

SIMPLY SAFE

Our Bold Journey of Growth

Baloise is at the start of a strategic journey that is based on our strong core business and unique corporate culture. We will evolve from a traditional claims handler, life insurer and pension provider to an easy-to-work-with customer-focused provider of assistance, care and prevention solutions.

Growing Competition
Disruptive business models are enabling companies from outside the sector to enter the insurance market.

New and Changing Customer Needs
The digital age and major changes in society are influencing customers' needs. This calls for straightforward and personal interaction with customers.

3. Our 5-year ambition: become THE trusted choice for people who want to feel 'simply safe'.
We will radically simplify our products, processes, communication and customer interaction in a targeted way, extend our core business to include assistance, care and other services and, at the same time, develop a firm focus on customers. To this end, we have set ourselves three challenging ambitions for the next five years.

The Trusted Choice for Our Customers
One million additional customers (+30 per cent) and become the trusted choice for people who want to feel 'simply safe'.

A Reliable and Attractive Investment
Two billion Swiss francs cash remittance to the holding company over the next five years. This ensures an attractive and reliable dividend policy and improves our ability to invest in future growth.

★ **Capital Management – Safe and Sound**
Baloise was able to safely navigate the financial crises of recent decades thanks to excellent risk management capabilities, a conservative and forward-looking investment policy and strong capitalisation.

★ **Dividend – Attractive and Reliable**
Baloise shares are among the top dividend-bearing securities. This is attributable to our excellent profitability and strong capitalisation.

A Leading Employer in the Sector
We want to become a leading employer in the sector and will start to regularly measure and disclose our progress based on a new Employee Promoter KPI.

★ **Digitalisation – State-of-the-Art Systems**
Thanks to ongoing investment and enhancements, Baloise today has cutting-edge IT systems and fully digitised processes in various areas. The outstanding agility that we have as a result gives us a competitive advantage in an uncertain environment and lays the foundations for further digital development.

★ **Operations – Strong Market Positions**
Our market position is the platform for our future growth. We have held a leading position in Switzerland for decades and established a unique business model by combining insurance and banking services. Targeted, strategic acquisitions and exceptionally strong organic growth have also substantially strengthened our market positions in Belgium (top 5) and Luxembourg (top 3). In Germany we have successfully merged companies, streamlined structures and reduced costs.

Unprecedented Low Interest Rate Environment
The prolonged phase of low interest rates demands new ideas and approaches in asset management and products with a long-term focus.

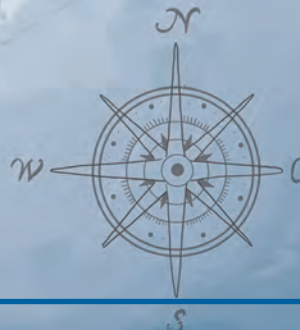
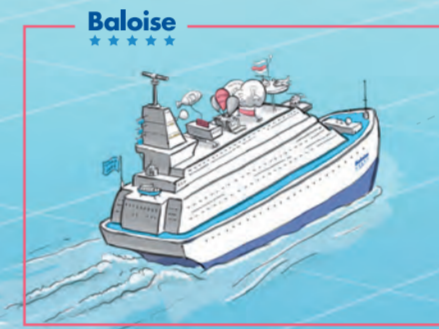
Increasing Regulation
The rise in regulatory requirements is adversely affecting companies, making them less agile in the market while simultaneously requiring them to be even more efficient.

1. A bright future needs a solid past.
A performance-focused corporate culture and the successful and profitable business model of recent years have made Baloise an attractive investment for our shareholders.

Growing Competition
Competition within the industry is intensifying.

2. But we risk everything if we only rely on what has worked well in the past.
Changes in customer needs brought about by digitalisation and the new market conditions mean lasting changes for the insurance industry in the medium term.

★ **Non-life – Highly Profitable**
By consistently and uncompromisingly implementing a strategy of servicing target customers over the past ten years, Baloise has built up one of the most profitable non-life portfolios in Europe.



WE'VE GOT A GOLDEN OPPORTUNITY TO STAND OUT – AND WE WILL SEIZE IT BY BUILDING WHAT WE NEED TO SUCCEED IN TOMORROW'S MARKETS

5 Mobile Insurer – A New Innovative Mobile Insurance Company for the German Market

- 100 per cent mobile: we are developing a new mobile-first insurance company in Germany, which offers insurance solutions that can be completely handled via smartphone
- Insurance within minutes: we focus on radically changing the user experience by offering simple and fast processes, as well as easily understandable products
- Great ambition: our goal is to become the customer's most preferred mobile insurer in the German market and beyond

6 A Customer Journey – The Future Omnichannel Customer Experience

- Customer service will be stronger in the digital environment
- People can select the interaction channel that best meets their needs and easily switch to another during their customer journey

7 Connected Cars – Redefining Motor Insurance

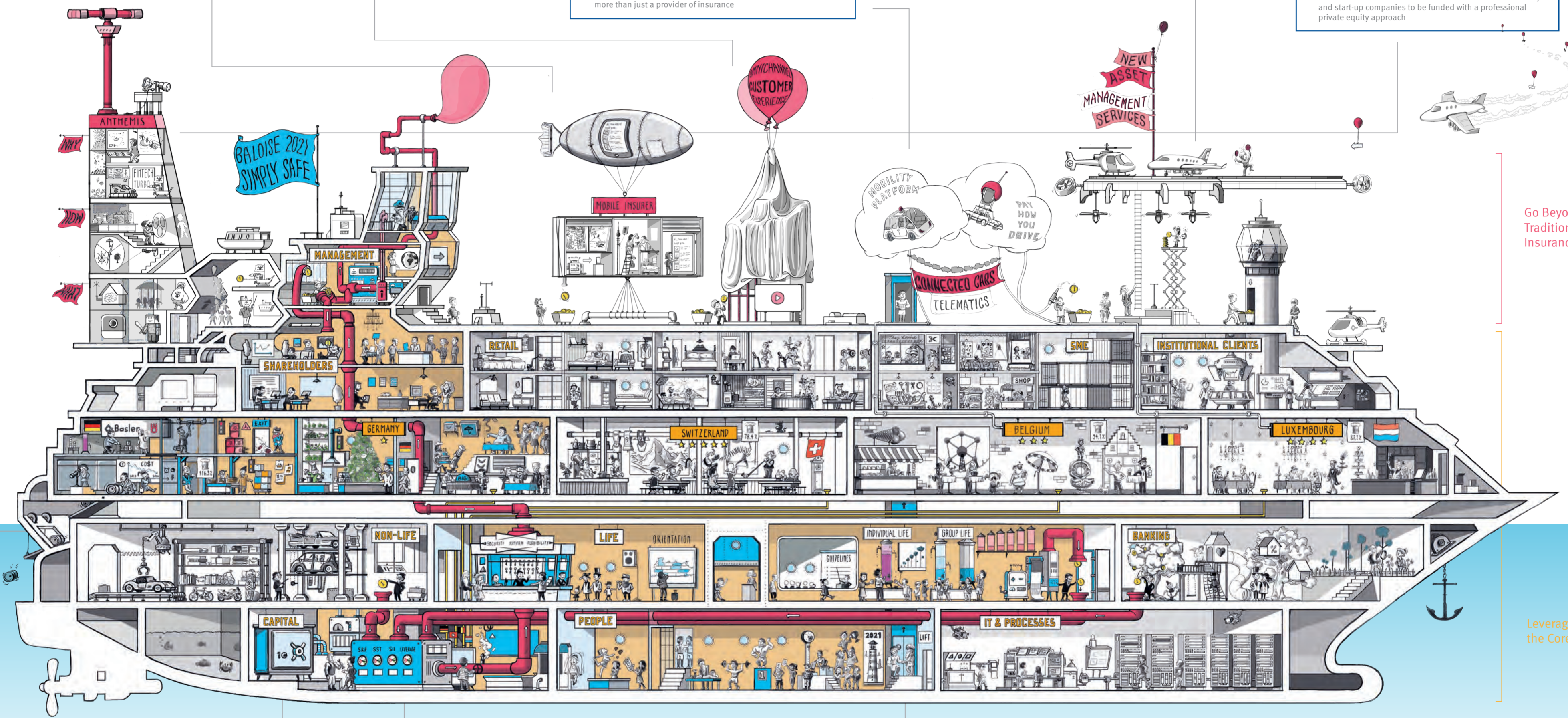
- We believe that technology evolution, changing customers' mobility behaviours and social changes will reshape the future of the automotive sector – a true business disruptor for any traditional insurer
- With Game of Roads in Luxembourg, our innovative telematics safety app, we are helping our clients to become better drivers; from 2017 we will take it to the next level and launch the first 'pay how you drive' product with the ambition to triple our market share with young drivers within the next five years
- But we are already thinking beyond tomorrow: in Belgium we are working with partners from other industries on a comprehensive platform for mobility. In future we will become the customers' partner of choice when it comes to mobility – and hence much more than just a provider of insurance

8 Leveraging our Core Strength – New Asset Management Services for Pension Funds

- Up to now, we have focused on managing our own assets of the insurance subsidiaries and on mutual funds linked to life business
- From 2017, we will ramp up our asset management services for third-party clients by focusing on the Swiss pension fund market. We will build up a dedicated sales force and enhance our product offering in real estate, fixed income and alternative assets
- The aim is to increase assets under management by more than 5 billion Swiss francs in the next five years and to increase fee income substantially

9 Anthemis – Our Long-Range Scanner for Innovative Business Opportunities

- We firmly believe that we will see fundamental changes in the way insurance business is conducted in the coming years
- We have teamed up with a London-based think-tank called Anthemis to develop the know-how and the radar capabilities to transform challenges into Baloise opportunities
- Constant innovation pipeline of around 30 opportunities has been developed
- Newly formed Digital Transformation department and dedicated Investment Committee allow decisions to be made swiftly and start-up companies to be funded with a professional private equity approach



Go Beyond Traditional Insurance

Leveraging the Core

1 Life Business – Broader Service, Less Capital Consumption, Changing Business Mix and More Stable Earnings

- We offer the full range of solutions to cover the increasing customer demand for financial security and wealth accumulation
- Limited legacy risks, strong risk results and strongly growing semi-autonomous pension solutions in Swiss Group Life
- Substantial shift of business mix with a focus on risk and fee business in Individual Life
- Ambition of less capital consumption, more stable earnings and higher cash upstreaming in the coming years
- EBIT contribution of 200 million Swiss francs is possible. If interest rates rise the net impact on P/L will be positive

2 Germany – Turnaround Inbound

- Focus of the last five years: merged three companies into one, streamlined processes and IT, lowered costs by reducing 300 FTEs (15 per cent of the workforce), almost completely withdrew from guarantee life business and signed a contract for the sale of the run-off life portfolio – we have already done what local competitors will need to do in the coming years
- Current challenges: lost about 50 per cent of tied agents and a loss-making non-life portfolio
- Further improvements in operational profitability in non-life initiated with the following measures: 1) strengthening reserves in our legacy portfolio, 2) substantial shift in the business mix towards profitable retail and SMEs and 3) initiating growth measures by increasing distribution capacity for retail and process simplifications for SME segment
- By as early as 2017 these measures will lead to a targeted combined ratio in non-life business of below 100 per cent, to more stable earnings and to a possible restart of cash remittance to the holding

3 Capital – Excellent Capitalisation, High Flexibility and Strong Cash Generation

- Reliable operating cash flows, strong risk management and strong capitalisation (S&P, SST, Solvency II)
- SST still 'in the green' in one-in-fifty-year economic stress events such as if interest rates drop by one additional percentage point or if equity markets crash by 50 per cent
- Full and untapped hybrid capacity
- New share buy-back programme of one million shares
- New financial ambition: two billion Swiss francs cumulative cash remittance to the holding company in the next five years to ensure an attractive and reliable dividend policy and to improve our ability to invest in future growth

4 People – Developing a Good Corporate Culture into a Great Entrepreneurial and Agile Mindset

- We firmly believe that a strong employee focus will raise employee engagement and will consequently lead to more loyal customers and hence a better financial result
- From good to great: we have a dedicated action plan in place to leverage our talents and virally develop our employee culture into an agile entrepreneurial mindset in order to succeed in tomorrow's markets
- Our new employee ambition: become a leading employer in the sector; new Employee Promoter KPI will be reported from 2017 onwards