

Baloise Group – Well-Positioned for a New Era

German Egloff, Group CFO



Baader Helvea European Insurance Trip – Zurich, 1st July 2016



Making you safer.

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I Full Year 2015 Results Snapshot

Full Year 2015 Results Snapshot

Strong set of results

Growth

Business volume up by

3.3%

On a comparable basis, in local currencies

Non-Life

Combined ratio, net

93.3%

Net Income

Profit for the period

CHF 512.1 MN

EPS 10.96 ROE 9.3%

Investments

Net investment yield

3.1%

Life

New business margin

9.8%

Distribution

Dividend per share

CHF 5.00

Share buyback (1mn shares)

59 %

Total Shareholder Return

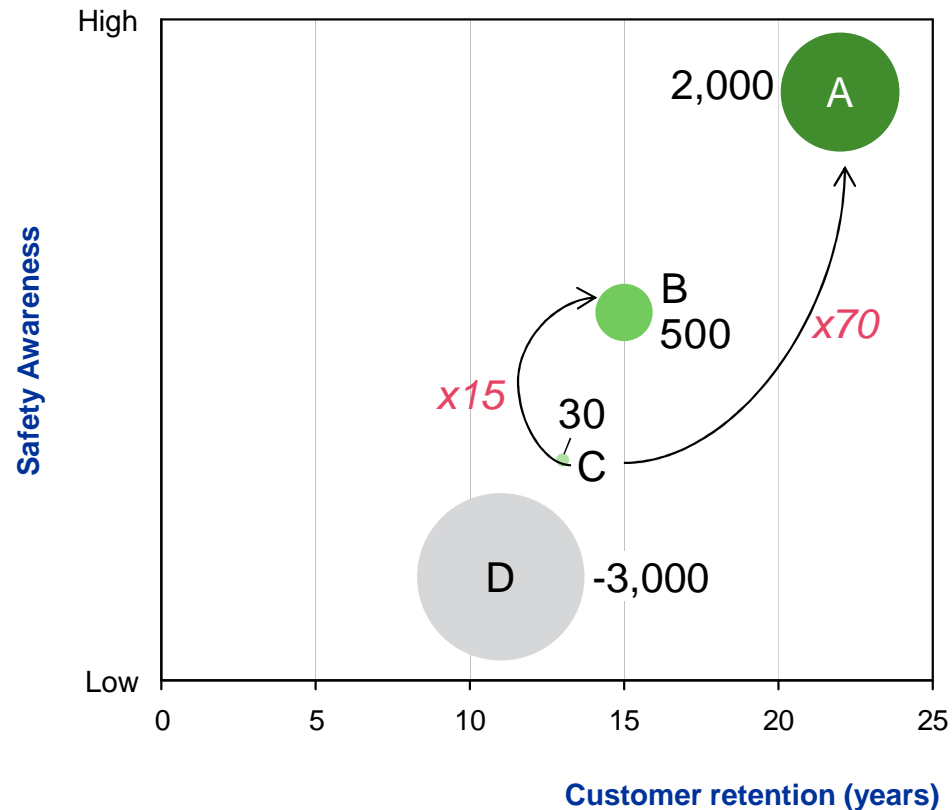
5%

II Baloise's Success Factors

Target Customer Management

Staying focused on «A»-customers pays out

Yearly profit contribution per customer (in CHF),
example private customers Switzerland



→ The difference between the profitability of a «C» and an «A» customer is significant

→ As the key customer identifier we do neither use wealth nor age but a proxy for the future expected lifetime earnings. Safety awareness and cross-selling likelihood increase with improving customer value

→ We have the skills and the tools to identify and develop customers. Since 2005 we increased the number of A- and B-customers via cross- and upselling techniques; the number of D customers decreased substantially in the same time

→ The cross- and upselling potential combined with our safety world approach and our well established D-customer management will allow for an ongoing improvement of our customer base

Proof of Concept

An outstanding track record of a rewarding business model



4 «... and belongs to the safest names when it comes to its distribution to shareholders»

*Allianz, Axa, Helvetia, Zurich

III Outlook

Today's Major Challenges for the Insurance Sector

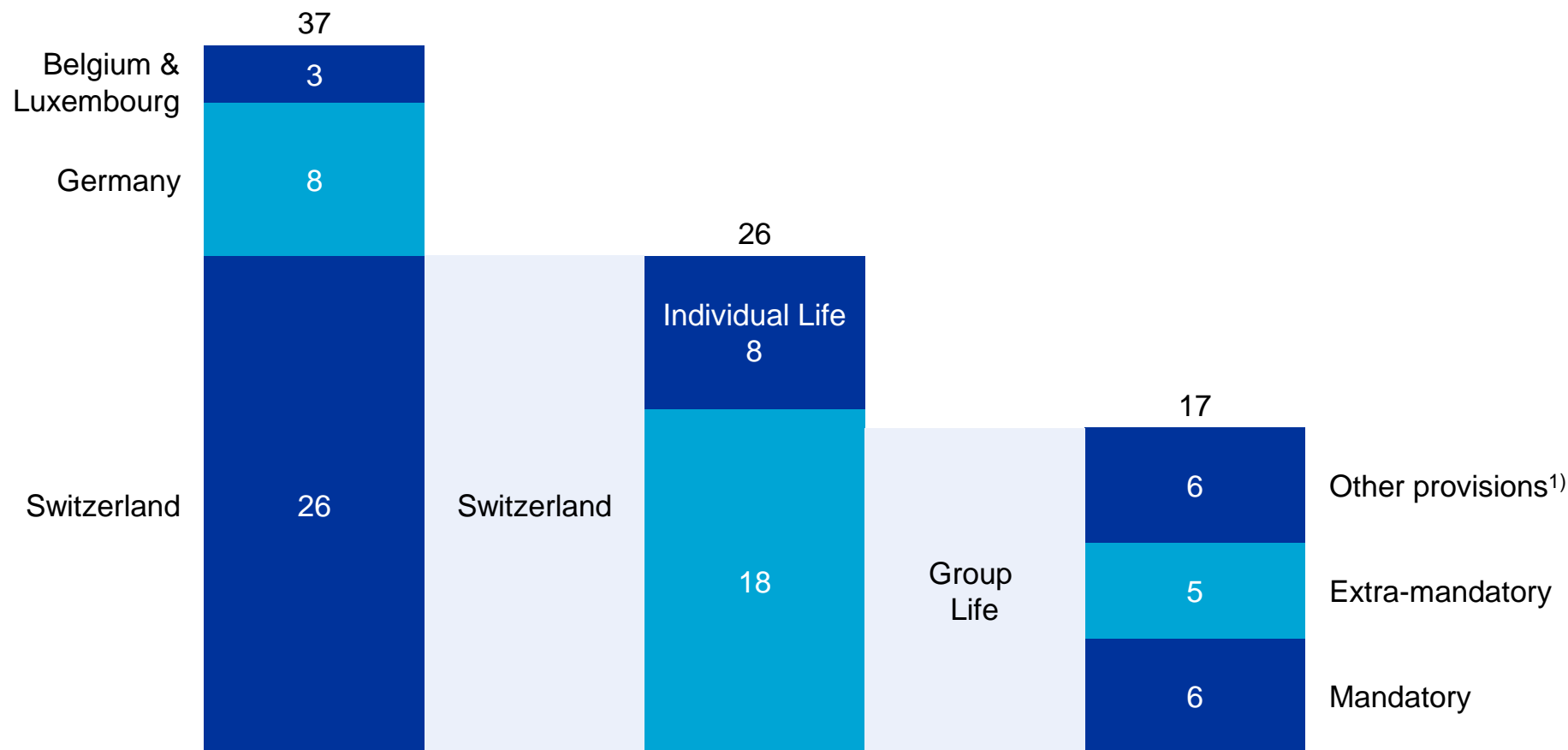
We cannot rely on what has worked well in the past



Strategic Update: Swiss Life Business (1/2)

The bulk of life profits is stemming from Swiss inforce business (60% of the Group's technical reserves)

2015: gross, in CHF bn



Strategic Update: Swiss Life Business (2/2)

The strategy of Swiss group life business will be adapted to current economic, politic and regulatory developments on a regular basis

Current Parameter

- **Guaranteed rate of return in mandatory business**

- 55% of savings in group life (CHF 6 bn) are subject to mandatory BVG with a minimum guaranteed rate of return of 1.25% (2015: 1.75%; annually set by the federal council)
- 45% (CHF 5 bn) are subject to non-mandatory BVG with a current guarantee of 0.75% (2015: 1.50%; Baloise is free to set the guarantee on an annual basis)

- **Conversion rate for annuities**

In the non-mandatory part, Baloise decreases the conversion rates stepwise until 2019.
In the mandatory part, the statutory conversion rate remains unchanged at 6.8%

Strategic Focus

- **Commitment to full insurance model**

Restrictive underwriting (focus on target customers) because parameters are very challenging in view of the current level of interest rates

- **Growing shift in the business mix towards partially autonomous solutions and risk insurance**

In 2015 we have successfully established an alternative in Switzerland – the Perspectiva pension scheme – that meets the needs of today's customers. This type of product is a promising source of additional growth:

- As per 30.03.2016: CHF 140 mn AuM in foundation
- 400 customers (70% from full insurance model)

Strategic Update: Germany

Optimisation

- Optimisation measures well on track: layoff of 400 FTE by the end of 2017 (as of 1.1.2016, reduction of 295 FTE)
- Cost reduction of EUR 40 mn in FY2015 (expense ratio -1.2% pts). Rigorous implementation of efficiency measures ongoing and leading to improvement of cost ratio

Restructuring non-life business

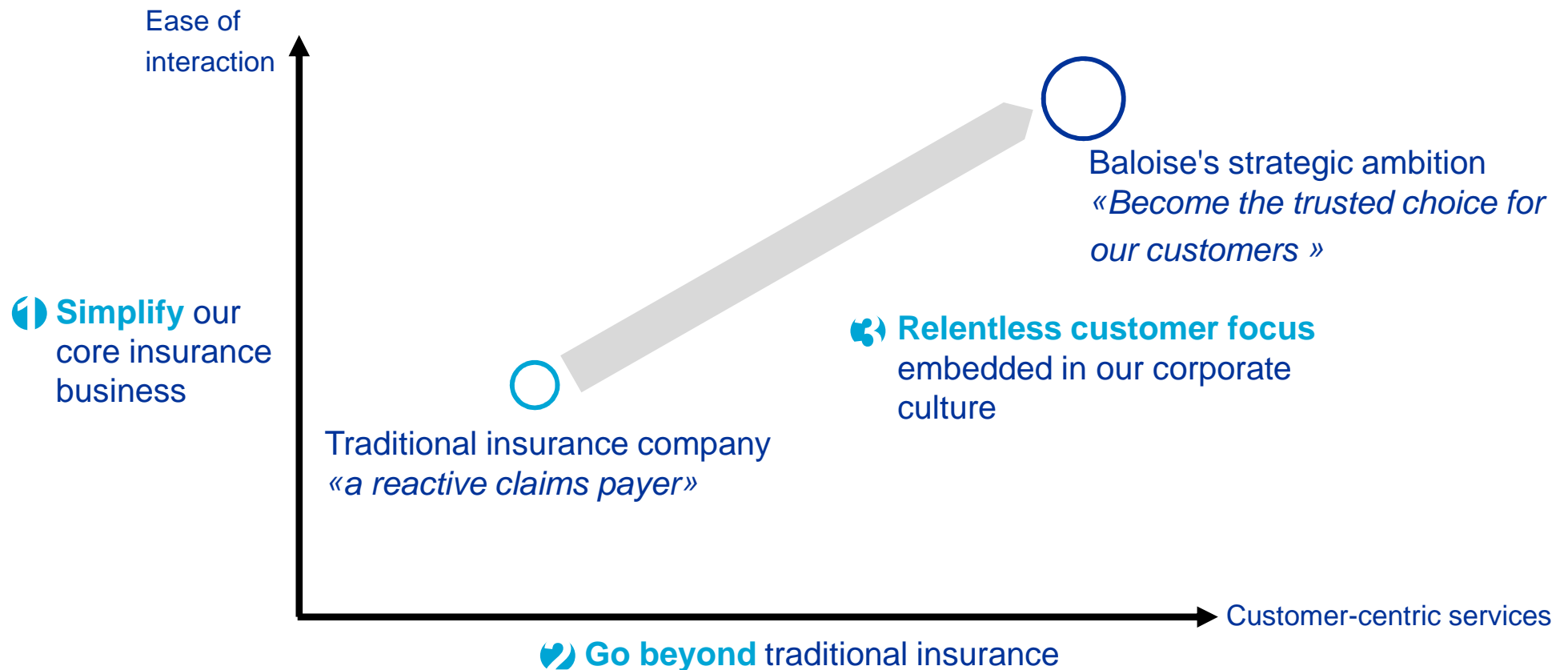
- Exit unprofitable mass markets, like motor fleet business, pharma casualty and petrochemical industry, completed
- Change in business mix: Significant reduction in large industrial business (1/3 of NL book) towards retail and commercial business initiated. Focus on retail and commercial business (SME) leads to profitable growth in non-life segment
- Continuous portfolio management through central sanitisation team, underwriting file reviews, large claim reviews, quarterly portfolio reviews etc.
- Strengthening our agent and broker channels and generating additional new business in selected, attractive market segments

The above efforts should result in a combined ratio of below 100% near-term and below 96% midterm. Hence the outlook is to achieve a further improved earnings diversification to the Group

Future Strategic Principles

Investor Day – To be the trusted choice for our customers

The customer perception of our business



IV Reporting Agenda & Contact Details

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