

Basel, August 27, 2008  
Meeting of Financial Analysts

**Half Year Results 2008**

**Strong Operational Performance**



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## Agenda

- |                              |                       |
|------------------------------|-----------------------|
| <b>1. Highlights</b>         | <b>Rolf Schäuble</b>  |
| <b>2. Financial Results</b>  | <b>German Egloff</b>  |
| <b>3. Asset Management</b>   | <b>Martin Wenk</b>    |
| <b>4. Swiss Operations</b>   | <b>Martin Strobel</b> |
| <b>5. Foreign Operations</b> | <b>German Egloff</b>  |
| <b>6. Outlook</b>            | <b>Rolf Schäuble</b>  |

Half Year Results 2008

# Highlights

**Rolf Schäuble**

Group CEO and Chairman of the Board of Directors

## Highlights HY 2008

### Strong operational performance

- CHF 274 mn result achieved, based on strong operational performance
- Excellent Combined Ratio net 92.3%
- 1.7% growth in business volume, especially strong growth in nonlife
- Value of New Business up by 73%
- High recurring investment income, net equity exposure adjusted to 8.7%
- Sound balance sheet, despite capital market volatility, excellent solvency at 224%
- We intend to propose a stable dividend of CHF 4.50 for 2008 <sup>1)</sup>

(Comparative development is measured against HY 2007 results)

<sup>1)</sup> Subject to unexpected market or claims development

Half Year Results 2008

# Financial Results

**German Egloff**  
Group CFO

## Key Figures

### Lower investment income weighs on profit

<i>in CHF mn</i>	<b>HY 2007</b>	<b>HY 2008</b>	<b>+/-</b>
<b>Total business volume</b>	<b>4,884</b>	<b>4,968</b>	1.7%
<b>Gross premiums written</b>	<b>4,428</b>	<b>4,554</b>	2.8%
<b>Net income from investments <sup>1)</sup></b>	<b>1,414</b>	<b>820</b>	-42.0%
<b>Average investments</b>	<b>56,921</b>	<b>55,831</b>	-1.9%
<b>Investment return <sup>1)</sup></b>	<b>2.5%</b>	<b>1.5%</b>	-1.0 pts
<b>Profit for the period</b>	<b>470 <sup>2)</sup></b>	<b>274</b>	-41.7%
<b>Gross combined ratio</b>	<b>95.4%</b>	<b>88.2%</b>	-7.2 pts
<b>Net combined ratio</b>	<b>95.6%</b>	<b>92.3%</b>	-3.3 pts
<b>Embedded value</b>	<b>3,231 <sup>3)</sup></b>	<b>2,905</b>	
<b>New business margin</b>	<b>10.3%</b>	<b>14.3%</b>	4.0 pts
<b>Shareholders' equity</b>	<b>4,838 <sup>2)3)</sup></b>	<b>4,020</b>	-16.9%
<b>Consolidated solvency I <sup>4)</sup></b>	<b>286% <sup>2)3)</sup></b>	<b>224%</b>	-63.0 pts

<sup>1)</sup> Including costs, excluding movements in unrealized capital gains, excluding investment-type assets

<sup>2)</sup> Restated

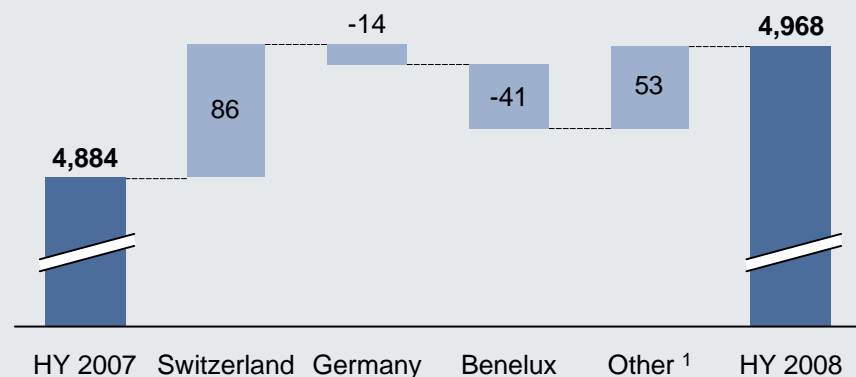
<sup>3)</sup> As per 31.12.2007

<sup>4)</sup> Excluding banking

# Business Volume

## High growth in traditional business

### By country

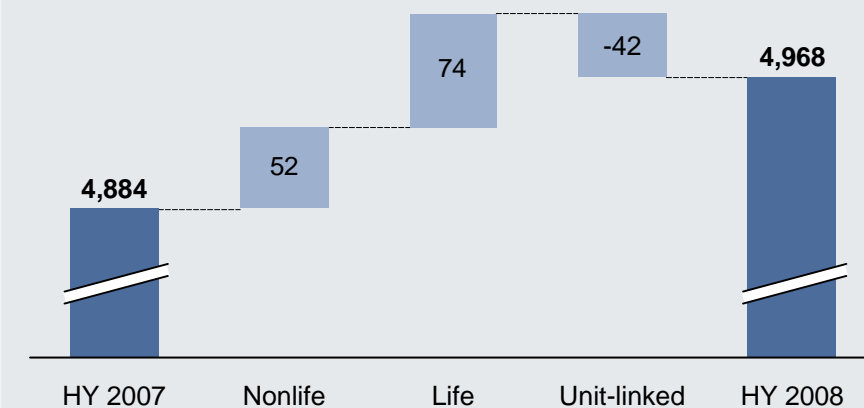


<i>in CHF mn</i>	HY 2007	HY 2008	+/-	+/- LC <sup>2</sup>
<b>Switzerland</b>	2,753	2,839	3.1%	3.1%
<b>Germany</b>	1,285	1,271	-1.1%	0.5%
<b>Benelux</b>	744	702	-5.5%	-4.1%
<b>Other <sup>1</sup></b>	102	155	51.8%	53.4%
<b>Total</b>	<b>4,884</b>	<b>4,968</b>	<b>1.7%</b>	<b>2.4%</b>

<sup>1</sup>) Other countries (incl. Austria and Croatia)

<sup>2</sup>) Local currency (LC)

### By line of business



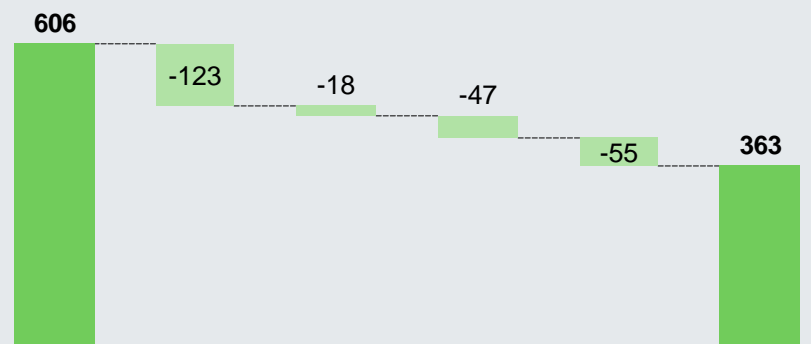
<i>in CHF mn</i>	HY 2007	HY 2008	+/-	+/- LC <sup>2</sup>
<b>Nonlife</b>	2,072	2,124	2.5%	3.4%
<b>Life</b>	2,356	2,430	1.1%	1.7%
<b>Unit-linked</b>	456	414	-9.2%	-7.8%
<b>Total</b>	<b>4,884</b>	<b>4,968</b>	<b>1.7%</b>	<b>2.4%</b>



# EBIT

## Profits from all countries

### By country



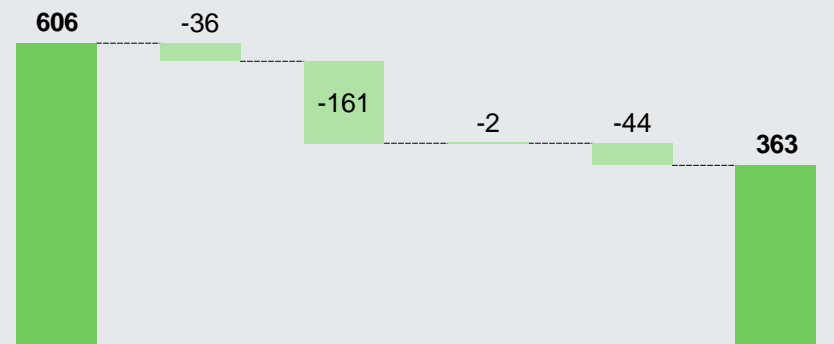
HY 2007 Switzerland Germany Benelux Other <sup>1)</sup> HY 2008

<i>in CHF mn</i>	HY 2007	HY 2008	+/-
<b>Switzerland</b>	238 <sup>2)</sup>	115	-51.7 %
<b>Germany</b>	109	91	-16.2 %
<b>Benelux</b>	107	60	-44.2 %
<b>Other</b>	152	97	-36.0 %
<b>Total</b>	606 <sup>2)</sup>	363	-40.0 %

<sup>1)</sup> Other countries (incl. Austria and Croatia)

<sup>2)</sup> Restated

### By line of business



HY 2007 Nonlife Life Banking Other HY 2008

<i>in CHF mn</i>	HY 2007	HY 2008	+/-
<b>Nonlife</b>	267	231	-13.5 %
<b>Life</b>	270	109	-59.5 %
<b>Banking</b>	32	30	-4.7 %
<b>Other</b>	38	-7	-
<b>Total</b>	606	363	-40.0 %

## Nonlife, Key Figures








### Strong growth in nonlife

<i>in CHF mn</i>	<b>HY 2007</b>	<b>HY 2008</b>	<b>+/-</b>
<b>Gross premiums written</b>	<b>2,072</b>	<b>2,124</b>	2.5%
<b>Net income from investments</b>	<b>256</b>	<b>133</b>	-48.2%
<b>Net claims incurred</b>	<b>-918</b>	<b>-914</b>	-0.4%
<b>Technical expenses</b>	<b>-480</b>	<b>-497</b>	3.6%
<b>EBIT</b>	<b>267 <sup>1)</sup></b>	<b>231</b>	-13.5%
<i>Loss ratio, gross</i>	63.5%	56.7%	-6.8 pts
<i>Expense ratio, gross</i>	31.3%	30.9%	-0.4 pts
<i>Surplus sharing ratio, gross</i>	0.6%	0.6%	0.0 pts
<b>Combined ratio, gross</b>	<b>95.4%</b>	<b>88.2%</b>	-7.2 pts

<sup>1)</sup> Restated

# Nonlife, Technical Performance

Strong operational profitability

	Basler Switzerland	Deutscher Ring	Basler Germany	Mercator	Baloise Luxembourg	Basler Austria	Croatia (incl. Serbia)	Group
<i>Gross, in %</i>								
Loss ratio	58.5	39.9	60.1	54.7	56.6	63.1	62.6	56.7
Expense ratio	24.1	49.2	31.6	36.1	41.1	38.5	41.7	30.9
Surplus sharing ratio	1.0	-	0.4	0.3	-0.1	-	-	0.6
<b>Combined ratio HY 08</b>	<b>83.6</b>	<b>89.1</b>	<b>92.1</b>	<b>91.1</b>	<b>97.6</b>	<b>101.6</b>	<b>104.3</b>	<b>88.2</b>
<b>Combined ratio HY 07</b>	<b>88.1</b>	<b>99.8</b>	<b>104.2</b>	<b>97.0</b>	<b>92.2</b>	<b>104.7</b>	<b>90.6</b>	<b>95.4</b>
Change vs. HY 07 <sup>1)</sup> (in pts)	-4.5	-10.7	-12.1	-5.9	5.4	-3.1	13.7	-7.2

<sup>1)</sup> As reported (incl. winter storm «Kyrill»)

## Life, Key Figures

### Growth and higher margins

<i>in CHF mn</i>	HY 2007	HY 2008	+/-
<b>Business volume</b>	2,812	2,844	1.1%
<b>Gross premiums written</b>	2,356	2,430	3.1%
<b>Investment-type premiums</b>	456	414	-9.2%
<b>Net income from investments <sup>1)</sup></b>	1,061	591	-44.3%
<b>Benefits to policyholders <sup>2)</sup></b>	2,967 <sup>3)</sup>	2,343	-21.0%
<b>Technical expenses</b>	-211	-220	4.4%
<b>EBIT</b>	270 <sup>3)</sup>	109	-59.5%
<b>Embedded value</b>	3,231 <sup>4)</sup>	2,905	
<b>Value of new business</b>	11	19	72.9%
<b>Annual premium equivalent (APE)</b>	107	133	24.3%
<b>New business margin</b>	10.3%	14.3%	4.0 pts

<sup>1)</sup> Excl. investment-type assets

<sup>2)</sup> Incl. change in actuarial reserve

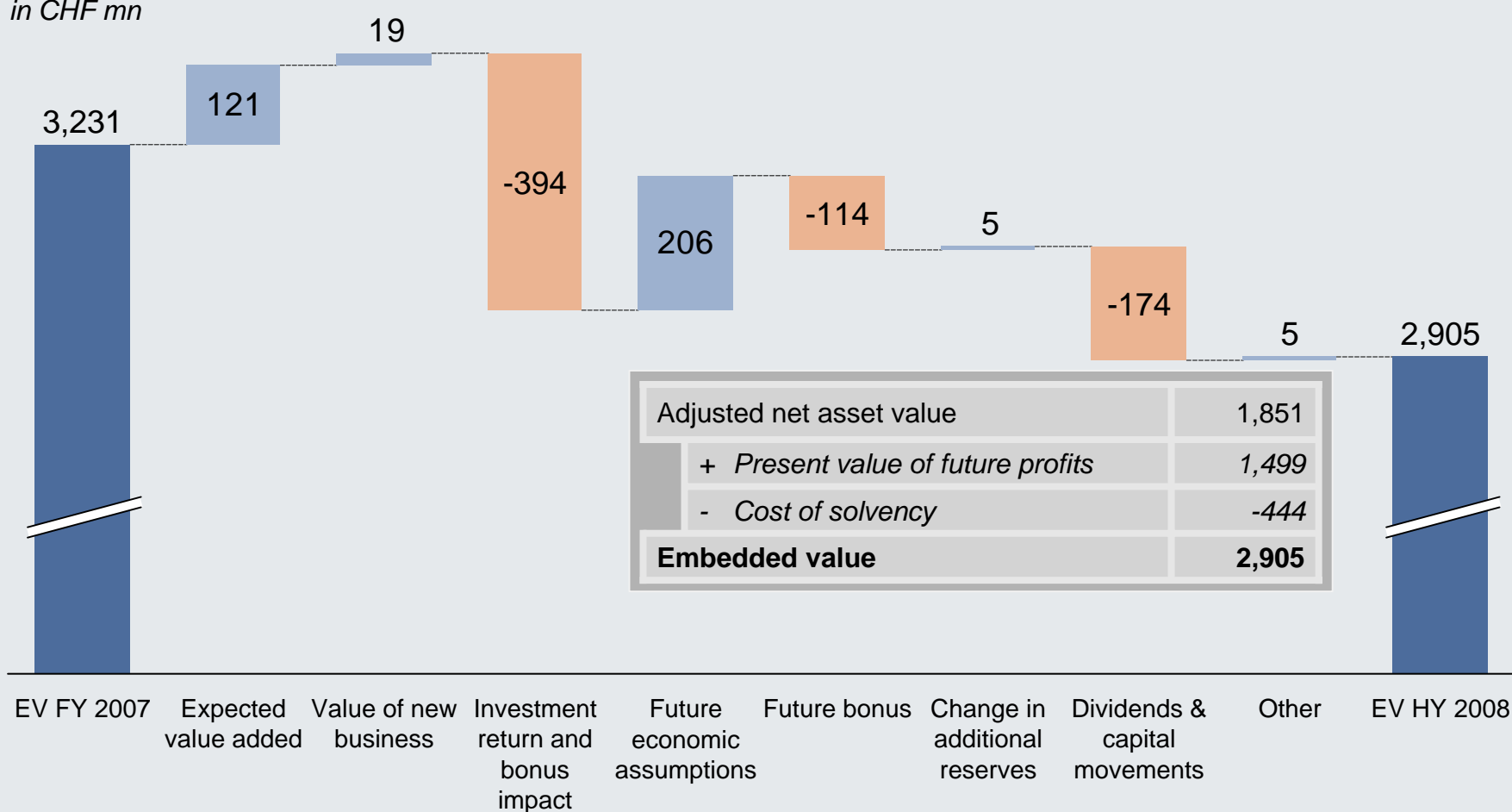
<sup>3)</sup> Restated

<sup>4)</sup> As per 31.12.2007

# Change in Embedded Value

## Driven by financial markets

in CHF mn



# Shareholders' Equity

## Sound balance sheet despite market crisis

<i>in CHF mn</i>	<b>HY 2008</b>	<b>Per share <sup>2)</sup></b>
<b>Shareholders' equity at January 1 (including minorities)</b>	<b>4,838 <sup>1)</sup></b>	<b>91.6</b>
<i>Change in net unrealized gains and losses <sup>3)</sup></i>	-742	
<i>Dividends</i>	-253	
<i>Profit for the period</i>	274	<b>Δ = -12.4%</b>
<i>Purchase / sale of treasury stock</i>	-97	
<i>Change in minority interests</i>	-0	
<b>Shareholders' equity at June 30 (including minorities)</b>	<b>4,020</b>	<b>80.2</b>

<sup>1)</sup> Restated

<sup>2)</sup> Based on consolidated shareholders' equity excluding minorities and on average shares outstanding

<sup>3)</sup> Incl. translation differences

Half Year Results 2008

# Asset Management

**Martin Wenk**  
Group CIO

# Dislocation of Financial Markets

## Financial market crisis to worsen

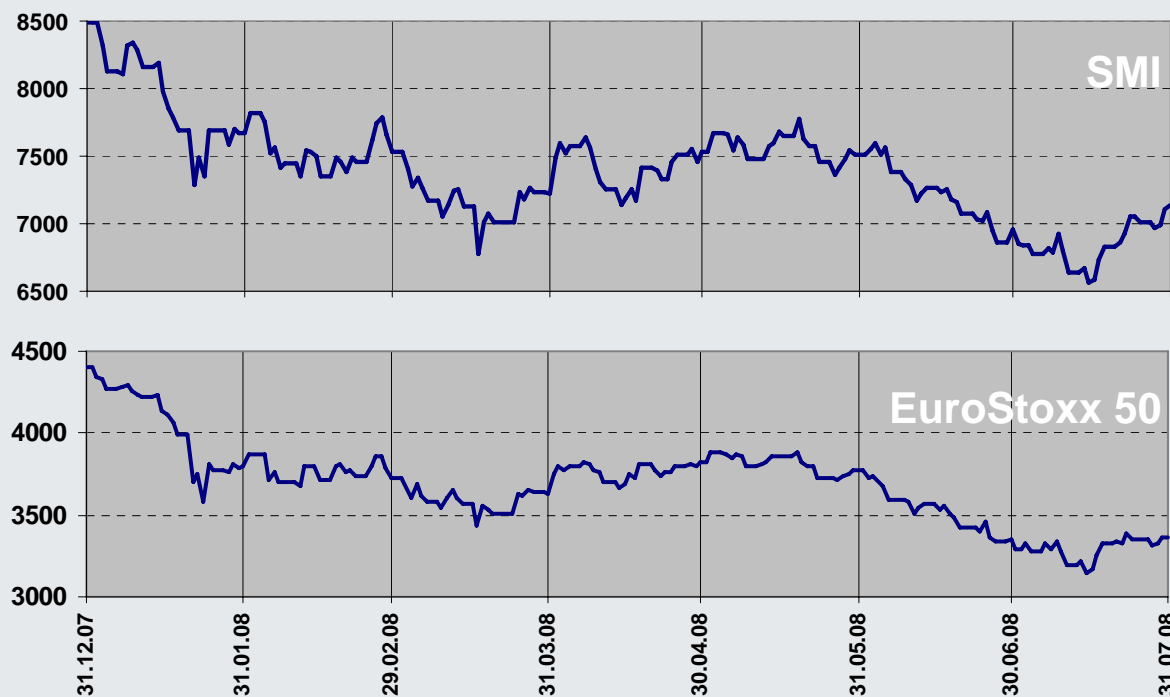
What happened in the market...		... how did we behave in HY 1 2008
<b>Equity &amp; equity related investments</b>	<ul style="list-style-type: none"> <li>• Weak equity markets since the first days of the year</li> <li>• Very high volatility</li> <li>• Capital market crisis to persist due to the financial crisis</li> <li>• High depreciations of banks (&gt;500 bn USD)</li> </ul>	<ul style="list-style-type: none"> <li>• Dynamic hedging applied</li> <li>• Significant reduction of exposure as a consequence</li> <li>• Significant increase of impairments, especially on bank stocks</li> <li>• Hedging cannot compensate impairments</li> </ul>
<b>Interest sensitive investments</b>	<ul style="list-style-type: none"> <li>• Further widening of credit spreads, especially of financials</li> <li>• Strong swings in interest rates (first down, then up due to inflation)</li> <li>• Very low liquidity</li> </ul>	<ul style="list-style-type: none"> <li>• Rising recurring income as expected</li> <li>• Implications of lower bond market values reflected in equity</li> <li>• No impairments on bonds due to quality of portfolio</li> <li>• No mark-to-model risks</li> </ul>
<b>Currency</b>	<ul style="list-style-type: none"> <li>• EUR/CHF -3.0% by 30.06.08</li> <li>• Low: 1.5360, high: 1.6536</li> <li>• USD/CHF -10.0% by 30.06.08</li> <li>• Low: 0.9630, high: 1.14</li> <li>• High volatility</li> </ul>	<ul style="list-style-type: none"> <li>• USD hedging strategy not changed</li> <li>• Most of the positive hedging results reflected in equity, not P&amp;L</li> <li>• EUR target hedge ratios increased</li> <li>• Currencies added to impairments</li> </ul>



# Equity exposure

## Significant reduction in HY08

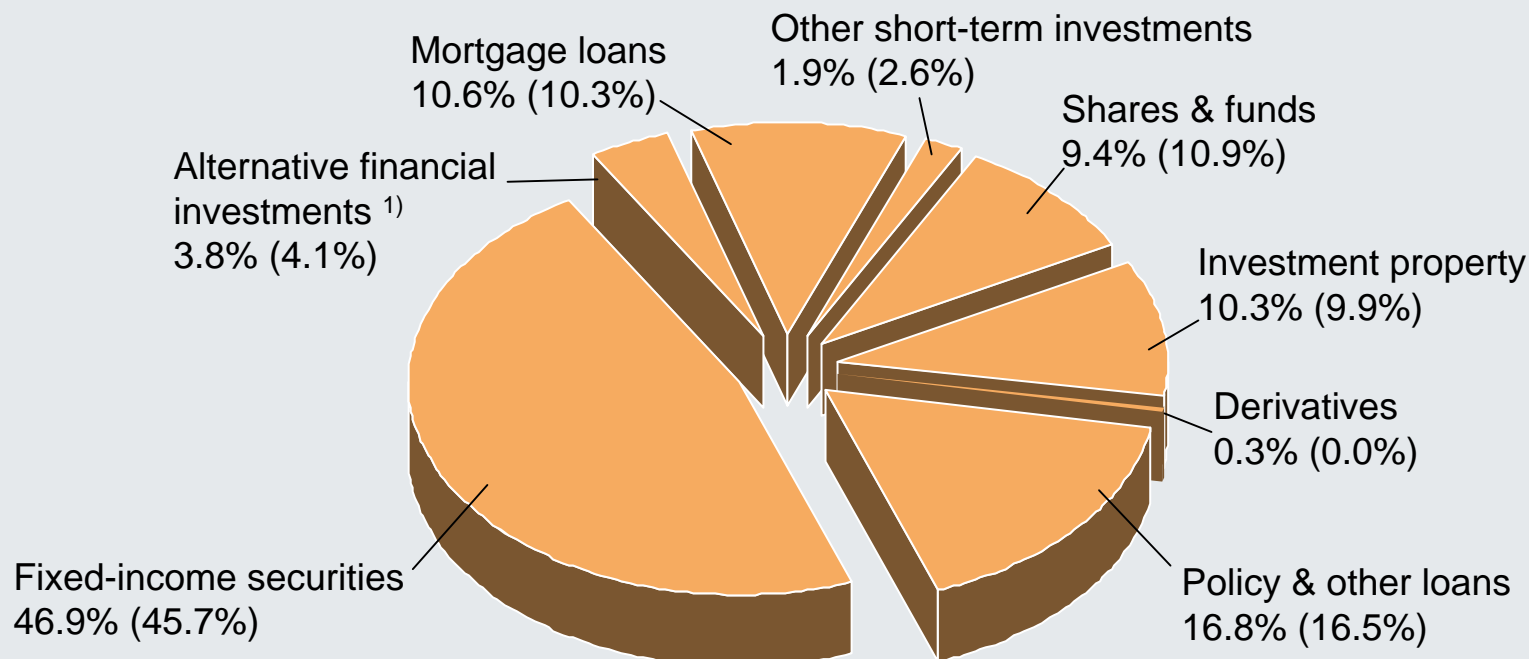
Month		Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Equity exposure [in %]	unhedged	13.1	11.6	11.4	11.3	12.0	11.9	11.4	10.3
	hedged	13.0	9.4	9.4	9.3	10.8	10.7	8.7	7.0



# Asset Allocation Insurance

## Increase of fixed-income related securities

excluding assets from investment-type insurance contracts, ()= FY 2007



**Equity & equity related investments (unhedged): 11.4% (13.1%)**

**Total : CHF 48,618 mn (CHF 51,866mn)**

<sup>1)</sup> Private equity and hedge funds

# Investment Yield

## Rise in recurring investment income

<i>in CHF mn, excluding income on investment-type insurance contracts</i>	Nonlife			Life		
	HY 07	HY 08	+/-	HY 07	HY 08	+/-
<b>Recurring gross income</b>	<b>176</b>	<b>186</b>	5.6%	<b>786</b>	<b>790</b>	0.5%
<b>Investment expenses</b>	<b>-10</b>	<b>-9</b>	-3.2%	<b>-41</b>	<b>-34</b>	-18.2%
<b>Realized gains / losses net <sup>1)</sup></b>	<b>89</b>	<b>-44</b>	-	<b>316</b>	<b>-165</b>	-
<i>fixed-income securities</i>	3	-40	-	36	-129	-
<i>shares</i>	89	-33	-	344	-119	-
<i>other</i>	-3	29	-	-64	83	-
<b>Total net income from investments</b>	<b>256</b>	<b>133</b>	-48.3%	<b>1,061</b>	<b>591</b>	-44.3%
<b>Average investments</b>	<b>9,554</b>	<b>9,452</b>	-1.1%	<b>41,746</b>	<b>40,790</b>	-2.3%
<b>Investment yield</b>	<b>2.7%</b>	<b>1.4%</b>		<b>2.5%</b>	<b>1.4%</b>	

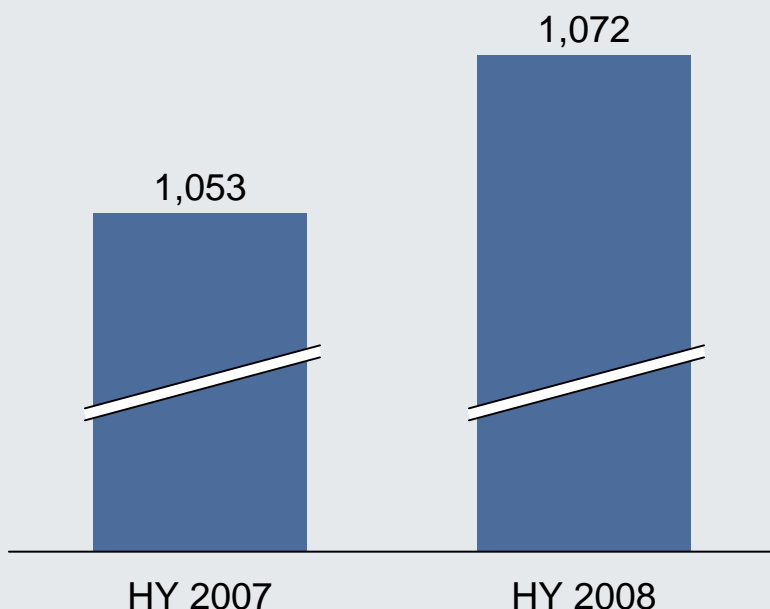
<sup>1)</sup> Including impairments

# Income from Investments

## Higher recurring investment income

*in CHF mn*

### Recurring investment income



### Average assets

56,920

55,830

<sup>1)</sup> Incl. banking assets

### Realizations

	Shares <sup>2)</sup>	Other	Total
CHF mn	168	- 178	-10
In % of asset class	1.9%		-0.0%

### Impairments

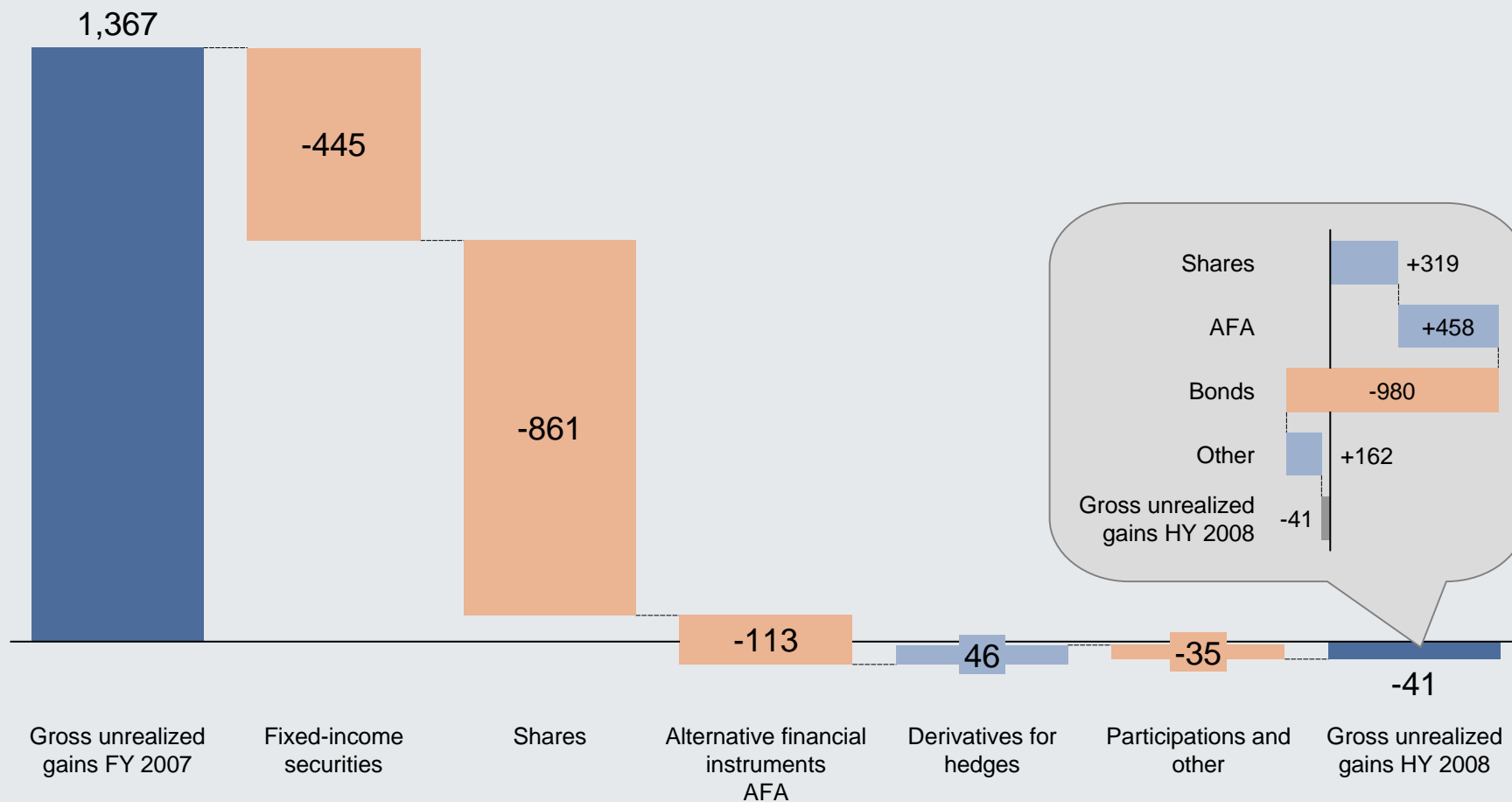
	Shares <sup>2)</sup>	Other	Total
CHF mn	-207	+9	-198
In % of asset class	-2.4%		-0.4%

<sup>2)</sup> Incl. equity related investments

# Gross Unrealized Capital Gains

## Still unrealized gains on shares and AFA

in CHF mn



# Net Unrealized Capital Gains

## Currencies affect net unrealized gains

*in CHF mn*

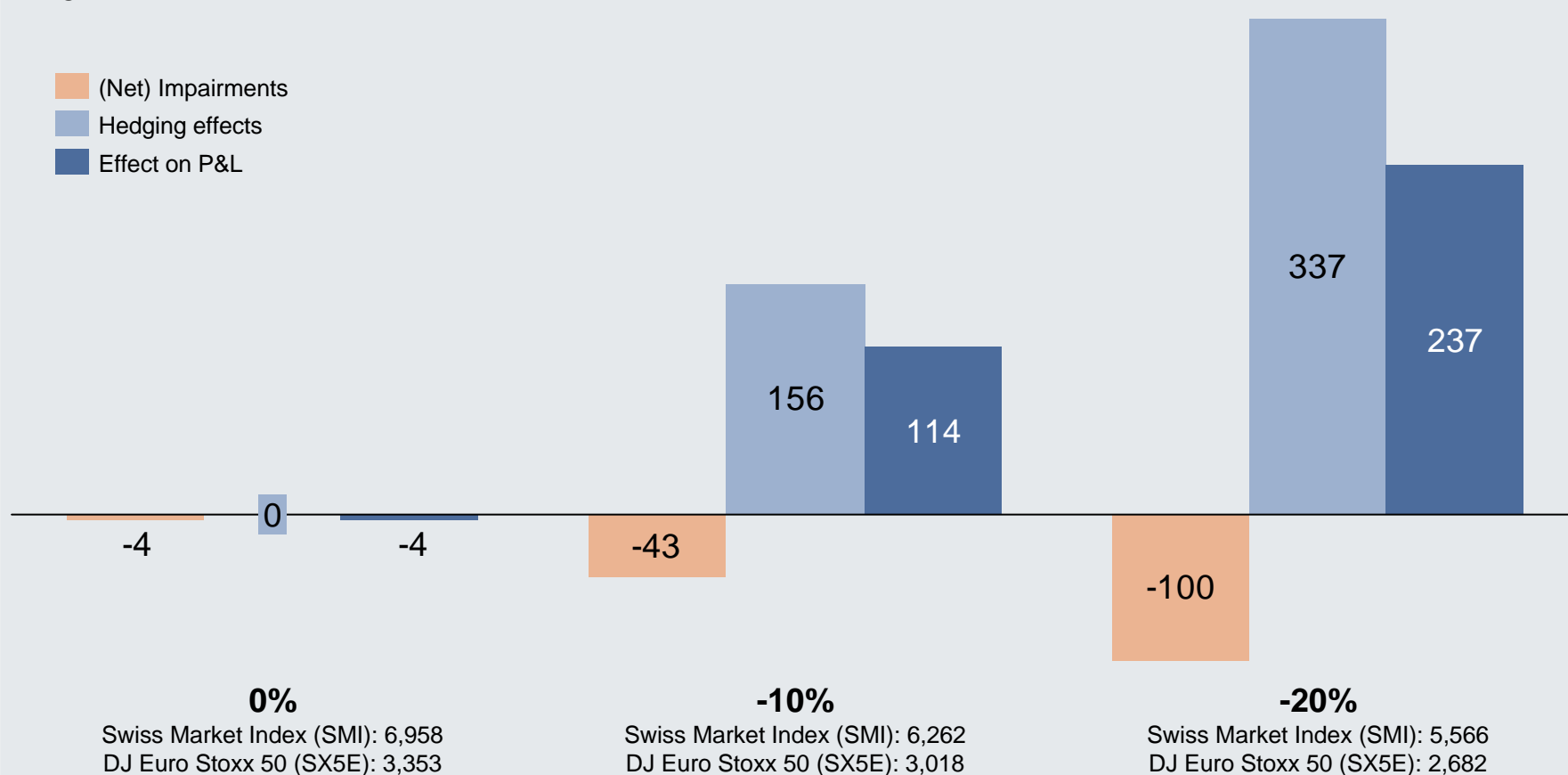


# Sensitivity to Equity Markets

## Hedging assures financial soundness

*in CHF mn*

- (Net) Impairments
- Hedging effects
- Effect on P&L



Half Year Results 2008

# Swiss Operations

**Martin Strobel**  
CEO Swiss Operations



# Switzerland

## Strong growth

	HY 2007	HY 2008	+/-
<i>in CHF mn</i>			
<b>Business volume, incl. investment-type premiums</b>	<b>2,753</b>	<b>2,839</b>	3.1%
<b>Gross premiums written</b>	<b>2,735</b>	<b>2,818</b>	3.0%
<i>nonlife</i>	977	986	0.9%
<i>life</i>	1,758	1,831	4.2%
<b>EBIT</b>	<b>238 <sup>1)</sup></b>	<b>115</b>	-51.7%
<b>New distribution volume from focused financial services provider</b>	<b>228</b>	<b>299</b>	+31.2%

<sup>1)</sup> Restated

# CH: Track Record HY 2008 (1/2)

## Operational performance improved

Targets set for 2008	What we achieved		Comments
<b>Further improvement of profitability:</b>			
Nonlife	Combined ratio, gross: 83.6%	✓	Record combined ratio, due to successful implementation of OPEX measures, e.g.: - Growth in targeted segments - D-customer management, re-underwriting, improvement of claims processes
Life	EBIT life: CHF 26.2 mn (-79.0%)	X	- Lower investment income with strong impact on EBIT - Risk result improved
Baloise Bank SoBa	Profit for the period (local GAAP): CHF 13.3 mn (-14.5%)	X	- Challenging capital markets and investment in new IT system with impact on result

## CH: Track Record HY 2008 (2/2)

### Growth accelerated

Targets set for 2008	What we achieved		Comments
<b>Business volume growth</b>			
Nonlife: in line with market	GWP nonlife: +0.9%	✓	- Above market growth in targeted segments
Life: in line with market	Business volume life: +4.3%	✓	- Volume increase in all lines of life business
<b>Investment-type premium volume: 1/3 of new business</b>	19.7% of new business is investment-type business	x	- Proportion of new business unit-linked: annual premium 37%, single payment 13.8% - Measures to further improve growth under way
<b>Baloise Bank SoBa: RoE &gt; 10%</b>	RoE: 9.7% / 12.7% <sup>1)</sup>	x	- Profitability influenced by demanding market conditions and investments in new IT system - Measures to further improve profitability under way
<b>Focused financial services provider: higher volume</b>	New business distribution volume: 298.9mn (+31.2%)	✓	- Further acceleration of already strong growth

<sup>1)</sup> Including contribution from focused financial services provider

## CH: Nonlife

### Record low Combined Ratio

<i>in CHF mn</i>	HY 2007	HY 2008	+/-
<b>Gross premiums written</b>	977	986	0.9
<b>Net income from investments</b>	111	21	-81.2
<b>Claims incurred net</b>	-367	-349	-4.9
<b>Technical expenses</b>	-155	-158	2.1
<b>EBIT</b>	92 <sup>1)</sup>	64	-30.8
<i>Loss ratio, gross</i>	62.8%	58.5%	-4.3 pts
<i>Expense ratio, gross</i>	24.3%	24.1%	-0.2 pts
<i>Surplus sharing ratio, gross</i>	1.0%	1.0%	0.0 pts
<b>Combined ratio, gross</b>	<b>88.1%</b>	<b>83.6%</b>	-4.5 pts

<sup>1)</sup> Restated

## CH: Life

### Value of new business improved

<i>in CHF mn</i>	HY 2007	HY 2008	+/-
<b>Business Volume</b>	<b>1,776</b>	<b>1,853</b>	4.3%
<i>Gross premiums written</i>	1,758	1,831	4.2%
<i>Investment-type premiums</i>	17	21	22.8%
<b>Net income from investments <sup>1)</sup></b>	<b>472</b>	<b>158</b>	-66.6%
<b>Benefits to policyholders <sup>2)</sup></b>	<b>-2,013 <sup>3)</sup></b>	<b>-1,867</b>	-7.3%
<b>Technical expenses</b>	<b>-73</b>	<b>-79</b>	8.5%
<b>EBIT</b>	<b>125 <sup>3)</sup></b>	<b>26</b>	-79.0%
<b>Embedded value</b>	<b>2,646 <sup>4)</sup></b>	<b>2,396</b>	
<b>Value of new business</b>	<b>9</b>	<b>16</b>	84.5%
<b>Annual premium equivalent</b>	<b>61</b>	<b>80</b>	32.4%
<b>New business margin</b>	<b>14.2%</b>	<b>19.7%</b>	5.5 pts

<sup>1)</sup> Incl. assets from investment-type premiums

<sup>2)</sup> Incl. change in actuarial reserve

<sup>3)</sup> Restated

<sup>4)</sup> As per 31.12.2007

## Baloise Bank SoBa

### Demanding market conditions

<i>in CHF mn, local GAAP</i>	<b>HY 2007</b>	<b>HY 2008</b>	<b>+/-</b>
<b>Interest income</b>	<b>42</b>	<b>42</b>	-0.8%
<b>Fee and commission income</b>	<b>13</b>	<b>11</b>	-15.3%
<b>Trading income</b>	<b>2</b>	<b>2</b>	-9.5%
<b>Gross profit</b>	<b>22</b>	<b>19</b>	-13.0%
<b>Profit for the period</b>	<b>16</b>	<b>13</b>	-14.5%
<b>Cost / income ratio</b>	<b>61.8%</b>	<b>65.4%</b>	+3.6pts
<b>TIER 2 ratio <sup>1)</sup></b>	<b>10.0% <sup>3)</sup></b>	<b>11.3%</b>	+1.3pts
<b>RoE</b>	<b>11.0% / 14.1% <sup>2)</sup></b>	<b>9.7% / 12.7% <sup>2)</sup></b>	-1.3pts/-1.4pts
<b>Risk weighted assets <sup>1)</sup></b>	<b>3,009 <sup>3)</sup></b>	<b>2,687</b>	-10.7%

<sup>1)</sup> HY 2008 incl. Basel II-effect, FY 2007 not restated

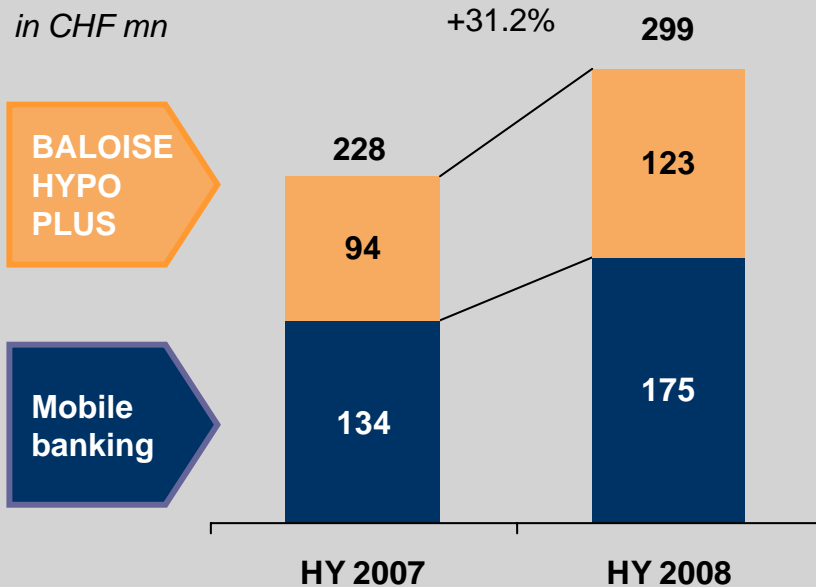
<sup>2)</sup> Including contribution from focused financial services provider

<sup>3)</sup> As per 31.12.2007

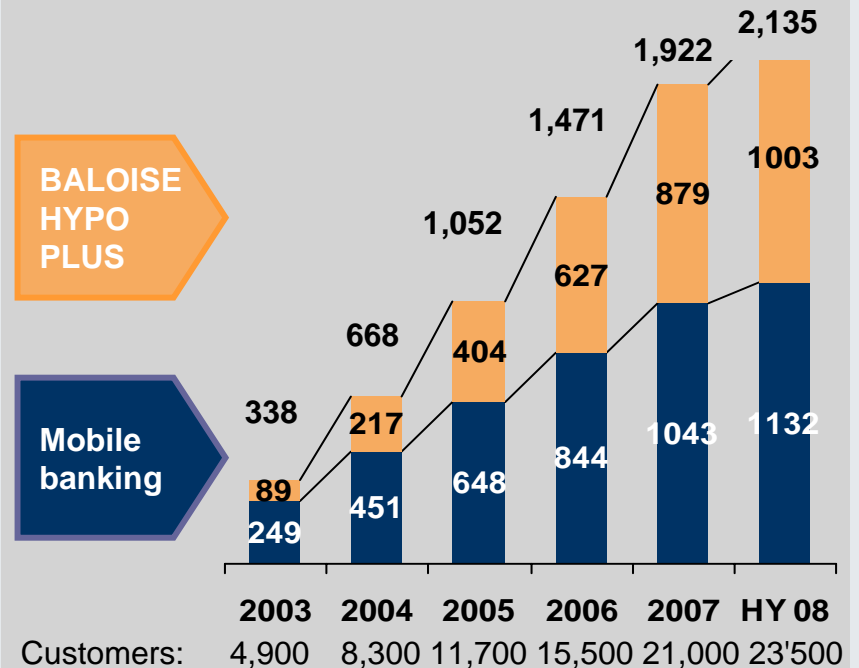
# Focused Financial Services

## Growth further accelerated

### New business distribution volume <sup>1)</sup> focused financial services provider



### Development total volume focused financial services provider



<sup>1)</sup> New business distribution volume = Mobile Banking (custody accounts, client assets, loans, Finaclear) + BALOISEHYPO PLUS

# OPEX Performance Drivers

## Continuous progress

Objectives	Status
<p><b>Target customer management</b></p> <ul style="list-style-type: none"> <li>▪ Focus on target customers</li> <li>▪ Optimization D-customers</li> </ul>	<ul style="list-style-type: none"> <li>▪ Above market, profitable growth in target customer segments</li> <li>▪ To further strengthen growth in targeted segments added-value solutions will be developed and rolled out                             <ul style="list-style-type: none"> <li>▪ Baloise safety world: october 2008</li> <li>▪ SME segment solutions: since january 2008</li> </ul> </li> <li>▪ C-customer handling already effective for 4 general agencies; approx. 14 more to follow January 1<sup>st</sup>, 2009</li> <li>▪ Further decrease of losses in D-customer segment</li> </ul>
<p><b>Sales profitability</b></p> <ul style="list-style-type: none"> <li>▪ Increase in sales productivity</li> <li>▪ Target broker management</li> </ul>	<ul style="list-style-type: none"> <li>▪ Sales productivity increased by 3.3% in first half of 2008</li> <li>▪ Strong, profitable growth in target broker segments</li> </ul>
<p><b>Profitable products</b></p> <ul style="list-style-type: none"> <li>▪ Non-life: optimization of claims processing, risk-based pricing and re-underwriting process</li> <li>▪ Improvement of life profitability</li> </ul>	<ul style="list-style-type: none"> <li>▪ Optimized claims management with strong profit contribution</li> <li>▪ Product pricing further refined and adapted to target customer management; average premium in motor constant despite further weakening markets</li> <li>▪ Re-underwriting further pushed with strong profit contribution</li> <li>▪ New business margin and value of new business improved</li> <li>▪ Unit-linked production accelerated significantly; new product launch in October 2008</li> </ul>
<p><b>Efficiency</b></p> <ul style="list-style-type: none"> <li>▪ Optimize processes</li> </ul>	<ul style="list-style-type: none"> <li>▪ 1/3 of group life policies is handled via new straight through processing platform</li> <li>▪ «GEPARD» initiative fully on track; pilot claims started successfully (front office/back office, scanning, workflow)</li> </ul>



# Investment-type Premiums

## 23% growth achieved

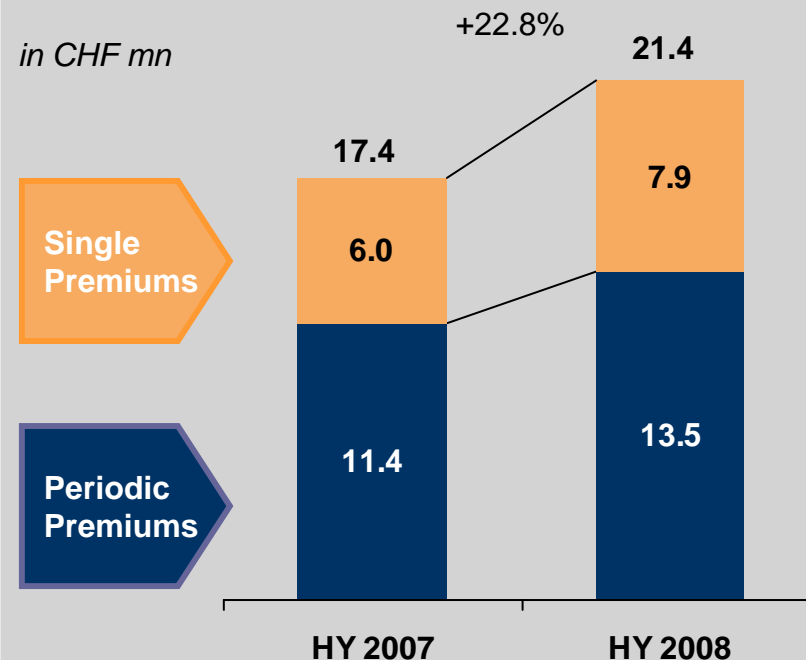
### Drivers for growth

#### Drivers for growth applied systematically

- Product innovation: new product Combilife+ launched:
  - Investment of 60% in classic life and 40% in unit-linked insurance
  - Upside potential for customers
  - Guarantee option in case of survival or death (100% capital protection)
- Refined marketing approach
- Training of sales staff pushed
  - 3-layer approach
  - Consulting approach
- Commissions and sales controlling adapted

**New type of life product will be launched in autumn to further accelerate growth**

### Strong acceleration in unit-linked business



# Outlook Swiss Operations

## Ambitions remain unchanged

### Outlook 2008 <sup>1)</sup>

- |  |   |
|--|---|
| ▪ <b>Business volume growth in line with market by growing above market in targeted segments</b> |   |
| ▪ <b>Investment-type business</b>  | <b>1/3 of new business is investment-type</b> |
| ▪ <b>Profitability nonlife</b>   | <b>Combined ratio gross well below 100%</b>   |
| ▪ <b>Profitability life</b>  | <b>Further operational improvement</b>        |
| ▪ <b>Profitability financial services provider</b>   | <b>RoE Baloise Bank SoBa &gt; 10%</b>         |

<sup>1)</sup> Subject to unexpected market or claims development

Half Year Results 2008

# Foreign Operations

**German Egloff**  
Group CFO

# Germany

## Growth in investment-type premiums

<i>in CHF mn</i>	Deutscher Ring		Basler Germany	
	Nonlife	Life	Nonlife	Life
<b>Gross premiums written</b>	<b>113 (1.7% <sup>1)</sup>)</b>	<b>372 (-5.0% <sup>1)</sup>)</b>	<b>550 (2.2% <sup>1)</sup>)</b>	<b>101 (-0.9% <sup>1)</sup>)</b>
<b>Investment-type premiums</b>		<b>131 (9.5% <sup>1)</sup>)</b>		<b>4 (72.9% <sup>1)</sup>)</b>
<b>EBIT</b>	<b>24 (-20.0%)</b>	<b>27 (2.3%)</b>	<b>31 (-10.0%)</b>	<b>1 (-89.4%)</b>

- Deutscher Ring (DR):**
- Strong market position in investment-type premiums
  - Continuous shift from traditional to investment-type products, new products launched
  - CEE contributes to new business
- Basler Germany:**
- Growth in nonlife business volume above market average
  - Life: higher value of new business

<sup>1)</sup> Local currency (LC)

# Belgium

## Strong growth in life business

<i>in CHF mn</i>	Nonlife	Life
<b>Gross premiums written</b>	<b>333 (4.3% <sup>1)</sup>)</b>	<b>57 (10.1% <sup>1)</sup>)</b>
<b>Investment-type premiums</b>		<b>35 (6.9% <sup>1)</sup>)</b>
<b>EBIT</b>	<b>55 (24.6%)</b>	<b>3 (-93.4%)</b>

- Growth in gross premiums written in line with market
- Strong growth of tax-privileged life business for self-employed, new business volume up by 44%
- Less growth in investment-type premiums as a result of turbulences in financial markets
- Steady claims frequency, average claims declined by 4%
- No substantial large losses
- Successful launch of «MercatorNet Claims»

<sup>1)</sup> Local currency (LC)

## Austria and Croatia

### Double-digit growth in Austria continued

	Austria		Croatia	
<i>in CHF mn</i>	Nonlife	Life	Nonlife	Life
<b>Gross premiums written</b>	<b>62 (12.4% <sup>1)</sup>)</b>	<b>15 (-0.8% <sup>1)</sup>)</b>	<b>27 (n.m.)</b>	<b>28 (n.m.)</b>
<b>Investment-type premiums</b>		<b>6 (132.9% <sup>1)</sup>)</b>		<b>-</b>
<b>EBIT</b>	<b>0.2 (-91.5%)</b>	<b>0.2 (-23.5%)</b>	<b>-1 (n.m.)</b>	<b>-2 (n.m.)</b>

- Austria:**
- Business volume growth again above market
  - Combined ratio over 100%, impacted by winterstorms «Emma» and «Paula»
  - Ongoing price competition in motor

- Croatia:**
- Integration of OZ on track
  - Business volume development reflects first-time consolidation of OZ
  - Serbia: greenfield operation gets started

<sup>1)</sup> Local currency (LC)

## Luxembourg

### Investment-type premiums dominate

<i>in CHF mn</i>	Nonlife	Life
<b>Gross premiums written</b>	<b>34 (8.4% <sup>1)</sup>)</b>	<b>25 (17.5% <sup>1)</sup>)</b>
<b>Investment-type premiums</b>		<b>217 (-20.9% <sup>1)</sup>)</b>
<b>EBIT</b>	<b>-1 (-)</b>	<b>2 (-60.0%)</b>

- More than 50% of investment-type premiums of Baloise Group stemming from Luxembourg
- Premium in nonlife up by 8.4%, more than doubling local market growth
- Strong growth in local life business, focus on group life
- Sales in investment-type premiums remain strong. Decrease due to outstanding high single premium sales last year
- Combined ratio impacted by four large fire losses with a total amount of CHF 2 mn

<sup>1)</sup> Local currency (LC)

Half Year Results 2008

# Outlook

**Rolf Schäuble**

Group CEO and Chairman of the Board of Directors



## Our Ambition Remains unchanged

Business focus	Financial ambition over the cycle	Outlook 2008 <sup>1)</sup>
<p>→ Capture growth opportunities to achieve attractive market positions in our existing markets</p>	<p>→ 15% Return on Equity</p>	<p>→ We intend to propose a stable dividend of CHF 4.50 for 2008</p>
<p>→ Assure operational excellence to deliver high quality earnings</p>	<p>→ Continuous increase of EPS</p>	
	<p>→ Combined ratio well below 100%</p>	

<sup>1)</sup> Subject to unexpected market or claims development

Half Year Results 2008

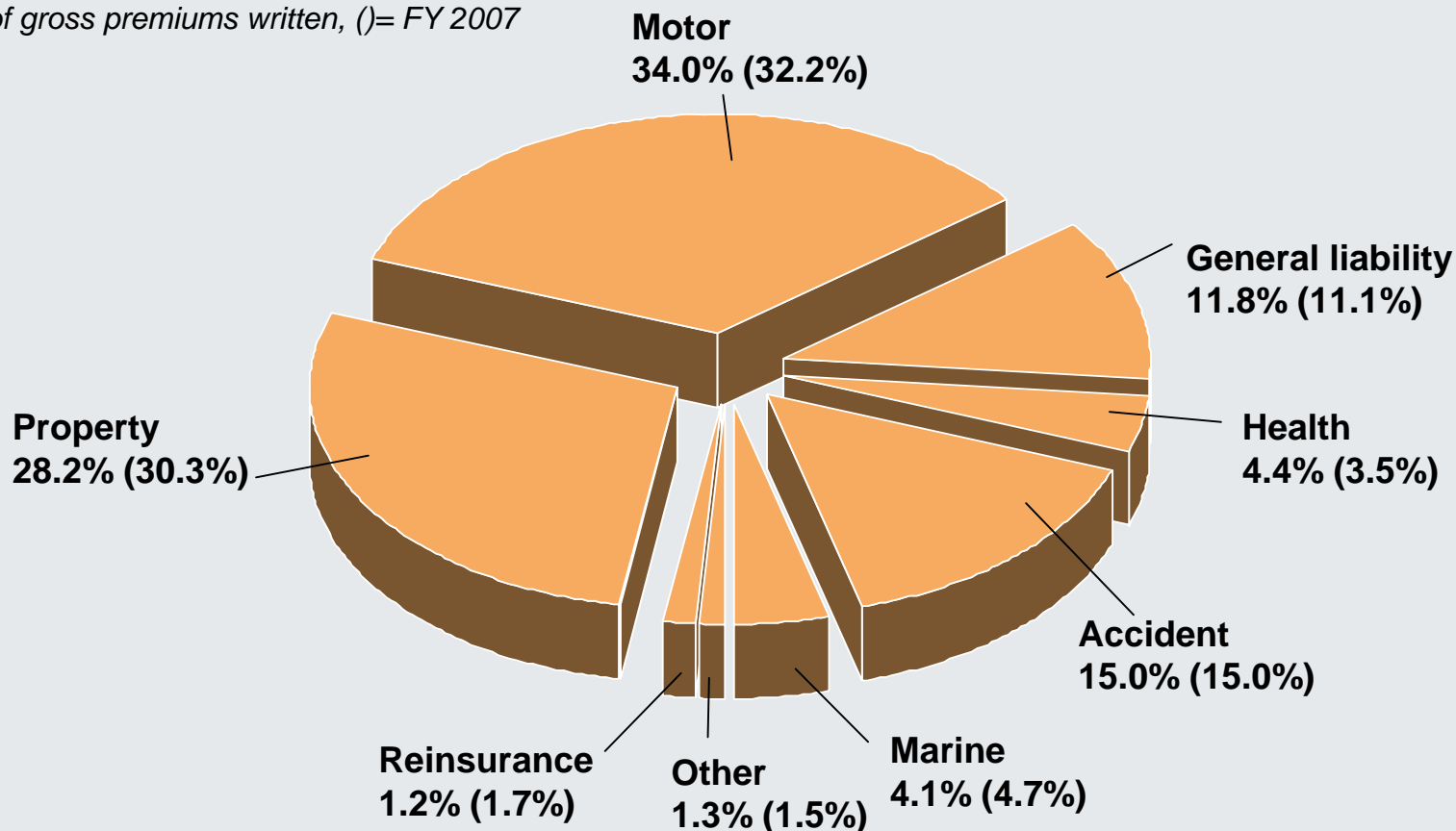
**Q & A**

Half Year Results 2008

# Appendix

## Nonlife, Business Mix

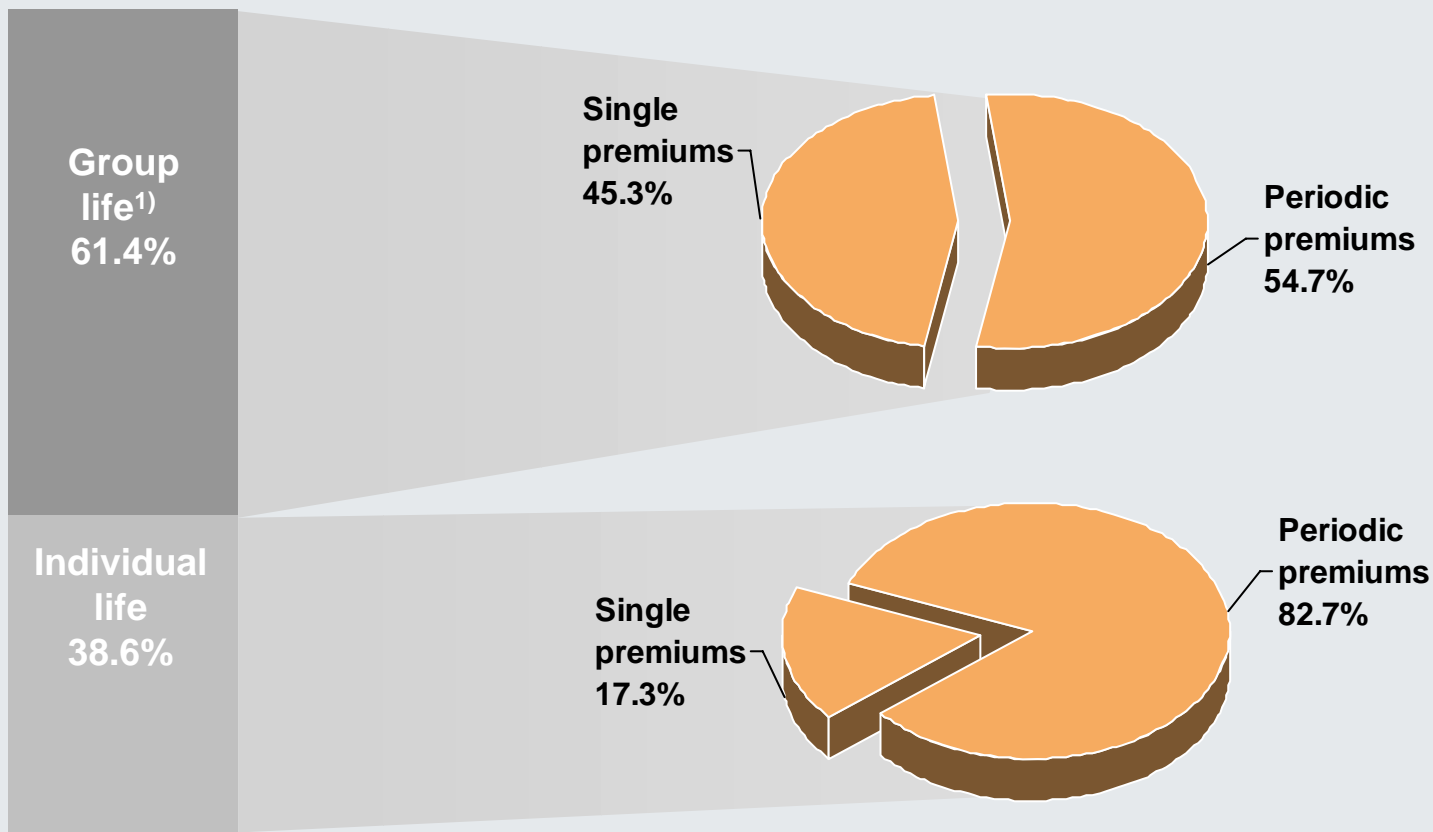
in % of gross premiums written, ( )= FY 2007



Gross written premiums nonlife: CHF 2,124mn

# Life, Business Mix

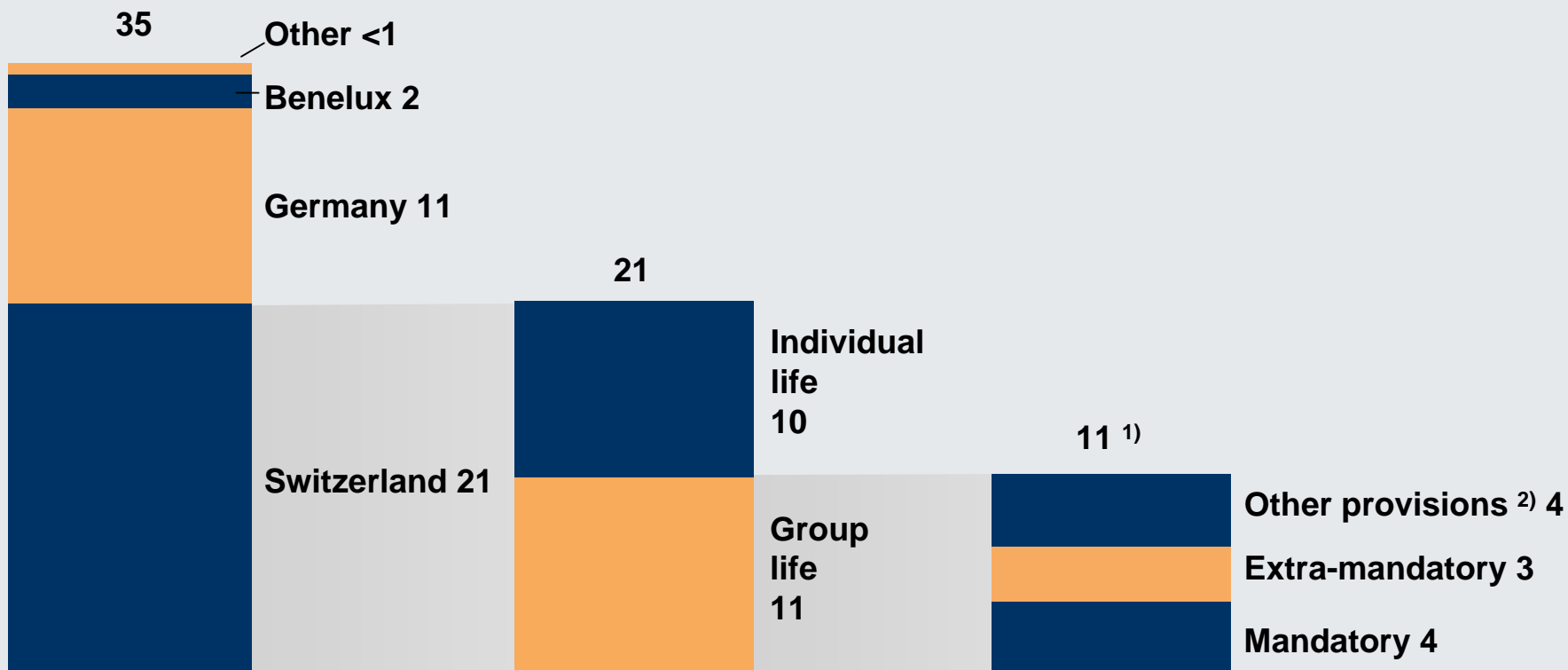
*in % of gross premiums written*



<sup>1)</sup> Swiss Group life business only

# Actuarial Reserve Life

gross, in CHF bn

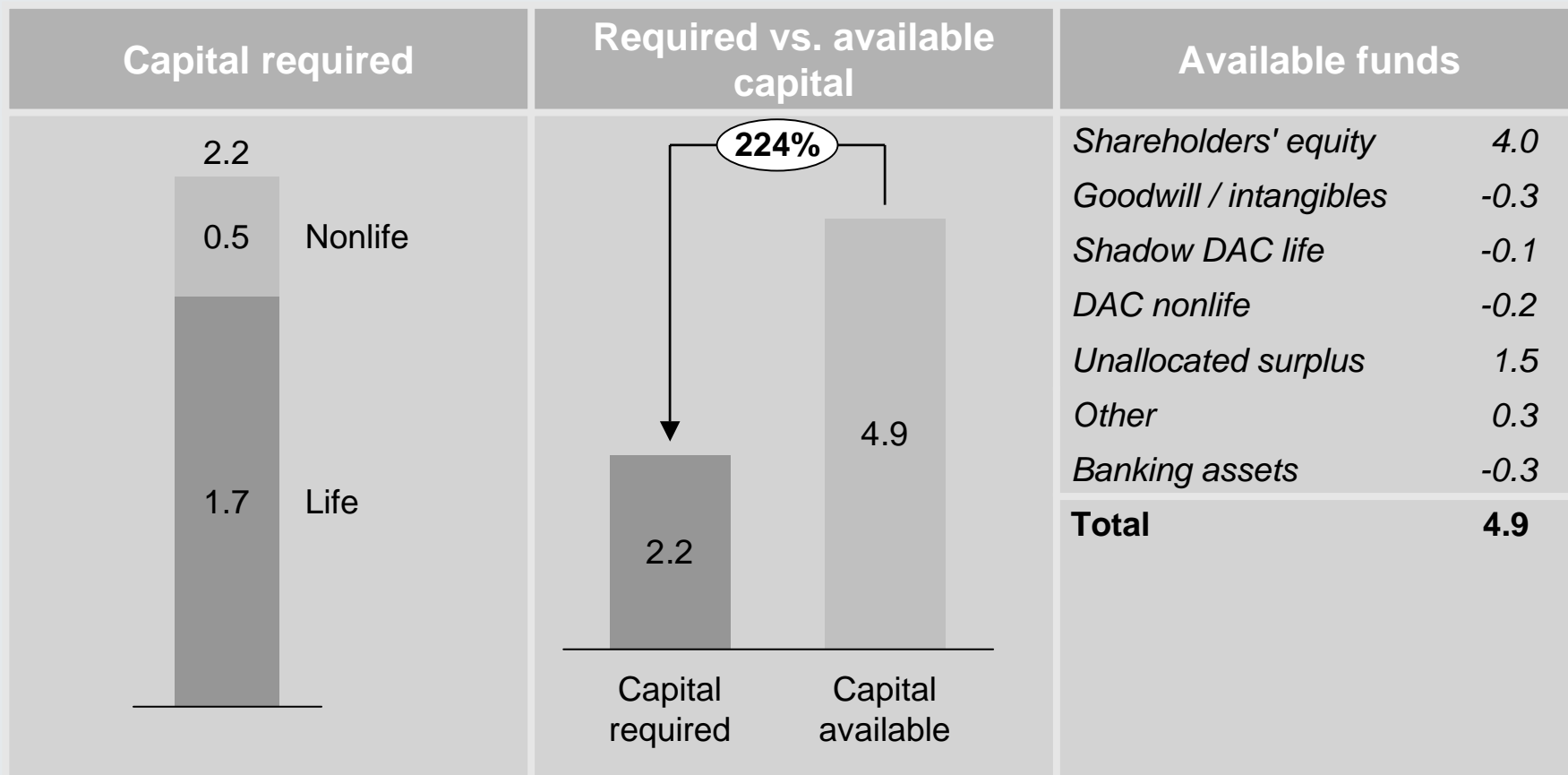


1) Local GAAP

2) Provisions for annuities, mortality, disability, inflation

# Consolidated Solvency I

*in CHF bn, excluding banking*



## Embedded Value Split

	FY 2007		HY 2008	
	CH	EU	CH	EU
<i>ANAV</i>	1,891	453	1,551	372
<i>+ PVFP</i>	1,108	309	1,186	313
<i>- CoS</i>	-353	-106	-341	-103
<b>Embedded value</b>	<b>2,646</b>	<b>656</b>	<b>2,396</b>	<b>582</b>

Assumptions HY 2008	CH	EU
<b>Risk discount rate</b>	<b>7.5%</b>	<b>8.3%</b>
<b>Bond yields</b>	<b>3.7 - 3.8%</b>	<b>4.9 – 5.0%</b>
<b>Return on shares</b>	<b>7.0%</b>	<b>8.0%</b>
<b>Return on investment properties</b>	<b>4.7%</b>	<b>5.2%</b>



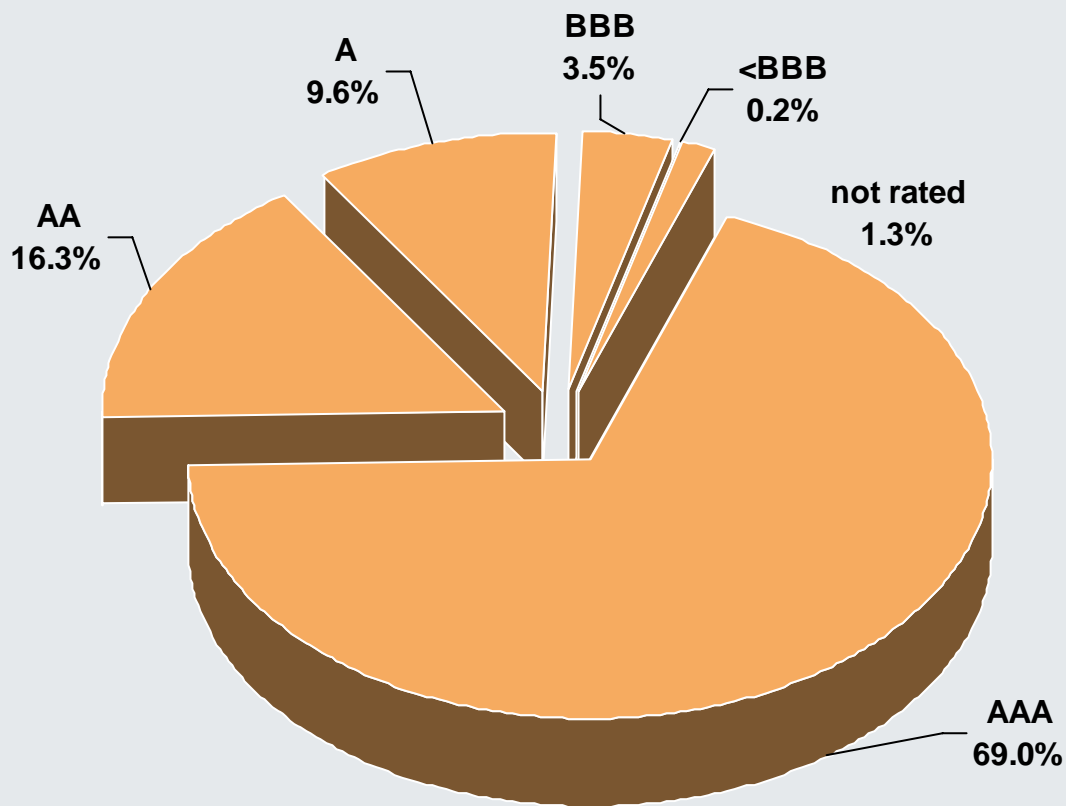
## New Business Margin

*in CHF mn*

	HY 2007		HY 2008	
	CH	EU	CH	EU
<i>Value of new business</i>	9	2	16	3
<i>Annual premium equivalent</i>	61	46	80	53
<b>New business margin</b>	<b>14.2%</b>	<b>5.2%</b>	<b>19.7%</b>	<b>6.0%</b>

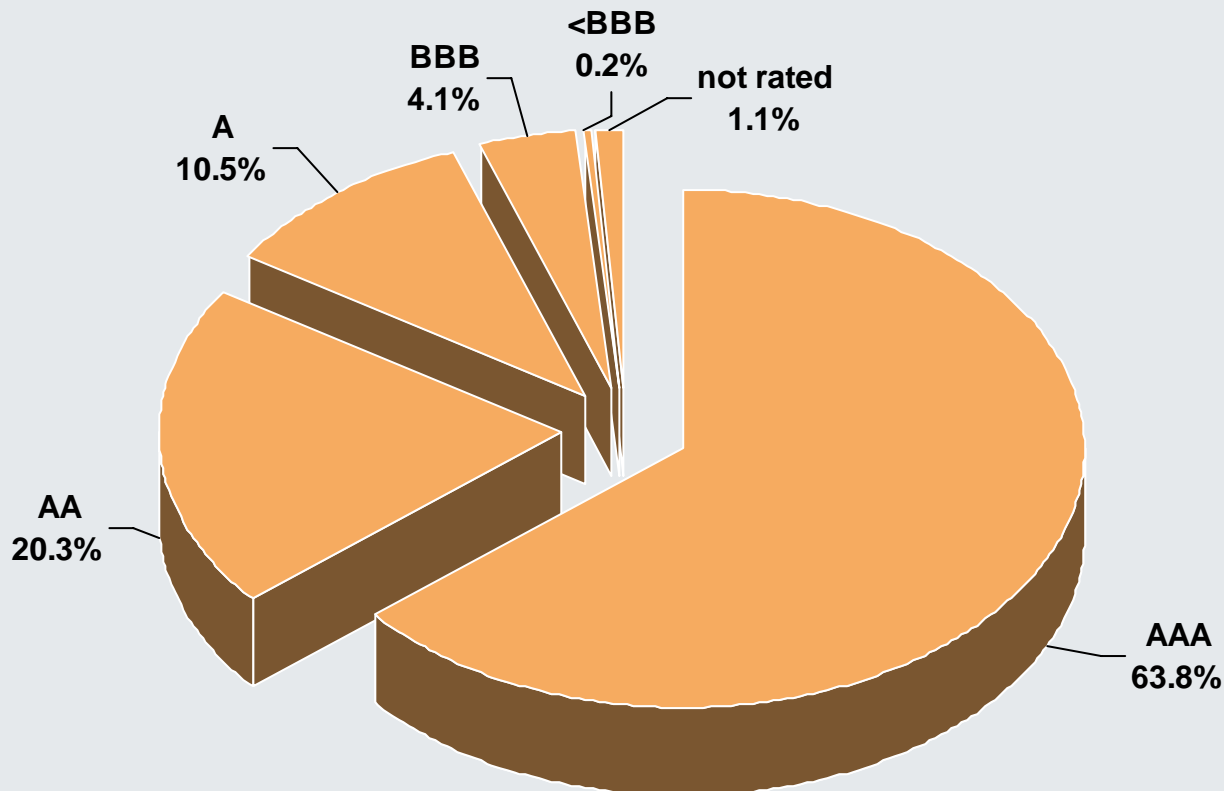
## Bonds and Promissory Notes: Quality

*excluding banking assets and assets from investment-type premiums*



## Bond Portfolio: Quality

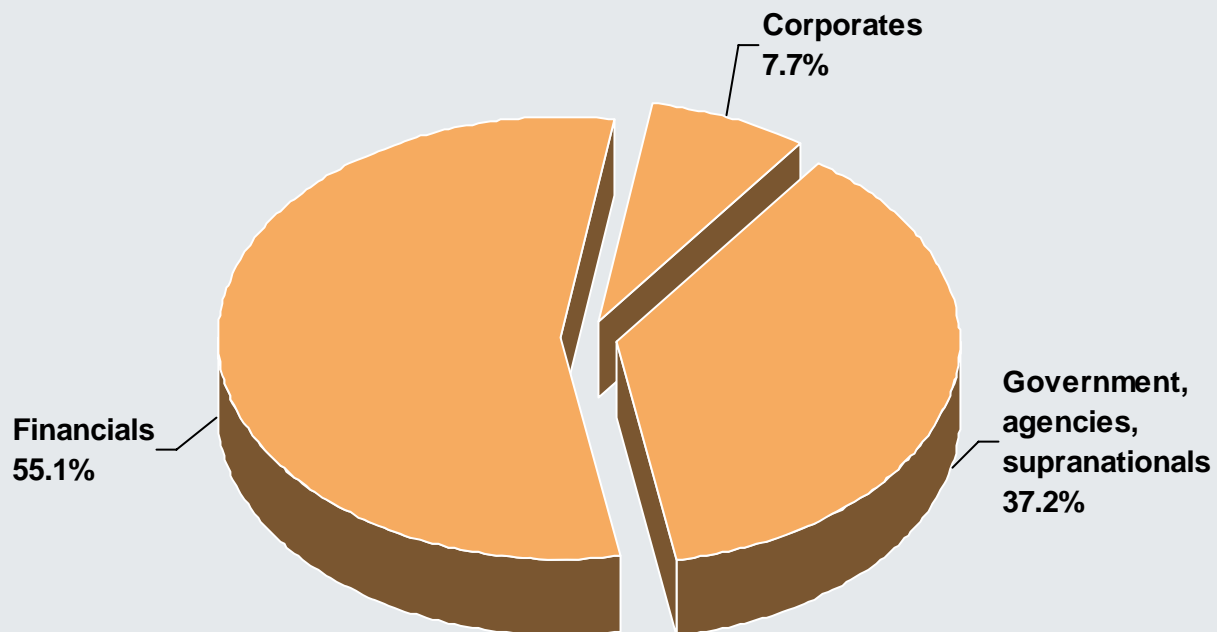
*excluding banking assets and assets from investment-type premiums*



**Total bond investments: CHF 22,796mn**

## Bond Portfolio: Issuers

*excluding banking assets and assets from investment-type premiums*



**Total bond investments: CHF 22,796mn**

## Bonds and Promissory Notes: Macaulay Duration

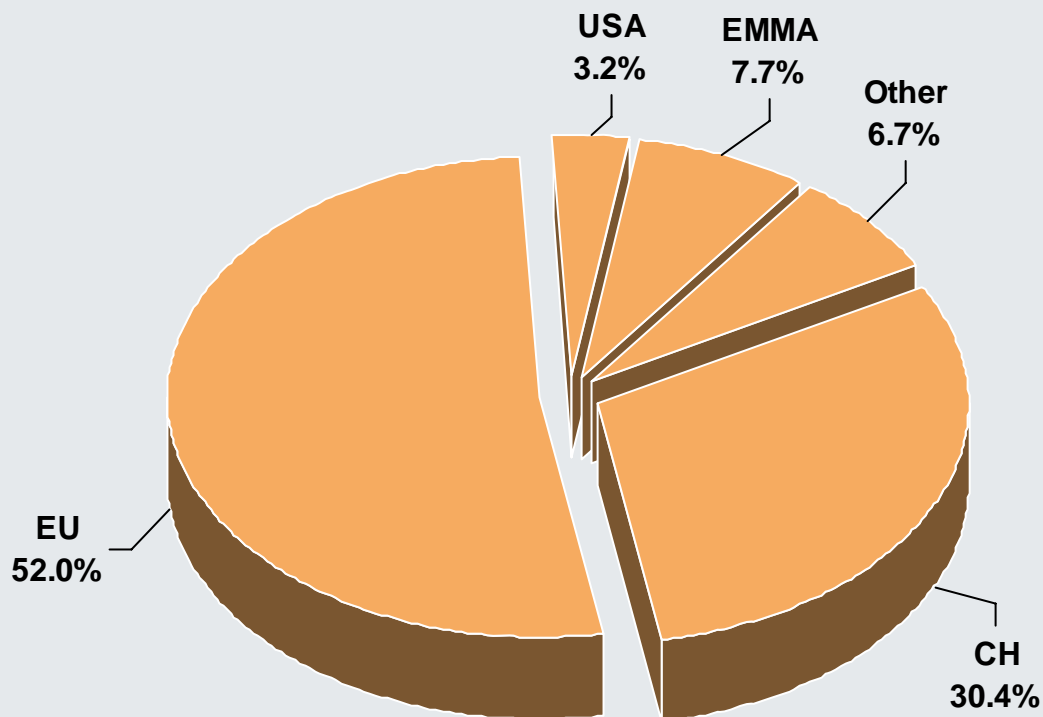
*excluding banking assets and assets from investment-type premiums, ()= FY 2007*

	Years	% of total
Duration bonds available-for-sale (AFS)	5.8 (6.0)	58.1%
Duration bonds held-to-maturity (HTM)	4.7 (4.8)	19.6%
Duration promissory notes	5.5 (5.6)	22.3%
<b>Duration portfolio</b>	<b>5.5 (5.7)</b>	<b>100%</b>

	Years	% of total
Duration life bonds (incl. promissory notes)	5.8 (5.9)	79.4%
Duration nonlife bonds (incl. promissory notes)	4.6 (4.7)	20.6%
<b>Duration portfolio</b>	<b>5.5 (5.7)</b>	<b>100%</b>

## Equity Portfolio: Regional Exposure

*excluding banking assets and assets from investment-type premiums*

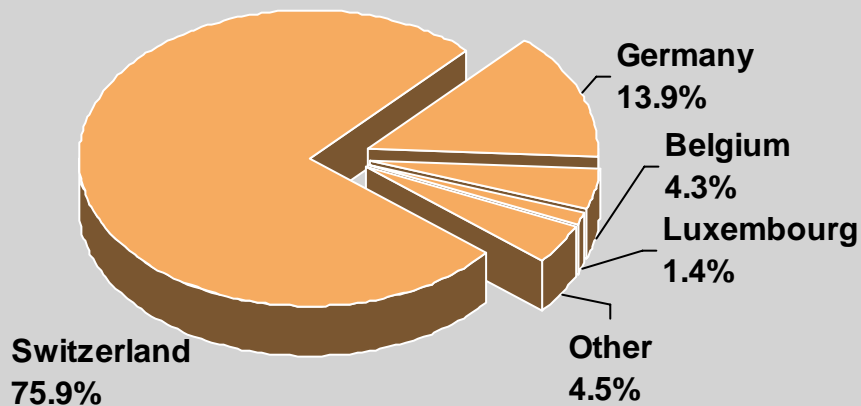


**Total equity investments: CHF 4,588mn**

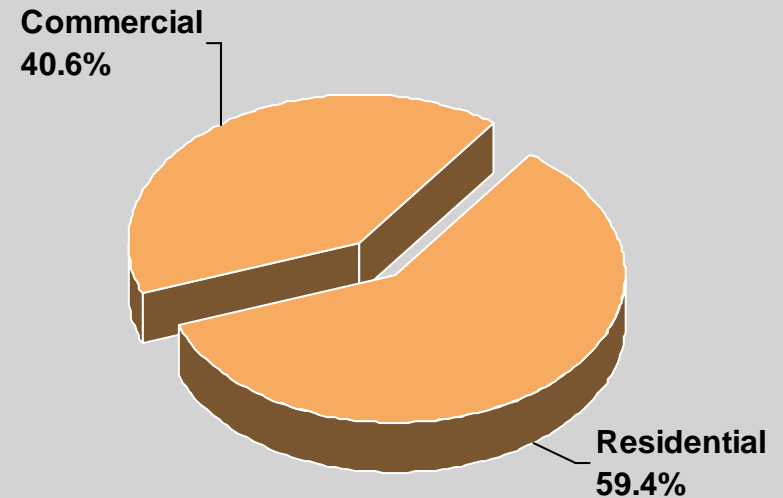
# Investment Properties: Country and Type

*excluding banking assets and assets from investment-type premiums*

Breakdown by country



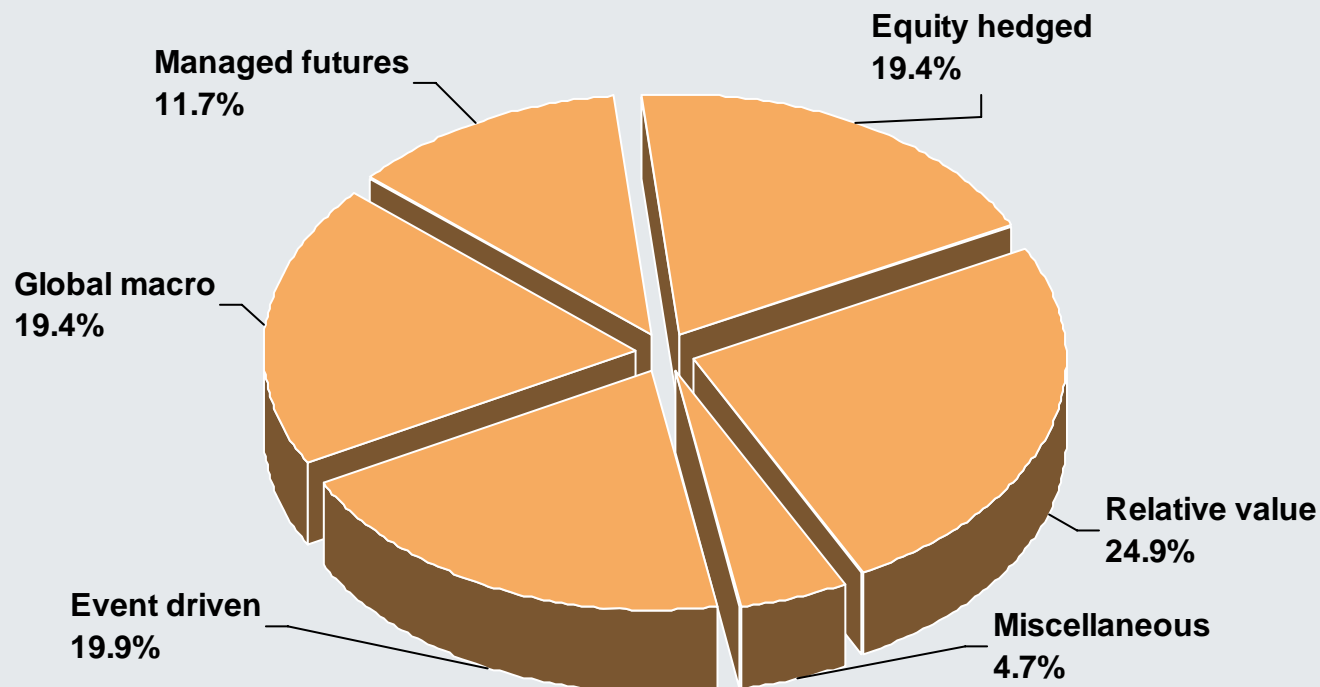
Breakdown by type



**Total investment property: CHF 4,987mn**

## Hedge Fund Portfolio: Styles

*excluding banking assets and assets from investment-type premiums*



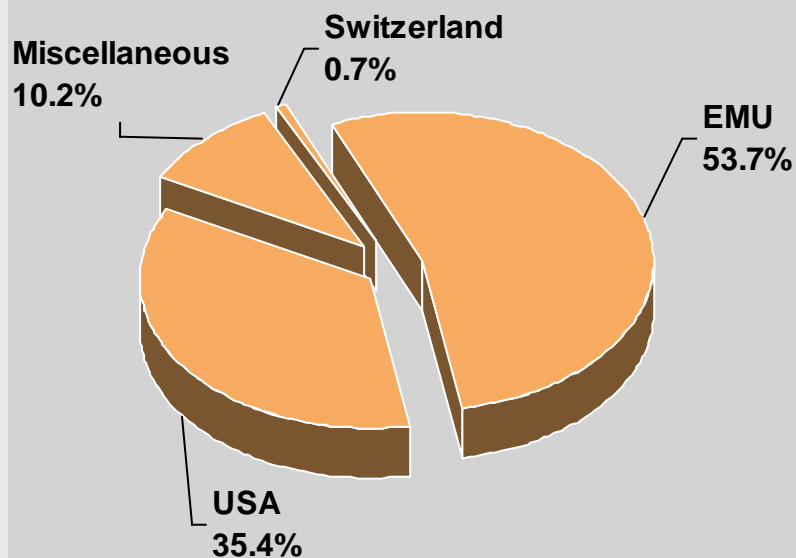
**Total hedge fund investments: CHF 1,339mn  
(84 different managers and 9 fund of funds)**



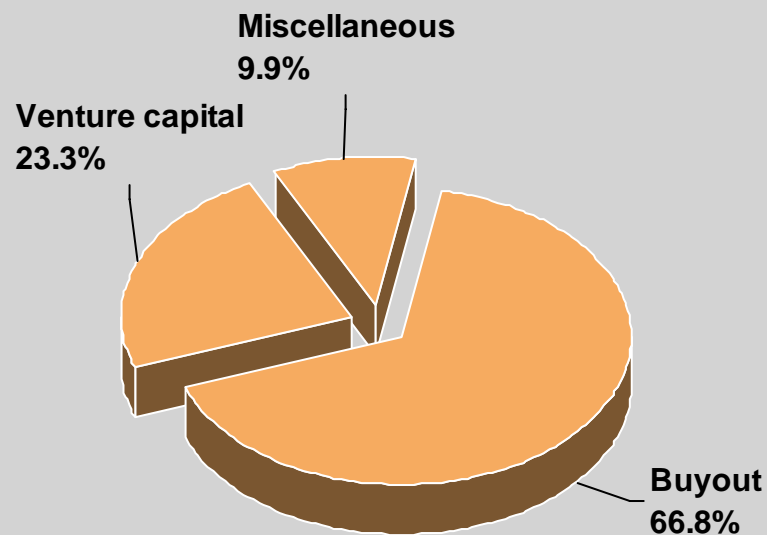
# Private Equity Portfolio

*excluding banking assets and assets from investment-type premiums*

### Breakdown by region



### Breakdown by type

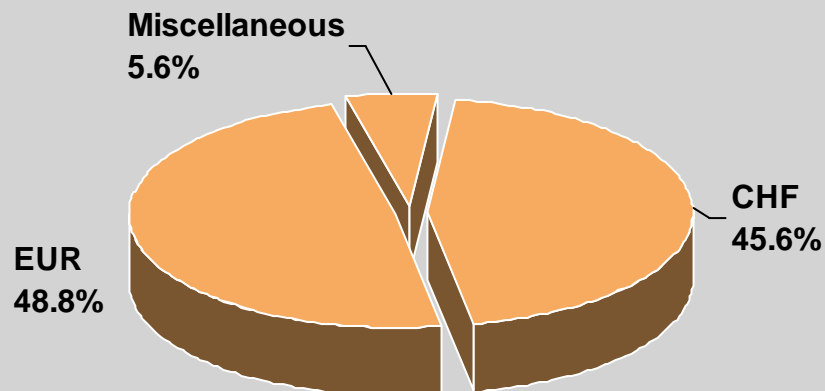


**Total private equity investments: CHF 508mn**

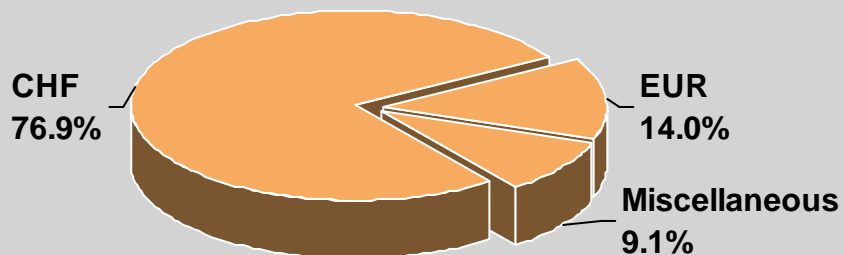
# Currency Exposure, Gross

*excluding banking assets and assets from investment-type premiums*

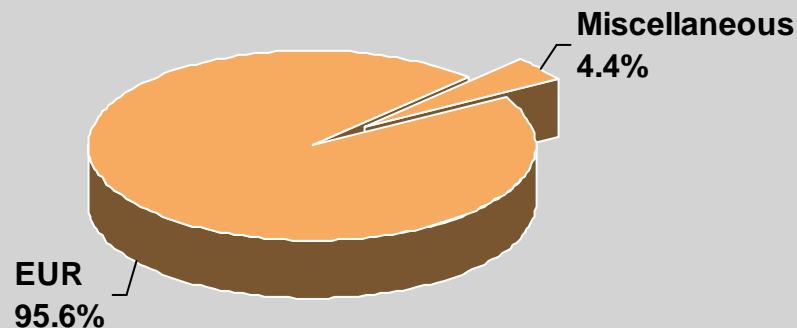
## Group



## Swiss operations



## Foreign operations

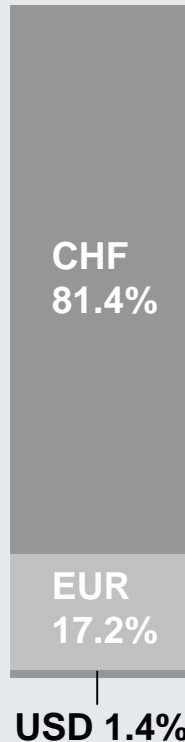
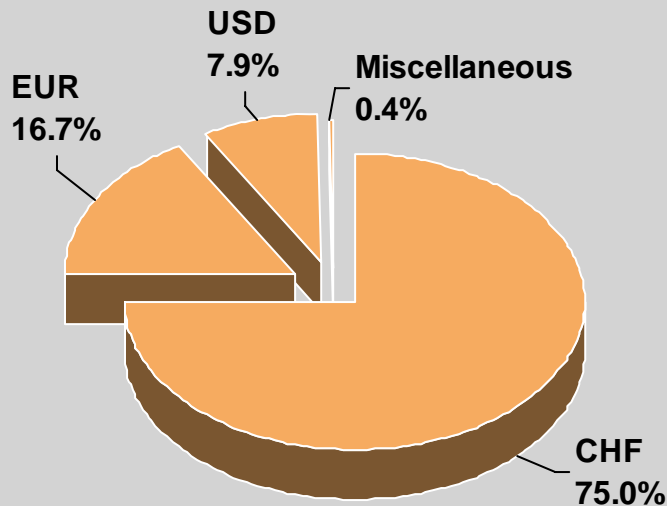


# Bond Portfolio: Currency Exposure of Swiss Operations

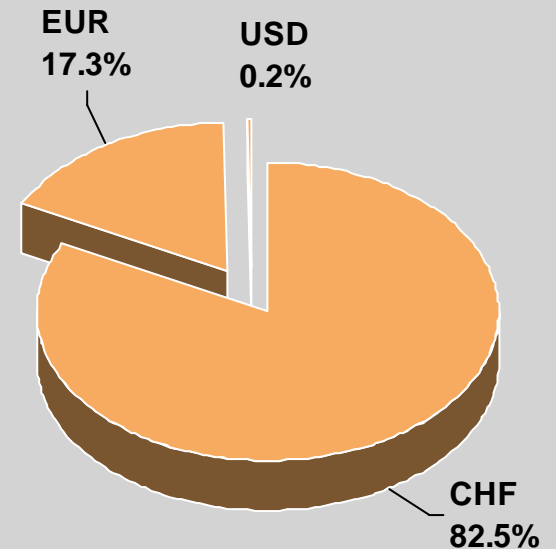
*excluding banking assets and assets from investment-type premiums*

**Total bonds: CHF 12,795mn**

**Nonlife: CHF 1,901mn**



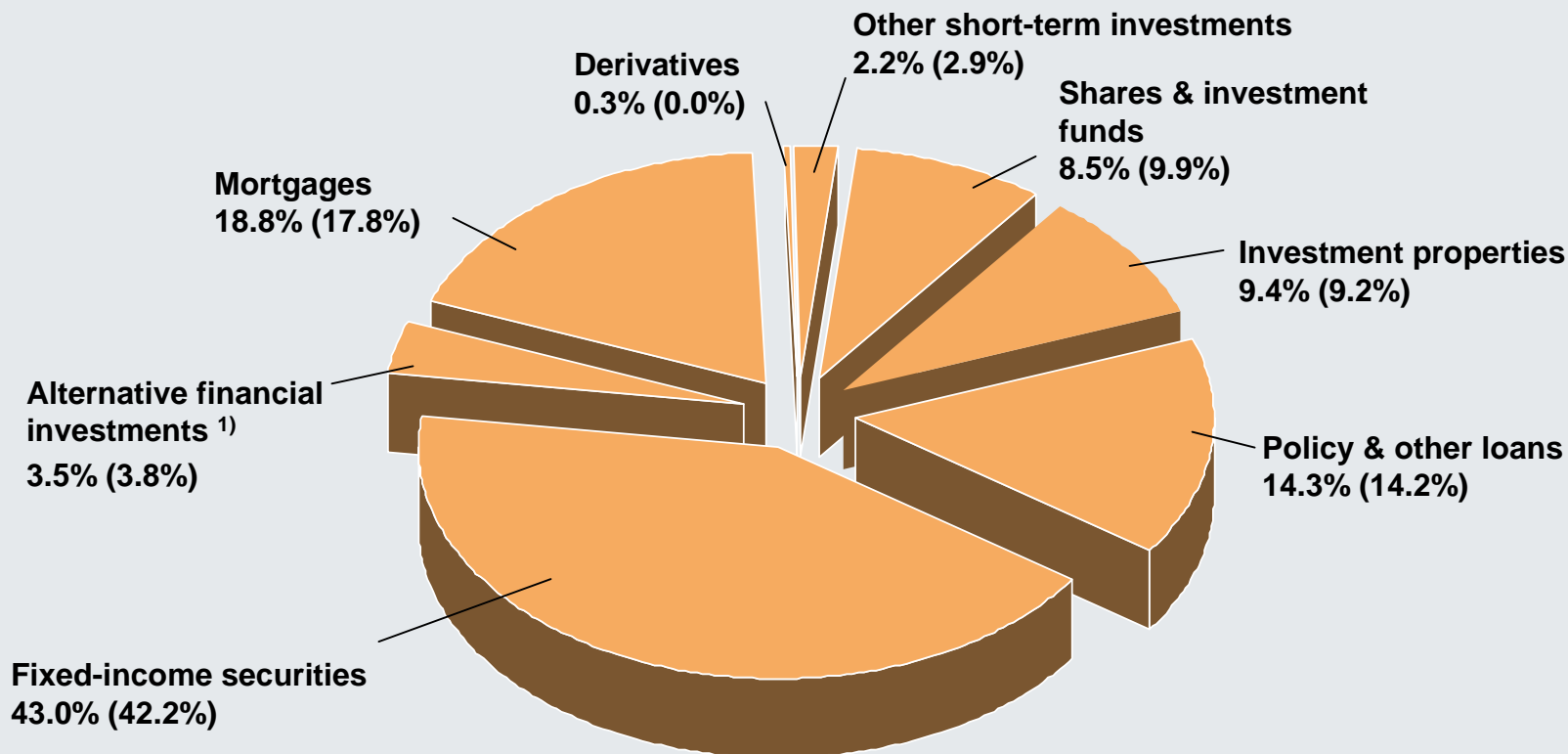
**Life: CHF 10,895mn**



**Total net currency exposure after hedges & liabilities: 1.2% EUR, 0.5% USD**

# Group Asset Allocation (including banking assets)

excluding assets from investment-type premiums, ()= FY 2007



**Total: CHF 54,258mn (CHF 57,403mn)**

<sup>1)</sup> Private equity and hedge funds

## Exchange Rates

*in CHF*

<i>Exchange rates</i>	Balance sheet		Profit & loss	
	HY 2007	HY 2008	HY 2007	HY 2008
<b>EUR</b>	1.66	1.60	1.63	1.61
<b>USD</b>	1.23	1.02	1.23	1.05

## Reporting Agenda

**Interim Management Statement** **Tuesday, November 18, 2008**

**Full Year Results 2008** **Wednesday, March 18, 2009**

**Annual General Meeting** **Thursday, April 30, 2009**

**Interim Management Statement** **Tuesday, May 12, 2009**

**Half Year Results 2009** **Thursday, August 27, 2009**

**Interim Management Statement** **Thursday, November 12, 2009**

You will find all published documentation at [www.baloise.com](http://www.baloise.com).

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