

Baloise 'Simply Safe' Strategy

Carsten Stolz, Group CFO

Baader Investment Conference, 20 September 2017

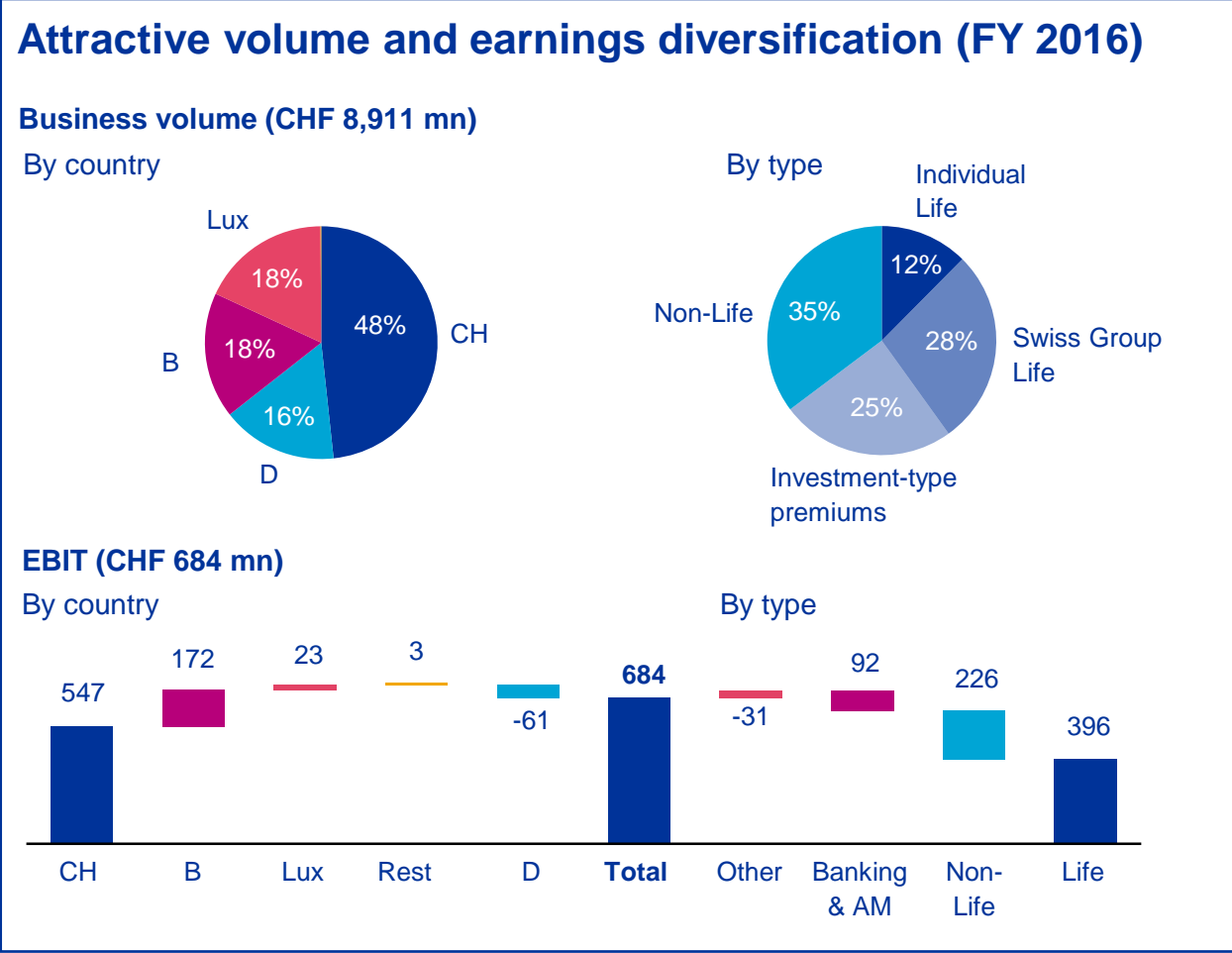


Agenda

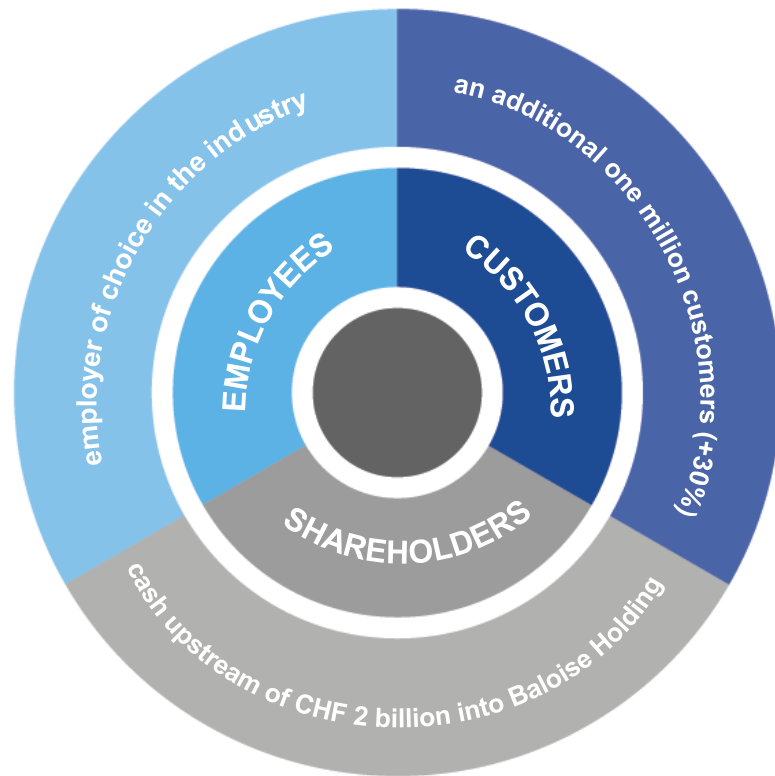
1. Baloise 'Simply Safe' Strategy
2. Financials HY 2017
3. Summary

1. Baloise 'Simply Safe' Strategy

Baloise Group is a multiline insurer with leading market positions



Our ambition...



› Employees

- We want to become the **employer of choice** in our industry
- Our **people are key** for our new corporate strategy
- We will **track our achievements** very thoroughly

› Customers

- Attract an additional **one million customers** (+30%) by 2021
- Focus on **customer needs** to become the first choice for people who want to feel "simply safe"
- Tailored **omnichannel communication** and innovative products and services

› Shareholders

- Continue to pursue an **attractive dividend policy** and repurchase up to three million shares
- Targeted **cash remittance of CHF 2 billion** into Baloise Holding between 2017 and 2021
- Targeted capital investment in **new strategic projects** that will generate additional profits in existing and new areas of business

... and how we will achieve it

Leveraging the Core Business

› Life

- Reduced need for capital owing to an improved business mix
- Contribution to EBIT from the life business of CHF 200 million per year

› Non-Life

- Continue to harvest attractive returns from profitable core markets
- Introduction of innovative products and services

› Germany

- Past restructuring expected to materialise and improve profitability
- A combined ratio in Germany of below 100% from 2017

› Capital

- Strong historical earnings generation
- Best-in-class solvency metrics
- Rated "A" by S&P with positive outlook

› Shareholder Return

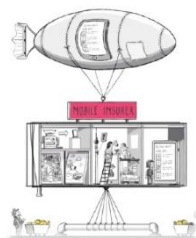
- Cash-upstream of CHF 2 billion to the Holding company from 2017 until 2021
- Ongoing share buy-back programme of up to three million shares

› Employees

- Entrepreneurial and agile – evolving corporate culture
- An employer of choice in the industry

Going beyond Traditional Insurance

Mobile Insurer



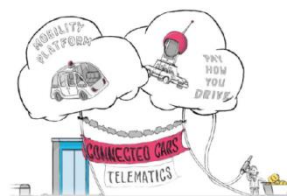
- › Insurance from a smartphone in just a few minutes
- › Ambition to become the most popular mobile insurer in Germany by 2021

Customer Journey



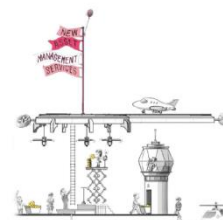
- › Customer journey: knowing what services customers want

Connected Cars – Focusing on Mobility



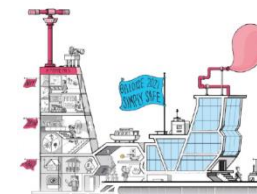
- › 'Pay how you drive' policies in Luxembourg from 2017
- › First platform for mobility in Belgium

Institutional Asset Management



- › New asset management services for Swiss pension funds from 2017
- › Increase assets under management by more than CHF 5 billion by 2021

Think Tank



- › Think tank to deliver innovation
- › Pipeline full of projects for taking the company forward

2. Financials HY 2017

Half Year Results 2017

- Good growth in target segments and further initiatives in going beyond traditional insurance business
- Higher result thanks to further improved profitability in non-life and less reserve strengthenings in life
- Net Combined Ratio Group below 90%; Germany below 100%

Non-Life
EBIT: CHF 261 mn

Net Combined Ratio **89.7%**
(-2.8 pts)

Life
EBIT: CHF 115 mn

New business margin **24.8%**

Interest rate margin **115 bp**

Banking & Asset Management
EBIT: CHF 42 mn

Net Investment Yield **1.4%**
(not annualised)
(-0.3 pts)

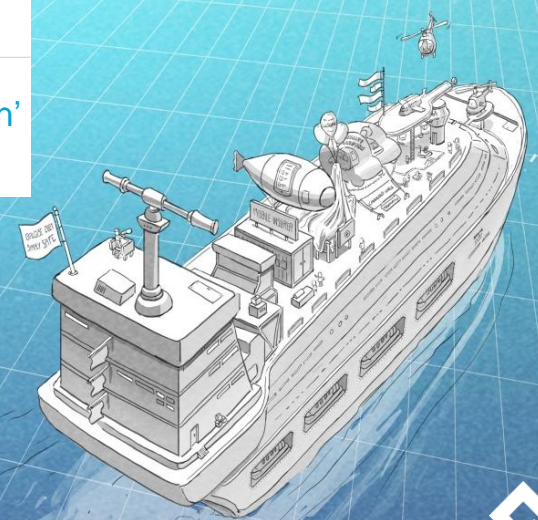
Group			
Growth	1.0% Non-Life	-0.2% Life	2.9% Investment-type
Net Income	CHF 299 mn (+33.8%)		
Capital	CHF 5.9 bn Equity	A outlook stable S&P	'in the green' SST

since 1 Sept 2017:
outlook positive

A leading employer in the sector

The trusted choice for our customers: **one million additional customers**

A reliable and attractive investment: **CHF 2 bn cash remittance to the Holding**

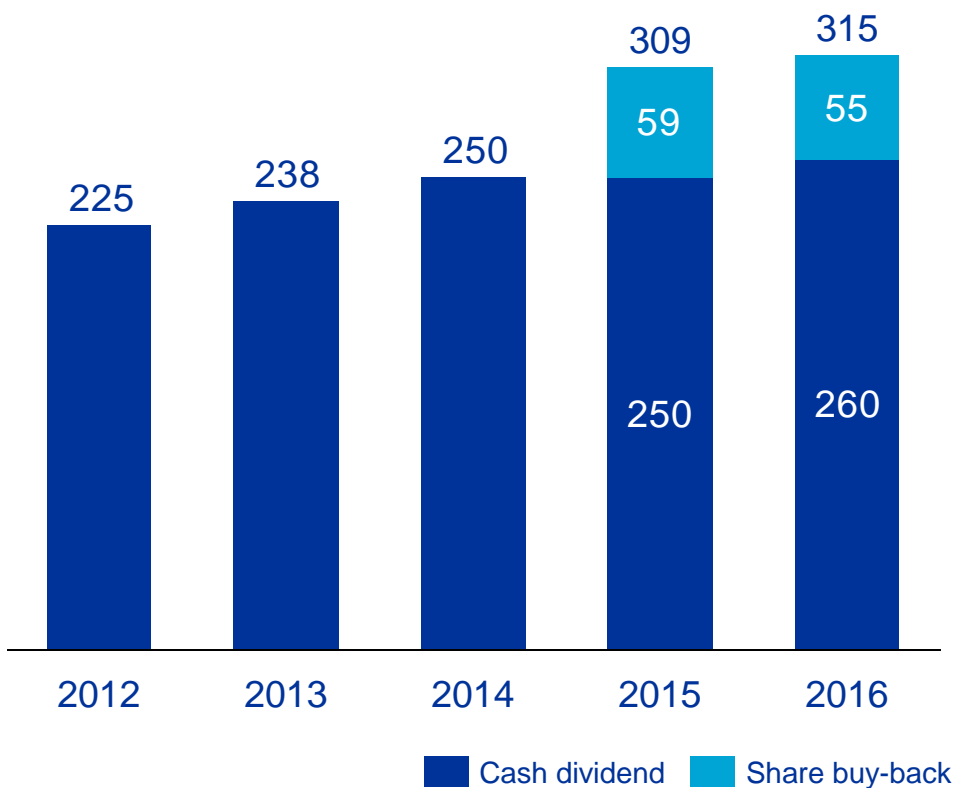


Capital and Payout

Distribution to Shareholders

Baloise's payout to shareholders

In CHF mn



Update current share buy-back programme

Key features

BALN shares to be repurchased	Up to 3 mn
Expected buy-back period	April 2017 – April 2020
In percentage of shares issued ¹⁾	6%
Repurchase method	Secondary trading line at SIX Swiss Exchange Ltd. for cancellation purposes

¹⁾ At start of share-buy-back programme (50 mn shares)

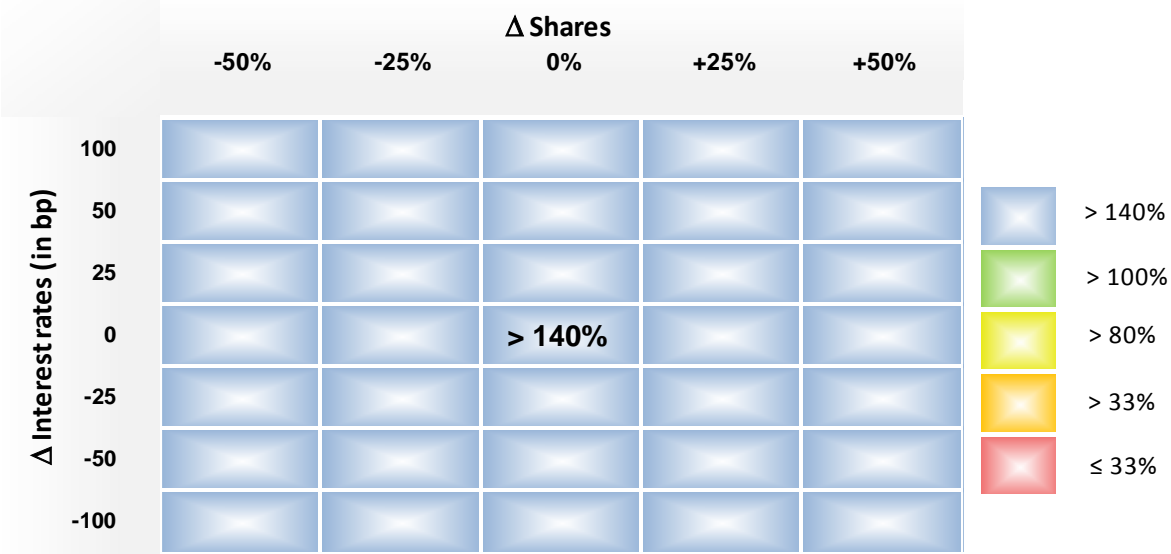
Key statistics as per 1st September 2017

Number of shares purchased	260,350
Completion rate	9%
Average price paid	CHF 147.33
Value of buy-back	CHF 38.4 mn

Economic Capitalisation

Swiss Solvency Test (SST)

Sensitivities as of 1.1.2017



Swiss Solvency Test

SST-ratio as of 1.1.2017 above 140% even in economic stress events such as if interest rates drop by 100 bp and equity markets crash by 50%

SST still characterised by high model volatility. FINMA and Swiss insurance industry working on new standard model for Swiss Group Life with the ambition that the new model is used starting from 1.1.2018 onward

Solvency II

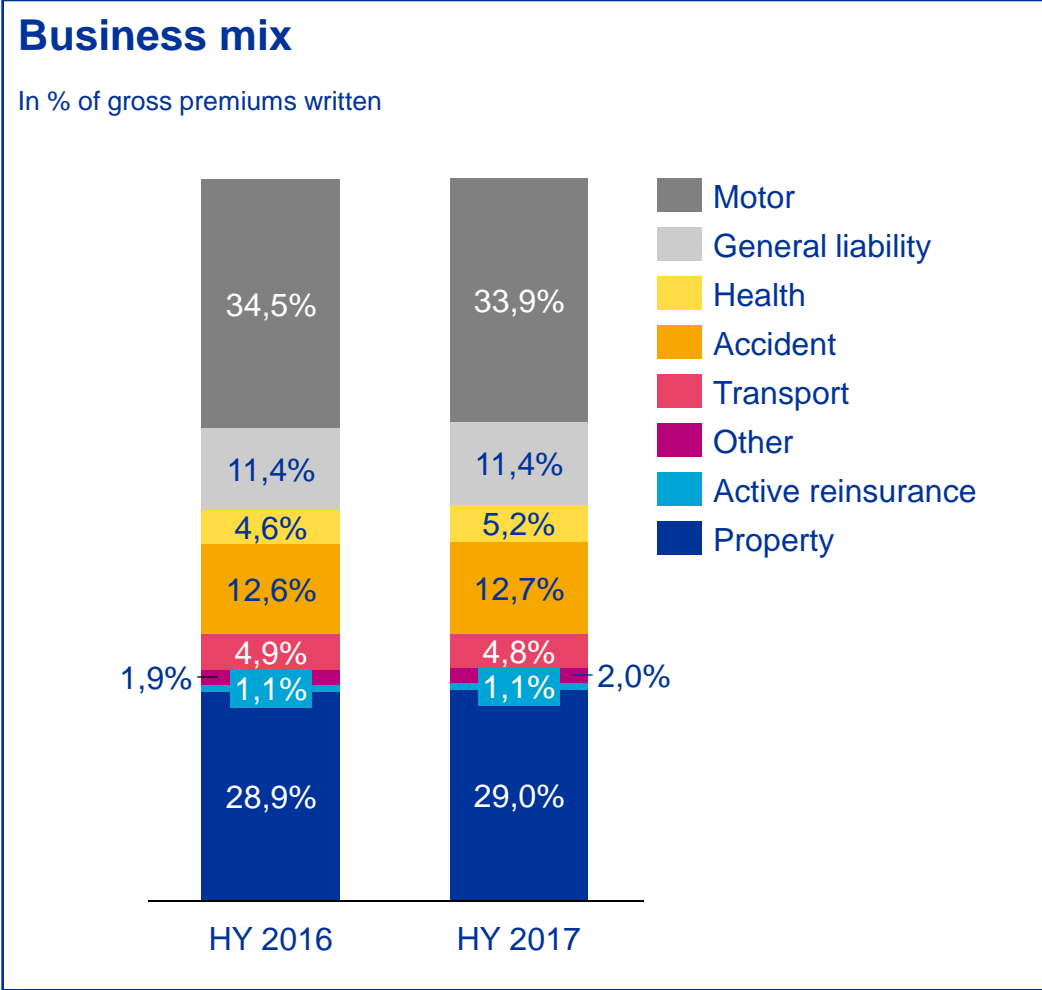
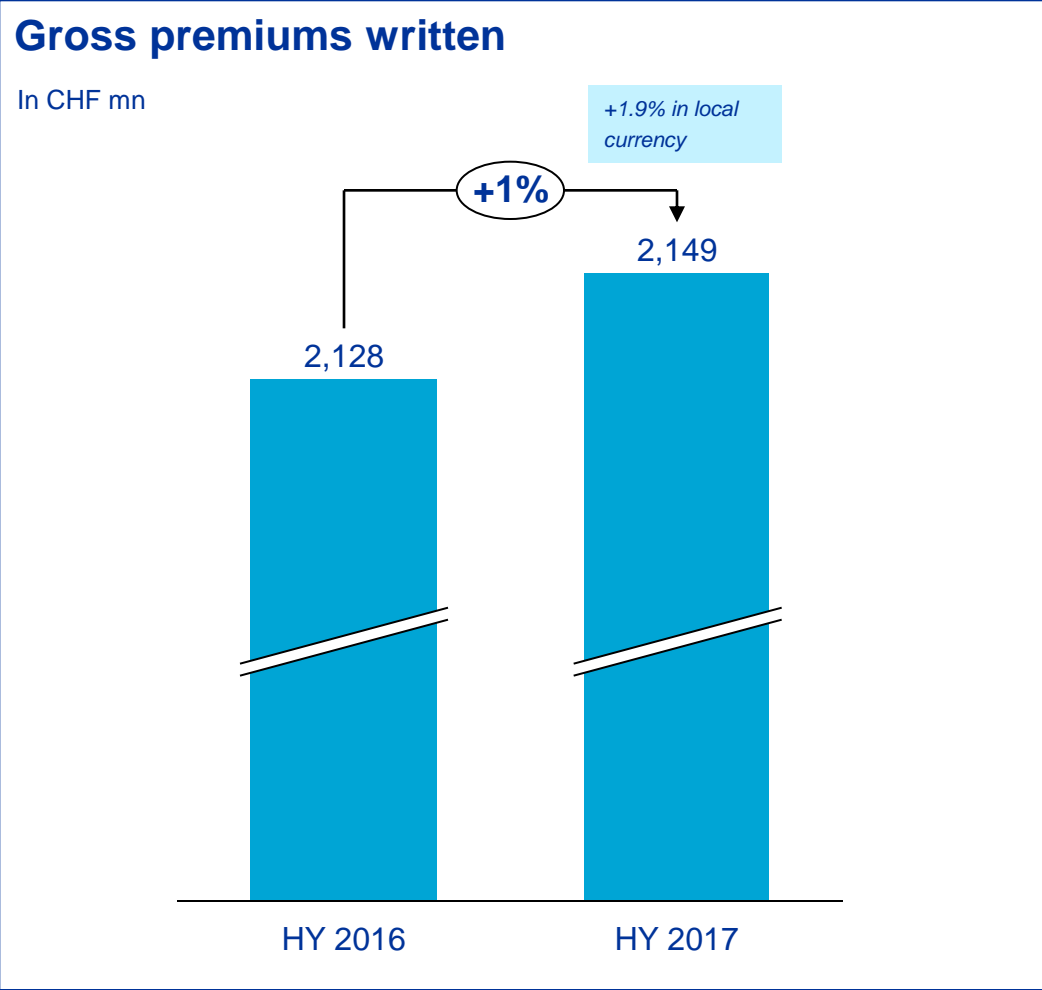
Baloise business units in the EU published their first Solvency and Financial Condition Report (SFCR) in May 2017. All SII-quotas without transitionals and without volatility adjustment 'in the green'

Standard & Poor's Rating





Standard & Poor's confirmed Baloise's strong rating of 'A' with a positive outlook, acknowledging its very healthy AAA-capitalisation, strong risk management, high operational profitability and robust competitive position in its profitable core markets

Non-Life

Non-Life – Business Volume and Business Mix



Non-Life – Margins by Country

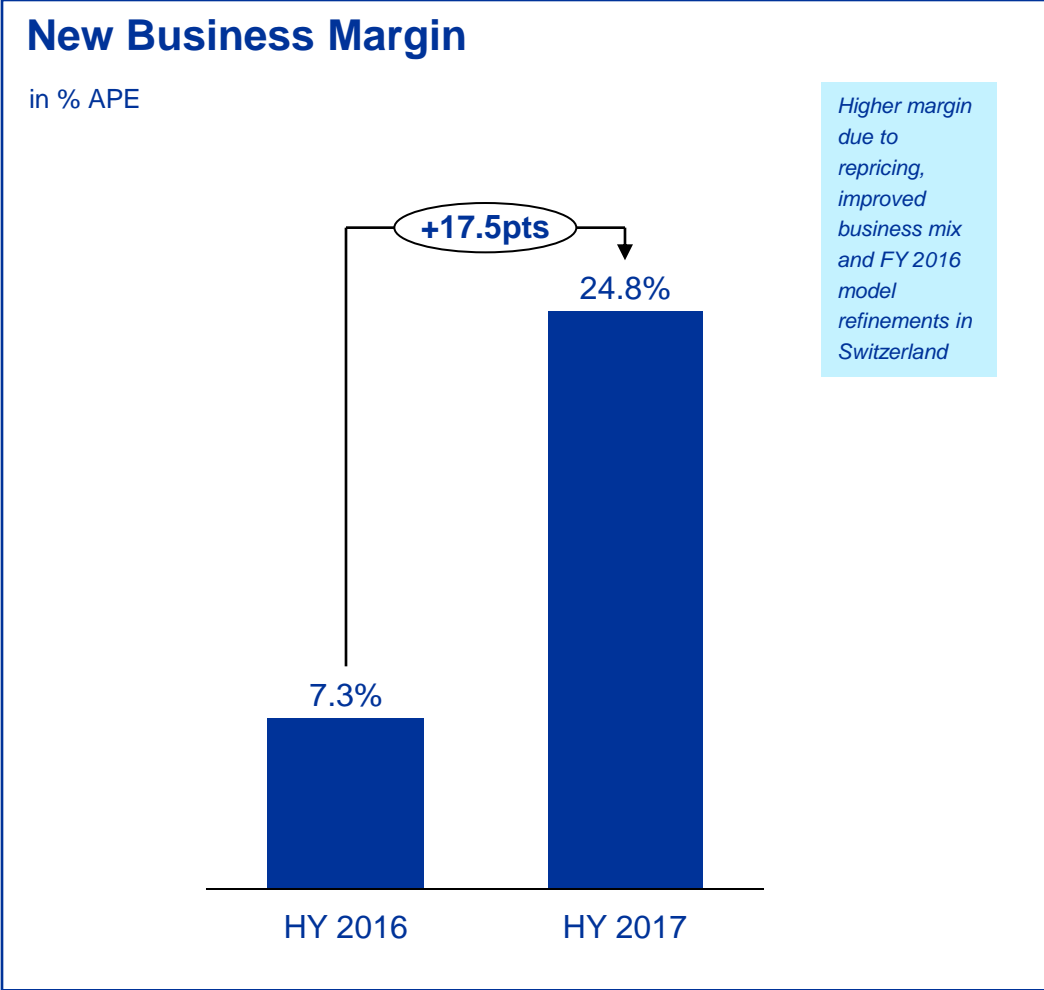
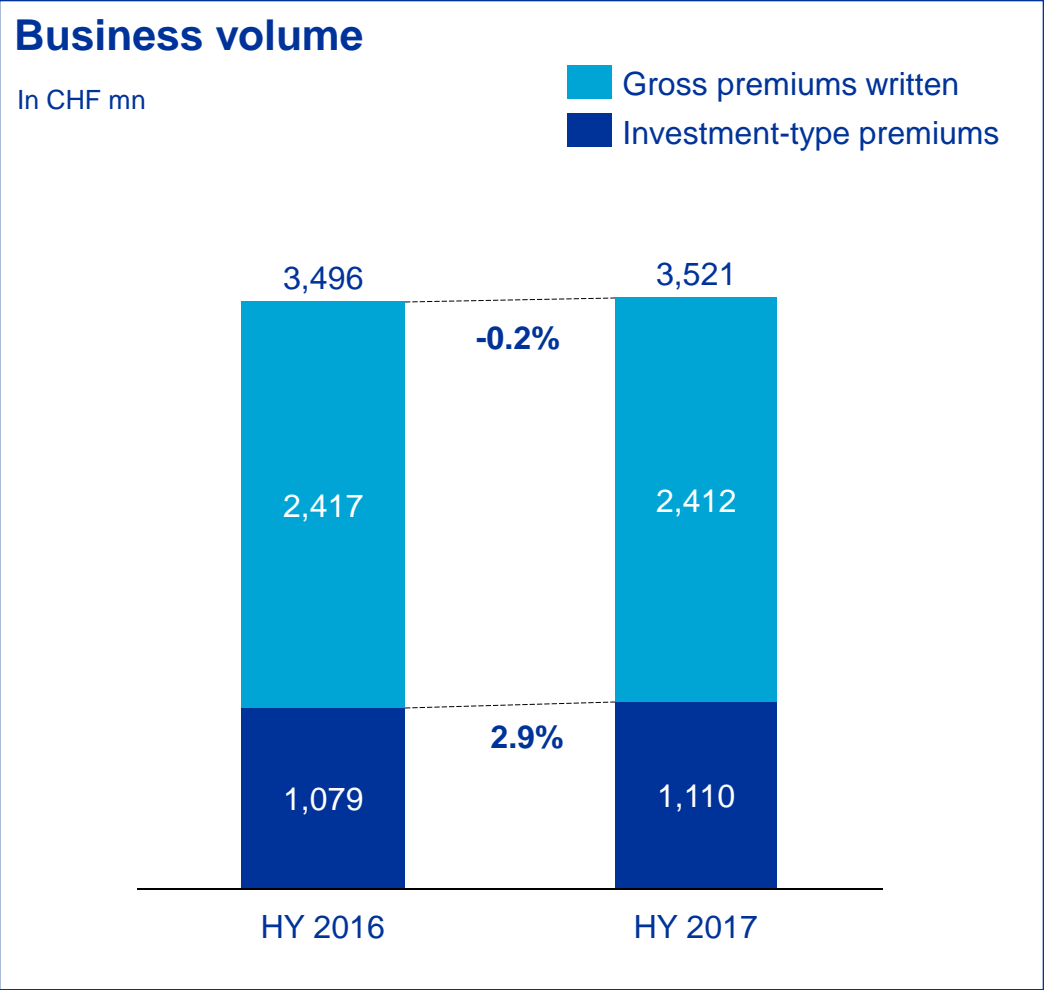
Net combined ratio					
	Switzerland	Germany	Belgium	Luxembourg	Group
In % of net premiums earned					
Loss ratio	54.4	61.7	59.5	58.4	57.7
Expense ratio	27.0	37.8	34.5	31.3	32.0
Combined ratio HY 2017	81.4	99.5	94.0	89.7	89.7
Change vs. HY 2016 (in pts)					
Δ Loss ratio	3.6	-18.6	-0.2	3.8	-2.9
Δ Expense ratio	-0.6	1.8	0.1	-1.3	0.1
Δ Combined ratio	3.0	-16.8	-0.1	2.5	-2.8

Loss ratio incl. surplus sharing

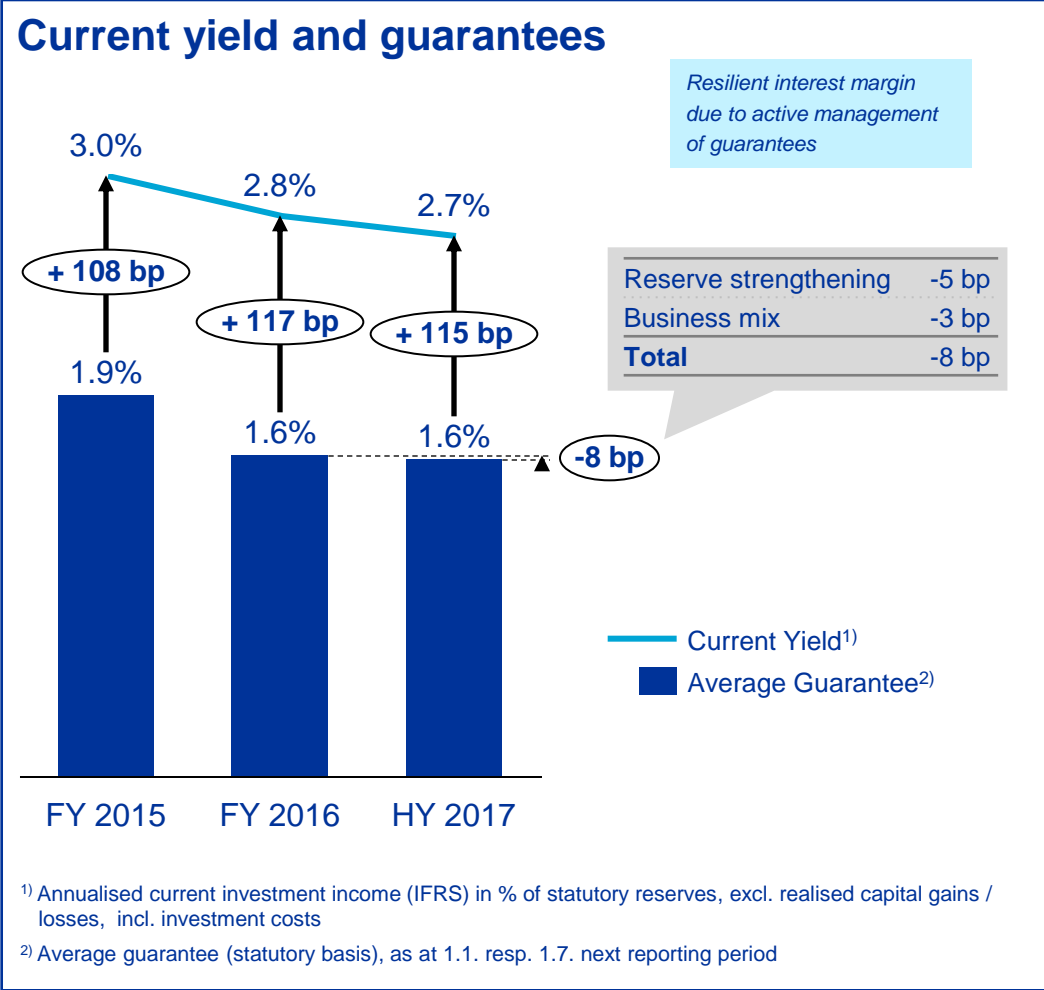
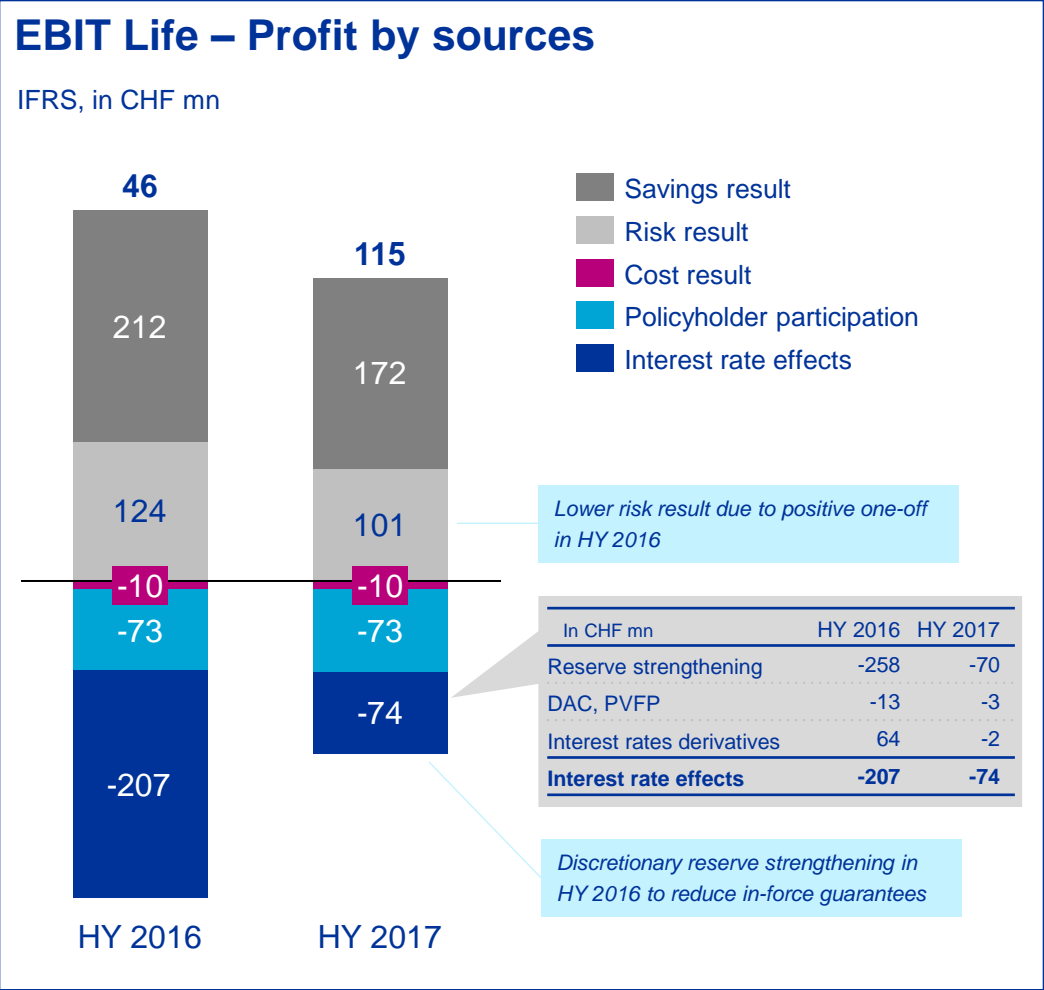
Germany's HY 2016 loss ratio includes 15.2 pts impact of one-off reserve strengthening

Life

Life – Business Volume and New Business Margin



Life – Earnings, Average Guarantees and Interest Rate Margin



Capital Management

Successful Inaugural CHF 500 mn Hybrid Bond Issuance at 12 September 2017

	perpetual subordinated bond	dated subordinated bond
First call date	June 2023	June 2028
Final maturity	perpetual	2048
Issuer	Baloise Life Ltd	Baloise Life Ltd
Instrument rating	BBB+	BBB+
Issue size	CHF 300 mn	CHF 200 mn
Coupon	1.75%	2.20%
Issue and reoffer price	100%	100%
Reoffer spread and initial margin	194 bp	195 bp

Very high demand of almost one billion CHF

Lowest spread for a CHF subordinated bond since the financial crisis 10 years ago and first perpetual below 2%

The proceeds from the offering will be used for general corporate purposes, including the refinancing of outstanding debt instruments as well as the financing of the ongoing share buyback program.

3. Summary

Key Investment Highlights and What Sets us Apart



Simply Safe Strategy: Profitable and well-balanced business model positioned for growth

Operations: Strong positioning in four attractive core markets. Strong underlying business results and unique insurance and banking business model in Switzerland

Non-life: Industry leading know-how on selecting the right customers and one of the most profitable non-life portfolios in Europe

Digitalisation: Competitive advantage due to high agility in IT systems

Capital management: Strong capitalisation, conservatively managed investment portfolio and high financial flexibility

Dividend: Attractive and reliable returns to shareholder

Reporting Agenda and Contact Details

Reporting agenda

Q3 2017 interim statement	15 November 2017
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Full-year results 2017	27 March 2018
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Annual General Meeting	27 April 2018
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