

Baloise Safety World – Strategy for profitable growth

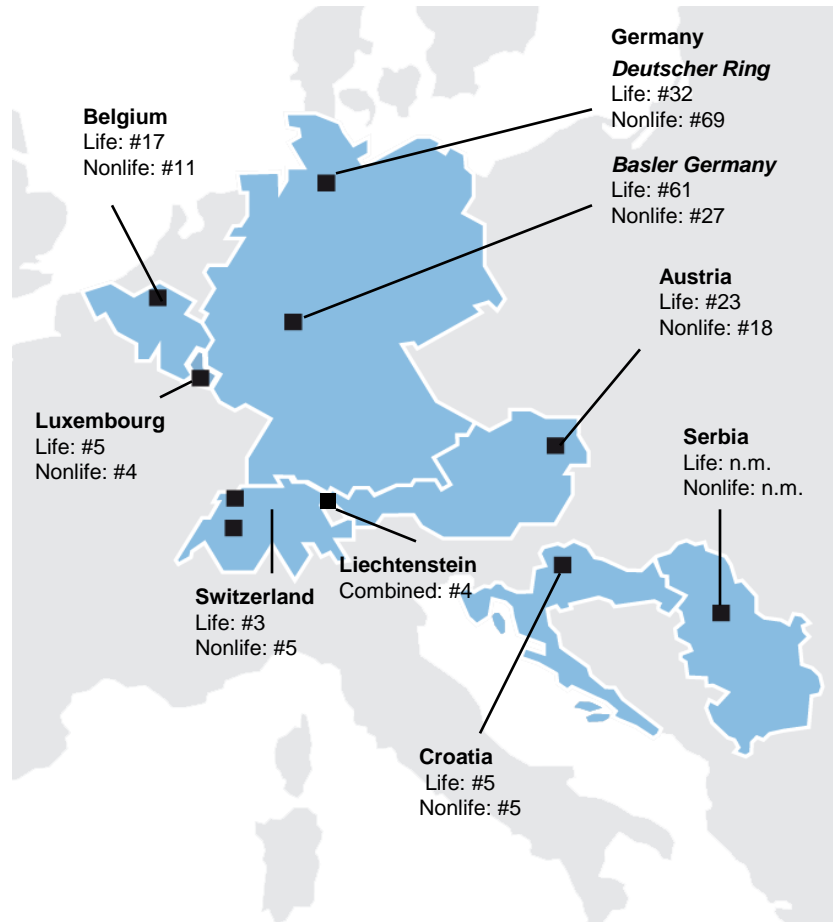
Martin Strobel, Group CEO

Helvea Swiss Equities Conference 2010
Bad Ragaz, 14 January 2010

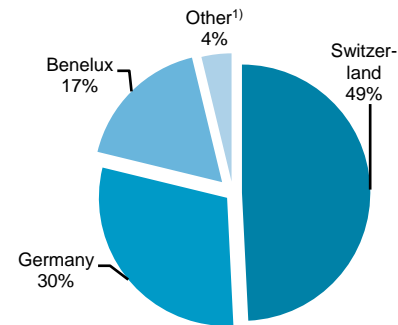


The Baloise Group

Strong Diversification of Business Volume and EBIT



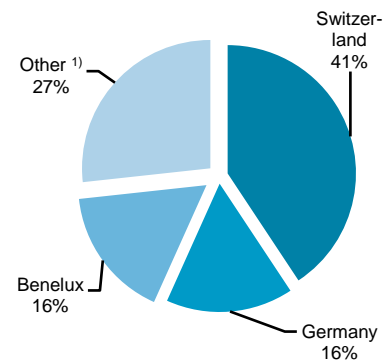
Business Volume



Total Business Volume 2008:

CHF 7,858 mn

EBIT



Total EBIT 2008:

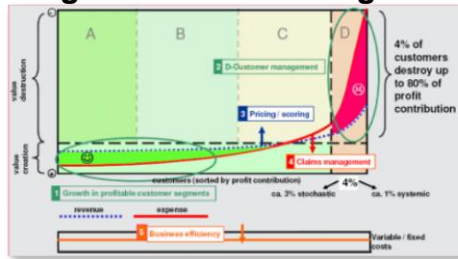
CHF 580 mn

¹⁾ Other countries (incl. Austria, Baloise Life (Liechtenstein), Croatia and Serbia)

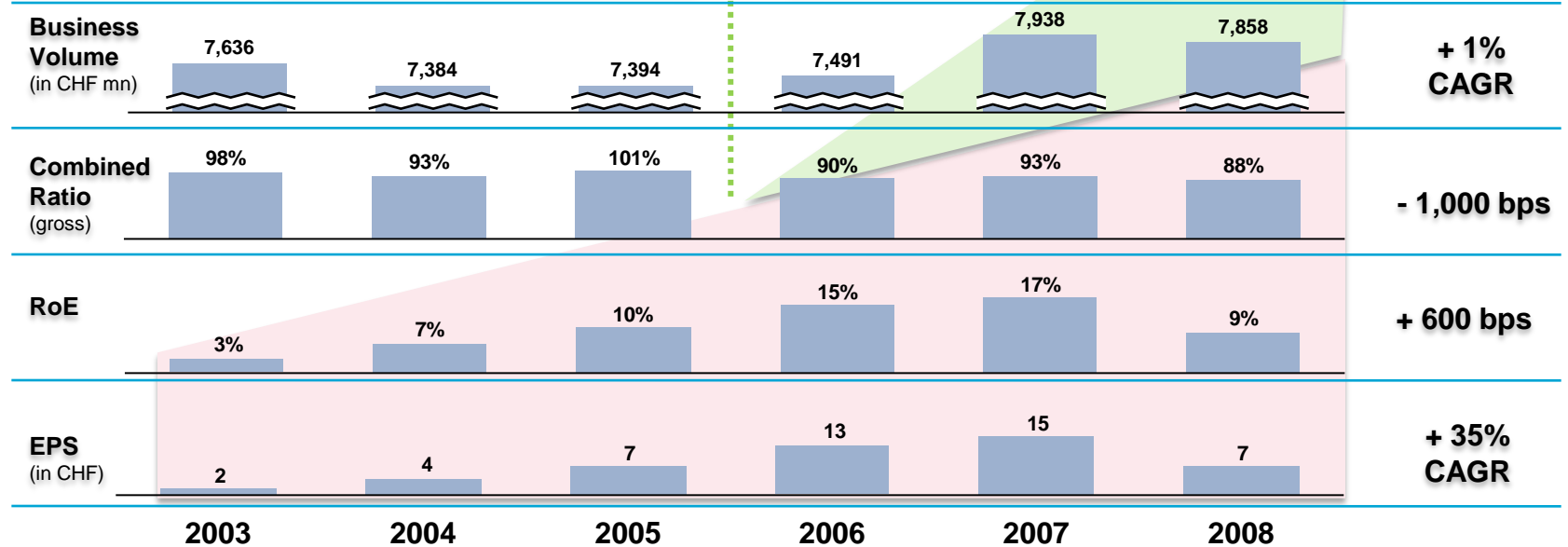
The Journey so far

Measurable success delivered

Target Customer Management



«Safety World»



Our Strategy (1)

Positioning and strategic directions



Making you safer.

Our Strategy (2)

The crystal in detail

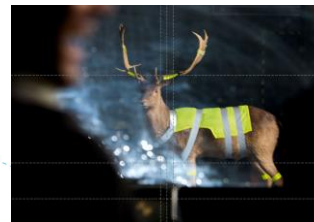


Organic Growth

- Apply our latest best practice expertise
 - counselling, after-sales service, claims handling
 - cross-selling, retention
 - sales strength, pricing
- Beat market growth

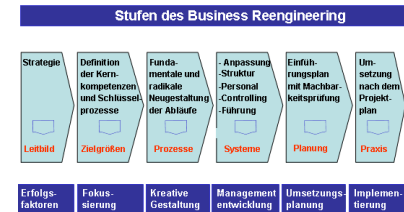
Safety World

- Win the heart of our customers!
- And grow with them!



New Growth Areas

- Invest in growth
- Conquer new markets for Baloise



Optimise

- Invest in the best processes and structures in the industry
- Customer-oriented, lean and fast!



Safety World – The Effect

Sustainable positive business effects

Basler Sicherheitswelt®

Insurance



Prevention



Added value service

Insurance policy documents and a photo of a ski lift cabin.

Safety box for private and SME clients
 Fire blanket
 Smoke detector
 Overvoltage protector

Client magazine

Replacement in case of claims

Special offers

Safety events

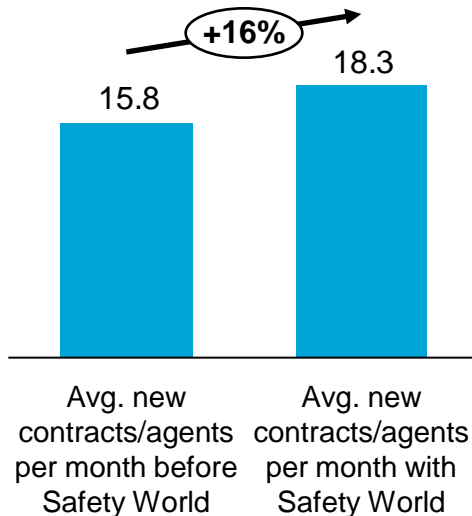


Safety World – The Concept

Beyond insurance - we deliver added value to the customer

Productivity

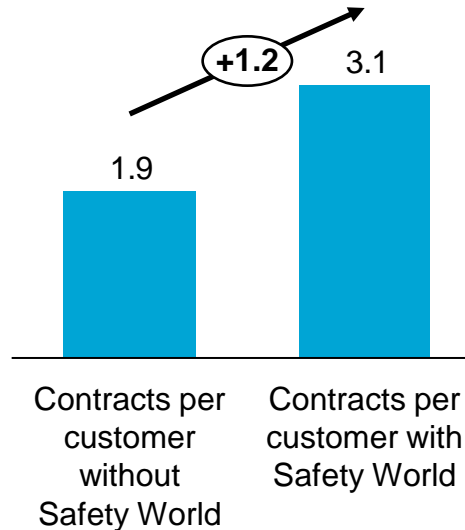
Example Basler Austria



→ Baloise Safety World increases productivity and reduces lapse rate significantly

Cross-selling

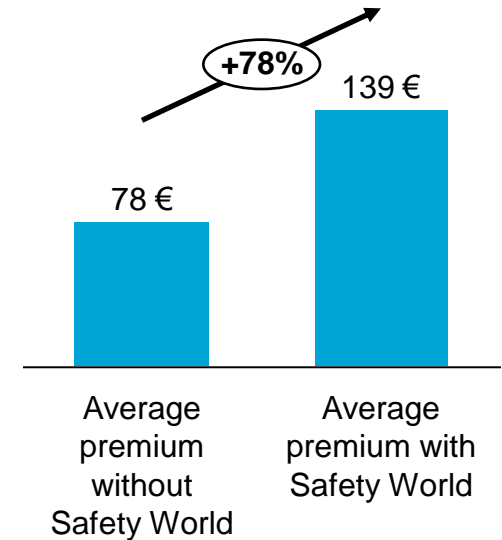
Example Basler Germany



→ Baloise Safety World produces significantly more contracts in target segments

Pricing

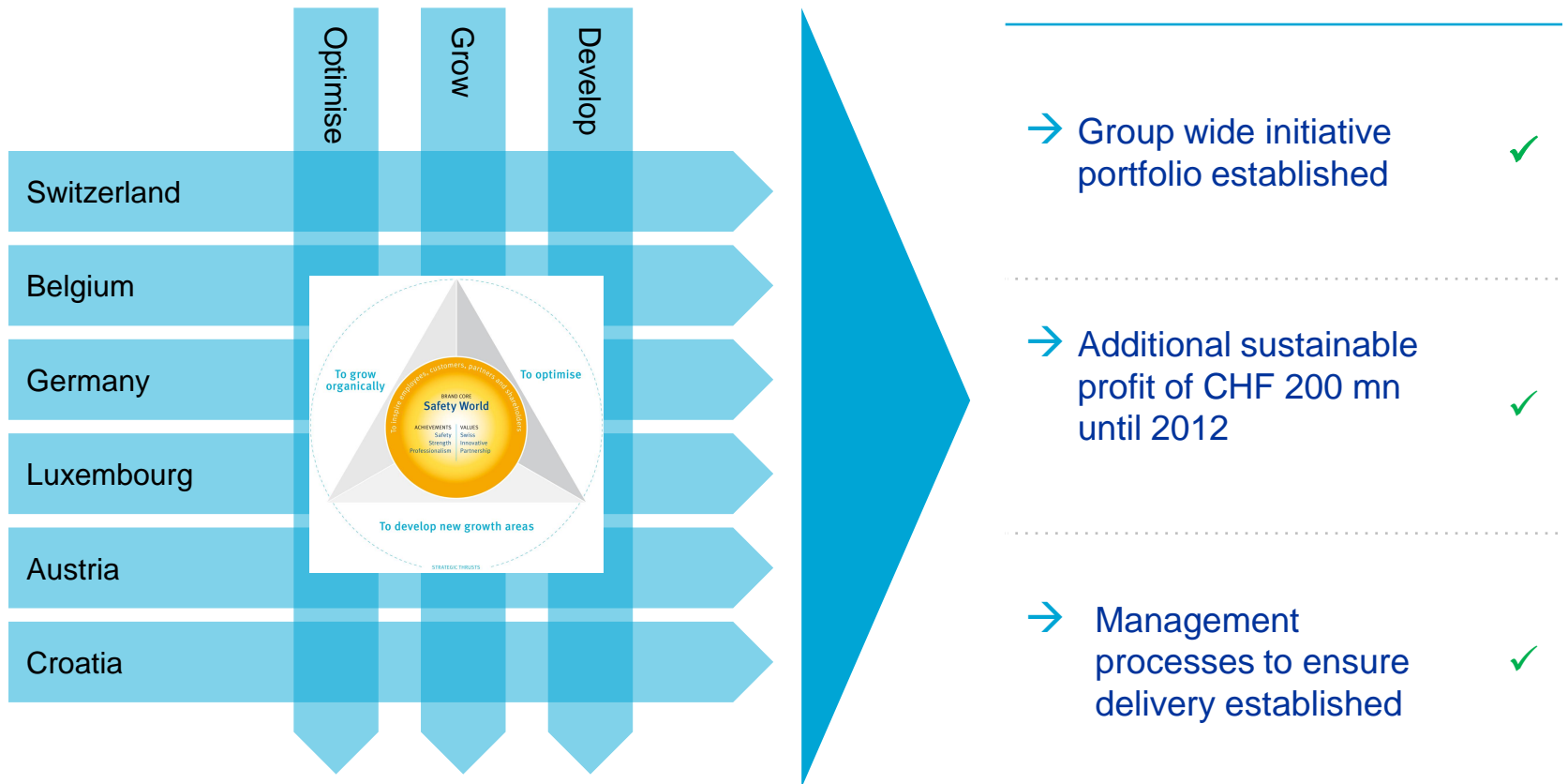
Example household insurance Croatia



→ Baloise Safety World increases average premiums significantly

«Baloise 2012»

Initiatives with additional sustainable profit potential identified



«Baloise 2012»

Implementation has started

Sample initiatives:

Optimise:

- Business process optimisation (e.g. GEPARD)
 - Optimisation of claims processes (e.g. closed file reviews)
 - Establishment of clear governance structures in Germany
-

Grow:

- Sales productivity
 - Pricing
 - Retention Management
-

Develop:

- New life solutions (e.g. VA)
 - Safety World
 - Further expansion with OVB
-

Financial Ambition

Remains unchanged

Financial ambition over the cycle

→ 15% Return on Equity

→ Continuous increase of EPS

→ Combined ratio well below 100%

Key Take-aways

→ Baloise continues its well approved strategy

→ Baloise generates high operating cash flows

→ Baloise has a conservative asset allocation with high recurring investment income

→ Baloise has a strong and flexible balance sheet

→ The strategic programme «Baloise 2012» identified initiatives with additional sustainable profit potential of CHF 200 mn until 2012

Q&A

Appendix

Highlights HY 2009

Strong earnings and convincing growth

-
- Strong operational performance, especially in non-life, leads to a half-year consolidated profit of CHF 235 mn

 - 3.1% (LC¹⁾) growth in business volume stemming from above average growth in target segments and successful launch of Baloise Life (Liechtenstein)

 - Balance sheet remains strong, solvency at 209%

 - Investment income stable despite market volatility, investment yield at 1.5% (not annualised)

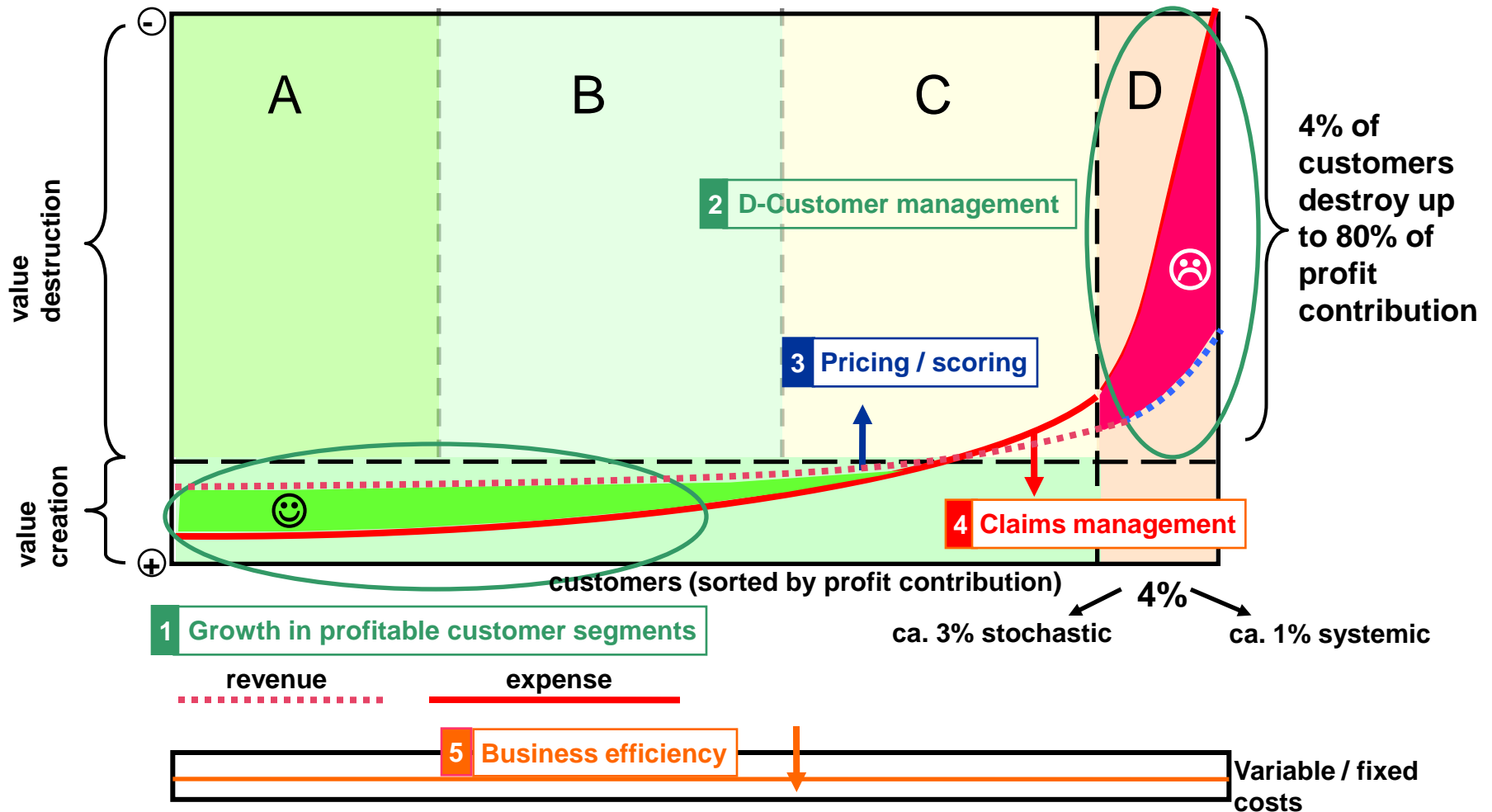
 - Baloise is well prepared for the crisis, mitigation actions are effective

 - Strategic programme «Baloise 2012» well on track, first reporting on implementation progress in March 2010

 - Safety World initiative successfully launched, first positive customer reaction
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¹⁾ Local Currency (LC)

Target Customer Management Push-Strategy



Key Figures Nonlife

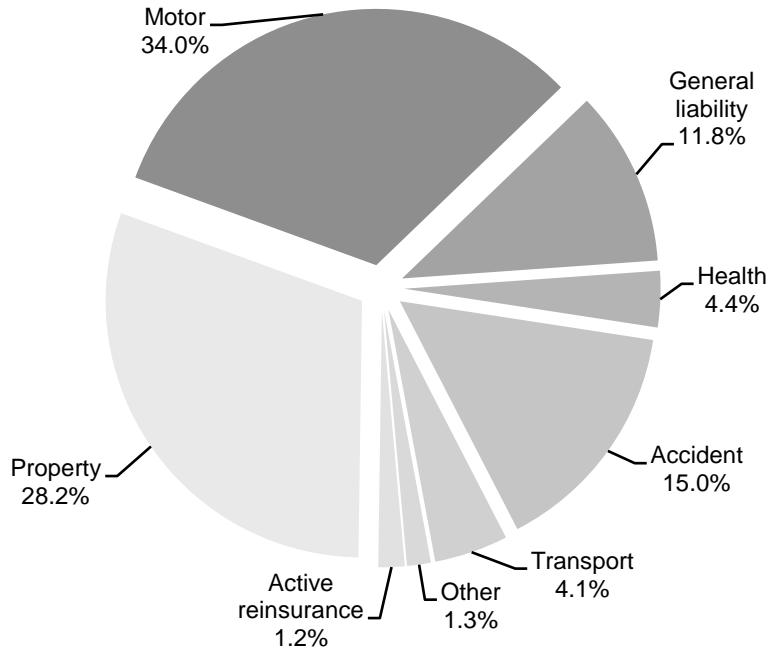
Strong generation of cash flows

in CHF mn	HY 2008	HY 2009	+/-
Gross premiums written	2,124	2,069	-2.6%
Investment income	132	139	4.6%
Claims incurred	-914	-833	-8.9%
Technical expenses	-497	-496	-0.2%
EBIT	231	229	-0.6%
Combined ratio, gross	88.2	88.1	-0.1 pts
Loss ratio, gross	56.7	55.2	-1.5 pts
Expense ratio, gross	30.9	32.3	1.4 pts
Surplus sharing ratio, gross	0.6	0.6	0.0 pts

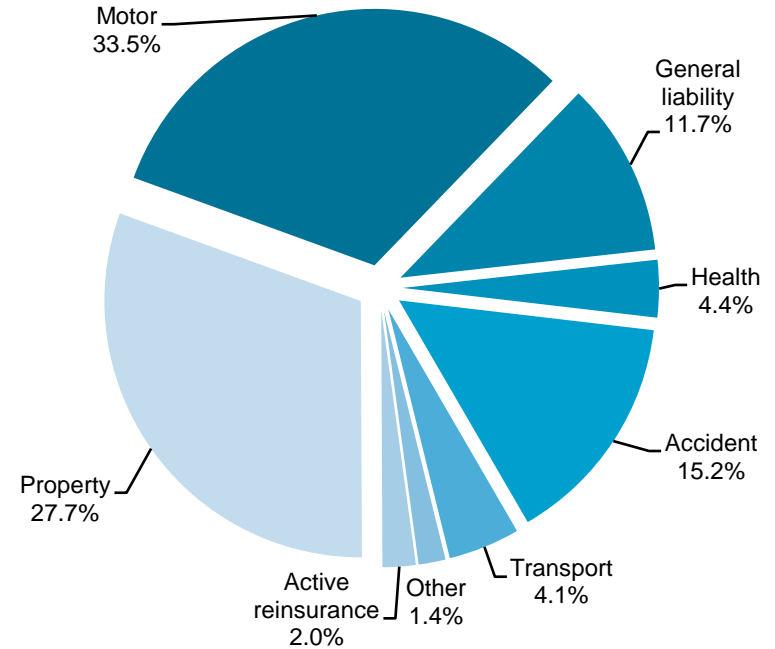
Business Mix Nonlife

in % of gross premiums written

HY 2008



HY 2009



In CHF mn	HY 2008	HY 2009
Gross premiums written nonlife	2,124	2,069

Key Figures Life

Growth achieved

in CHF mn	HY 2008	HY 2009	+/-
Business volume	2,844	2,923	2.5%
Gross premiums written	2,430	2,423	-0.3%
Investment-type premiums	414	499	20.7%
Investment income ¹⁾	591	535	-9.5%
Benefits to policyholders ²⁾	-2,364	-2,705	14.4%
Technical expenses	-220	-226	2.8%
EBIT	88	54	-38.7%
Embedded value	2,446 ³⁾	2,796	14.3%
Return on embedded value (RoEV)	-20.1% ³⁾	14.4%	n.m.
Value of new business	19	24	24.6%
Annual premium equivalent (APE)	133	155	16.6%
New business margin	14.3%	15.3%	1.0 pts

¹⁾ excl. investment-type assets

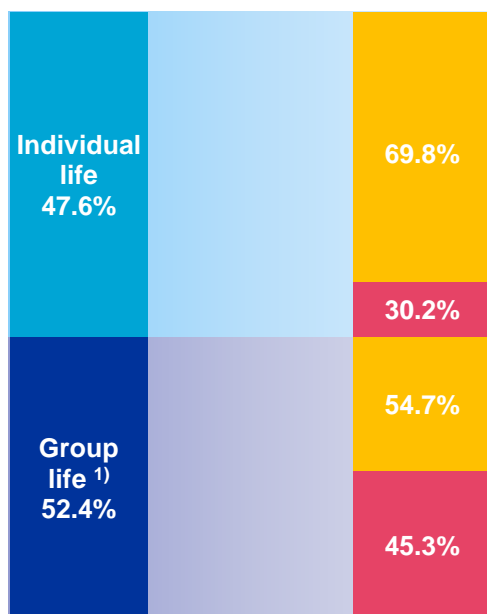
²⁾ incl. change in technical reserves

³⁾ as per 31.12.2008

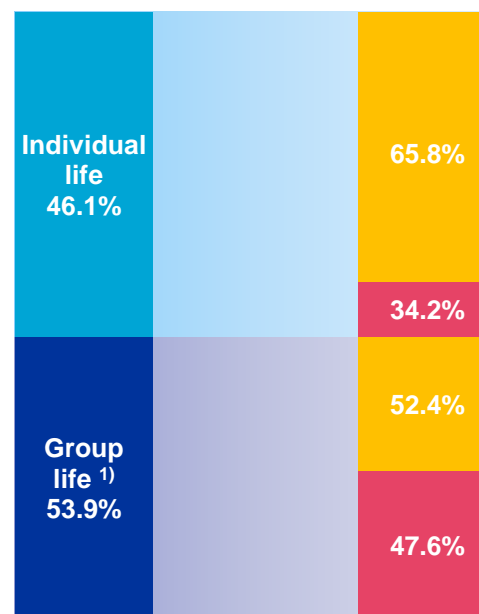
Business Mix Life

in % of gross premiums written, excl. investment-type premiums

HY 2008



HY 2009



¹⁾ Swiss Group life business only

■ Periodic premiums ■ Single premiums

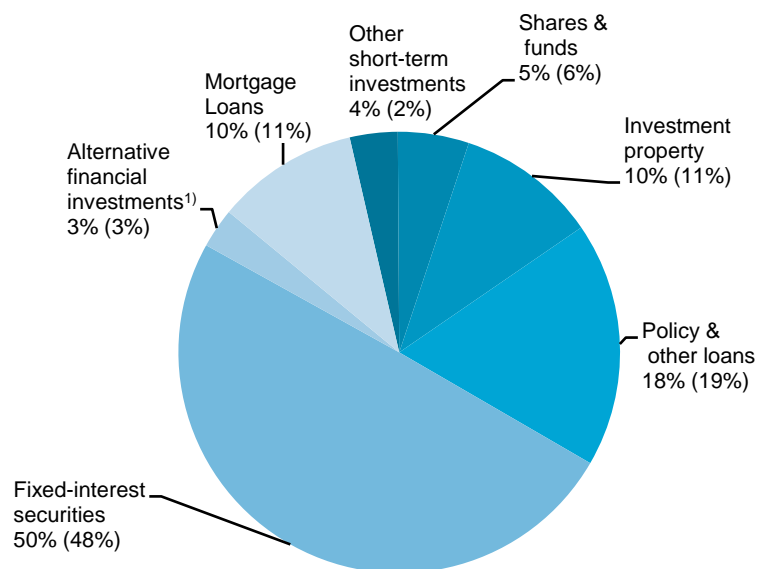
In CHF mn	HY 2008	HY 2009
Gross premiums written life	2,430	2,423

Asset Allocation Insurance

Risk appetite reflected in asset allocation

excluding banking assets and assets from investment-type premiums

HY 2009 (FY 2008)



¹⁾ private equity & hedge funds

<i>Equity & equity related investments In % total insurance assets</i>	HY 2009
Equities	4.0%
Hedging instruments	-2.1%
Equities after hedging	1.9%
Private Equity	0.9%
Hedge Funds (equity related)	0.7%
Other ²⁾	1.2%
Equity & equity related investments	4.7%

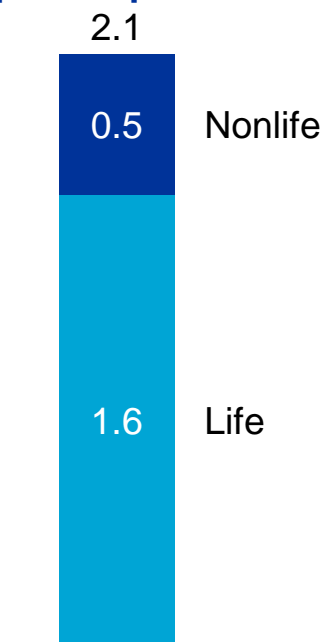
²⁾ e.g. bond & property funds treated as equity under IFRS

In CHF mn, %	FY 2008	HY 2009
Equity & equity related investments (net)	5.1%	4.7%
Total insurance assets	46,885	48,089

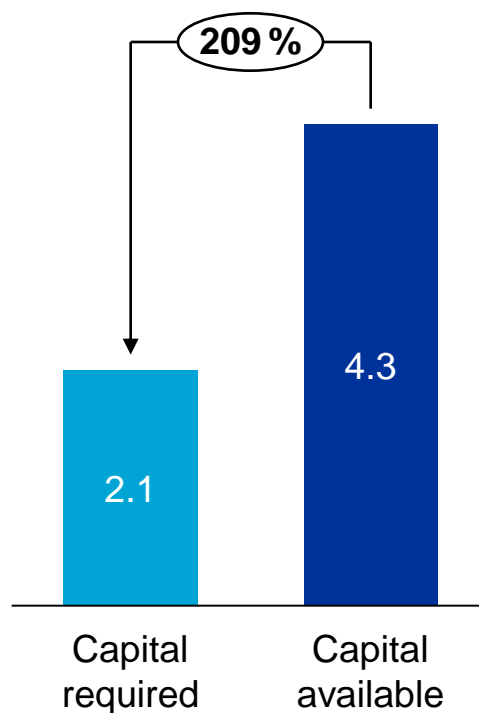
Consolidated Solvency I

in CHF bn, excluding banking assets

Capital required



Required vs. available capital



Available funds

	HY 2009
Total equity	4.0
Goodwill / intangibles	-0.3
DAC nonlife	-0.2
Unallocated surplus	1.1
Other	-0.0
Banking assets	-0.3
Total	4.3

Contacts

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Making you safer.