success of Season 1

Simply Safe – Season 1 (2017 – 2021)

1. A bright future needs a solid past.

2. But we risk everything if we only rely on what has worked well in the past.

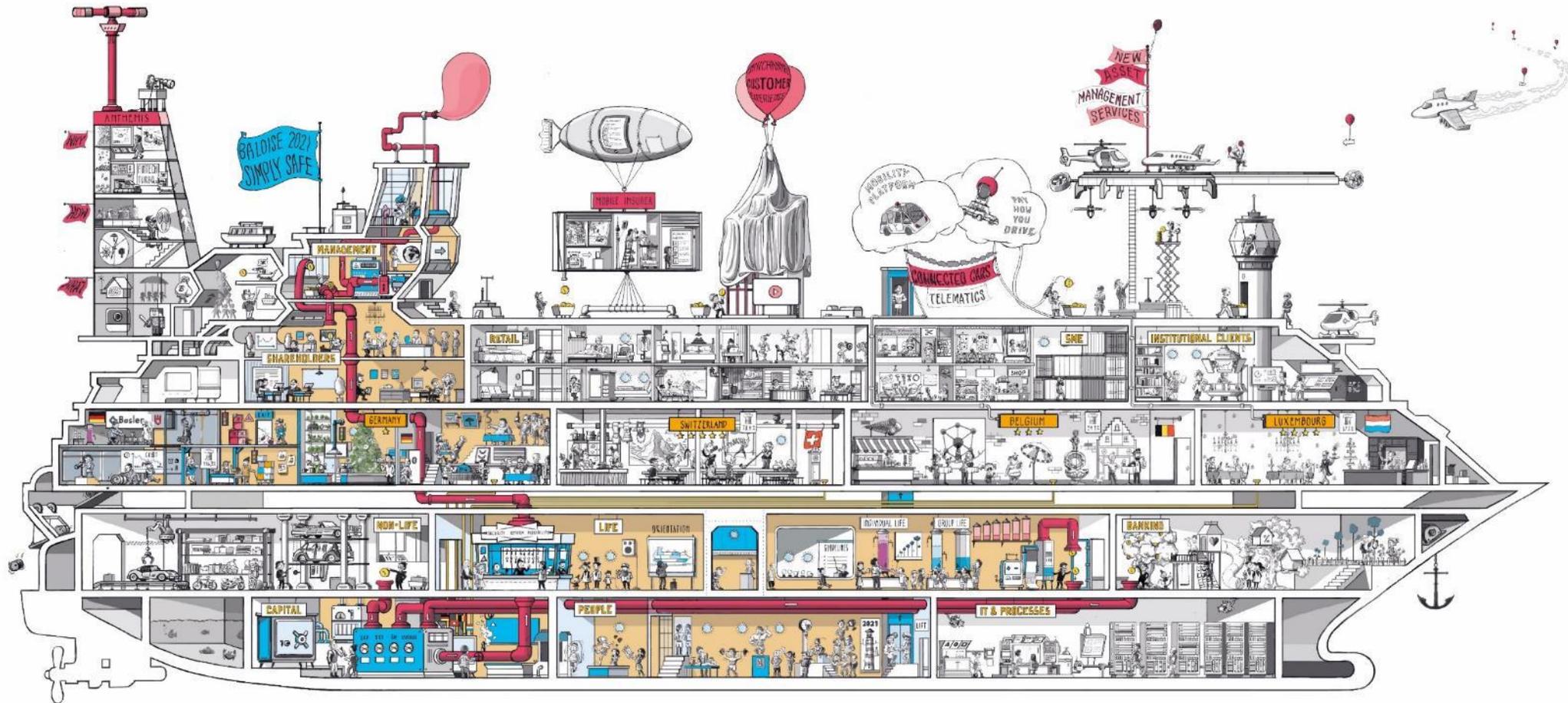
3. Our 5-year ambitions:

- **A Leading Employer in the Sector:** top 10% in the European Financial Sector
- **The Trusted Choice for Our Customers:** 1 million additional customers
- **A Reliable and Attractive Investment:** CHF 2 billion cash remittance to the holding company



1. Taking Pride in the Success of Season 1

Simply Safe – Season 1 (2017 – 2021)



1. Taking Pride in the Success of Season 1

Leveraging the core – non-life business

Non-life business



Germany



Belgium



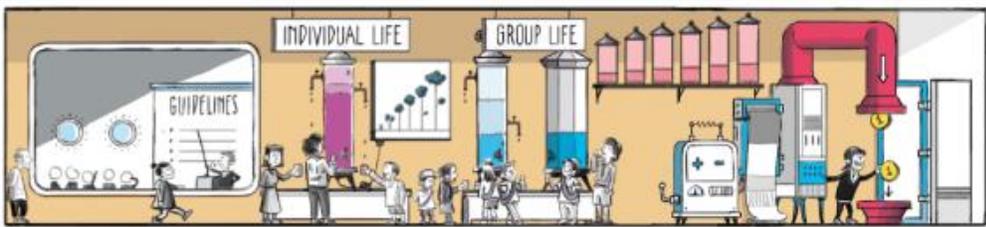
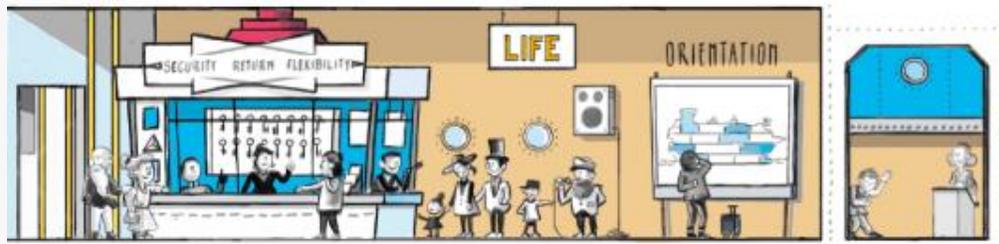
- › **Strong profitability further improved:** average¹⁾ combined ratio of 91.5% in Season 1 at the lower end of our target range of 90-95%
- › **Turnaround of the German non-life book a success:** restructuring completed, profitability improved and growth achieved
- › **Top 4 position attained in the attractive Belgian non-life market:** thanks to strong organic and inorganic growth

1) 2017: 92.3%; 2018: 91.7%; 2019: 90.4%

1. Taking Pride in the Success of Season 1

Leveraging the core – life business

Life business



- › **Business mix further improved:** reduction of average guarantees¹⁾, disposal of traditional life back book in Germany, higher share of risk products in new business²⁾, growing fee-based business³⁾, selective growth in Swiss Group Life, and strong growth with Perspectiva⁴⁾
- › **Successfully adapted to the low interest rate environment:** resilient interest rate margin and good EBIT contribution⁵⁾ thanks to rigorous asset-liability management

1) From 1.9% in YE 2015 to 1.2% in HY 2020

2) From 3% in 2016 to 14% in 2019

3) AuM of Luxembourg's freedom of service business doubled from 2012 to 2019, passing the CHF 10 billion mark in 2019

4) Nearly 3,000 companies signed up to the semi-autonomous pension offering Perspectiva between 2015 and 2020, from a starting point of zero

5) EBIT > CHF 200 million in all years of Season 1

1. Taking Pride in the Success of Season 1

Leveraging the core – asset management & banking

Asset management



Life business

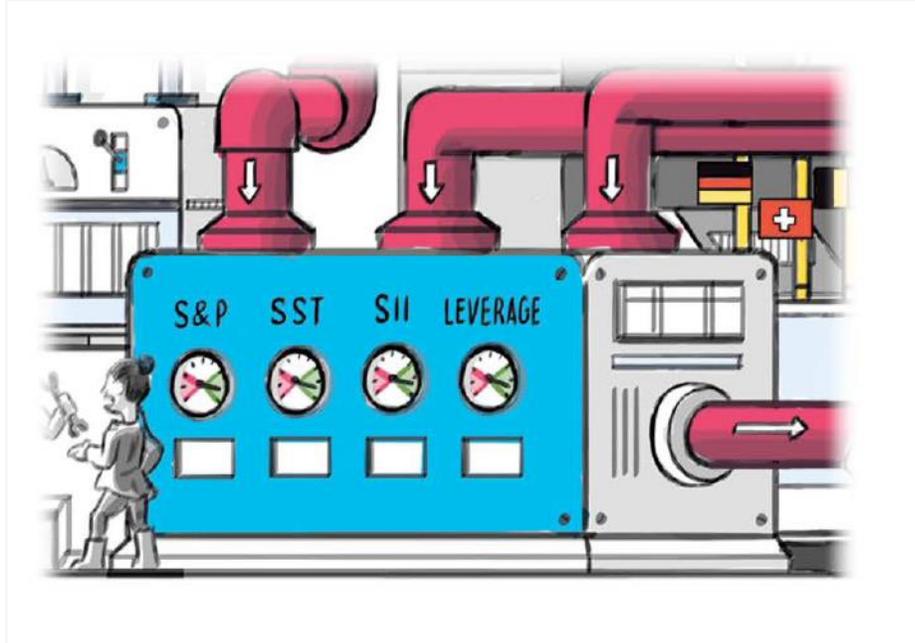


- › **Successful set-up of the third-party business:** building up sales force, launch of several successful products and generation of CHF 2.4 billion net new assets
- › **Unique bank-insurance model:** expansion of the successful model throughout Switzerland. In Belgium and Luxembourg the already strong relationships with banking partners have been further enhanced

1. Taking Pride in the Success of Season 1

Leveraging the core – capital

Capital

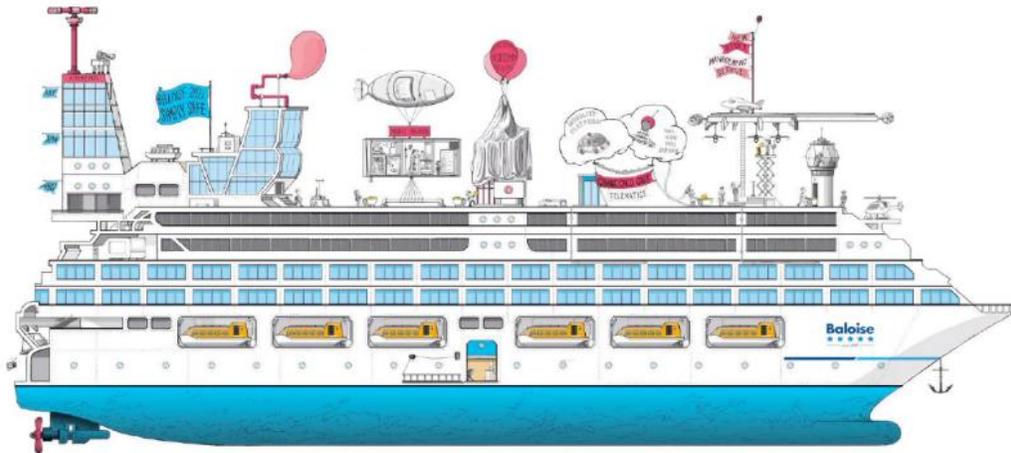


- › **Strong capitalization and active capital management:** IFRS equity and S&P rating higher than in 2016, and SST ratio far from regulatory constraints. Balance sheet almost goodwill-free and with a low proportion of hybrid capital. Buy-back of 3 million shares completed

1. Taking Pride in the Success of Season 1

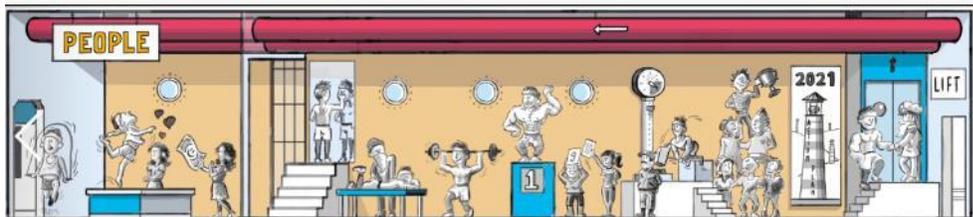
Go beyond traditional insurance – innovation

Innovation



- › **Focused innovation strategy & full innovation pipeline:** around 100 initiatives launched with focus on the Home and Mobility ecosystems
- › **Innovative and entrepreneurial mindset instilled:** invest, acquire, partner, incubate and develop to ensure Baloise's relevance in future markets
- › **Launch and scaling of FRIDAY:** has grown into the leading digital insurer in Germany

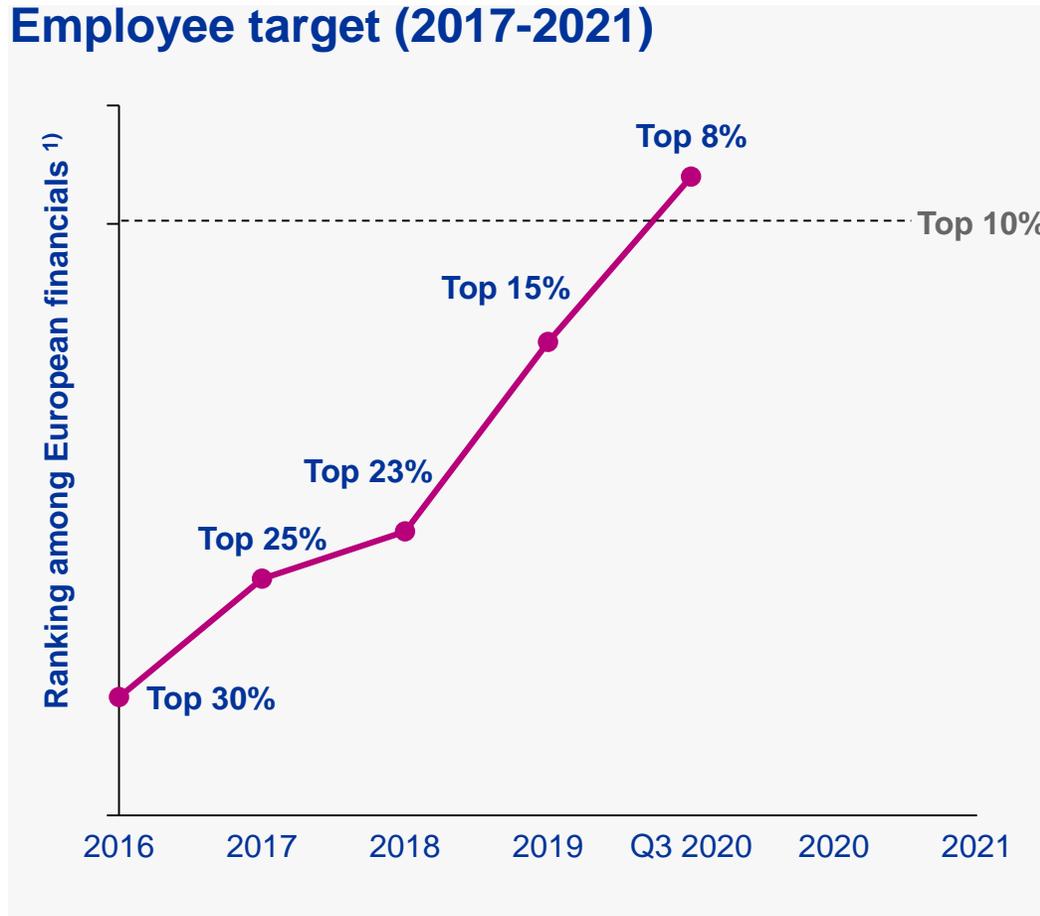
People



1. Taking Pride in the Success of Season 1

Employee target: to be in the top 10% of the best companies to work for until 2021

Employee target (2017-2021)



- › Status: **already achieved in 2020**
- › Significant **positive cultural change**
- › Recognised as a **great place to work** with people speaking out, teaming up and with high levels of engagement

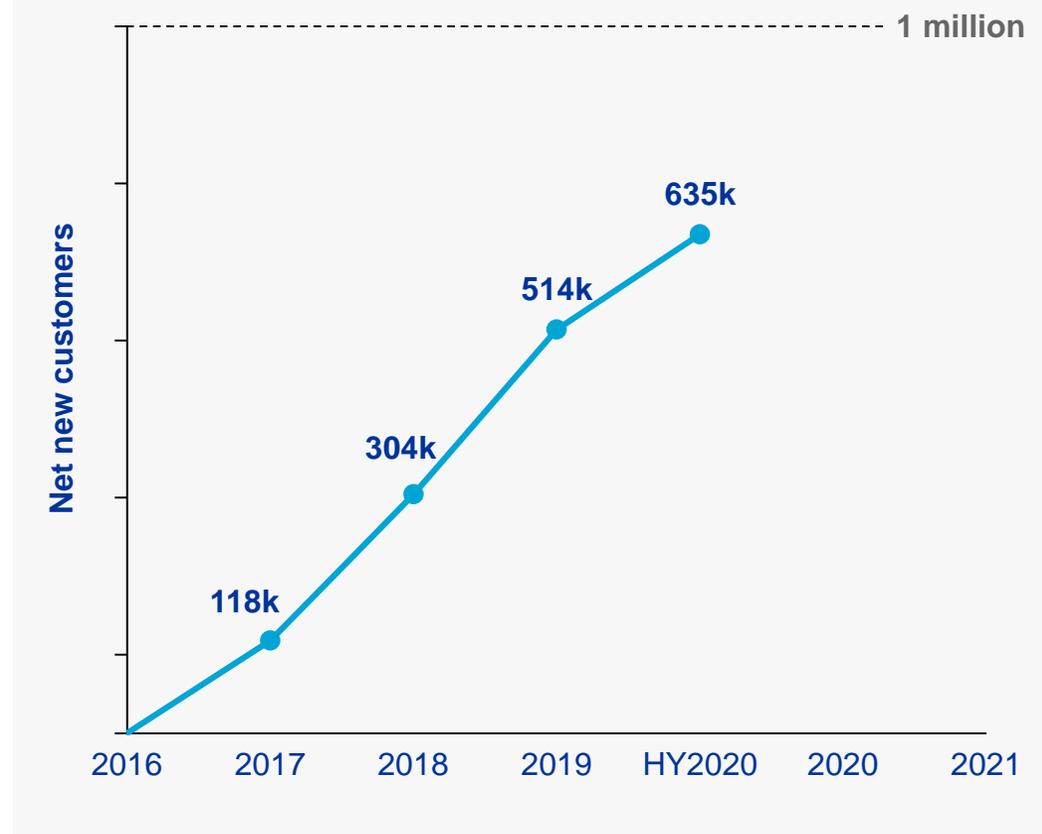
1) Based on Korn Ferry Hay database

1. Taking Pride in the Success of Season 1

Customer target: 1 million net new customers in 2017-2021

Customer target (2017-2021)

Cumulative



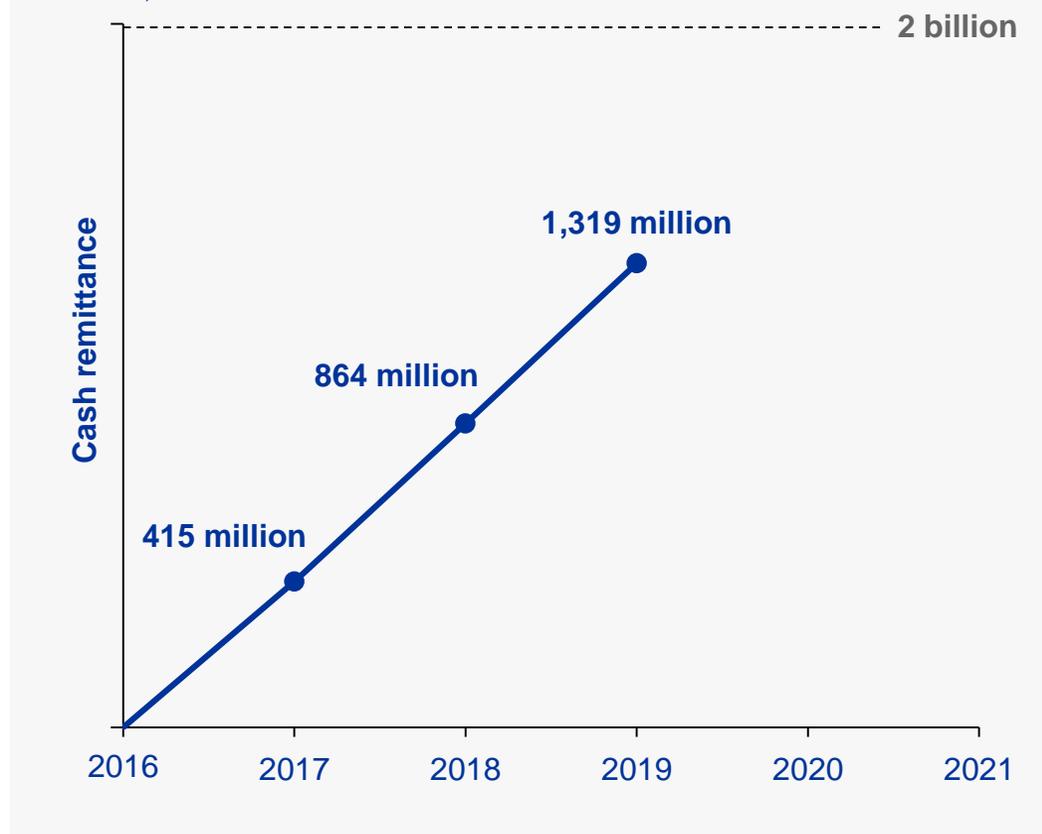
- › Status: **on track**
- › More than **600k net new customers** from organic growth
- › More than **500k new customers** from acquisitions

1. Taking Pride in the Success of Season 1

Shareholders target: CHF 2 billion to the holding company in 2017-2021

Shareholders target (2017-2021)

Cumulative, in CHF



- › Status: **on track**
- › **Total Shareholder Return of +34%** in the last 4 years (European Insurer Index, SXIP: +21%)¹⁾
- › **Buy-back of 3 million shares completed** in 2020: almost CHF 0.5 billion returned to shareholders
- › **Dividend increased by 23%** since 2016²⁾

1) Time period: 30.09.2016 – 30.09.2020; in CHF

2) Dividend per share of CHF 5.20 for 2016 and CHF 6.40 for 2019

2. The Challenges Facing Our Industry Today

«But we still risk everything if we do not change faster»



2. The Challenges Facing Our Industry Today

We still risk everything if we don't change faster

Disruptive Technology Pandemic Risks Demographic Trends
Legacy IT Infrastructure Volatile Capital Markets
Financial Risks Cultural Change
Climate Change Project Risks
Growing Competition Talent Acquisition & Retention
Low Interest Rate Environment
Changing Customer Needs Nat Cats
Growing Regulations M&A Risks Cyber Risks
Innovation Customer Satisfaction
Business Optimization Economic Uncertainties
Value Creation Reputation Risks Simplification

3. Sustainability and Our Opportunities

«Our outstanding culture is the key to becoming truly relevant»



3. Sustainability and Our Opportunities

Implementing a holistic approach to sustainability by focusing on value creation

Baloise Sustainability Network

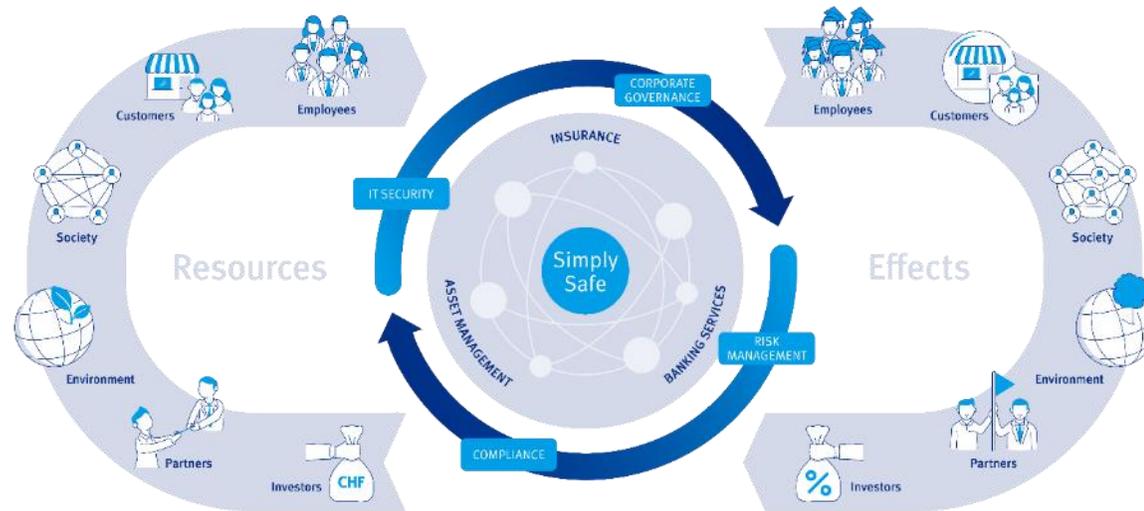


- › **Sustainability governance** to implement a holistic view on sustainability and value creation in our core business and mindset
- › **Baloise Sustainability Network:** all relevant departments develop basics, actions and targets
- › **Executive Committee:** implements into strategy and operations
- › **Board of Directors:** decides and oversees the implementation and provides strategic guidance

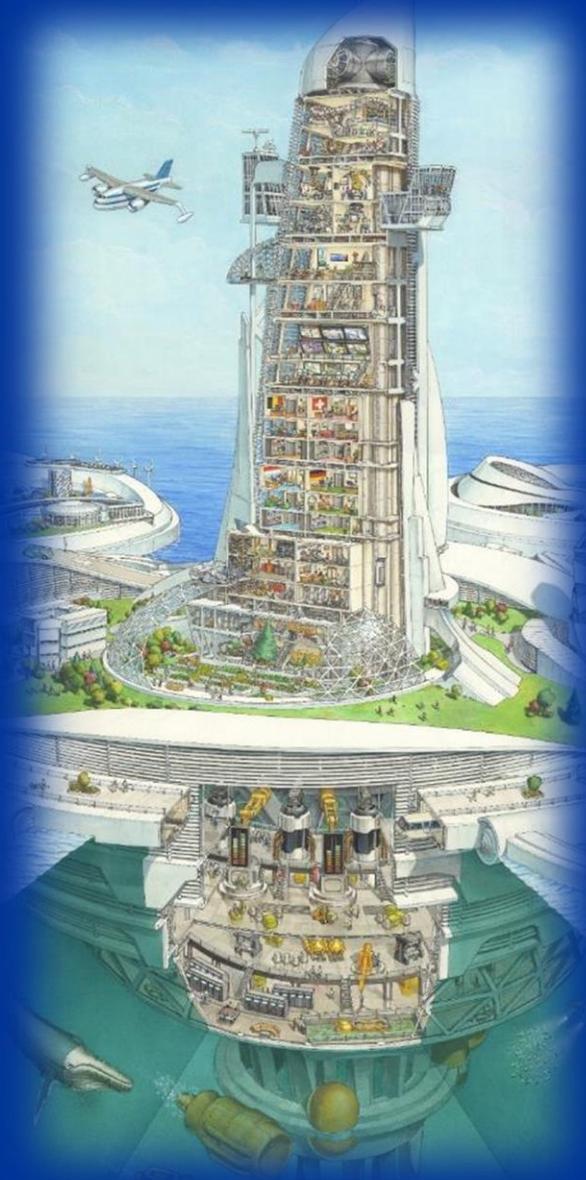
3. Sustainability and Our Opportunities

Sustainability goes hand in hand with value creation and is an integral part of our strategy

Baloise Value Creation Model



- › Baloise is **interconnected** with its stakeholders, the society at large and the environment since we contribute daily to the protection and functioning of economies, companies and individuals
- › Our stakeholders provide **resources** that we can use in our business activities, such as manpower, trust, natural resources, capital, know-how and skills
- › Together with important supporting pillars such as IT security, corporate governance, risk management and compliance, we establish a secure and stable framework to **create value**

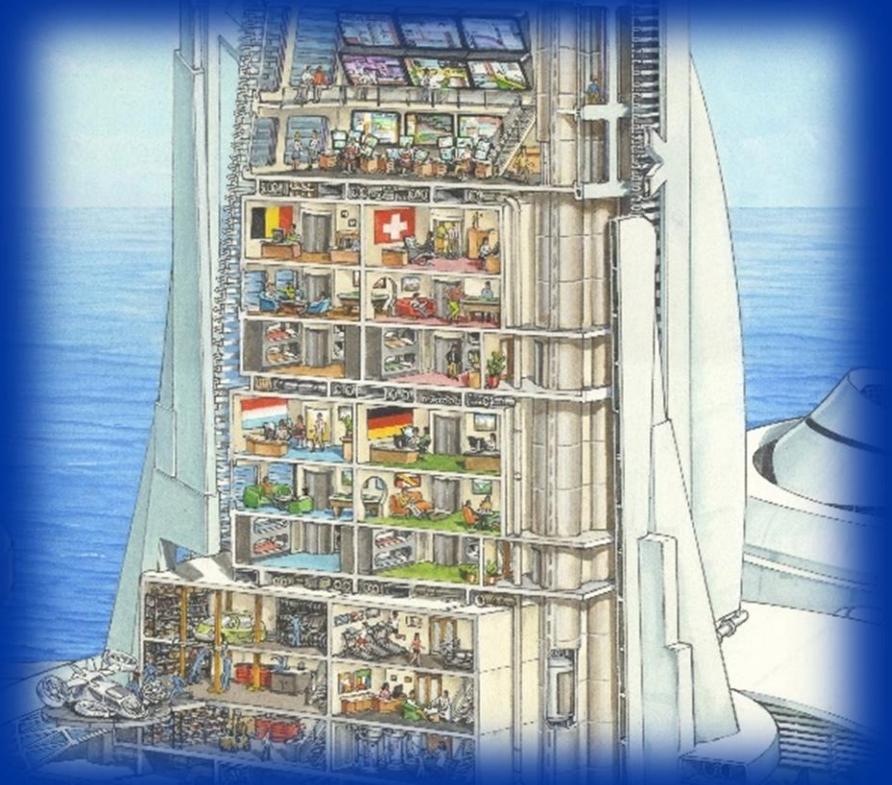


4. Focus, Reimagine, and Diversify

«By refining, modernising and extending what we do»

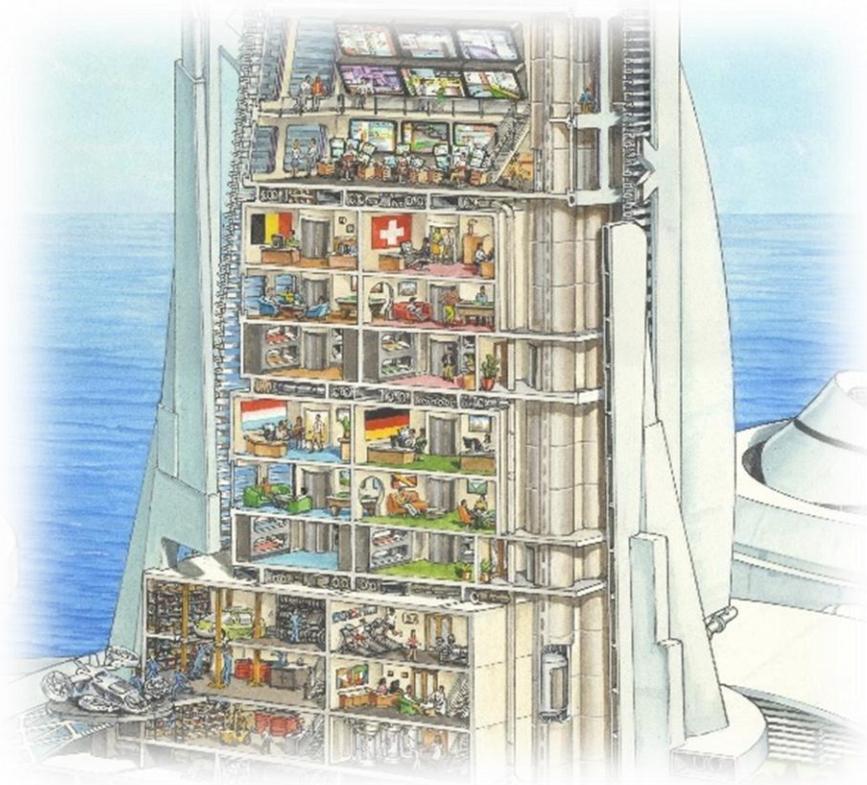
4.1 Focus

Non-Life | Life | Capital & Cash



4.1 Focus – Non-Life

Main messages



- › **Further growth in non-life:** we aim to achieve sustainable and profitable growth in our target segments Retail and SME by enhancing our position as a trusted customer-centric business partner
- › **Further simplification:** we will simplify our business model, streamline processes and eliminate dependencies. We will leverage cost efficiencies¹⁾ of approximately CHF 200 million by 2025 and improve our customer journeys
- › **Enhanced profitability:** we will build on our successful target customer & partner management. For Season 2 we are aiming for a net combined ratio of approximately 90% for the Group

1) Refers to the operating and administrative expenses for insurance business in life and in non-life

4.1 Focus – Non-Life

Belgium – strong growth outperforming the market and high profit contribution

CAGR¹⁾ Baloise Belgium 2012-2019:

7.2%

CAGR Belgian Peers²⁾ 2012-2019:

3.6%

- › Baloise Belgium puts a lot of **emphasis on engagement** with its employees, partners and customers, combining digital with an empathic and human approach³⁾
- › In the last years, Baloise Belgium has **grown at a faster rate than the market**, both through organic and inorganic growth
- › The latest acquisitions of Fidea and the non-life portfolio of Athora Belgium complemented our geographical footprint, allowing us to achieve a **top 4 market position** in the attractive non-life Belgian market
- › The integration of both entities will be completed by 2023; by then their **profit contribution** to the Group is expected to be in the region of EUR 35 million p.a.

1) Compound annual growth rate

2) Belgian peers: top 10 multi-line insurance companies

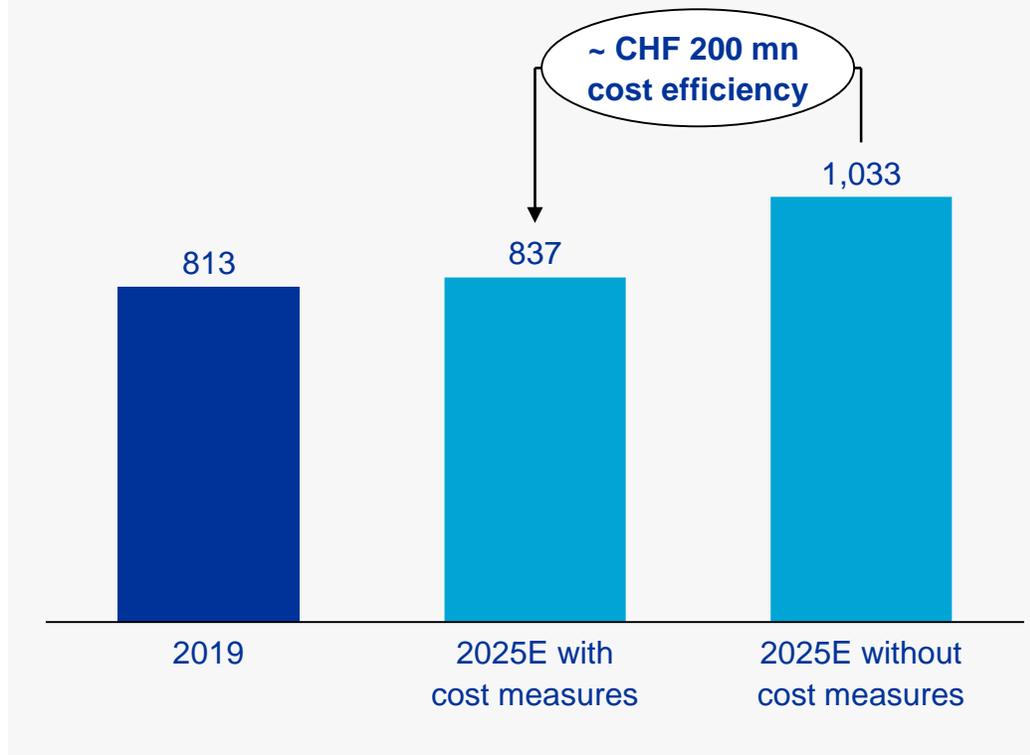
3) In 2019, HR consultancy Korn Ferry Hay recognized Baloise Belgium as one of Belgium's top three employers in any sector and as the best employer in the insurance industry ²⁴

4.1 Focus – Non-Life

Group – active cost management, simplification and optimization in Life and Non-Life

Operating and administrative expenses

in CHF million



- › Baloise is implementing various measures to leverage **cost efficiencies¹⁾** of **approx. CHF 200 million** by 2025
- › Baloise will therefore be able to maintain a stable cost base over the 2019-2025E period despite a growing business²⁾
- › Main measures include **product³⁾** and **process simplification/optimization** with the ultimate goal of improving the customer experience

1) Refers to the operating and administrative expenses for insurance business in Life and in Non-Life

2) Expected growth of 4% per annum

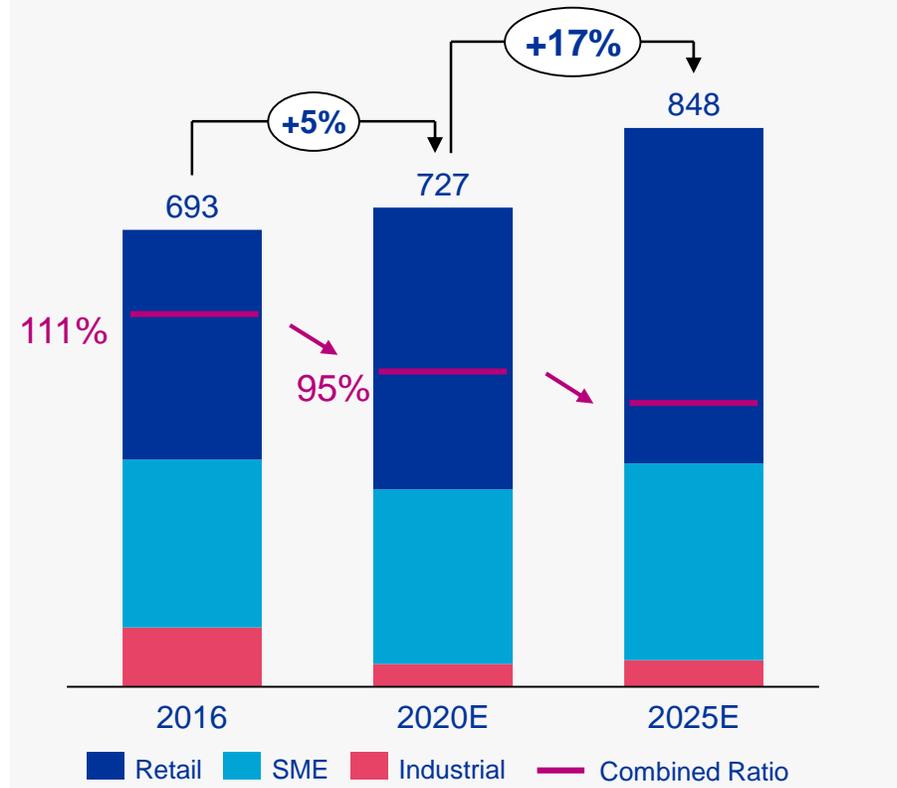
3) Goal is to decommission approx. 30% of all products

4.1 Focus – Non-Life

Germany – on track for profitable growth following the turnaround

Business mix

GWP, in EUR million



Season 1:

- › **Successful turnaround of the non-life business:** proportion of portfolio attributable to retail and SME now higher (approx. 60% and 30% respectively), with the share accounted for by industrial reduced to 10%

Season 2:

- › **Higher customer satisfaction:** excellent services and products and continuous improvement of IT landscape
- › **Higher growth:** well positioned to grow at a faster rate than the market, mainly in the retail and SME business
- › **Higher profitability:** aim is to further improve the combined ratio

4.1 Focus – Non-Life

Group – on a mission to improve profitability even further

Current combined ratio guidance:

90-95%

New combined ratio guidance:

~90%

- › **Season 1:** we have consistently improved our technical profitability and achieved combined ratios at the lower end of our current guidance
- › **Season 2:** we aim to further improve our combined ratio through a continuous focus on target customer and cost management

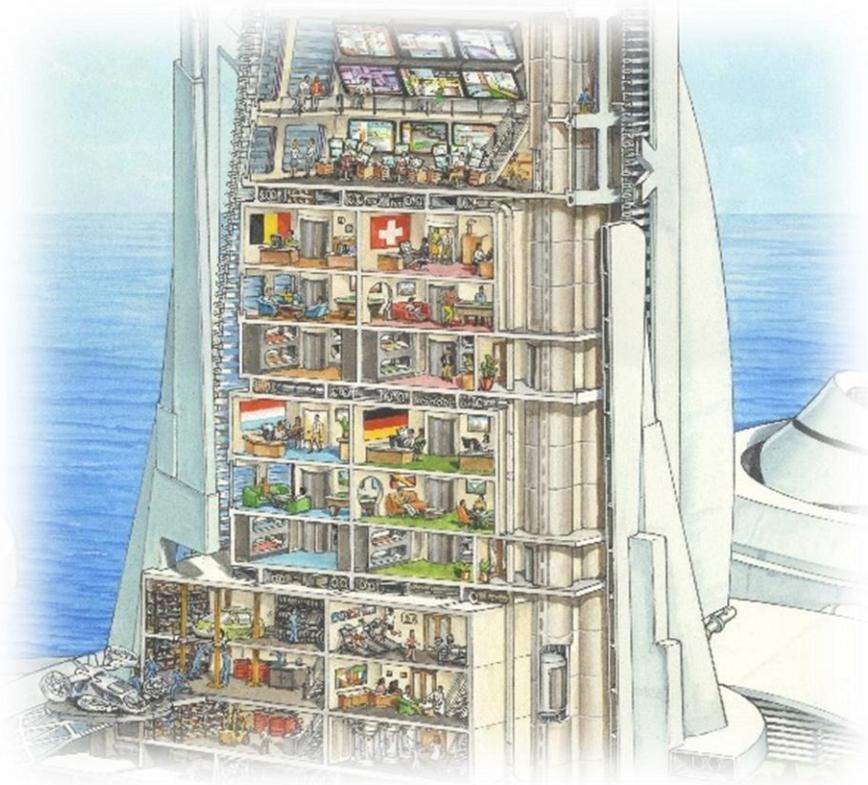
4.1 Focus

Non-Life | **Life** | Capital & Cash



4.1 Focus – Life

Main messages



- › **Reliable partner in life:** we offer the full range of solutions to cover the growing customer demand for financial security and wealth accumulation
- › **Sustained profitability and unchanged contribution to cash:** we will continue to deliver strong risk results in life and expect an EBIT contribution of at least CHF 200 million; our life business will continue to make a substantial contribution to the cash remittance of the Group
- › **Highly resilient with strong reserves:** our interest rate margin in life is well protected and is expected to be at over 75 bps in three decades from now

4.1 Focus – Life

Attractive new business mix in individual life with low guarantees

Individual Life

HY 2020

New business mix

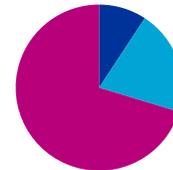
in % APE

Average guarantees

of new business with guarantees

Switzerland

Very low average guarantees¹⁾

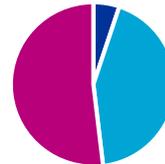


- Risk / biometry
- No / time-limited guarantee
- Guarantee

0.1%

Belgium

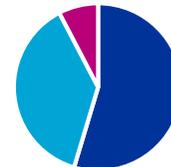
Large share of time-limited guarantees and universal life products²⁾



0.4%

Germany

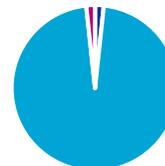
Almost exclusively risk and unit-linked



0.2%

Luxembourg

Almost exclusively unit-linked



0.0%

1) Guarantee products: about 80% of individual life products in Switzerland have a guarantee of 0%

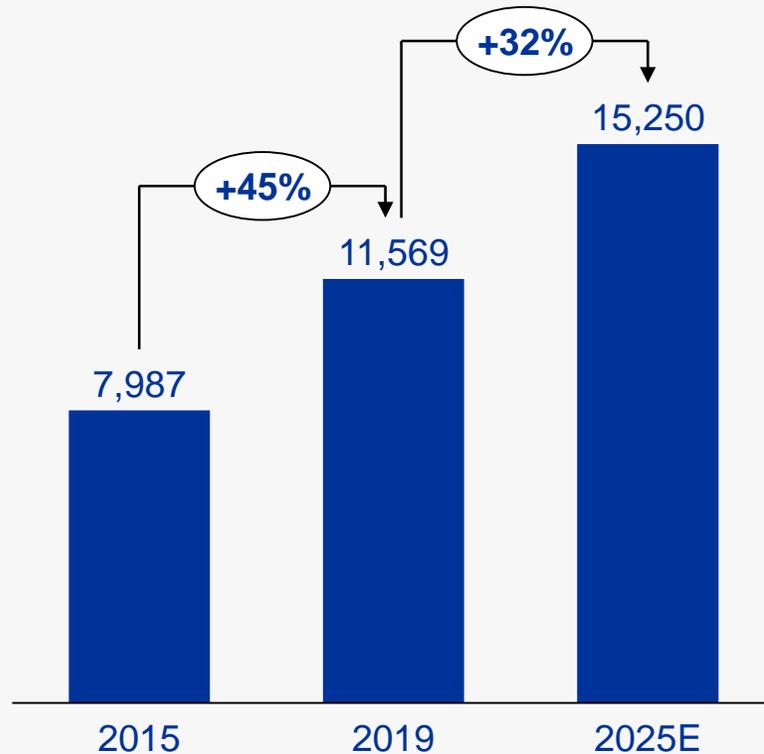
2) Universal Life products have no guarantee on future premiums and hence a significantly reduced ALM risk

4.1 Focus – Life

Luxembourg – growth of European freedom of services business

Assets under Management

In CHF billion



- › **Multi-channel EU player** with strong wealth planning skills and life insurance expertise targeting a wide range of customers (from UHNW¹⁾ to retail customers)
- › Through to 2025 we expect **AuM to exceed CHF 15 billion** (up 32% on FY 2019), mainly thanks to a focus on unit-linked solutions
- › Strong AuM growth will lead to **significant acceleration of the fee income²⁾**

1) Ultra-High-Net-Worth

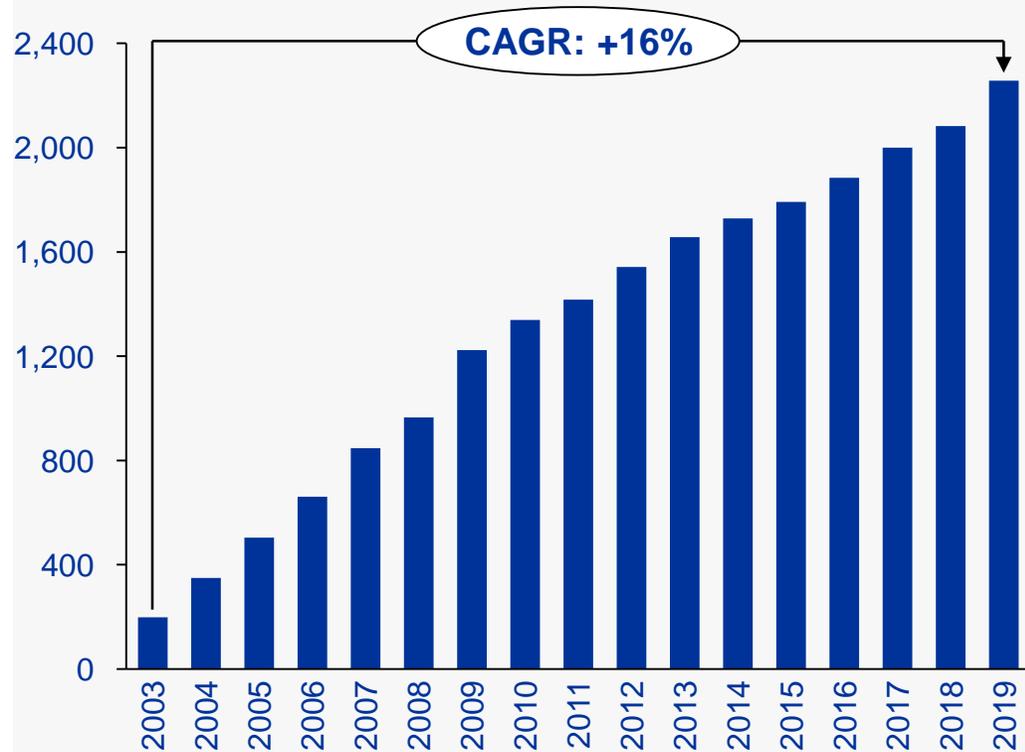
2) Average gross fee margin is currently at 27 bps, average net fee margin at about 10 bps

4.1 Focus – Life

Switzerland – banking and insurance: offering the best of both worlds

Banking client assets provided by tied agents

in CHF million

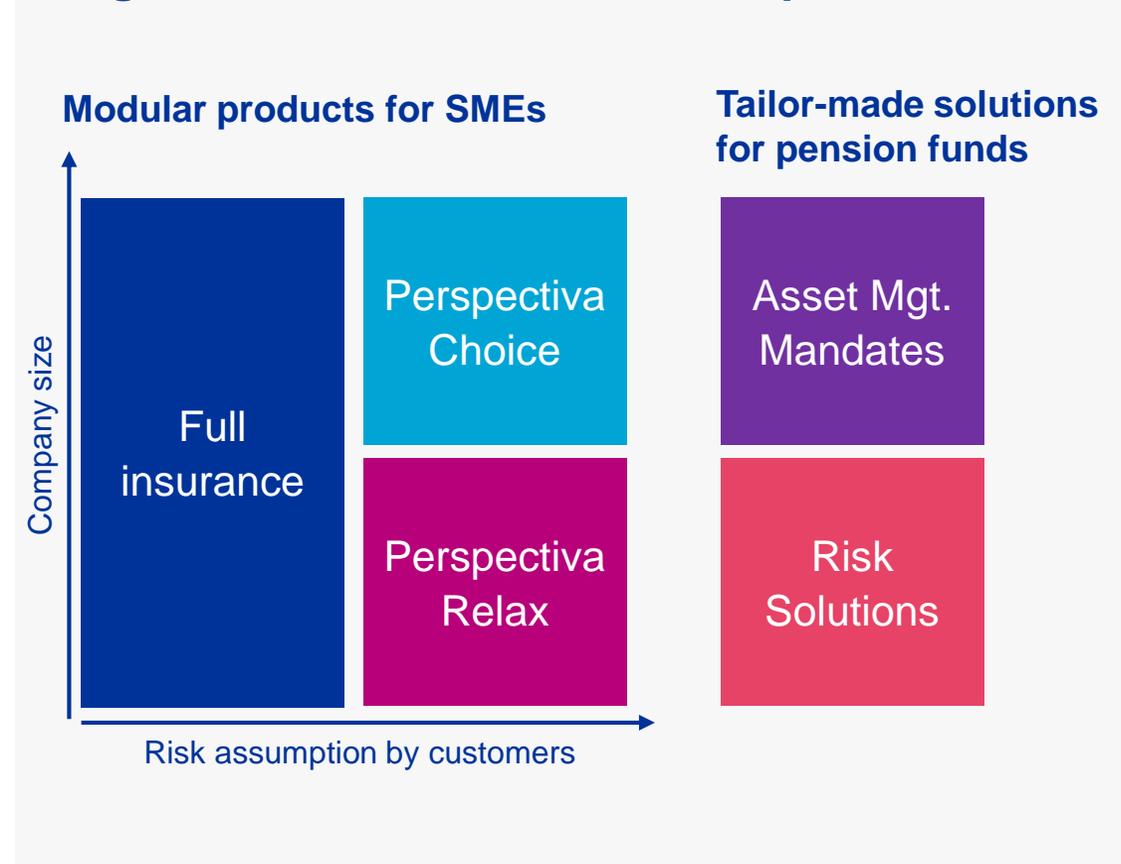


- › Acting as a personal partner for financial matters: customers receive **comprehensive advice and high-quality solutions** tailored to their needs
- › **Smart, value-adding collaboration** between tied agents, financial planners and private bankers
- › Strong growth in asset management mandates and **excellent reinvestment rates**
- › **Well-stocked pipeline** thanks to expiring life insurance policies and financial planning needs of the age 55+ customer segment

4.1 Focus – Life

Switzerland – the full range of pension solutions in Group Life

Range of solutions in Swiss Group Life



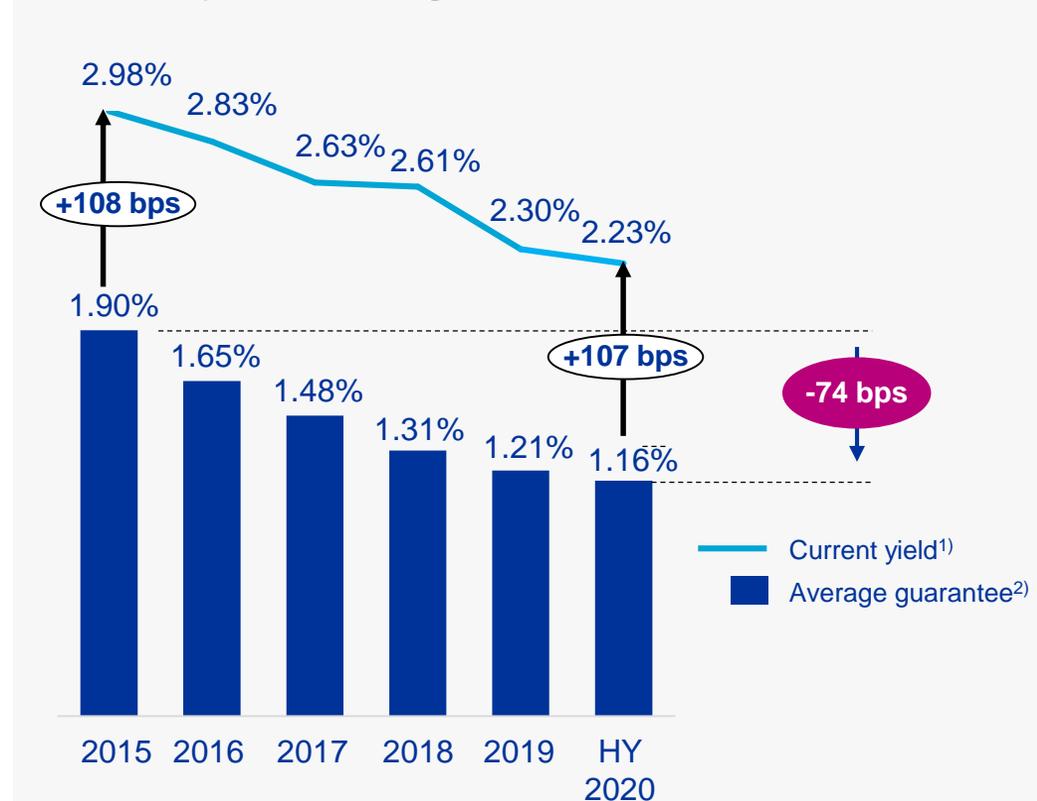
- › **Standardized, modular products** for small and medium-sized companies: depending on our customer's risk assumption, either full insurance or our semi-autonomous solution Perspectiva¹⁾
- › **Tailor-made risk insurance solutions** for company-owned pension funds
- › **Asset management mandates and services** for medium-sized and large pension funds

1) Since its launch in 2015, our semi-autonomous Perspectiva collective foundation has grown relentlessly (currently almost 3'000 affiliated companies and CHF 850 mn AuM)

4.1 Focus – Life

Baloise Group – comfortable interest rate margin for next decades

Current yield and guarantees



- › **Development of interest rate margin:** despite the very low interest rates, resilient margin in last years due to active asset-liability management
- › **Projection of the interest rate margin³⁾:** interest rate margin well protected and expected to be at > 75 bps even in three decades from now
- › **Unchanged high profitability:** we expect from our life business an annual EBIT contribution of more than CHF 200 million and substantial contributions to the cash remittance of the Group in Season 2

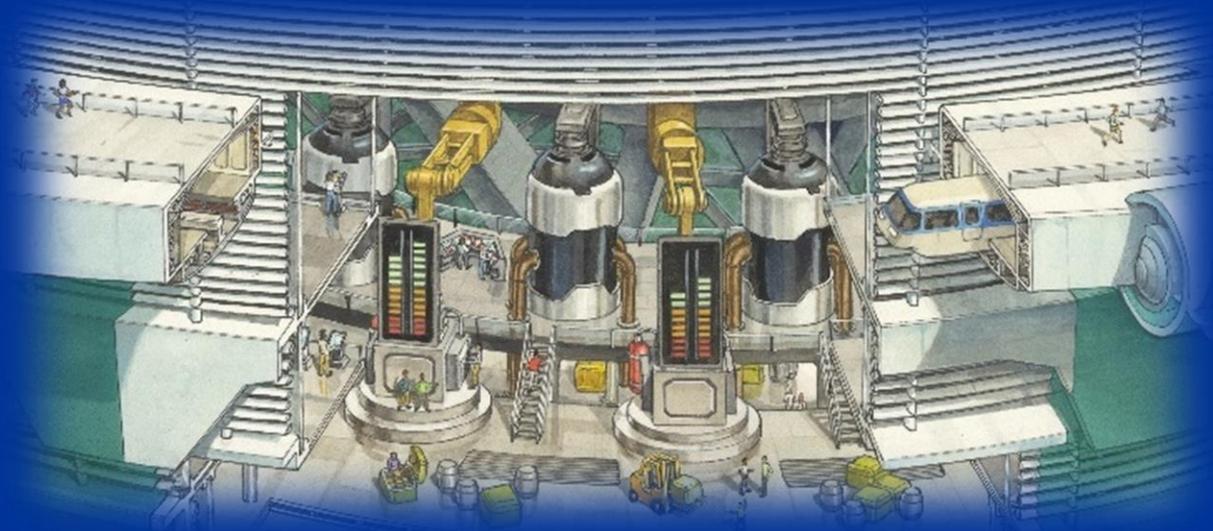
1) Current investment income (IFRS) as a percentage of statutory reserves, excl. realised capital gains / losses and FX hedging cost, incl. investment costs

2) Average guarantee (statutory basis), as at 1.1. next year, resp. 1.7. next reporting period

3) Based on year-end 2019 forward rates

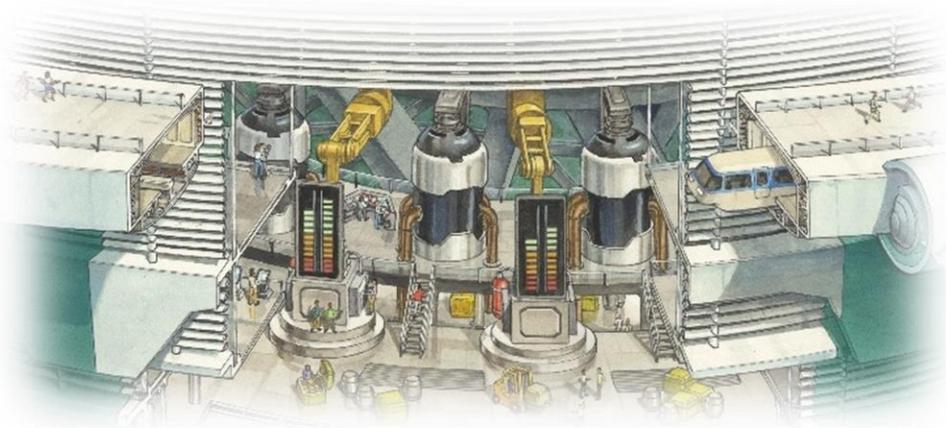
4.1 Focus

Non-Life | Life | **Capital & Cash**



4.1 Focus – Capital & Cash

Main messages



- › **Strong capital position:** Baloise's strong balance sheet gives it a high degree of financial flexibility and assures resilience for all of its stakeholders
- › **More ambitious cash generation:** the cash remittance target is increased by 25%, i.e. CHF 2 billion cash remittance to the holding company in 2022-2025
- › **Attractive cash deployment:** 60-80% cash payout ratio for dividends and 10-30% for investments in innovation in the core business and beyond; remaining capital is available for active capital management

4.1 Focus – Capital & Cash

Strong capital position – high degree of resilience and financial flexibility

S&P rating

A+

(confirmed in Aug. 2020)

SST ratio

>170%

(at the end of Q3 2020)

Proportion of hybrid debt¹⁾

6%

(as of YE19)

- › Baloise’s **strong capitalization** is demonstrated by its comfortable SST position, strong S&P rating and the low proportion of hybrid debt
- › Even in a **triple stress scenario²⁾**, our SST ratio is expected to safely remain in the green and, therefore, is not a restriction for payout or further capital management
- › The low proportion of hybrid debt and the current leverage ratio provides the company with a **high level of financial flexibility**. This enables Baloise to safely navigate challenging market conditions while also taking advantage of attractive market opportunities when they arise, thus continuing to create value for all stakeholders

1) As of YE19, Baloise’s capital structure was as follows: shareholders’ equity: 74%; subordinated debt: 6%; senior debt: 20%

2) Crash of equity markets by 50% and simultaneous decrease of interest rates by 100 bps & spread widening of 100 bps on corporate & financial bonds and GIPS (excl. covered bonds)

4.1 Focus – Capital & Cash

New cash target: 25% higher cash generation

Current cash target :

CHF 2.0 billion cash remittance to the holding company over the 5-year period 2017-2021

New cash target:

+25% higher cash generation

CHF 2.0 billion cash remittance to the Holding company over the 4-year period 2022-2025

- › **Season 1:** we are fully on track to achieve our CHF 2 billion cash remittance target by 2021. In 2020 we are expecting further robust cash generation
- › **Season 2:** we have increased our cash remittance target by 25%. We aim to achieve our new target by optimizing and expanding our profitable business

4.1 Focus – Capital & Cash

Attractive payout policy while also investing in value-generating growth

- › We are fully committed to our attractive and reliable **“up only” dividend policy¹⁾**
- › To link our dividend payments more closely to our cash remittance, we are aiming for an annual **cash payout ratio of 60-80%²⁾** starting from 2020
- › Cash remittance (approx. **10-30%**) not used for dividend payments and holding costs³⁾ is available for **investments in innovation** in the core business and beyond. When investing, we follow our disciplined decision guidelines based on Baloise’s value management framework with our four pillars called **ECCO** (Earnings, Capital, Cash and Optionality)
- › Remaining capital not spent on innovation is available for **active capital management**, e.g. share buy backs as additional instrument to return capital to shareholders

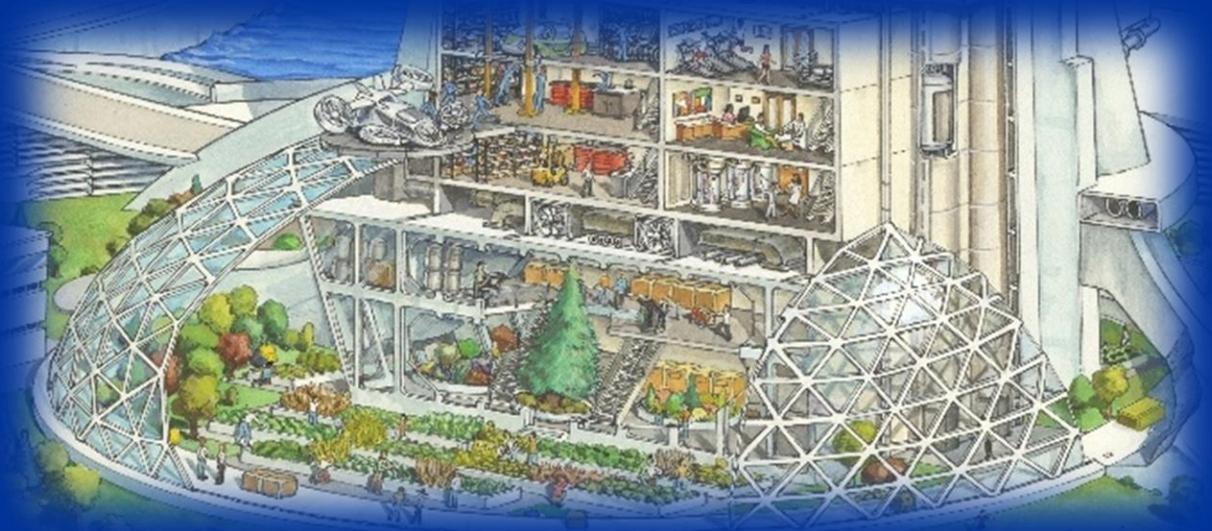
1) Baloise has not cut dividends since 2003, either maintaining these at a stable level or increasing dividends from one year to the next

2) As defined by dividend sum as a percentage of cash remittance

3) Incl. financing costs

4.2 Reimagine

Asset Management & Banking | Customers



4.2 Reimagine – Asset Management and Banking

Main messages

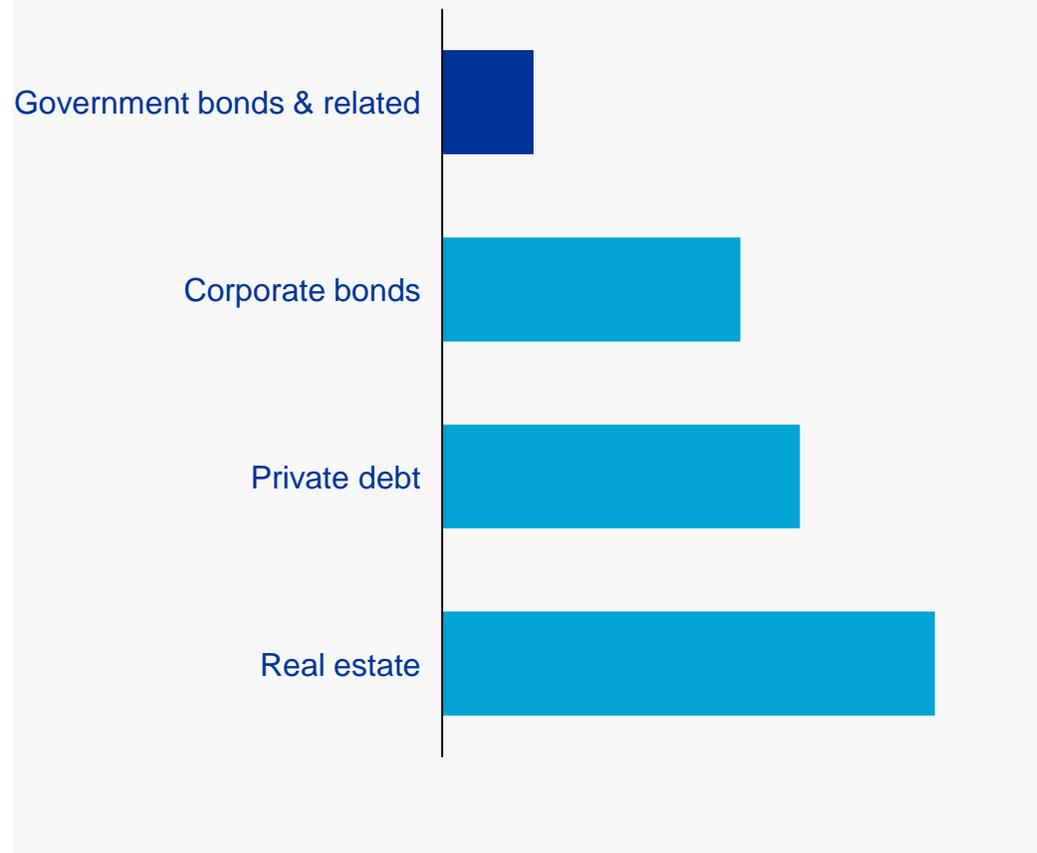


- › Further establish asset management and banking as a **strong pillar of the Group**
- › **Insurance assets:** provide stable investment return and keep interest rate margin resilient over time
- › **Third-party asset management:** achieve further growth in retail and institutional segments. Generate at least CHF 10 billion in net new assets in 2022-2025
- › **Responsible investing:** integrate ESG into investment decisions of all assets managed by Baloise

4.2 Reimagine – Asset Management and Banking

Insurance assets – provide stable investment income and keep interest rate margin resilient over time

Return per solvency capital¹⁾



- › Safely navigated various crises thanks to **high-quality asset allocation** and forward-looking risk management
- › Shifting asset allocation towards asset classes with a **high & stable current income and superior return per solvency capital** – such as corporate bonds, real estate and private debt – to address low interest rate environment
- › Keep interest rate margin **resilient over time**

1) Expected excess return above risk-free rate. Solvency capital is defined as capital required under SST. Government bonds and related include agencies and local authorities

4.2 Reimagine – Asset Management and Banking

Third-party asset management – accelerate growth

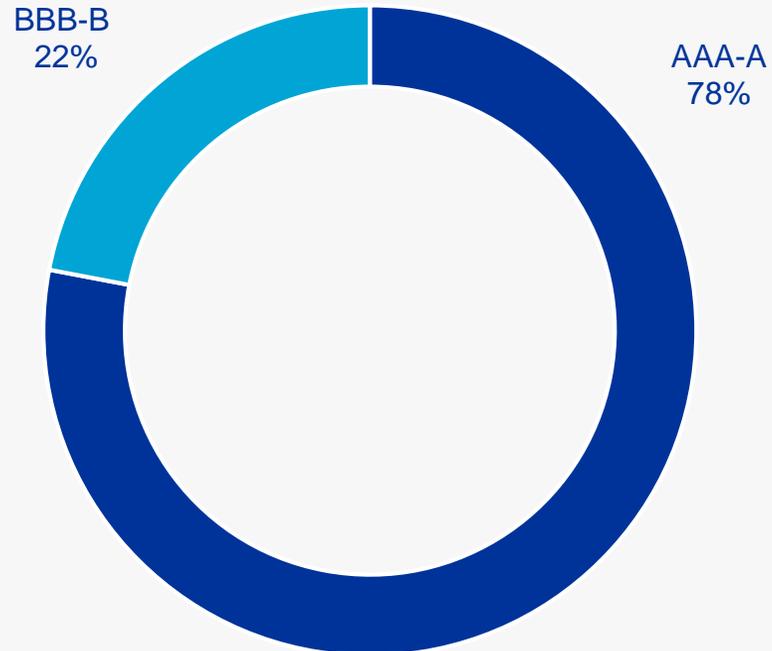
- › **Retail customers:** potential for further growth by continuing leveraging the existing sales networks of Baloise
- › **Institutional customers:** further growth in the Swiss pension fund market by focusing on asset classes (corporate bonds, real estate, private debt) closely related to insurance assets
- › Transformation to a **fully agile organization**
- › Generate **at least CHF 10 billion of net new third-party assets** in the period 2022-2025

4.2 Reimagine – Asset Management and Banking

Applying the responsible investment policy to the assets managed by Baloise

ESG-rating distribution

Source: MSCI, June 2020



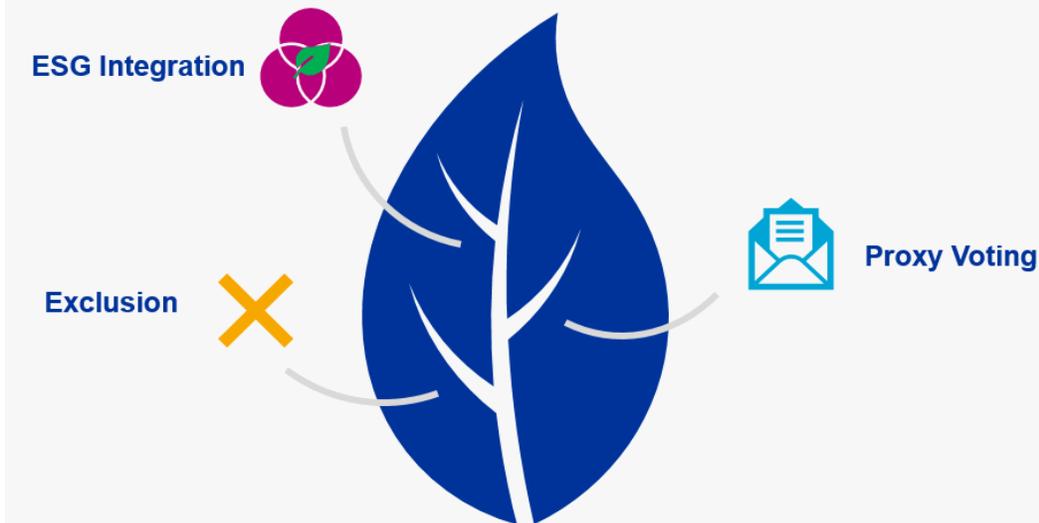
Where do we stand?

- › We **integrate ESG information** throughout the investment process of both insurance and third-party assets (currently in more than 80% of our assets)
- › Our **achievements are also recognized externally** (e.g. MSCI ESG-rating upgrade in 2019 or inclusion in the FTSE4Good-index in 2020)

4.2 Reimagine – Asset Management and Banking

Applying the responsible investment policy to the assets managed by Baloise

Strategic pillars of the responsible investment policy



Where do we want to go?

- › Further enhance the positive impact on the **risk-return profile** and our long-term financial performance¹⁾
- › Further improve the **level of transparency** for our customers, keeping in mind what the EU regulator is putting into force
- › Generate a positive contribution to our **growth strategy** by fully integrating the responsible investment policy into all asset decisions

1) Deepening of our responsible investment approach (e.g. development of an active ownership-strategy); focus on climate (SDG#13) with a dedicated climate strategy

4.2 Reimagine

Asset Management & Banking | **Customers**



4.2 Reimagine – Customers

Main messages



- › Should shareholders want happy policyholders? **YES!**
- › With our Baloise internal **360° customer feedback process** and **automated marketing**, we are technical pioneers in the market and are constantly improving our customer experience
- › Sustained success with our target customer management: **excellent loss ratios** that have consistently outperformed the market over a period of multiple years
- › Target is to **gain 1.5 million net new customers** over the period 2022-2025 and to **further improve customer quality** by enhancing our relationships with these new customers



University of St.Gallen



Do Shareholders Want Happy Policyholders?

Jonas Jahnert and Hato Schmeiser, University of St. Gallen in cooperation with Baloise Group

*“From insight
to impact”* 

What might the relationship between satisfaction and profitability look like?

In general

- If customers are satisfied, they tend to re-buy a product or service
- Assuming a positive contribution margin, the total profit a customer constitutes to the company increases
- Satisfaction might also increase a customer's willingness to pay

Proven for many industries

In the insurance industry

?

Very limited academic evidence

The study is based on a rich dataset comprising over 28,000 observations

Objective

Does the level of satisfaction affect how profitable customers are for the Baloise Group?

Measurement

Satisfaction:
Individual net promoter score number

Profitability:
Individual contribution margin

Dataset

- 28,016 observations
- Private, non-life customers
- Customer-relationship of min 5 years

- Observation period 2017-2019
- Large array of customer-, relational- and claim-related control variables

The study reveals that customer satisfaction boosts profit, incl. for insurers

	Δ NPS-Score
Customer satisfaction has a positive impact on customer profitability	11.228***
... is not correlated with costs and claims per customers	-0.015
... is strongly positively correlated with the premium volume generated per customer	11.444***

▶ Satisfied customers are not characterized by high claims, but by high premiums that drive profitability

▶ So should shareholders want happy policyholders? YES!

4.2 Reimagine – Customers

With our Baloise internal 360° customer feedback process, we are technical pioneers in the market

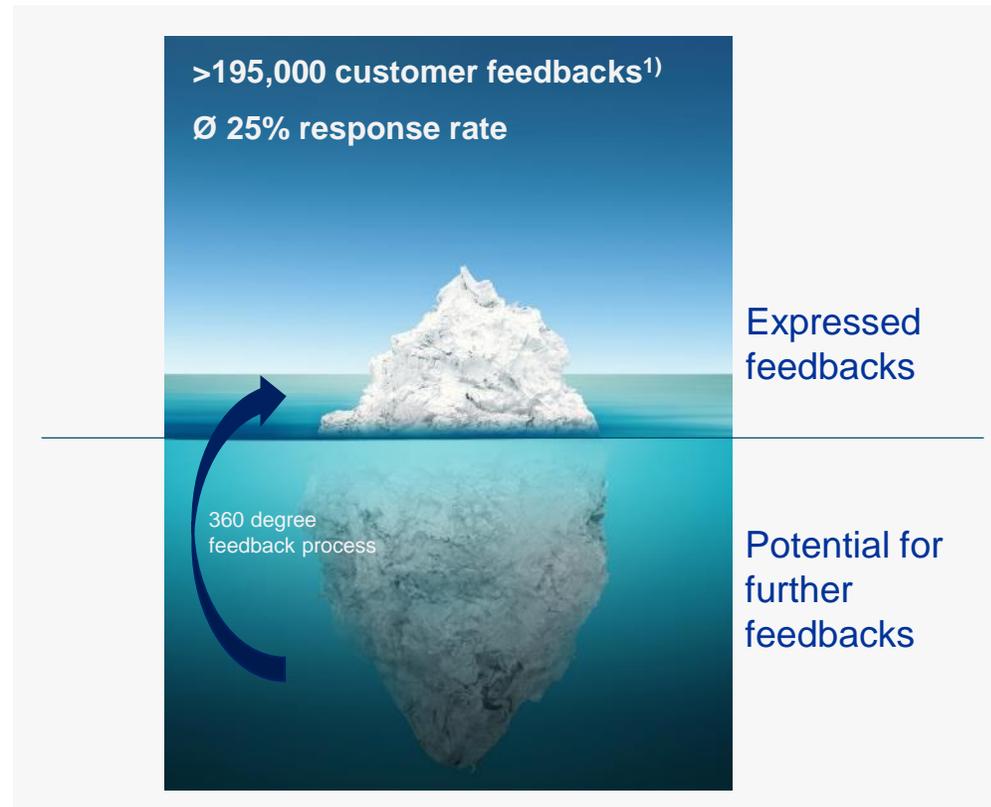
Feedback is integrated smartly throughout the company through the use of artificial intelligence”



- › A **fully automated process** invites Baloise customers to talk to us about their experiences
- › This enables us to measure our **customer satisfaction** and loyalty (NPS score) very precisely and on a daily basis
- › Customer feedback is processed using **artificial intelligence** and triaged so that it gets to the right people

4.2 Reimagine – Customers

Baloise 360° feedback process increases customer loyalty



- › Further increase the **rate of response**, which offers potential to improve customer satisfaction²⁾
- › Based on our innovative 360° feedback process, customers value Baloise in particular as a **competent partner**
- › At **78%**, a very large proportion of **promoters**³⁾
- › 80% of our promoters have actually **recommended us** at least once to family and friends

1) Since the implementation of our 360° feedback process in 2016

2) Customer feedback gives us a second chance – which we know how to use. Psychologically speaking, a bad situation can be a catalyst for the quality of the relationship. The evidence shows that customers are often more loyal after a well-handled complaint than ever before

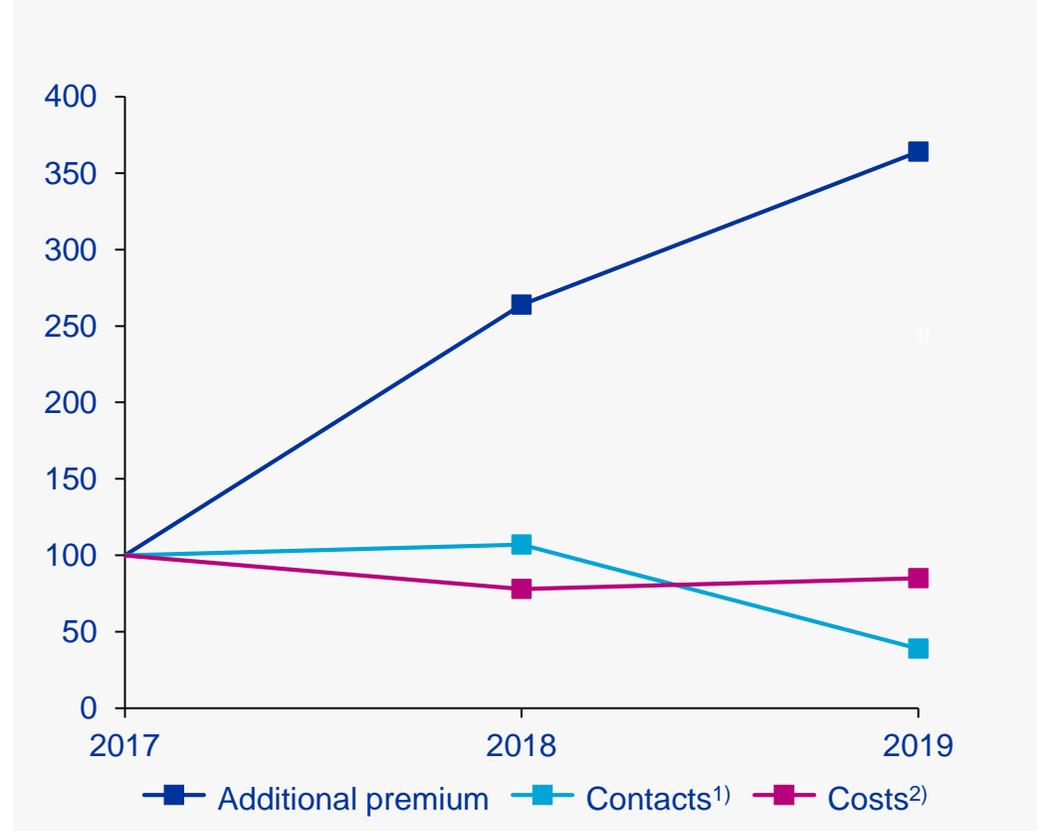
3) Example from Switzerland (2020): 78% of customers rated us with a recommendation intention of 9 or 10 (on a scale of 1 to 10) for the quality of advice provided by the external sales force

4.2 Reimagine – Customers

Customer portfolio successfully enhanced thanks to our customer-centric marketing approach

Effects of target customer specific marketing

Illustrative example from Switzerland, in %



- › Addressing customer needs on an individual level creates an **engaging customer experience**
- › The volume of additional premium generated with customers contacted through our **target customer-specific marketing** since its implementation in 2018 has increased by a factor of nearly four
- › The **increase in additional premiums** is not linked to higher costs or a larger number of customers contacted

1) Decrease in contacted customers to be reversed as more and more automated customer journeys are implemented

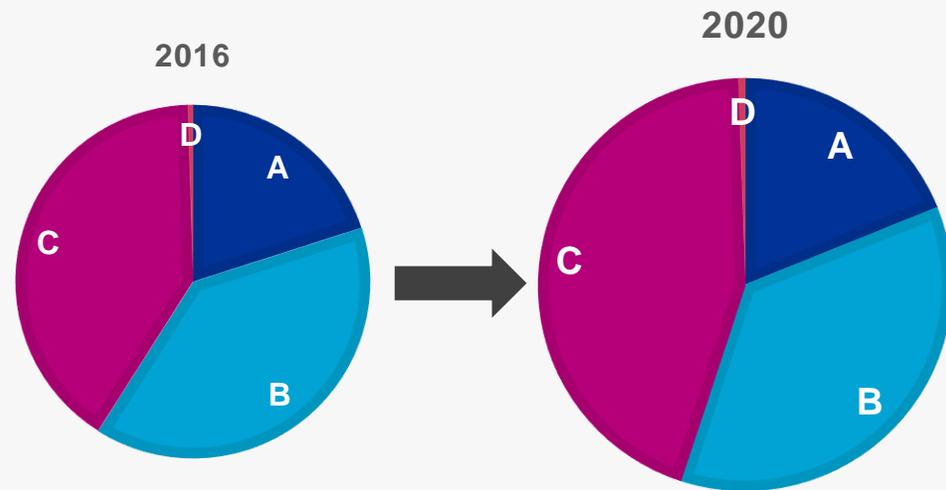
2) Shift from advertising gifts and giveaways to additional software costs resulting in no increase of overall material costs

4.2 Reimagine – Customers

Customer portfolio successfully enhanced

Quality of customers

Illustrating example from Switzerland



Grow with A and B customers, develop C customers and re-underwrite D customers

- › Notwithstanding strong growth in new customers, **the proportion of A and B customers has remained constant.** Moreover, the targeted increase in the profit contribution¹⁾ of our A and B customers was achieved
- › **This underlines our very successful target customer management,** implemented in 2005, in which we continuously develop our new customers from C to B and finally to A customers²⁾

1) Premium volume less claims expenses

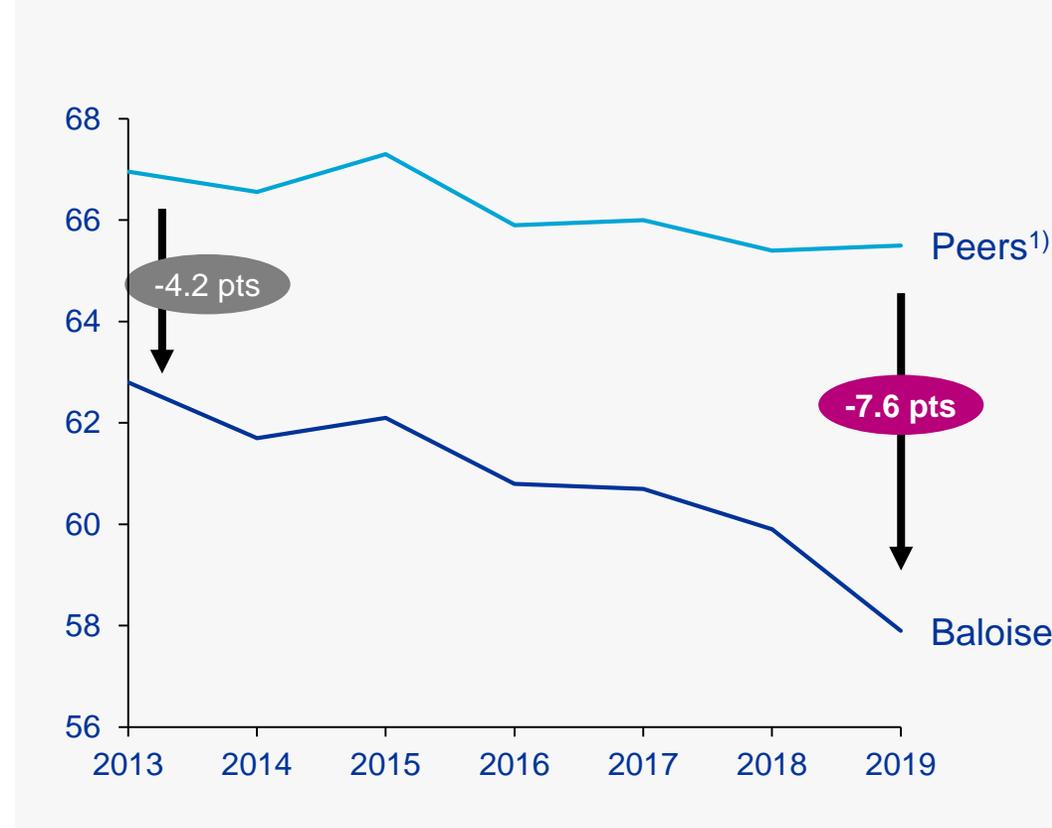
2) The high proportion of C customers (including all of our new customers), which will continue to increase as a result of our ambition to acquire new customers, also indicates potential for further development in the future

4.2 Reimagine – Customers

Customer portfolio successfully enhanced

Loss ratio of Baloise Group

In %, net



- › Since inception of the target customer management, Baloise has consistently **outperformed the market**
- › Lead over peers has been further extended compared with 2013

1) Peers: Allianz, AXA, Generali, Helvetia, Zurich

4.2 Reimagine – Customers

New customer target: +1.5 million net new customers for the period 2022-2025

Current customer target:

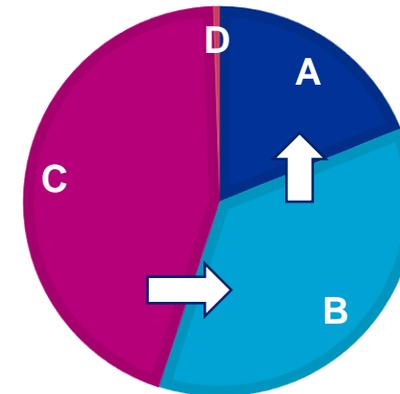
+ 1 million net new customers in 2017-2021

New customer target:

+1.5 million net new customers in 2022-2025

30% more than today

- › **Season 1:** fully on track with more than 600k net new customers as of HY20
- › **Season 2:** ambition for further customer growth while also enhancing our relationships with customers (using data and feedback)



4.3 Diversify

Anthemis & Innovation | Mobility | Home | FRIDAY



anthemis

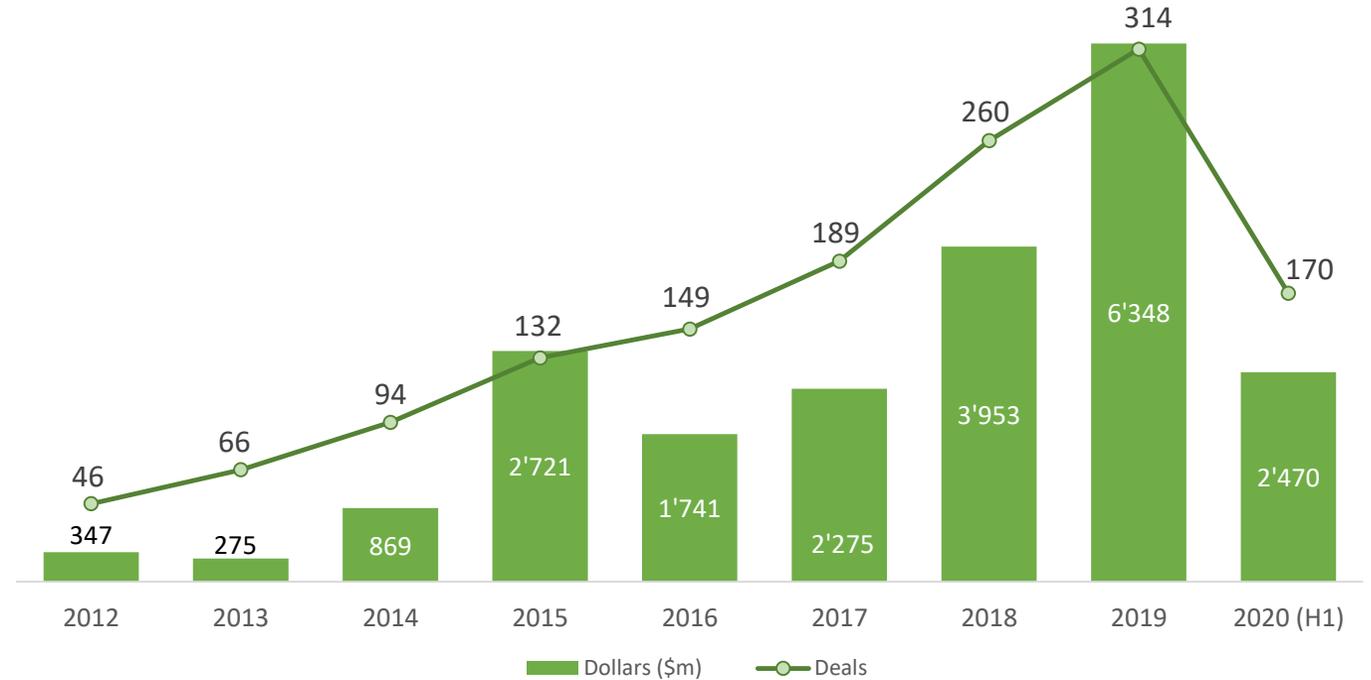
We cultivate change in financial services

Company Overview

Insurtech is a growing market, ripe with innovation

Global Insurtech investments 2012-2020 (as of H1 2020)

- Insurtech funding in 2019 marked a record year
- The COVID-19 crisis initially slowed down this trend in Q1 2020, but the trend has quickly started to reverse
- Compared with H1 2019, H1 2020 recorded a 14% decrease in the amount of funding and 9% increase in the number of deals
- Compared with Q2 2019, Q2 2020 recorded a 10% increase in the amount of funding and a 7% increase in the number of deals
- On average, available data shows that sector-focused managers have outperformed the market

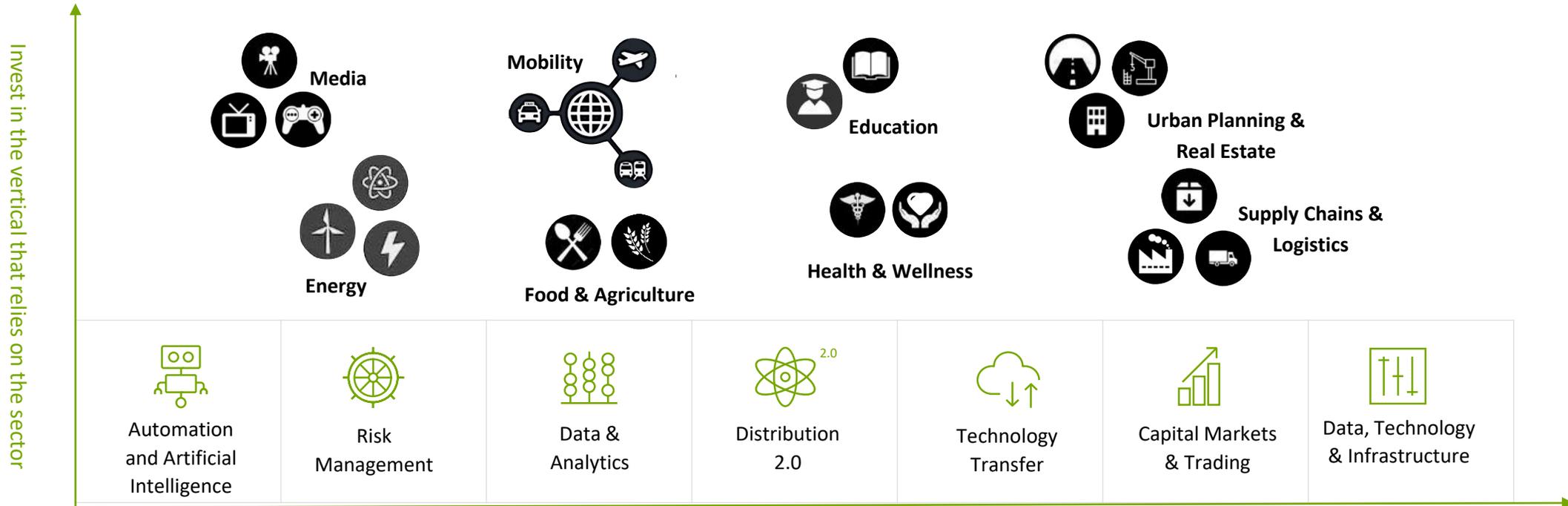


Source: Quarterly InsurTech Briefing Q2 2020, WillisTowersWatson

Investment thesis

We are thesis driven and sector focused, investing in tech companies across both key subsectors of insurance and companies where insurance is **embedded** into the infrastructure and in their core business model.

Two ways to capture opportunity



White papers:

Invest in insurtech's essential sub-sectors and complimentary areas

- › [The Future of Mobility | Reimagining Risk: Insurtech in the Digital Age](#)

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4.3 Diversify – Anthemis & Innovation

Investment approach

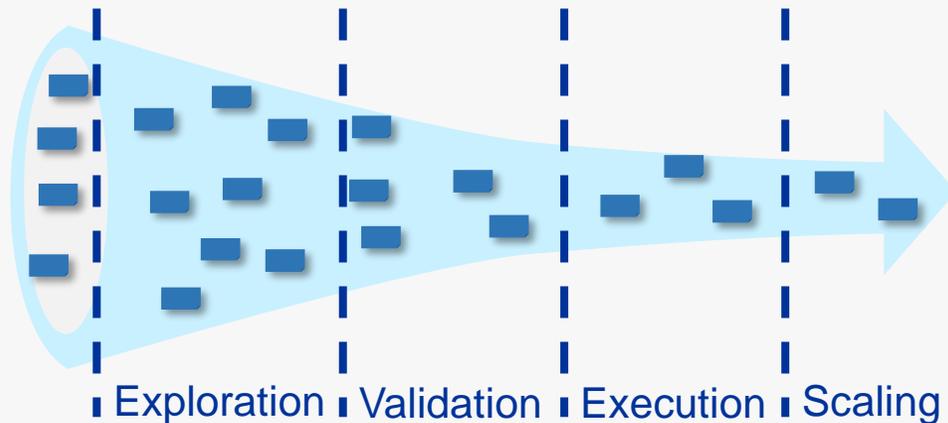


- › Through our **partnership with Anthemis** we have completed 17 minority investments and screened 1,500+ startups per year
- › In addition to the financial success, the partnership helps to identify trends, supports Baloise initiatives with venture capital knowledge and helps to initiate pilots and partnerships with startups
- › To build on this success, an **additional EUR 60 million** has been committed over the next 4 years

4.3 Diversify – Anthemis & Innovation

Innovation funnel

Baloise Open Innovation Funnel



Key Figures:

- Investments of **almost CHF 200 million**
- **More than 70 initiatives** in the funnel
- Expected revenue of **CHF 50 million** in 2020

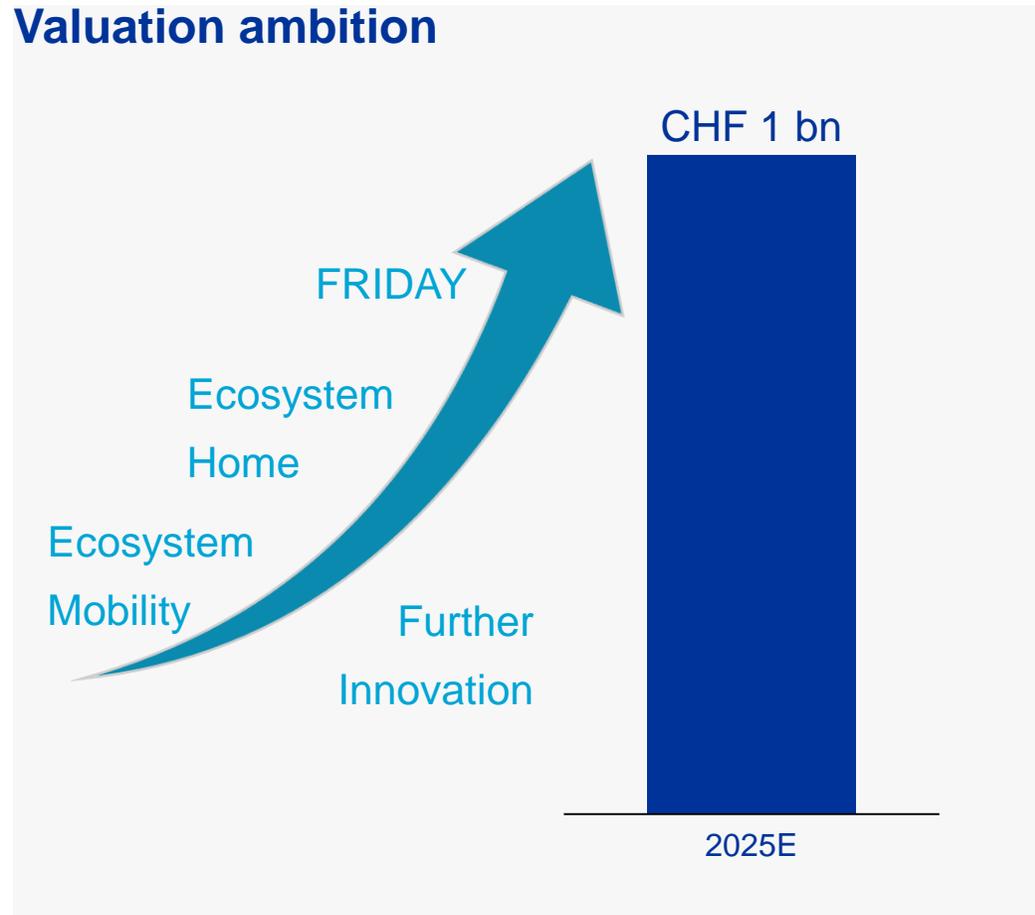
- › Based on our learnings and insights, we have developed the **Baloise Open Innovation Funnel**
- › In accordance with our core objectives to **invest, acquire, incubate, develop and partner**, we are constantly filling our innovation funnel
- › We are also simultaneously fostering a **culture of innovation & entrepreneurship** within Baloise¹⁾

1) E.g. by launching 'Kickbox', an entrepreneurial program designed to collect and develop business ideas

4.3 Diversify – Anthemis & Innovation

Valuation ambition of the valuation funnel

Valuation ambition



- › 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 billion of value by 2025**
- › In Season 2 we will be reporting regularly on our progress toward that CHF 1 billion target¹⁾

1) Based on market prices and transactional valuations if available or otherwise on multiple or DCF valuation approaches

4.3 Diversify

Anthemis & Innovation | **Mobility** | Home | FRIDAY



4.3 Diversify – Mobility

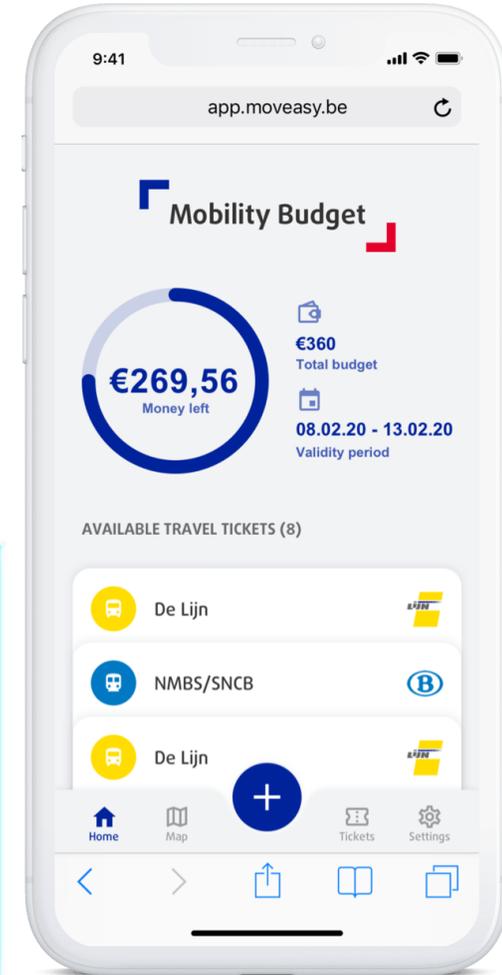
Main messages



- › Baloise is growing existing ventures and building a new portfolio of businesses to become a multinational **provider of mobility services**
- › Our long-term ambition is to diversify towards new mobility **fee and service business** and to take advantage of the shift of the new Mobility economy
- › By 2025, we aim to be generating **revenues of CHF 100 million p.a.** and attract **400k new customers**

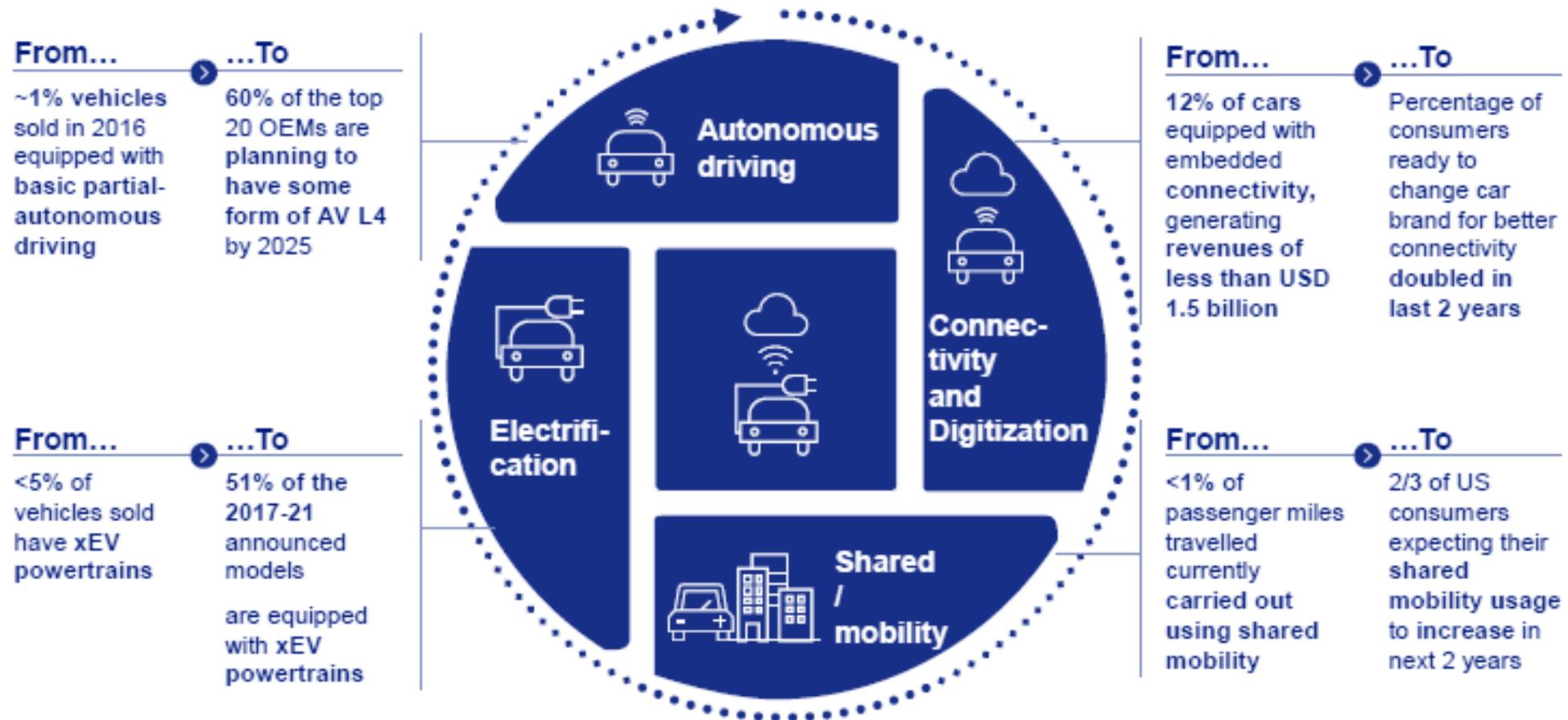
4.3 Diversify – Mobility

MOBLY – What began as a range of services for car ownership is now evolving into a complete mobility solution provided in collaboration with strong partners



4.3 Diversify – Mobility

The fast changing mobility economy is a significant opportunity for Baloise



4.3 Diversify – Mobility

Mobility is one of the fastest changing industries in the world



- › Our recent **future-focused study on mobility** in 2040 shows that new technologies are paving the way for new mobility solutions
- › In 2035 the **market of on-demand mobility** will be bigger than the market for new and second-hand car sales
- › The **car sharing market** only is projected to grow by more than 25% annually in Europe

4.3 Diversify – Mobility

Build a community

Examples:



- › Baloise builds or buys businesses and selectively has minority stakes in **strategic relevant mobility companies**
- › Baloise develops a **strong network of classical business partnerships**, building on our long history in the traditional car insurance business
- › With Baloise **large customer base** we are well positioned to create growth opportunities for our new Mobility activities

4.3 Diversify – Mobility

Two new members of our portfolio/community as a result of more than 300 ideas tested



All-inclusive car subscription platform for instantly available cars

- › Leverage the assets of a car dealer
- › Less ownership, greater flexibility and a sustainable use of resources
- › Insurance is a big part of the business

Tech-driven fleet services

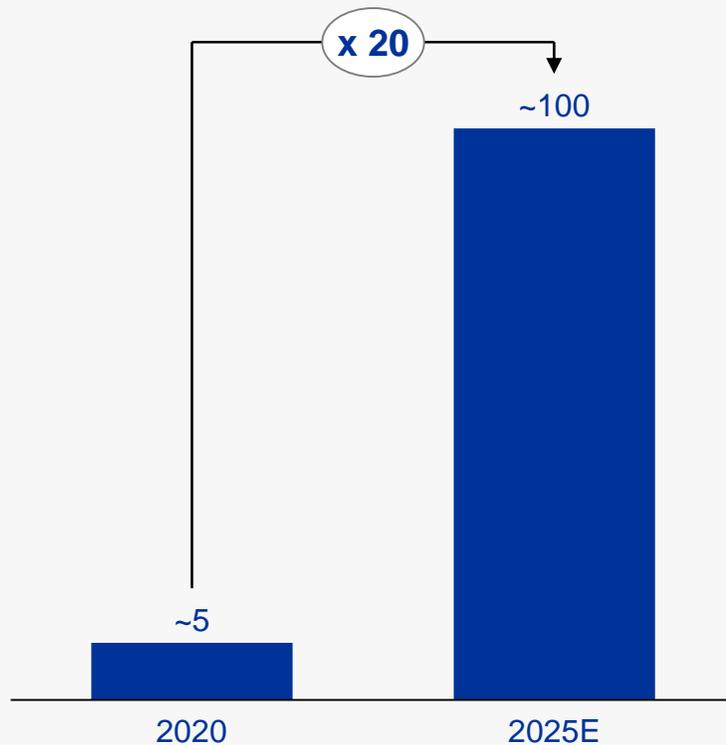
- › Decentralized fleets – ready to use
- › Guarantees safe and convenient transport

4.3 Diversify – Mobility

Expand the customer base & generate extra touchpoints and sustainable revenue

Revenue ambition for the Mobility ecosystem

In CHF million



Our ambitions for 2025:

- › Expand customer base with **400k new customers**
- › Generate **revenue of CHF 100 million p.a.** with non-insurance services
- › Build **extra touchpoints** via new distribution channels

4.3 Diversify

Anthemis & Innovation | Mobility | **Home** | FRIDAY



4.3 Diversify – Home

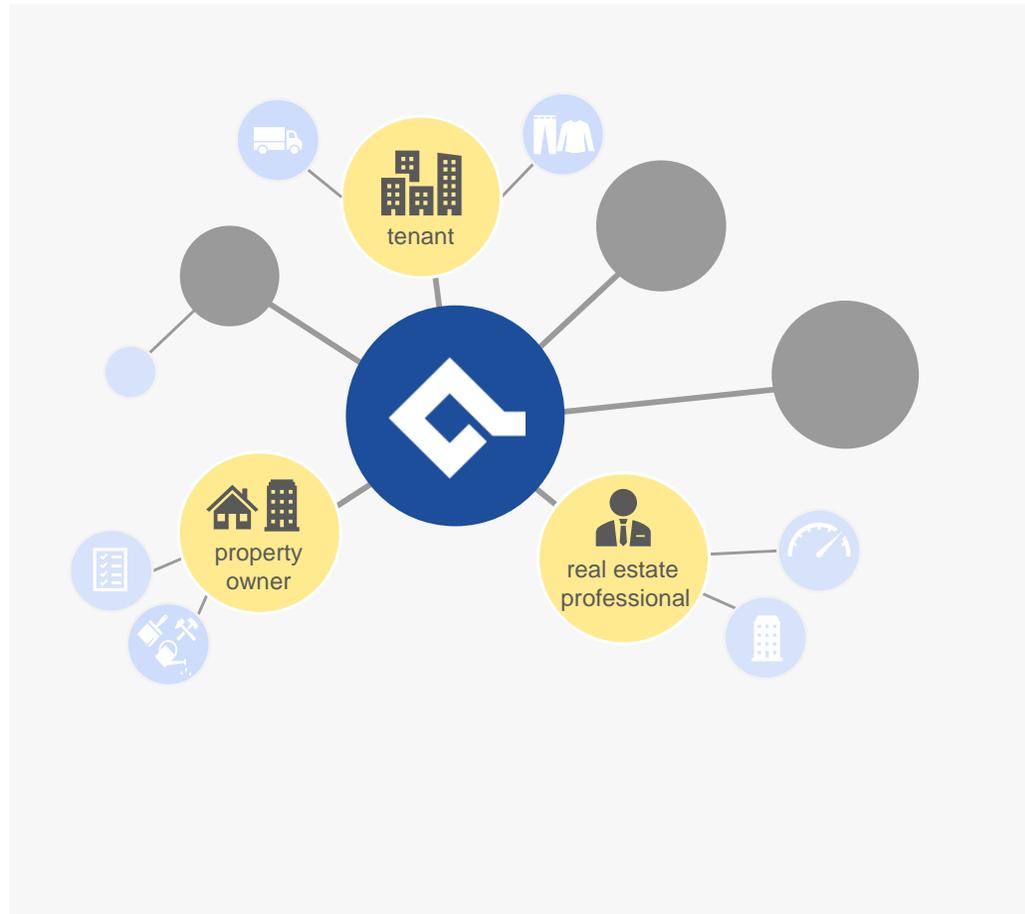
Main messages



- › Baloise is continuing to expand its **Home ecosystem**. Through our existing initiatives and new housing services offered by Houzy and Rentio, we are adding new dimensions to what it means to be a **property owner or tenant**
- › In addition, Baloise has become an established provider of **services to real estate professionals** thanks to its recent investments in Keypoint and ImmoPass and has other new partners on the horizon
- › Our goal is to be generating **additional revenue of around CHF 100 million in 2025** and to bring more than 250k new customers on board with frequent touchpoints and through new ecosystem services and an expansion of the traditional core offering

4.3 Diversify – Home

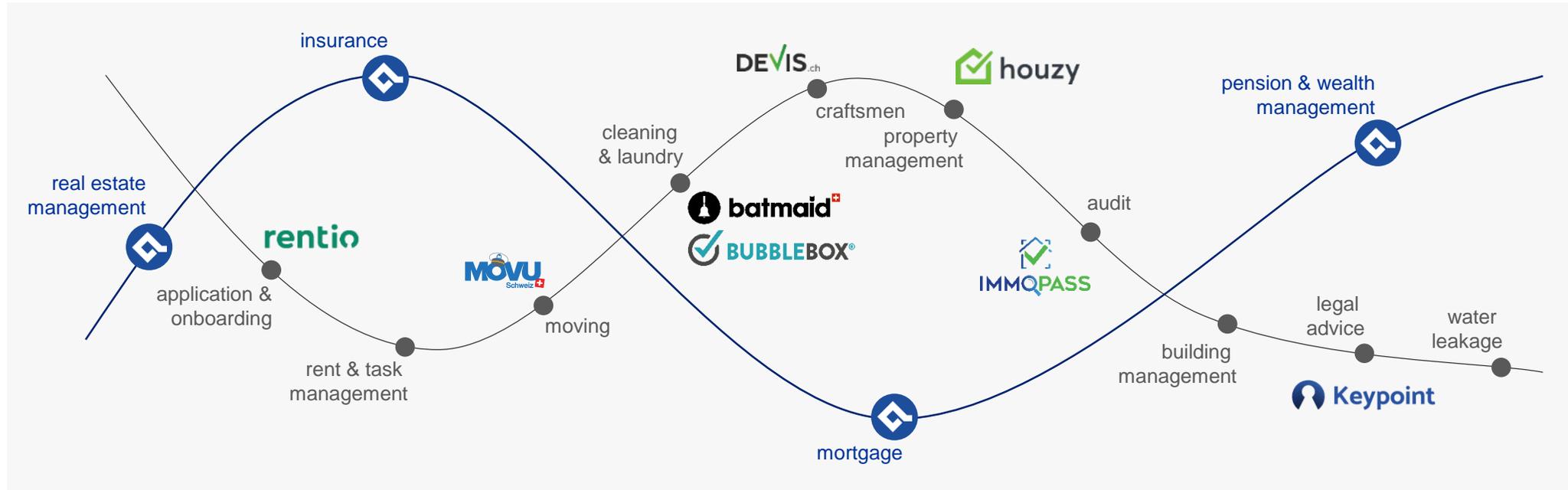
Baloise Home ecosystem is in full development in all core markets



- › Building our **Home ecosystem**
- › Joint approach through strategic investments
- › Established partner for innovative digital offerings and bespoke residential services in the housing market
- › Focus on property owners, tenants and real estate professionals

4.3 Diversify – Home

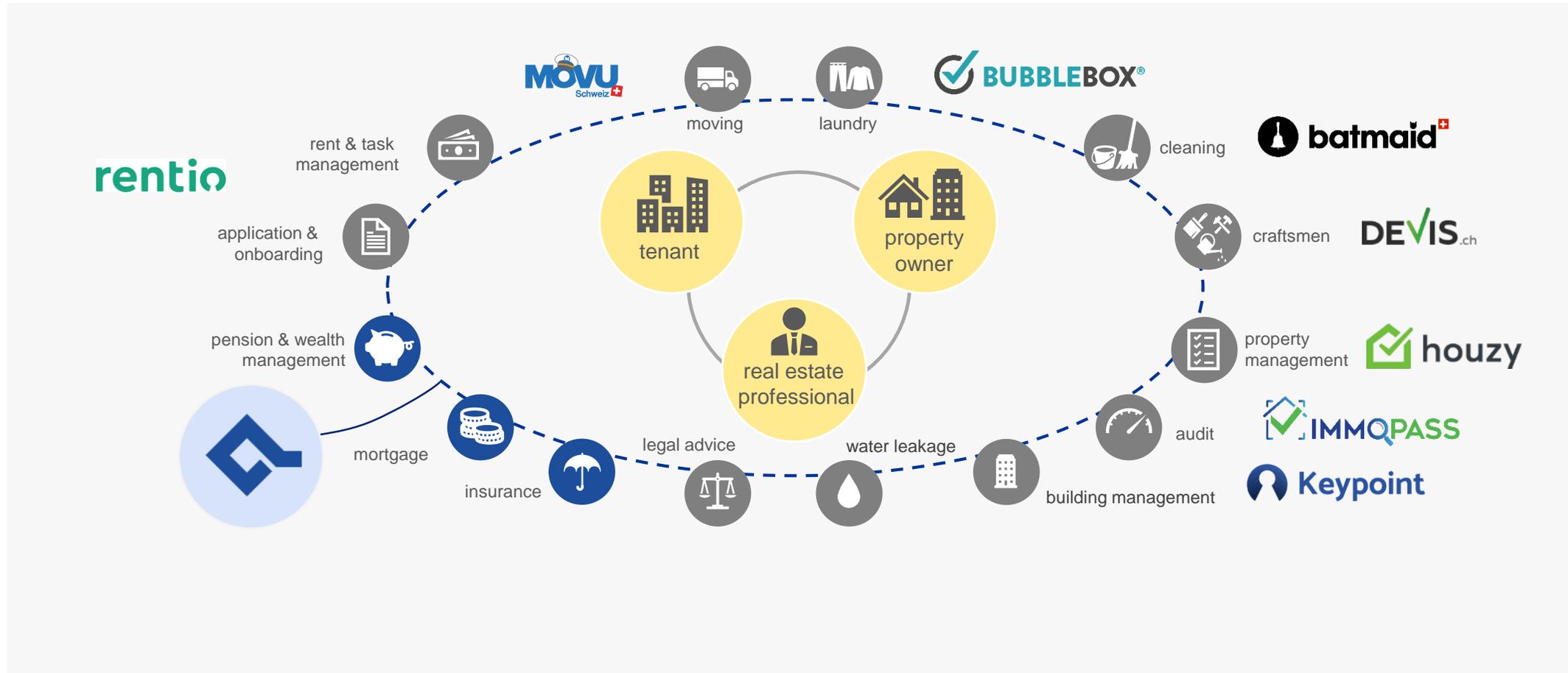
The DNA of our Home ecosystem



Tenant	✓	✓	✓	✓	✓					
Property Owner	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Real Estate Professional	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

4.3 Diversify – Home

Baloise's investments and partnerships in the Home ecosystem responding to customer needs

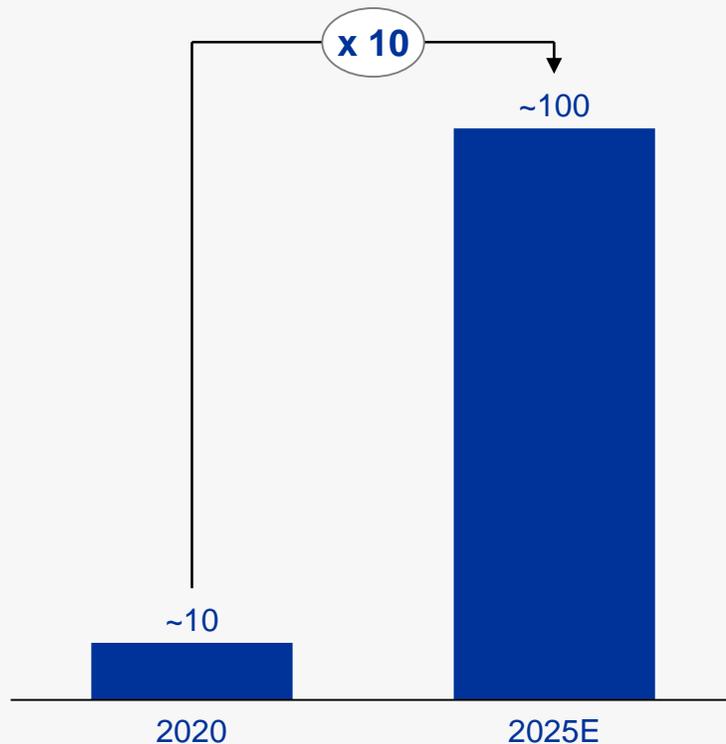


4.3 Diversify – Home

Expand the customer base & generate extra touchpoints and sustainable revenue

Revenue ambition for the Home Ecosystem

In CHF million



Our ambitions for 2025:

- › **Additional touchpoints** via new distribution channels
- › Expand customer base with **250k new SME & retail customers**
- › New services and cross-selling generating additional **revenue of CHF 100 million p.a.**

4.3 Diversify

Anthemis & Innovation | Mobility | Home | **FRIDAY**



4.3 Diversify – FRIDAY

Executive Summary

- › **Motivation:** in 2017, Baloise incubated FRIDAY as a European digital insurer to deliver a tech-driven growth story on changing customer behavior and demands. FRIDAY capitalizes on emerging opportunities in the digital sphere
- › **Strategy:** FRIDAY's virtuous cycle strategy accelerates growth, productivity, and value generation for the benefit of the customer and leverages its best-in-class customer experience
- › **Rethinking Insurance:** FRIDAY is a new breed of insurance companies – a tech company with a European insurance license. True to its aim of creating a role model for insurance of the future, FRIDAY went NET ZERO and values ESG-leadership as a key strategic pillar for sustainable outperformance and resilience
- › **Track Record:** in 2020, with EUR 30 million GWP and a loved brand (>70% satisfaction) known by every 8th person, FRIDAY has turned into the leading digital insurer in Germany. The growth is managed thoughtfully without dilution of the insurance experience (>50% NPS), and with steadily improving core economics (loss ratio 2020 below 100%)
- › **Ambition:** FRIDAY will focus on becoming the most popular digital insurer in Germany and maybe even beyond. Until 2025, FRIDAY is committed to a 5x growth of 2020 GWP and to reaching profitability in Germany, without any dilution of the insurance experience

4.3 Diversify – FRIDAY

Baloise incubated FRIDAY to become the most popular digital insurer in Germany by 2021



Motivation

- › Response to changing customer behavior and demands - capitalizing on future market opportunities
- › Tech-driven organic growth with fast-to-market customer-centric products
- › Focus on customer needs for simplicity, flexibility, and excellent digital customer experience

4.3 Diversify – FRIDAY

FRIDAY's virtuous cycle strategy to accelerate growth and productivity



Flywheel of growth and productivity

- > Understanding customer behavior **improves the customer experience**
- > Simple products and an unmatched customer experience drive traffic to FRIDAY's insurance platform
- > Optimized **cost structure** enables **attractive prices**, and **accelerates** the flywheel of virtuous growth

4.3 Diversify – FRIDAY

FRIDAY is a new breed of insurance company



Rethinking insurance

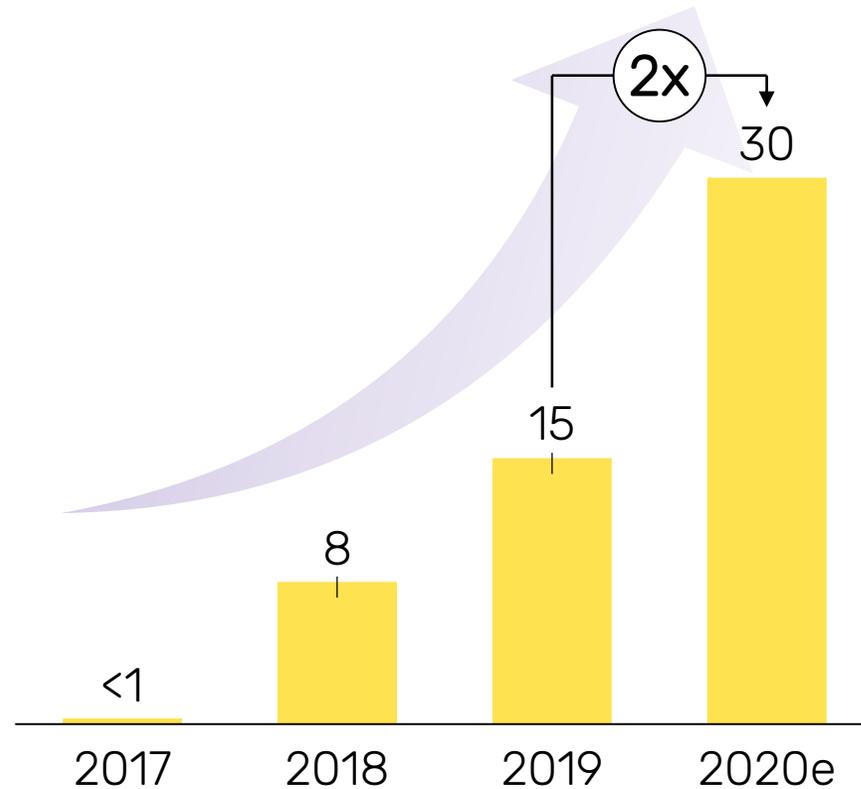
- > FRIDAY is an agile tech company with a European insurance license
- > FRIDAY draws on a deep international talent pool with 25+ nationalities
- > FRIDAY has gone NET ZERO in its efforts to become a leader in ESG. ESG leadership is a key strategic pillar for long-term outperformance

4.3 Diversify – FRIDAY

FRIDAY is now the leading digital insurer in Germany

Gross Written Premiums growth

In EUR mn



Track record

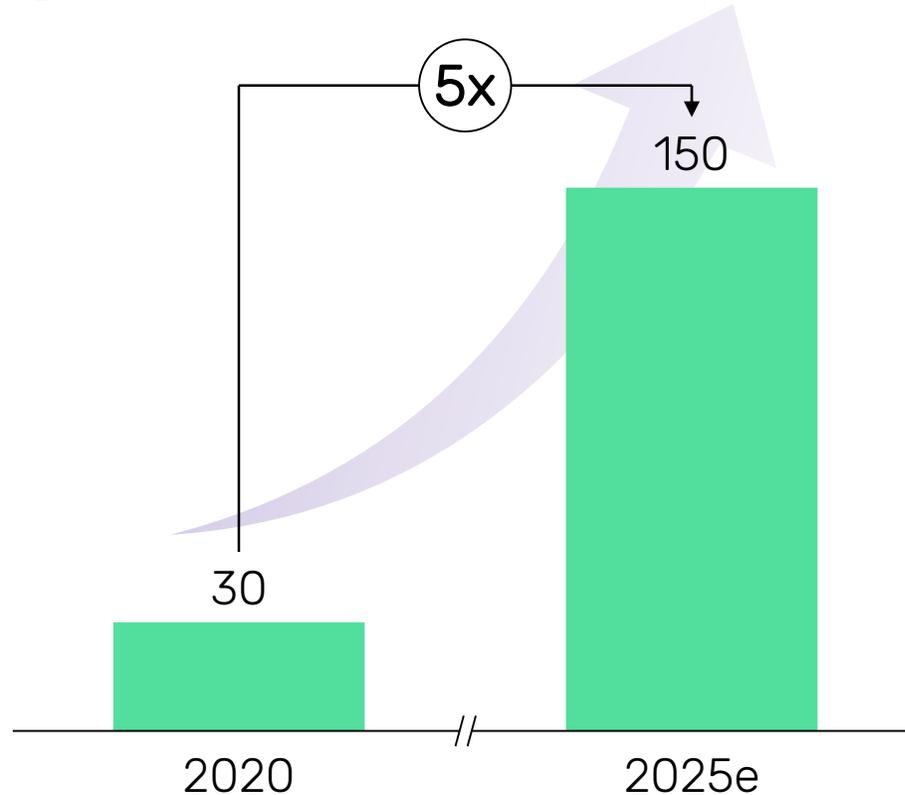
- > FRIDAY's topline has doubled every year since launch with a EUR 30 million GWP run rate in 2020
- > People love the brand: >70% satisfaction and 1 in 8 Germans are familiar with it
- > Growth without dilution of the customer experience (>50% NPS), and steadily improving loss ratios year by year (loss ratio 2020 below 100%)

4.3 Diversify – FRIDAY

FRIDAY continues its path to becoming the most popular digital insurer

Gross Written Premiums ambition

In EUR mn



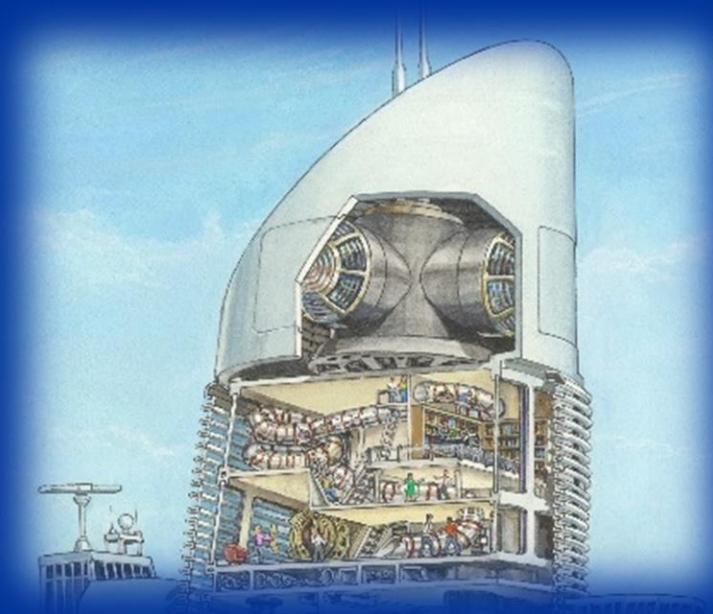
Ambition for 2025

- > To become the most popular insurer in Germany and maybe even beyond
- > 5x higher GWP than in 2020 and profitability in its core market of Germany
- > Continue providing an insurance experience customers love

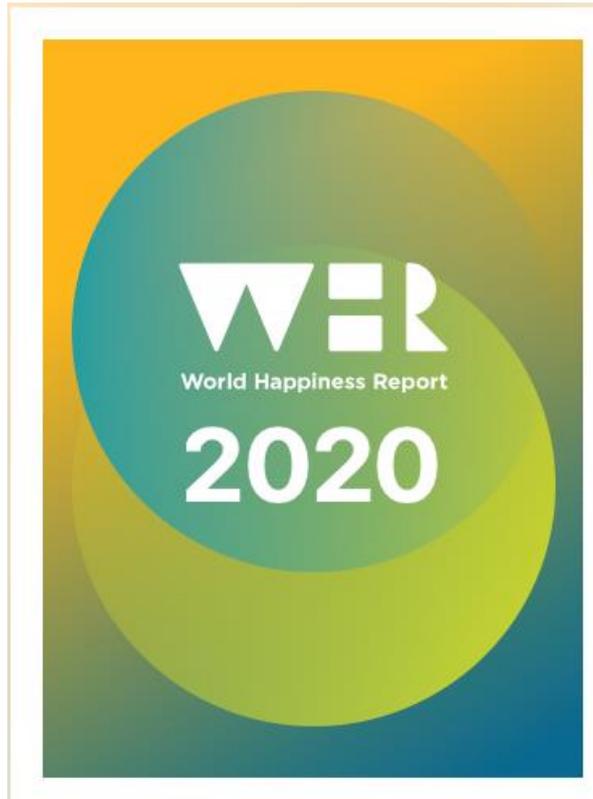
5. Transform

«And each of us being quick to adapt, team up and achieve»

Culture | Business Transformation



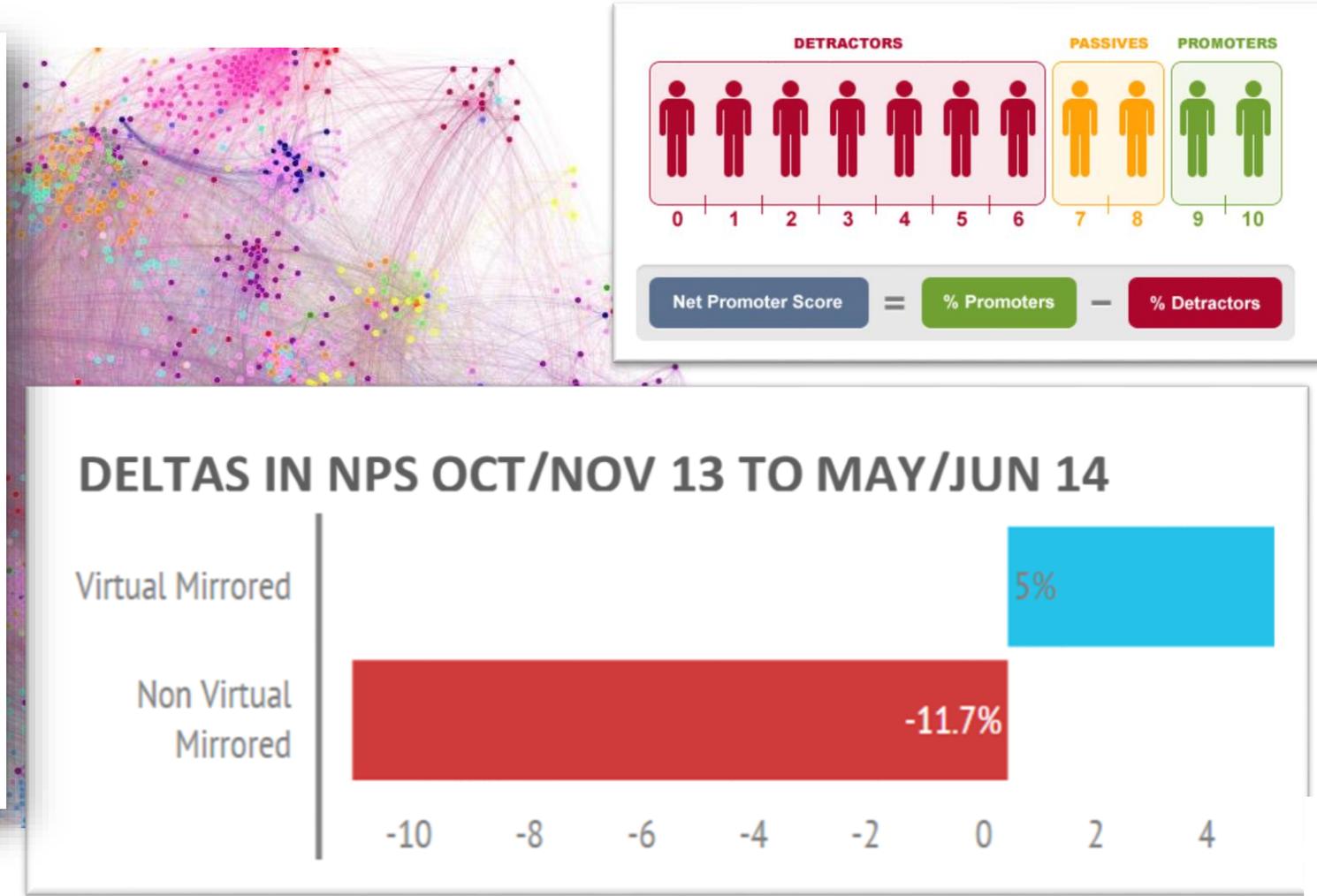
Organizational Wellbeing and Happiness



Peter A. Gloor

Research Scientist at the Center for Collective Intelligence at MIT

Happy Employees Create Happy Customers, Happy Customers Create More Revenue



IdeaWatch
New Research and Emerging Insights

IN THEORY
A NOVEL WAY TO BOOST CLIENT SATISFACTION
Analyze e-mail behaviors and share best practices.

WHEN ATHLETES WANT to improve, they typically spend hours reviewing video of their performance. In the white-collar workplace, it's hard to get such vivid feedback. But in recent years researchers have learned to mine a unique set of data that serves as a slow-motion replay of how an organization and its people function: the company's e-mail, which shows

Illustrations by KAGAN MCLIBOD Harvard Business Review March-April 2013 17

5.1 Transform – Culture

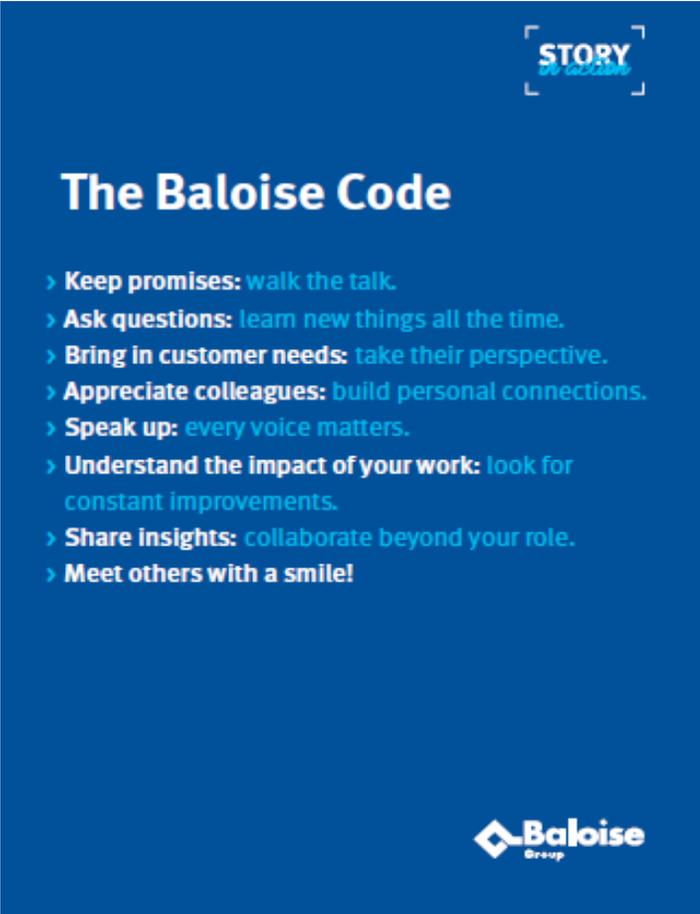
How Baloise is driving cultural change: example – the «Sparks»



- › An analysis of international **social networks** in autumn 2016 identified the most networked colleagues and opinion leaders within the company, by asking who people listen to and who they ask if they need information about the company
- › The «**Sparks**» **community** was launched in January 2017 and it now comprises approx. 400 colleagues across all divisions, Baloise countries, and hierarchy levels
- › What do the Sparks want to achieve?
 - They want to live by the Baloise code and motivate other colleagues to do so
 - They want to positively change and shape our Baloise culture
 - They want to actively support Baloise in its change processes, by making the future vision tangible and living it
 - They want to show courage!

5.1 Transform – Culture

How Baloise is driving cultural change: example – the «Baloise Code»



STORY
of Baloise

The Baloise Code

- › **Keep promises:** walk the talk.
- › **Ask questions:** learn new things all the time.
- › **Bring in customer needs:** take their perspective.
- › **Appreciate colleagues:** build personal connections.
- › **Speak up:** every voice matters.
- › **Understand the impact of your work:** look for constant improvements.
- › **Share insights:** collaborate beyond your role.
- › **Meet others with a smile!**



- › The «**Baloise Code**» has been developed by employees for employees
- › Around 200 colleagues worked together to come up with answers to the question “What observable patterns of behavior do Baloise employees need to bring to their work in order to help them to implement the desired changes?”
- › The result of this discussion is the «Baloise Code», whose eight behaviors are meant to be put into practice by all employees, regardless of their location, function, or level of seniority

5.1 Transform – Culture

New employee target: to be in the top 5% of the best companies to work for in Europe until 2025

Current employee target:

to be in the top 10% of the best companies to work for in the European financial sector until 2021

New employee target:

Top 5% employer in Europe until 2025

- › **Season 1:** employee target already achieved in 2020 (top 8% employer as of Q3 2020)
- › **Season 2:** because we compete directly with other industries for the best talents and we also invest in business areas beyond traditional insurance, we are no longer restricting our target to the financial sector
- › Annual reporting for new target in Season 2

5. Transform

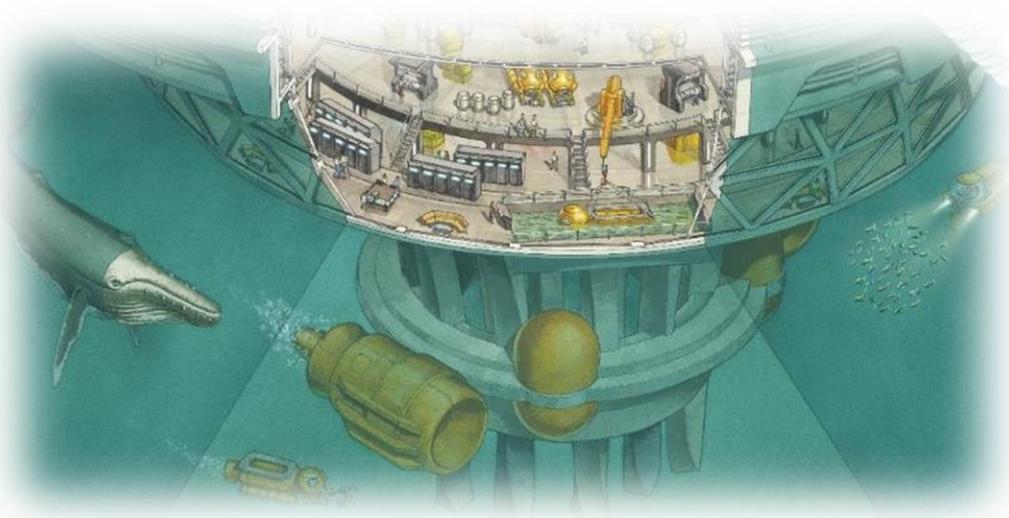
«And each of us being quick to adapt, team up and achieve»

Culture | **Business Transformation**



5.2 Transform – Business Transformation

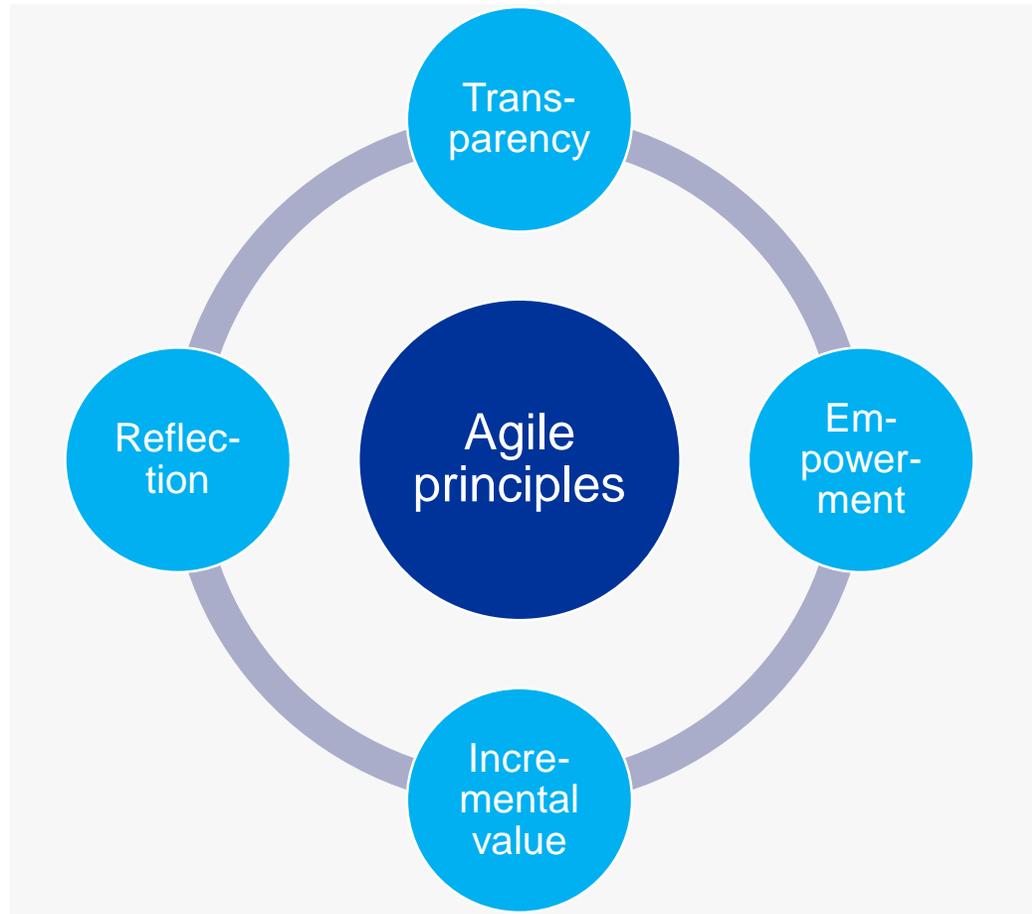
Main messages



- › Baloise’s culture is based on **agile principles**, empowering employees and being quick to add value for our customers
- › During Season 2, new **cloud and digital IT capabilities** will facilitate new employee and customer experiences and more efficient internal processes
- › As a result, we will shorten our **innovation cycles** to 12 weeks or less, reduce our operating **IT costs** by CHF 20 million and further strengthen our **cyber resilience**

5.2 Transform – Business Transformation

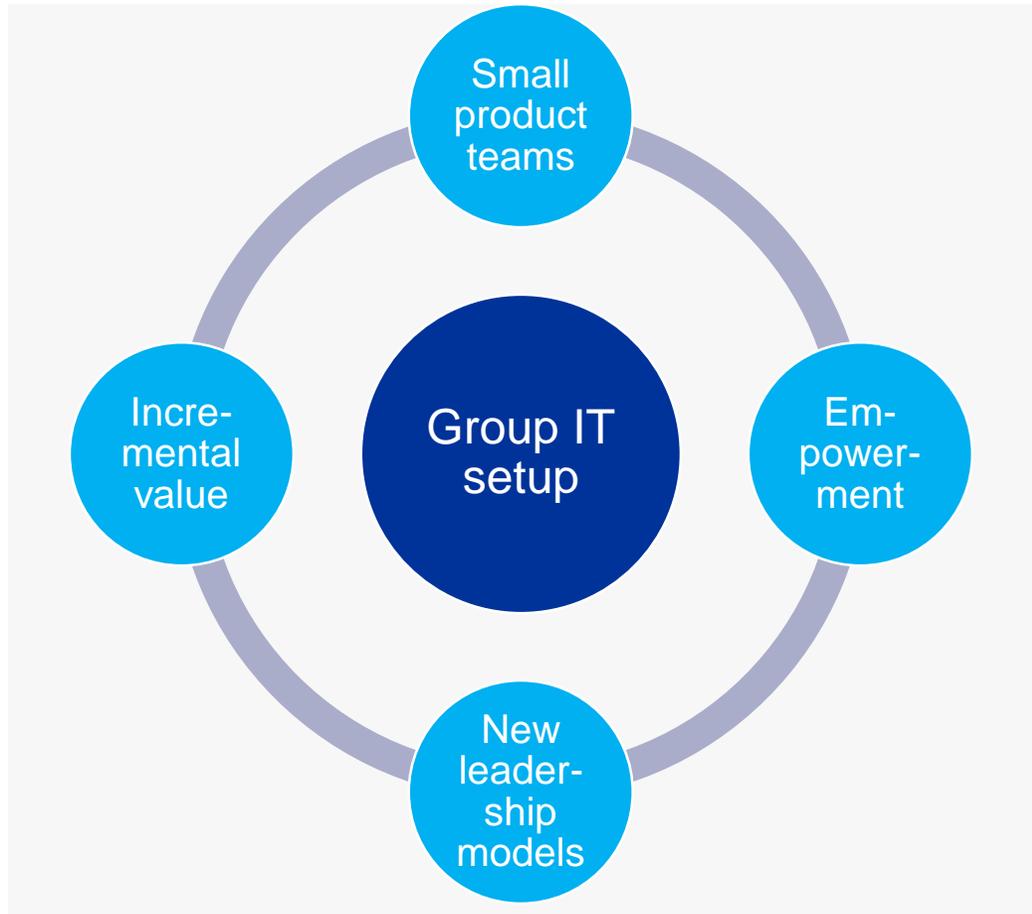
Our agile culture drives our strategy execution



- › Agile working methods first used 12 years ago
- › Baloise has now accumulated over 1,000 person years of experience
- › Moved from annual planning to 12 week planning and delivery increments

5.2 Transform – Business Transformation

Group IT as an example for a new organizational model



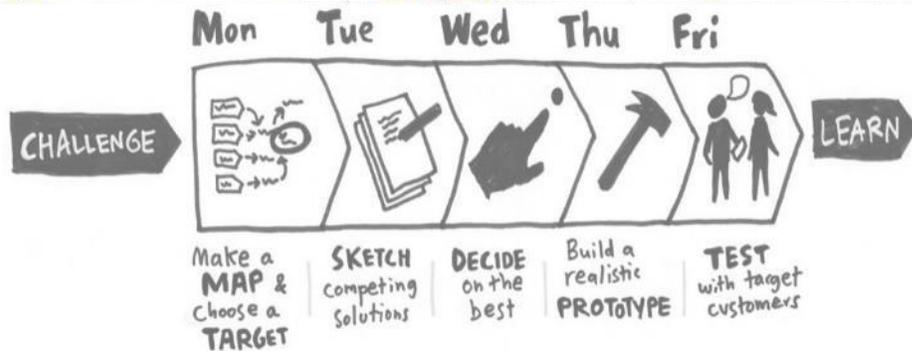
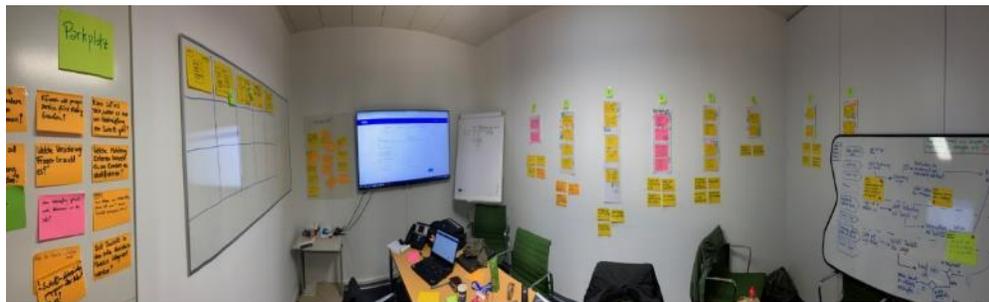
- › Product teams manage their work priorities independently
- › Flat hierarchies with separation of functional and disciplinary leadership
- › Incremental value delivery in two weeks or faster

5.2 Transform – Business Transformation

Changing employee experiences are shaping our Baloise culture

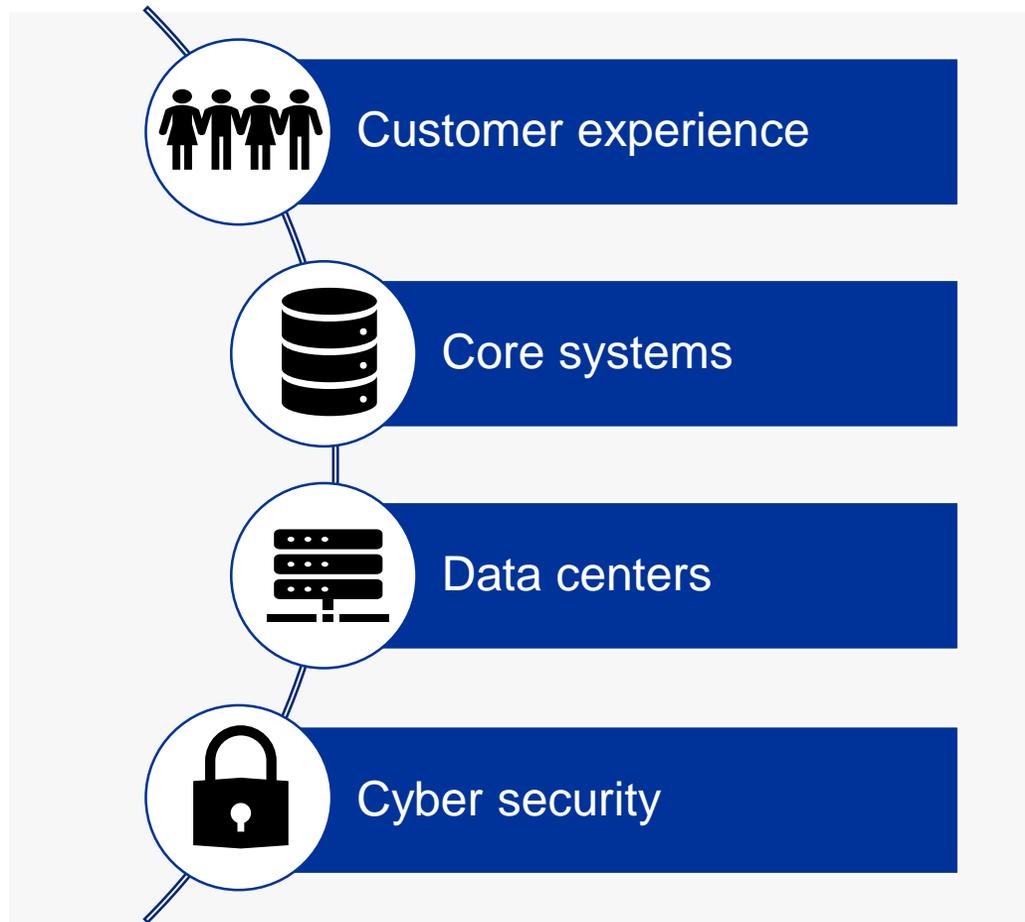
Design sprint – exemplary new working style

- › IT enablement via new digital workplace
- › Cloud-based collaboration and communication capabilities
- › New working styles for iterative value delivery and short learning cycles



5.2 Transform – Business Transformation

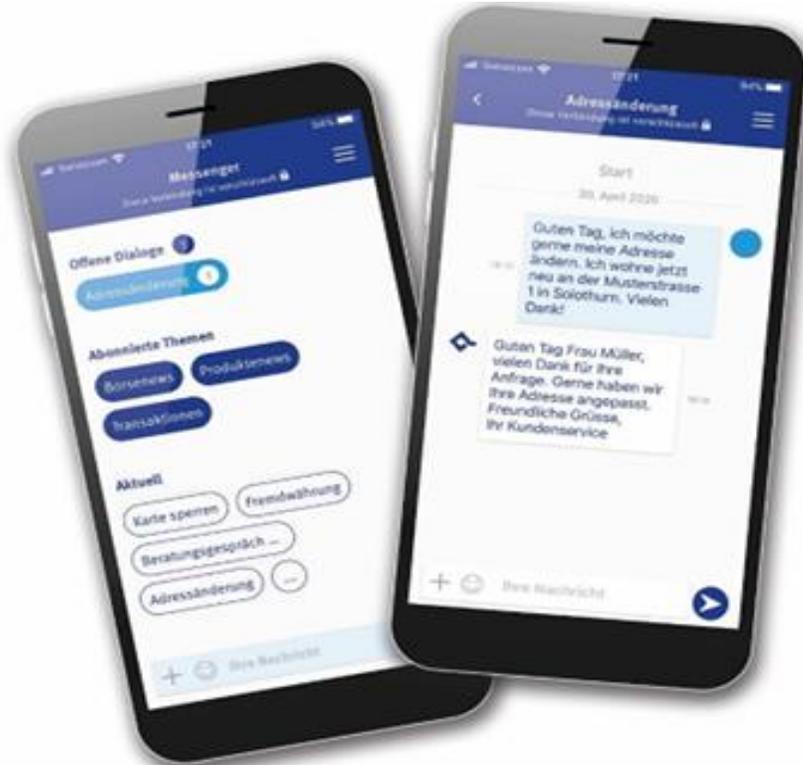
Baloise is modernizing IT on a holistic basis to compete in fast-changing market environments



- › Our world is changing at an ever-increasing pace
- › Megatrends are shifting customer expectations and experiences
- › Customer journeys need to be relevant, simple and enjoyable

5.2 Transform – Business Transformation

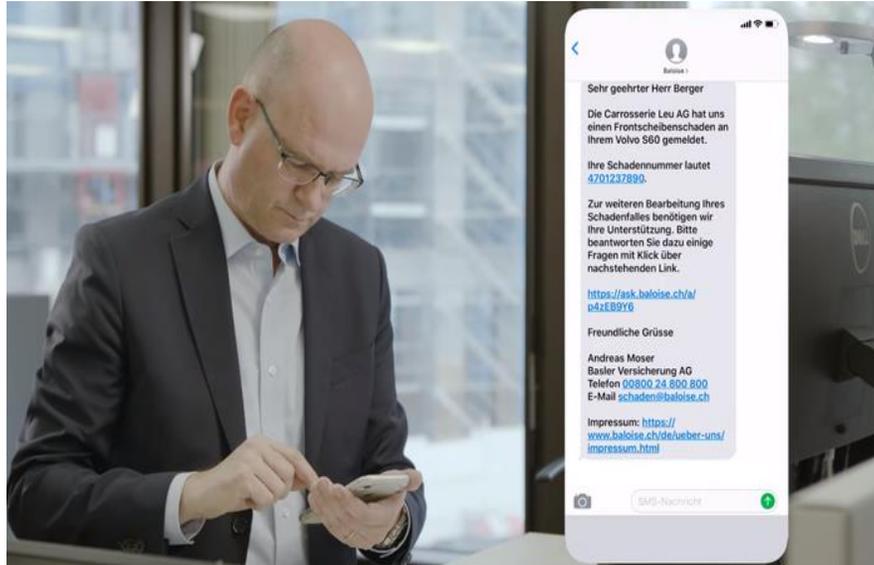
Banking made simple – Baloise SoBa e-banking messenger app



- › As easy as texting
- › Enjoyable and secure experience
- › First e-banking messenger app in Switzerland

5.2 Transform – Business Transformation

Claims communication made simple – EasyAsk



- › Secure and personalized claims communication
- › Reduces processing times from days to hours
- › Currently being rolled out to additional Baloise countries

5.2 Transform – Business Transformation

State-of-the-art core systems enable process & product innovation



Core system updates



Non-life in production
Claims in preparation
Banking in production



Baloise – motor launch Sept. 2020
Friday – in production

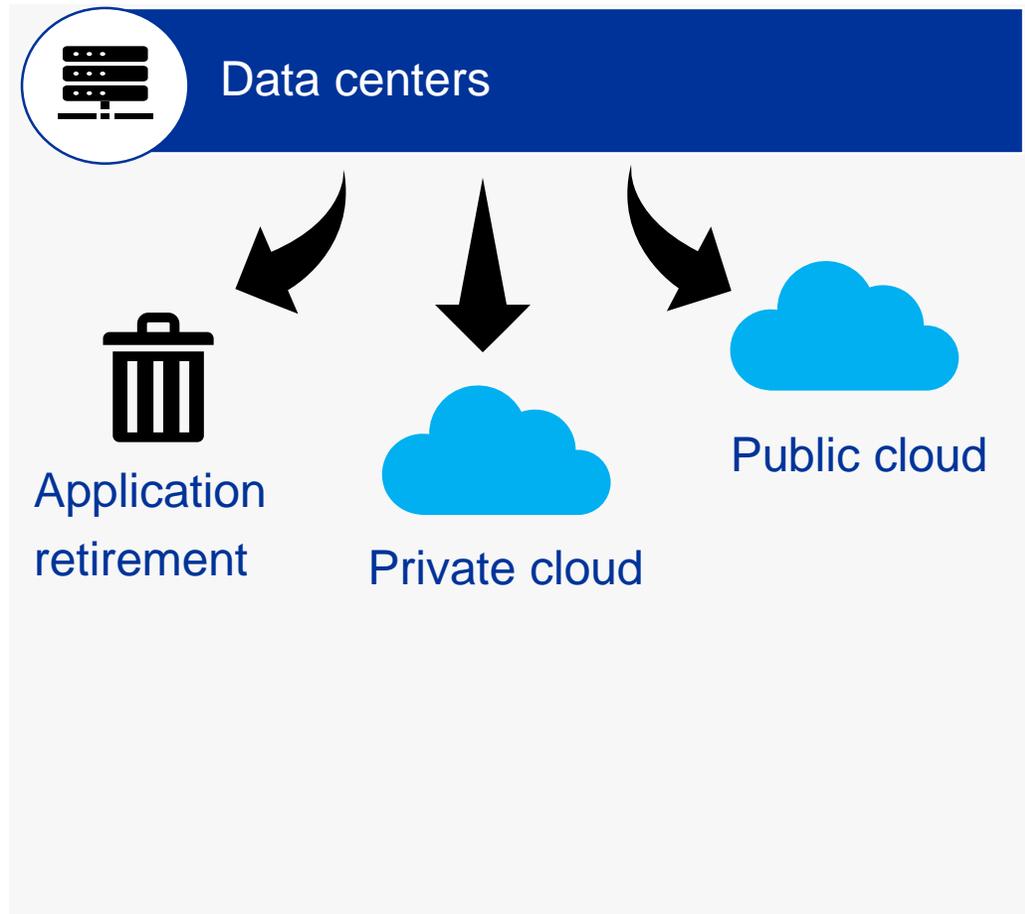


New cloud-based digital product platform
Life business modernization ongoing
using former Fidea's life platform

- › Process and product innovation requires modern core systems
- › Baloise started modernization early and starts reaping the benefits
- › Ongoing modernization efforts will improve competitiveness and reduce technical debt

5.2 Transform – Business Transformation

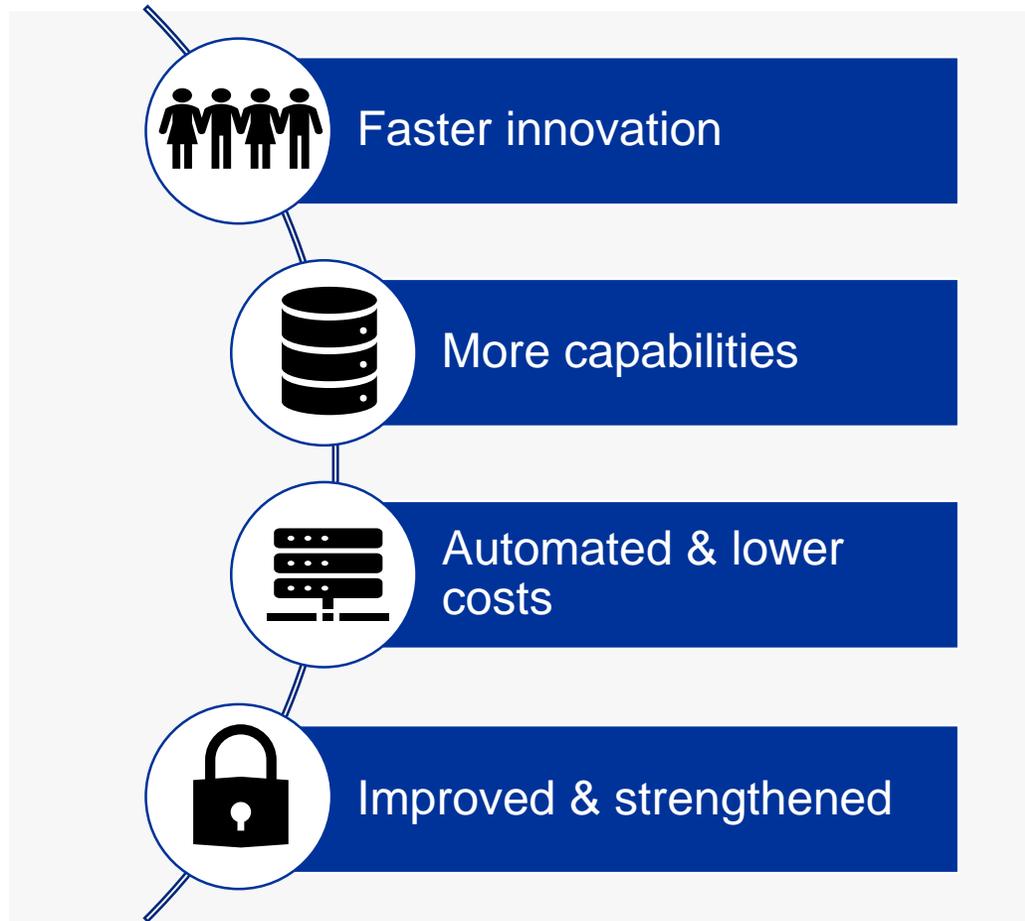
New private/public cloud infrastructure will drive even more innovation and reduce IT run costs



- › Baloise started its journey to the cloud in 2020
- › Over next few years applications will be moved to private or public cloud infrastructures
- › New flexibility and capabilities will drive even more process and product innovations

5.2 Transform – Business Transformation

IT allows us to run our business in a modern way – what are the key benefits?



- › Customer experience: new digital customer and partner solutions
- › Speed of innovation: we deliver innovation in 12 week increments or faster (and not years)
- › IT efficiency: we have reduced our annual IT running costs by CHF 20 million, creating scope for innovation
- › IT cybersecurity: we leverage expertise and synergies across the organization and continuously strengthen capabilities

6. Our New Targets and Ambitions in Season 2

«We will stand out and become essential to people's lives»



6. Our New Targets and Ambitions in Season 2

Our commitments to our stakeholders

Employees

Increasing Happiness

We are committed to providing our employees with an inspiring and collaborative work environment that they experience as engaging and which fosters their productivity and continuous development.

Customers

Higher Customer Satisfaction

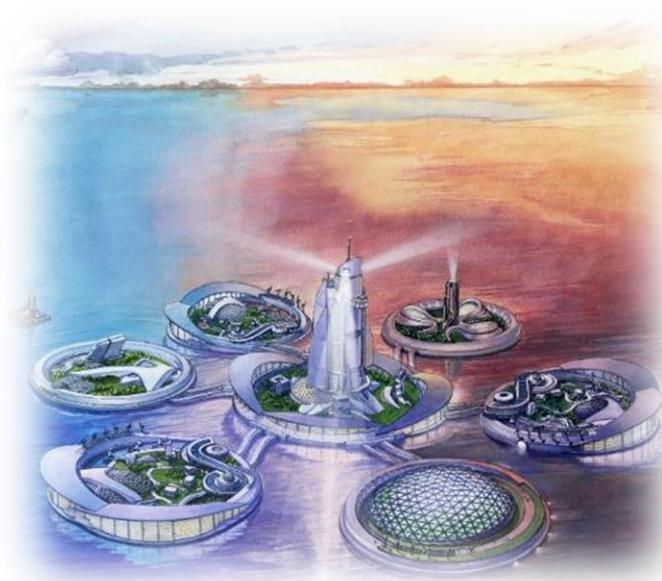
We are committed to making the lives of our customers safer and more simple. This will allow us to increase customer satisfaction and support our customers in their private and professional development.

Investors

Attractive, reliable and responsible investment

We are committed to Baloise remaining an attractive, reliable, and responsible investment. As such, we aim to increase our operating cash generation and deploy cash transparently and in a well-balanced and value-creating way.

We aim to enhance our reputation as a technology-driven, customer-centric financial service provider and key player in the ecosystems Home and Mobility, which will successfully create sustainable value for all stakeholders



Partners

Responsible and successful cooperation

We are committed to being the preferred partner for brokers, agents, suppliers, and outsourcing and innovation partners who share our values and with whom we can turn synergies into mutual, measurable success.

Society

Valued member of society

We are committed to social responsibility as a good corporate citizen. In particular, we aim to increase the amount of employees participating in voluntary work.

Environment

Climate Protection

We are committed to further reducing our CO2 emissions and will join the RE100 initiative (100% renewable energies) in 2021. In addition, we will extend and deepen our responsible investment approach.

6. Our New Targets and Ambitions in Season 2

Our financial messages for 2022-2025

Focus

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 in the period 2022–2025

Cost Synergies

Leverage cost efficiencies of about CHF 200 million in the Group by 2025

Cash Deployment

'Up-only' dividend policy with cash payout ratio of 60-80% starting from 2020. About 10-30% for innovation in the core business and beyond

Reimagine

Transform



Diversify

Ecosystem Mobility

Revenue of CHF 100 million by 2025

Ecosystem Home

Revenue of CHF 100 million by 2025

FRIDAY

Revenue of CHF 150 million and profitable in Germany by 2025

Innovation Funnel

CHF 1 billion valuation by 2025

6. Our New Targets and Ambitions in Season 2

Our strategic targets for 2022-2025

Employees

A leading employer

Top 5% of best employers in Europe

Annual reporting to begin from 2022

Customers

The trusted choice for our clients

1.5 million more customers

Net new customers in 2022-2025

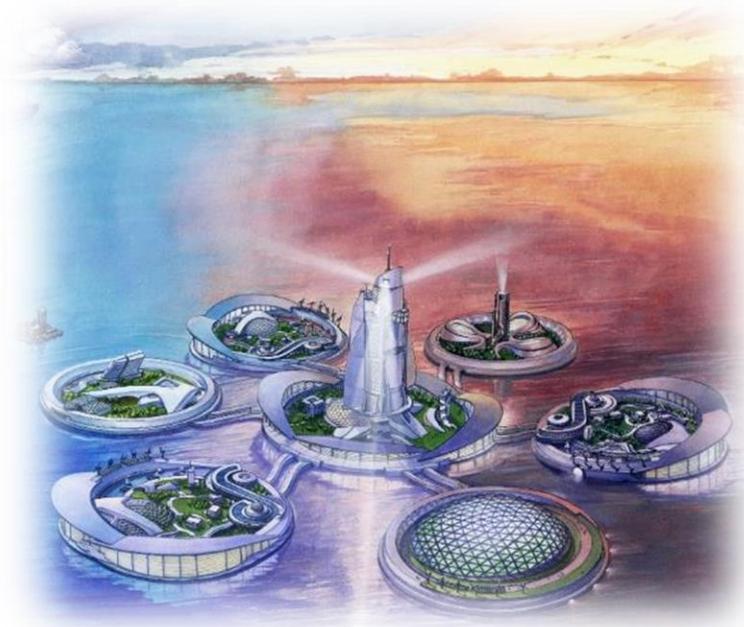
Investors

Attractive, reliable and responsible investment

25% more cash

Cash remittance of CHF 2.0 billion in 2022-2025

We set ourselves 3 simple, yet ambitious targets which are based on our basis philosophy “engaged and happy employees lead to satisfied and loyal customers and partners, and this in turn leads to profitable growth and success for all our stakeholders”



Simply Safe – Season 2 (2022 – 2025)

Becoming essential to people's lives

1. We have made a good start with Simply Safe

2. But we still risk everything if we do not change faster

3. Our outstanding culture is the key to becoming truly relevant

4. By refining, modernising and extending what we do

5. And each of us being quick to adapt, team up and achieve

6. We will stand out and become essential to people's lives

See the recording of the Investor Day [here](#) and find further information on our [website](#)