

Annual Results 2012

«Born 1863 – Still going strong »

Conference Call for Financial Analysts and Media - Basel, 19 March 2013



Making you safer. For 150 years.

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01 Highlights

Martin Strobel
Group CEO

Highlights

Born 1863 - still going strong

-
- Solid profit of CHF 437 mn from a reliable cash engine
 - Successful market penetration and cautious underwriting, business volume up by 3.8%¹⁾
 - Target customer approach delivers again an excellent combined ratio of 94.1%
 - Prudent investment focus on recurring income yields a good performance of 6.6%²⁾
 - Life result back on track, CHF 177 mn
 - Strong capitalisation: shareholders' equity of CHF 4,831 mn
 - High yield for investors: for six years in a row an unchanged high dividend of CHF 4.50
 - Challenging financial markets successfully offset: «Baloise 2012» successfully harvests the full benefit; CHF 214 mn sustainable profit achieved
 - Strategic outlook: building upon our unique client focused approach to further leverage the well-proven operational platform and enhance growth and return
-

¹⁾ local currency (LC)

²⁾ insurance assets excl. investment-type assets; incl. costs and movements in unrealised capital gains

02 Financials

German Egloff
Group CFO

Key Figures

Solid set of results

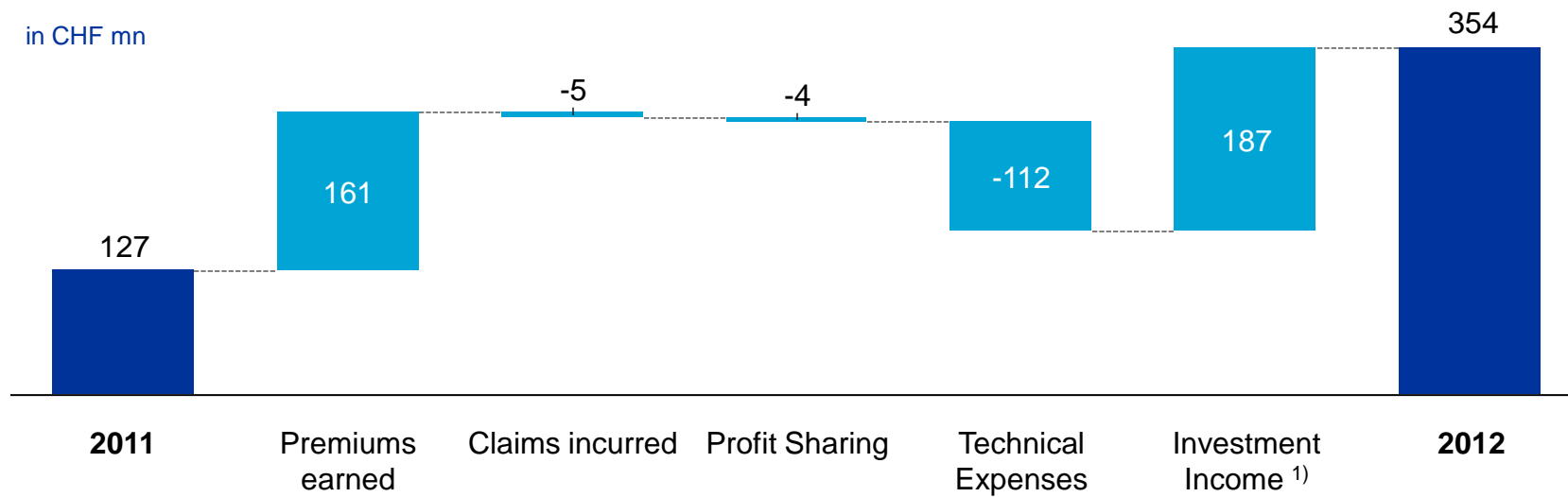
in CHF mn	2011	2012	+/-
Profit for the period (attributable to shareholders)	61	437	>100%
Earnings per share (undiluted)	1.30	9.32	>100%
Total equity	3,894	4,873	25.1%
Book value per share	82.3	103.2	25.4%
Total business volume	8,145	8,358	2.6%
Gross premiums written	6,803	6,742	-0.9%
Investment performance ¹⁾	2.8%	6.6%	3.8 pts
Combined ratio, net	95.5%	94.1%	-1.4 pts
Market Consistent Embedded Value	2,153	2,753	27.9%
Return on Embedded Value (RoEV)	-17.8%	26.4%	44.2 pts
New business margin	10.2%	8.9%	-1.3 pts
Consolidated solvency I ²⁾	203%	277%	74 pts

¹⁾ insurance assets excl. investment-type assets; incl. costs and movements in unrealised capital gains

²⁾ excluding banking

Non-life Earnings

Strong operating earning power



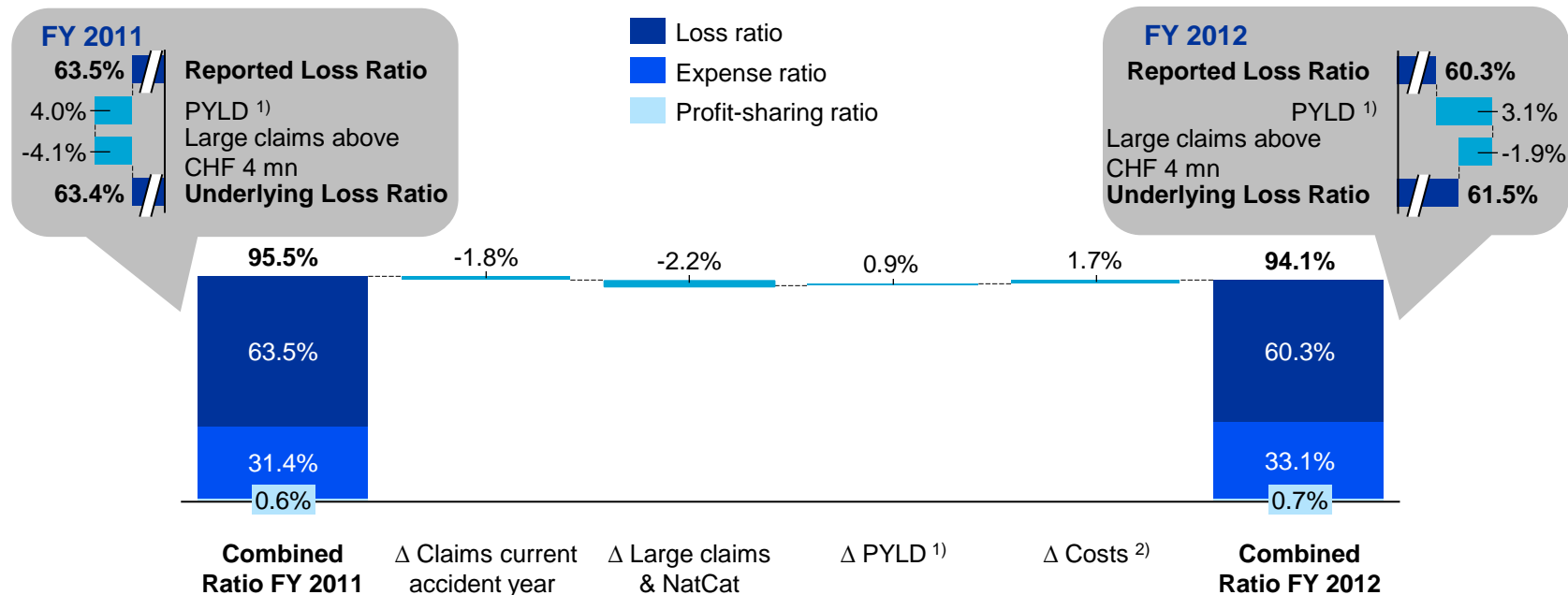
in CHF mn	2011	2012	+/-
Gross premiums written	3,144	3,318	5.5%
Net premiums earned	2,988	3,149	5.4%
Investment income	81	264	>100%
Claims incurred	-1,919	-1,924	0.3%
Technical expenses	-964	-1,076	11.6%
EBIT	127	354	>100%

¹⁾ incl. other financial income and expenses

Non-life Net Combined Ratio

Proven cash generator

net, in % of premiums earned









- Significant improvement of underlying loss ratio shows high quality of the portfolio
- Lower impact of prior year loss development, large claims above CHF 4 mn of CHF 60 mn
- Impact of Belgian integration and German restructuring visible in cost ratio

¹⁾ prior year loss development

²⁾ incl. Δ profit-sharing ratio

Non-life Gross Combined Ratio by Country

Solid margins

gross, in %	Switzerland	Germany	Belgium	Luxembourg	Austria	Croatia (incl. Serbia)	Group
							
Loss ratio	57.5	62.8	62.8	66.3	64.8	53.1	60.7
Expense ratio	25.0	36.0	36.7	35.6	32.9	52.7	31.8
Profit-sharing ratio	1.3	0.3	0.3	0.2	-	-	0.6
Combined ratio 2012	83.8	99.1	99.8	102.1	97.7	105.8	93.1
Change vs. FY 2011 (in pts)							
Δ Loss ratio	-5.6	-0.7	2.0	18.7	3.5	-2.0	-0.9
Δ Expense ratio	0.6	1.7	2.4	2.1	-0.8	0.4	1.6
Δ Profit-sharing ratio	0.4	-0.1	0.1	0.2	0.0	-	0.0
Δ Combined ratio	-4.6	0.9	4.5	21.0	2.7	-1.6	0.7

Life Earnings

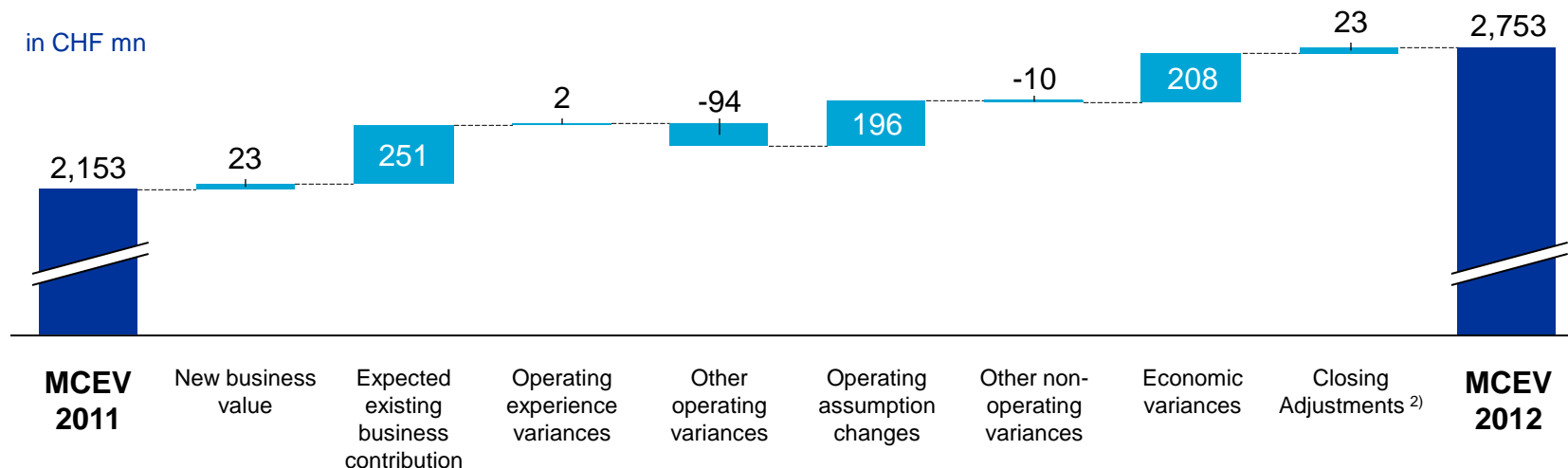
Back on track

in CHF mn, excl. investment-type assets	2011	2012	+/-
Business volume	5,001	5,041	0.8%
Gross premiums written	3,660	3,424	-6.4%
Net premiums earned	3,642	3,405	-6.5%
Investment-type premiums	1,341	1,617	20.5%
Investment income	1,125	1,500	33.3%
Benefits to policyholders ¹⁾	-4,106	-4,055	-1.2%
Technical expenses	-525	-544	3.7%
EBIT	16	177	>100%

¹⁾ incl. change in technical reserves

Life Market Consistent Embedded Value (MCEV)

Operating return on Embedded Value of 17.4%



in CHF mn	2011 ¹⁾	2012	+/-
Market Consistent Embedded Value	2,153	2,753	27.9%
Return on Embedded Value (RoEV)	-17.8%	26.4%	44.2 pts
Operating Return on Embedded Value	14.5%	17.4%	2.9 pts
Value of new business ³⁾	35	23	-32.7%
Annual premium equivalent (APE) ³⁾	342	264	-22.6%
New business margin ³⁾	10.2%	8.9%	-1.3 pts

¹⁾ excl. Nateus

²⁾ incl. capital movements, the impact of acquired/divested business, intercompany and currency translation effects

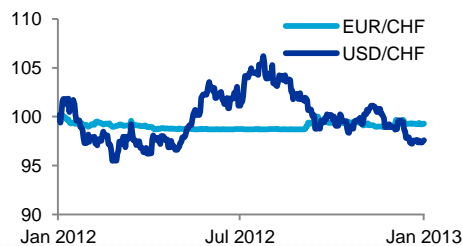
³⁾ excl. Austria, Croatia, Baloise Life Liechtenstein (in 2012) and Serbia

Asset Management

Prudent investment focus yields a good performance

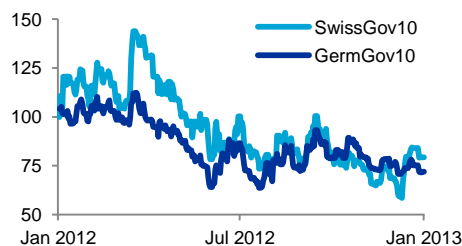
Macroeconomic Drivers

Currency



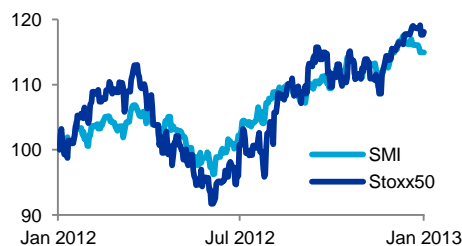
- Despite SNB EUR/CHF peg high hedging quota on fixed income instruments maintained
- USD hedge ratio on alternative investments managed more actively; no hedging of earnings of foreign business units and equities

Interest Rates



- Low interest rate environment persists
- Duration further increased by 0.5 years
- Rating quality shift mainly due to rating downgrades, no increase of risk appetite

Equities



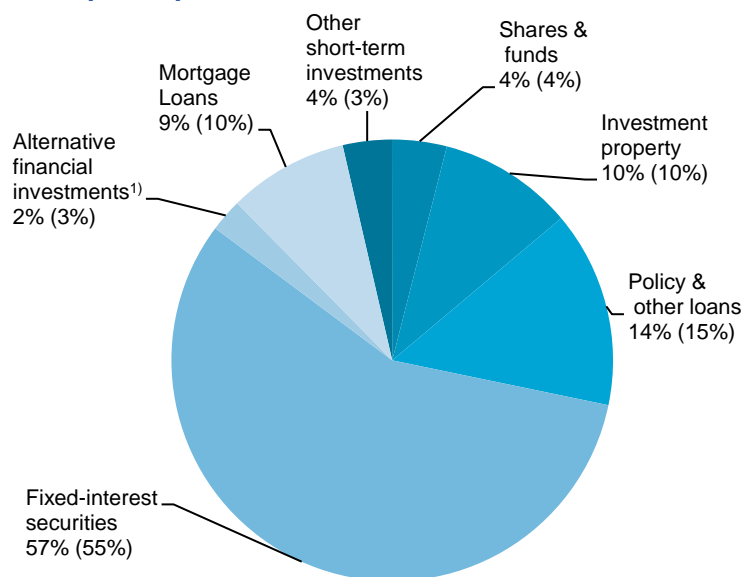
- New investment approach focussing on high quality and sustainable high dividend stocks works as intended
- Hedging mechanism in place

Asset Allocation Insurance

Good quality and highly diversified

excluding banking assets and assets from investment-type premiums

2012 (2011)



¹⁾ private equity & hedge funds

Equity & equity related investments In % total insurance assets	2012
Equities	2.8%
Hedging instruments for equities	-0.1%
Equities after hedging	2.7%
Private Equity	0.9%
Hedge Funds (equity related)	0.2%
Other ²⁾	1.2%
Equity & equity related investments	5.1%

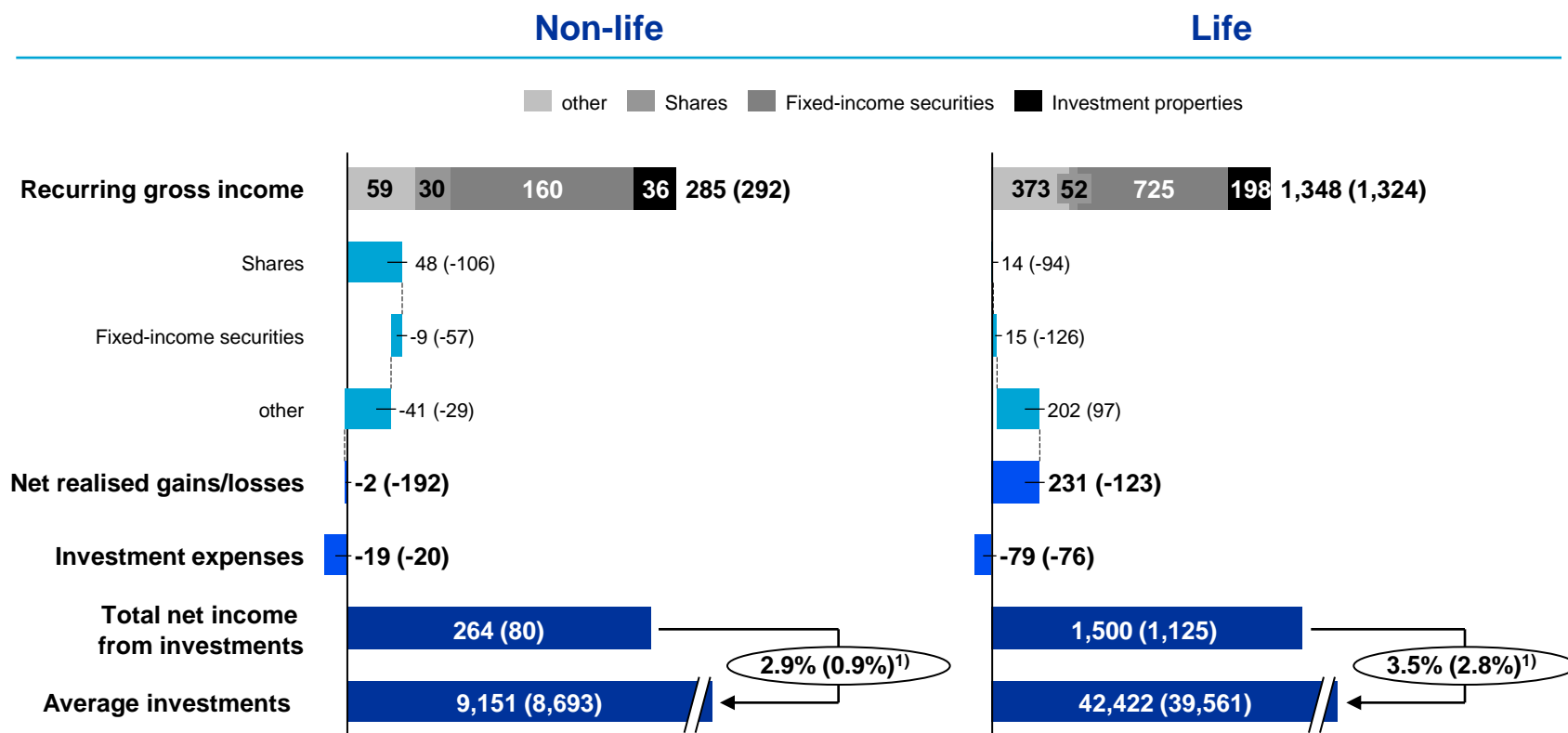
²⁾ e.g. bond & property funds treated as equity under IFRS

In CHF mn, %	2011	2012
Equity & equity-related investments (net)	4.8%	5.1%
Total insurance assets	50,032	53,115

Investment Yield

Resilient recurring income stream

FY 2012 (FY 2011) in CHF mn, excl. income on investment-type insurance contracts, before PH participation



¹⁾ investment yield including costs, excluding movements in unrealised capital gains, excluding investment-type assets

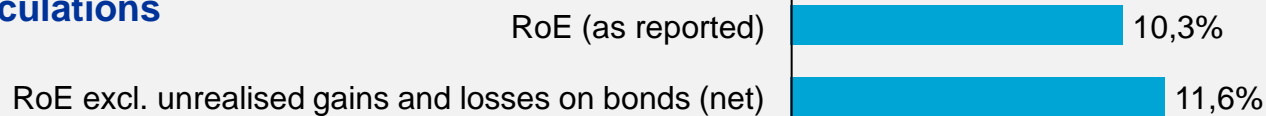
Change in Equity

Book value per share up by 25.4%

in CHF mn	2012		Per share ¹⁾
Total equity at 1 January (incl. minorities)	3,894		82.3
Other comprehensive income	728		
Dividends	-212		
Profit for the period	442	$\Delta = 25.1\%$	$\Delta = 25.4\%$
Purchase / sale of treasury shares	21		
Change in minority interests	-		
Total equity at 31 December (incl. minorities)	4,873		103.2
Return on equity	10.3%		

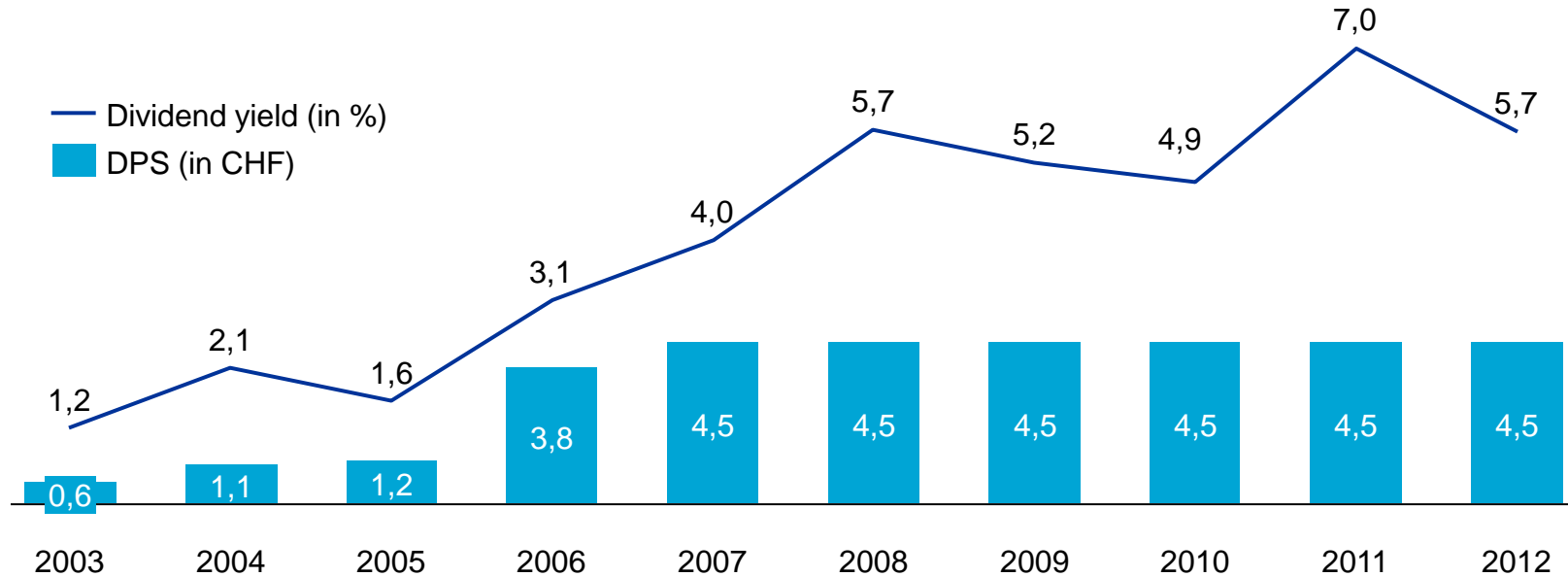
¹⁾ based on consolidated total equity (excluding minorities) and on average shares outstanding

Alternative RoE-Calculations



Distribution to Shareholders

Attractive and reliable payout



→ Proposed dividend of CHF 4.50 per share

→ Attractive dividend yield of 5.7%¹⁾

¹⁾ Based on year-end closing 2012 of CHF 78.50

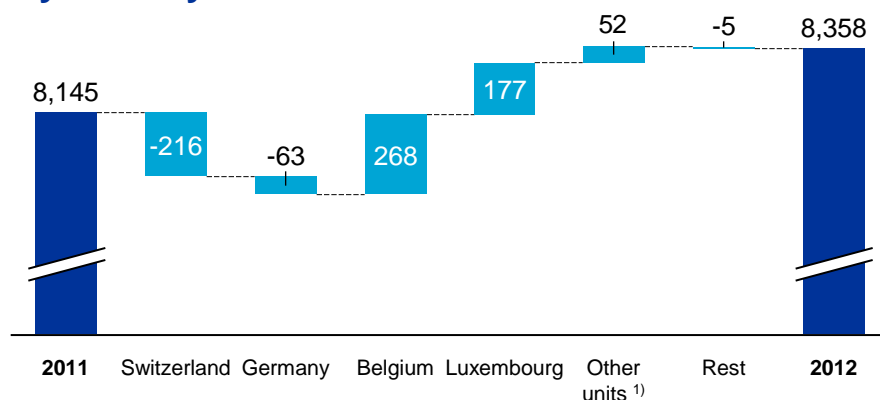
03 Operations

Martin Strobel
Group CEO

Business Volume

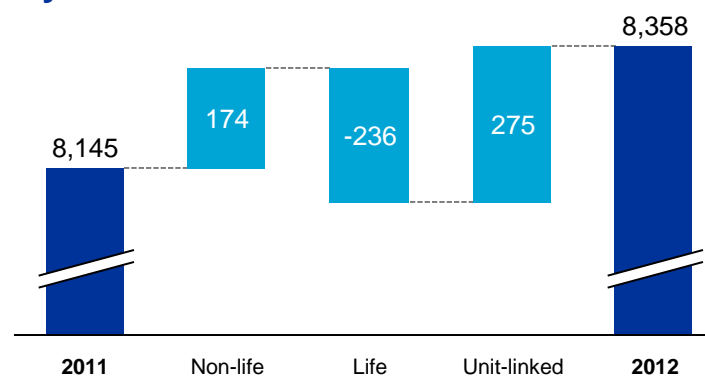
Strong growth in non-life and unit-linked business

By country



in CHF mn	2011	2012	+/-	+/- LC ²⁾
Switzerland	4,101	3,885	-5.2%	-5.2%
Germany	1,775	1,712	-3.5%	-1.3%
Belgium	1,091	1,359	24.5%	27.4%
Luxembourg	599	776	29.6%	32.6%
Other units ¹⁾	567	619	9.2%	10.3%
Rest ³⁾	12	7	-42.2%	-
Total	8,145	8,358	2.6%	3.8%

By line of business



in CHF mn	2011	2012	+/-	+/- LC ²⁾
Non-life	3,144	3,318	5.5%	7.0%
Life	3,660	3,424	-6.4%	-5.9%
Unit-linked	1,341	1,616	20.5%	22.5%
Total	8,145	8,358	2.6%	3.8%

¹⁾ Austria, Croatia, Serbia and Baloise Life Liechtenstein

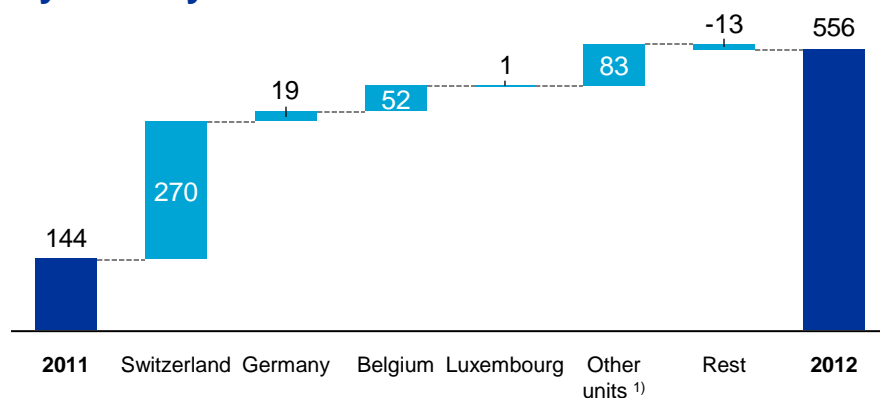
²⁾ local currency (LC)

³⁾ incl. group business

EBIT

Normalisation of earnings

By country

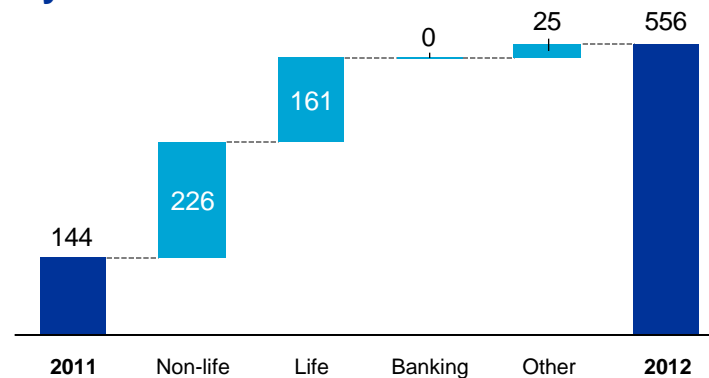


in CHF mn	2011	2012	+/-
Switzerland	108	378	>100.0%
Germany	-2	17	n.m.
Belgium	22	74	>100.0%
Luxembourg	10	11	7.0%
Other units ¹⁾	-89	-6	-93.3%
Rest ²⁾	95	82	-13.9%
Total	144	556	>100.0%

¹⁾ Austria, Croatia, Serbia and Baloise Life Liechtenstein

²⁾ incl. Baloise Holding AG, internal reinsurance, Corporate IT

By line of business



in CHF mn	2011	2012	+/-
Non-life	127	353	>100.0%
Life	16	177	>100.0%
Banking	73	73	0.7%
Other ³⁾	-72	-47	-34.7%
Total	144	556	>100.0%

³⁾ incl. Baloise Holding AG, Corporate IT, Baloise Incentive Foundation

Highlights Swiss Operations

High operating success accelerated by Baloise Safety World

Non-life:

Gross premiums written: CHF 1,316 mn (0.9%)
Combined Ratio, gross: 83.8% (-4.6 pts)
EBIT: CHF 149 mn (>100%)

- Sound growth in targeted segments
- Sustained high operational profitability
- Baloise Safety World is the linchpin of the product development and market positioning

Life:

Gross premiums written: CHF 2,511 mn (-7.8%)
Investment-type premiums¹⁾: CHF 200 mn (9.2%)
EBIT: CHF 211 mn (>100%)
New business margin (NBM): 0.0% (-17.3% pts)

- Production success in modern products (Variable annuities, Tranches)
- Strong market position leads to growth above market in Group Life annual premiums
- Substantially better financial result

Baloise Bank SoBa: (local GAAP)

Client loans: CHF +72 mn(1.2%)
Client deposits: CHF +220 mn (4.7%)
Profit for the period: CHF 22 mn (0.8%)
RoE : 6.8% (-0.2% pts)
Cost income ratio: 62.7% (-1.3% pts)

- Risk-aware growth in client loans
- Strong growth in client deposits
- Baloise Investment Advice (BIA) leads to growth in investment management mandates
- Slightly higher gross and net profit despite sustained low interest rate environment

¹⁾ incl. CHF 141 mn variable annuities stemming from Baloise Life Liechtenstein

Highlights International Operations

Strong growth figures

Germany:	→ Connection of Deutscher Ring and Basler Germany completed; further optimisation initiated
Belgium:	→ Rebranding to "Baloise Insurance" received well by the market. Strong growth above market average in non-life
Luxembourg:	→ Strong growth in life (36.4% ¹⁾) and non-life (4.9% ¹⁾)
Austria:	→ Technical excellence proven successfully: combined ratio well below 100% despite high load of natural disasters
Croatia:	→ Break even reached in a difficult market environment and further optimization steps initiated
Liechtenstein: ²⁾	→ Increased production for variable annuities (VA) business; focus on international business (non-Swiss)

¹⁾ Local currency (LC)

²⁾ Baloise Life Liechtenstein

04 Strategy & Outlook

Martin Strobel
Group CEO

Born 1863 (1/2)

A success story

Foundation: at the beginning there was a fire...
and the mission to make people safer

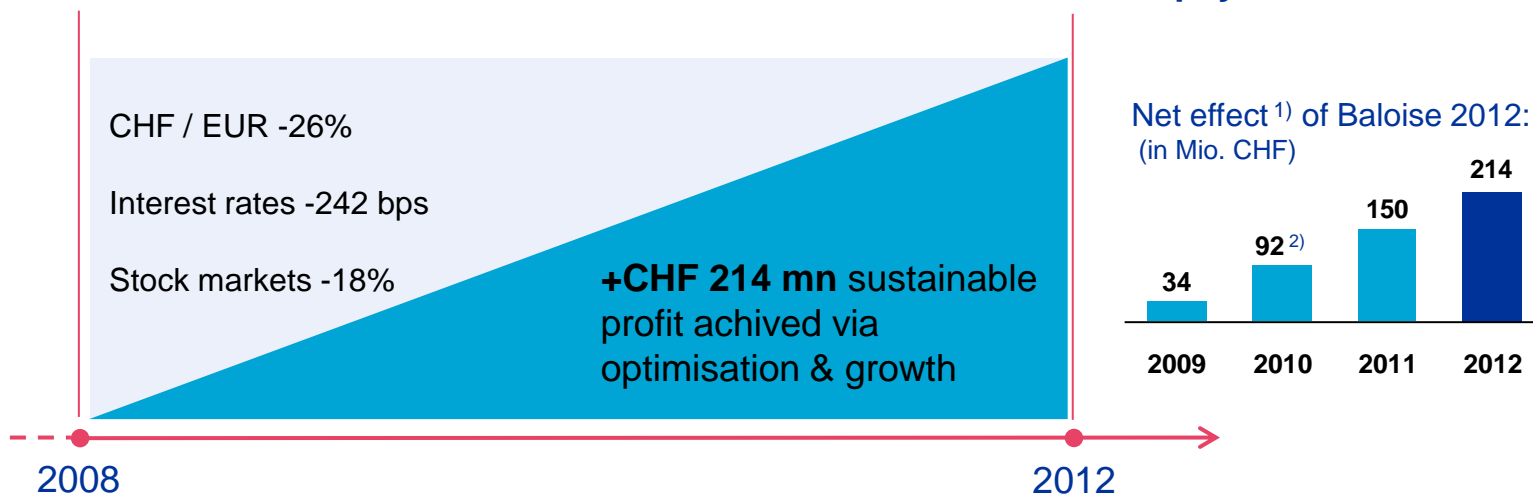


Born 1863 (2/2)

«B2012» successfully accomplished

Financial crisis: historic market crash leads to a significant lower investment result

«B2012»: strategic programme counters severe market environment and enables a **resilient payout**



¹⁾ in CHF mn, after investments and costs and after tax

²⁾ includes one-off payment out of unwinding in Germany

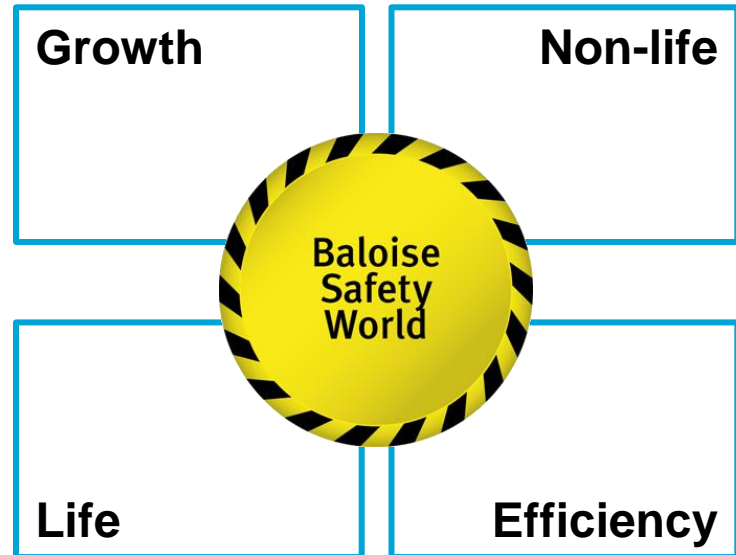
A strong platform gets enhanced

Target customer management developed further

Today – a strong platform

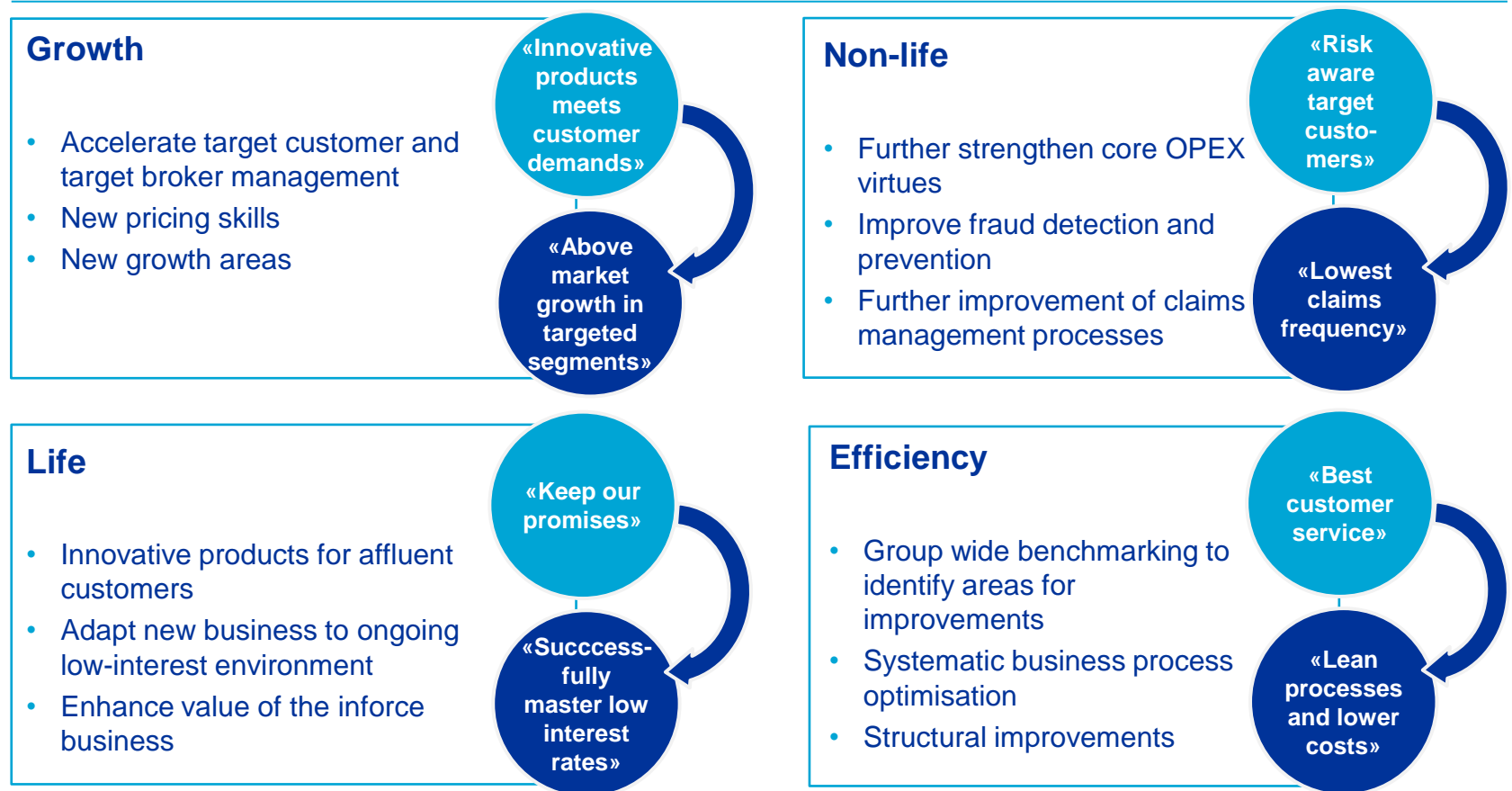


Going forward – enhance the platform



Strategic Outlook: Growth and Return

Four focus areas to reinforce target customer management

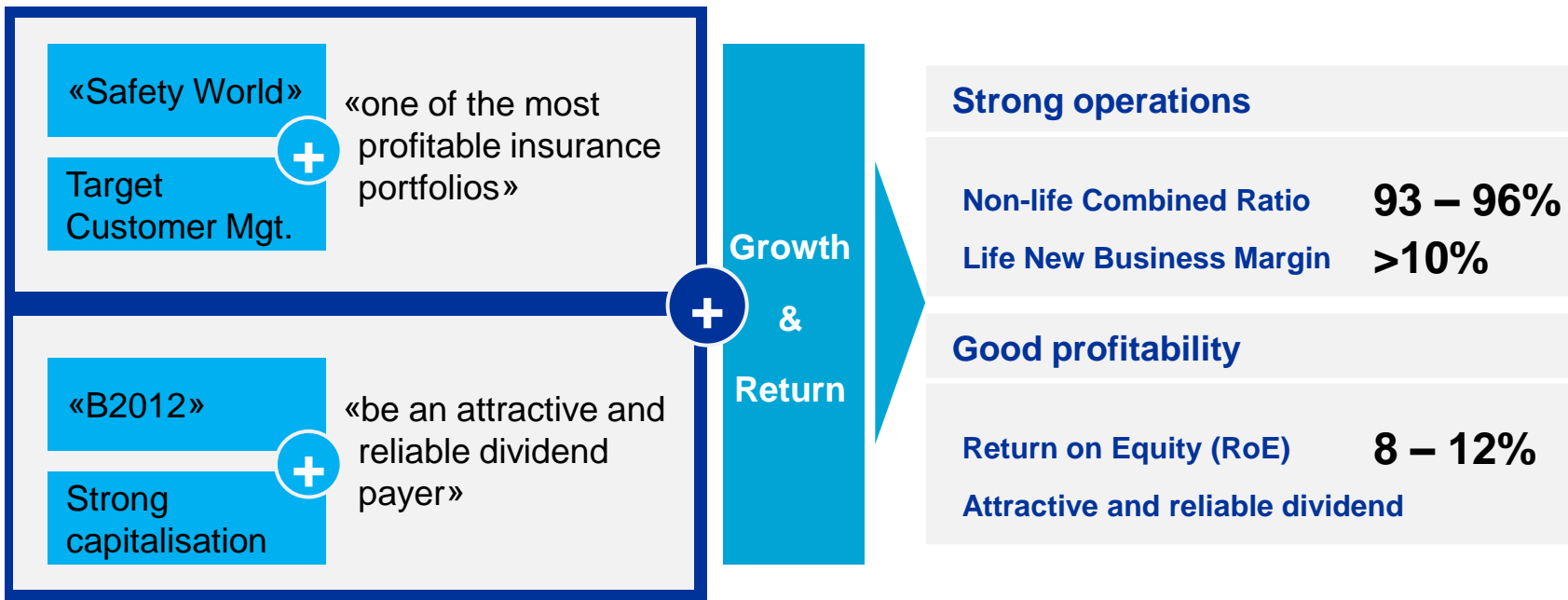


Financial Targets

Strong operations leads to reliable returns and attractive payout

Today – a strong platform

Going forward – enhance the platform



Q&A

05 Appendix

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I Financials

IFRS Sensitivities

Type of Risk	Sensitivity Test	Impact on consolidated profits (in CHF mn)		Impact on consolidated equity incl. Impact on profit (in CHF mn)	
Interest Rate Risk	- 100 bp	-111 2011	-97 2012	426 2011	570 2012
Foreign Currency Risk ¹⁾	+/- 0.01 CHF	4.6 -4.6 2011	3.0 -3.0 2012	4.6 -4.6 2011	3.0 -3.0 2012
Share Price Risk	+/- 10%	15.0 -60.9 2011	6.9 -22.5 2012	179.4 -182.2 2011	172.1 -171.9 2012

¹⁾ excl. translation effects

Business Matrix 2012

in Mio. CHF	Switzerland (excl. VA)	Germany	Belgium	Luxembourg	Austria	Croatia/ Serbia	Liechten- stein	Rest	Total
Life	2,510.6 73.3% 64.6%	634.7 18.5% 37.1%	163.9 4.8% 12.1%	56.8 1.7% 7.3%	19.8 0.6% 12.5%	32.9 1.0% 48.2%	5.3 0.2% 1.4%	- - -	3,424.0 100.0% 41.0%
Unit-linked	58.7 3.6% 1.5%	219.5 13.6% 12.8%	289.3 17.9% 21.3%	644.4 39.9% 83.0%	17.4 1.1% 11.0%	0.0 0.0% 0.0%	387.3 24.0% 98.6%	- - -	1,616.6 100.0% 19.3%
Non-life	1,316.1 39.7% 33.9%	857.9 25.9% 50.1%	905.4 27.3% 66.6%	75.1 2.3% 9.7%	120.9 3.6% 76.5%	35.5 1.1% 51.8%	- - -	6.8 0.2% 100.0%	3,317.7 100.0% 39.7%
Total	3,885.4 46.5% 100.0%	1,712.1 20.5% 100.0%	1,358.6 16.3% 100.0%	776.3 9.3% 100.0%	158.1 1.9% 100.0%	68.4 0.8% 100.0%	392.6 4.7% 100.0%	6.8 0.1% 100.0%	8,358.3 100.0% 100.0%

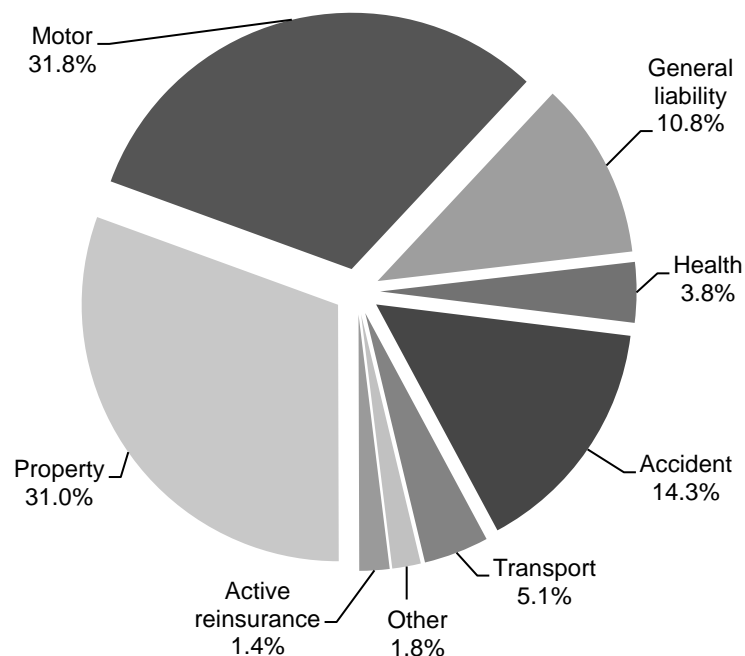
Growth Matrix 2012

in % in CHF (in % in LC)	Switzerland (excl. VA)	Germany	Belgium	Luxembourg	Austria	Croatia/ Serbia	Liechten- stein	Rest	Total
Life	-7.8%	-9.3% (-7.2%)	32.2% (35.2%)	15.0% (17.6%)	-0.4% (1.9%)	-2.7% (0.9%)	-39.0%	-	-6.4% (-5.9%)
Unit-linked	-19.3%	-3.8% (-1.6%)	36.3% (39.4%)	35.3% (38.4%)	0.2% (2.5%)	0.0% (0.0%)	15.8%	-	20.5% (22.5%)
Non-life	0.9%	1.3% (3.6%)	19.9% (22.7%)	2.6% (4.9%)	3.9% (6.3%)	-3.1% (1.2%)	-	-42.2%	5.5% (7.0%)
Total	-5.2%	-3.5% (-1.3%)	24.5% (27.4%)	29.6% (32.6%)	2.9% (5.3%)	-2.9% (1.1%)	14.4%	-42.2%	2.6% (3.8%)

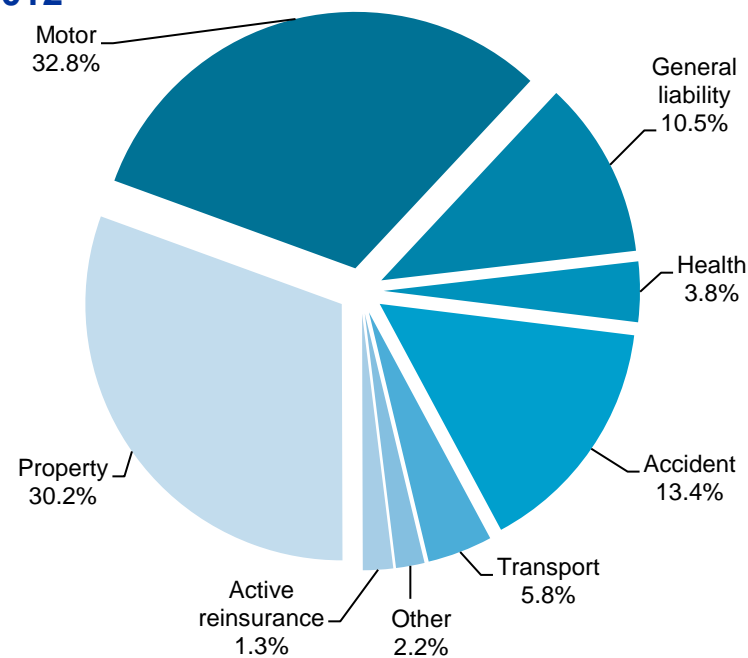
Business Mix Non-life

in % of gross premiums written

2011



2012



in CHF mn

2011

2012

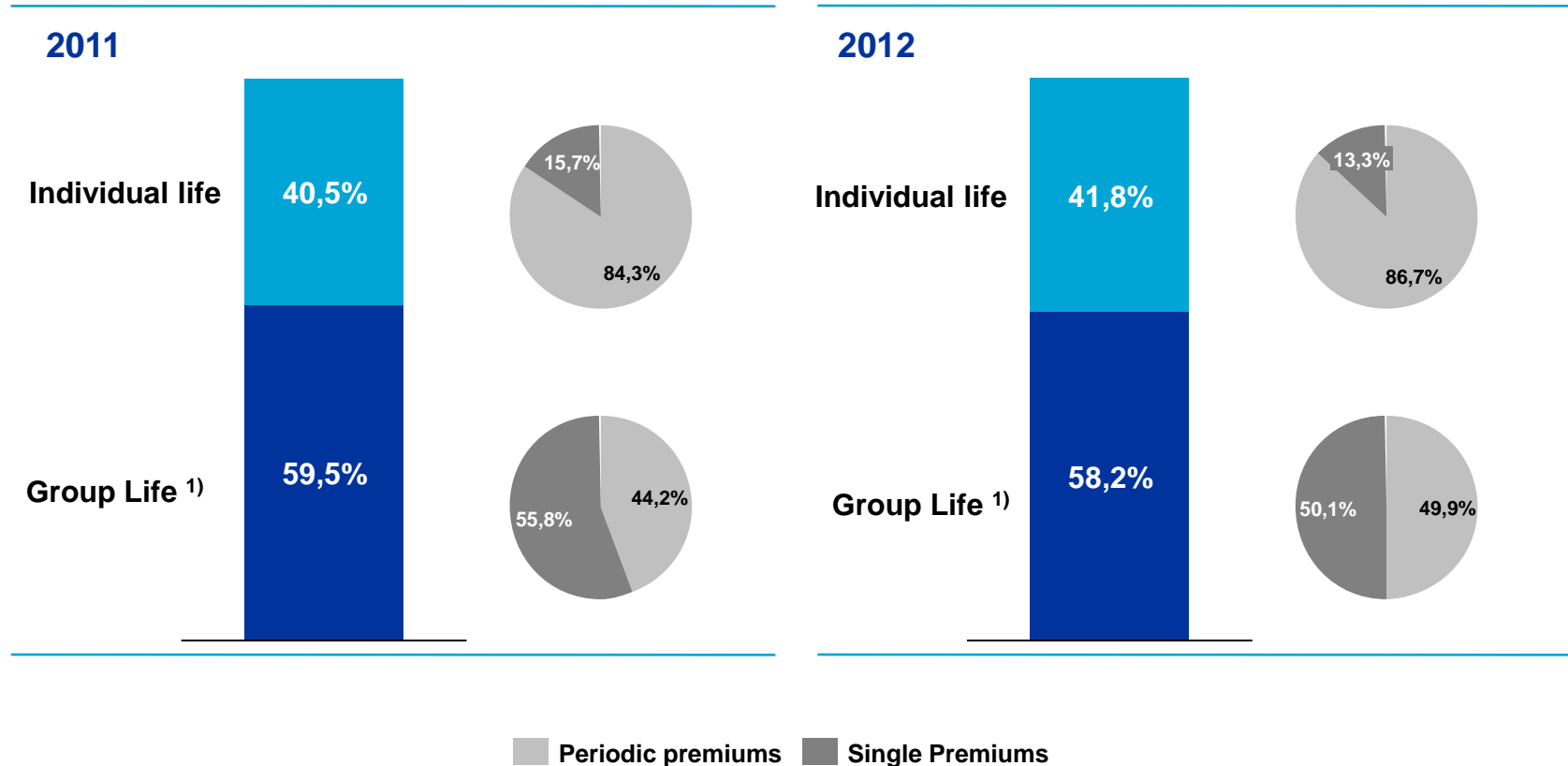
Gross premiums written non-life

3,144

3,318

Business Mix Life

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



¹⁾ Swiss group life business only

MCEV: Split by Country

in CHF mn, based on statutory financial statements	2011 ¹⁾					2012				
	CH	D	B	Lux	Group	CH	D	B	Lux	Group
CEVBF	1,484	218	81	92	1,890	1,867	211	66	105	2,249
TVFOG	-298	-99	-19	-3	-419	-308	-97	16	-3	-392
CNHR	-300	-36	-59	-16	-347	-247	-35	-141	-21	-393
FCC	-49	-10	-24	-7	-90	-51	-3	-39	-7	-100
Value of In-Force	838	73	-21	66	1,034	1,262	76	-98	74	1,365
Shareholders' Net Assets	808	108	128	56	1,119	908	101	259	78	1,388
MCEV	1,645	181	106	122	2,153	2,170	177	161	152	2,753

¹⁾ excl. Nateus

MCEV: New Business Margin

in CHF mn, based on statutory financial statements	2011 ¹⁾					2012				
	CH	D	B	Lux	Group	CH	D	B	Lux	Group
MCVNB	28	8	2	4	35	0	10	6	8	23
APE	159	74	24	51	342	109	49	37	68	264
NB Margin on APE	17.3%	11.1%	9.4%	8.1%	10.2%	0.0%	19.8%	16.8%	11.0%	8.9%
PVNBP	2,035	633	255	514	3,780	1,493	429	421	686	3,029
NB Margin on PVNBP	1.4%	1.3%	0.9%	0.8%	0.9%	0.0%	2.3%	1.5%	1.1%	0.8%

¹⁾ excl. Nateus

MCEV: Economic Sensitivities

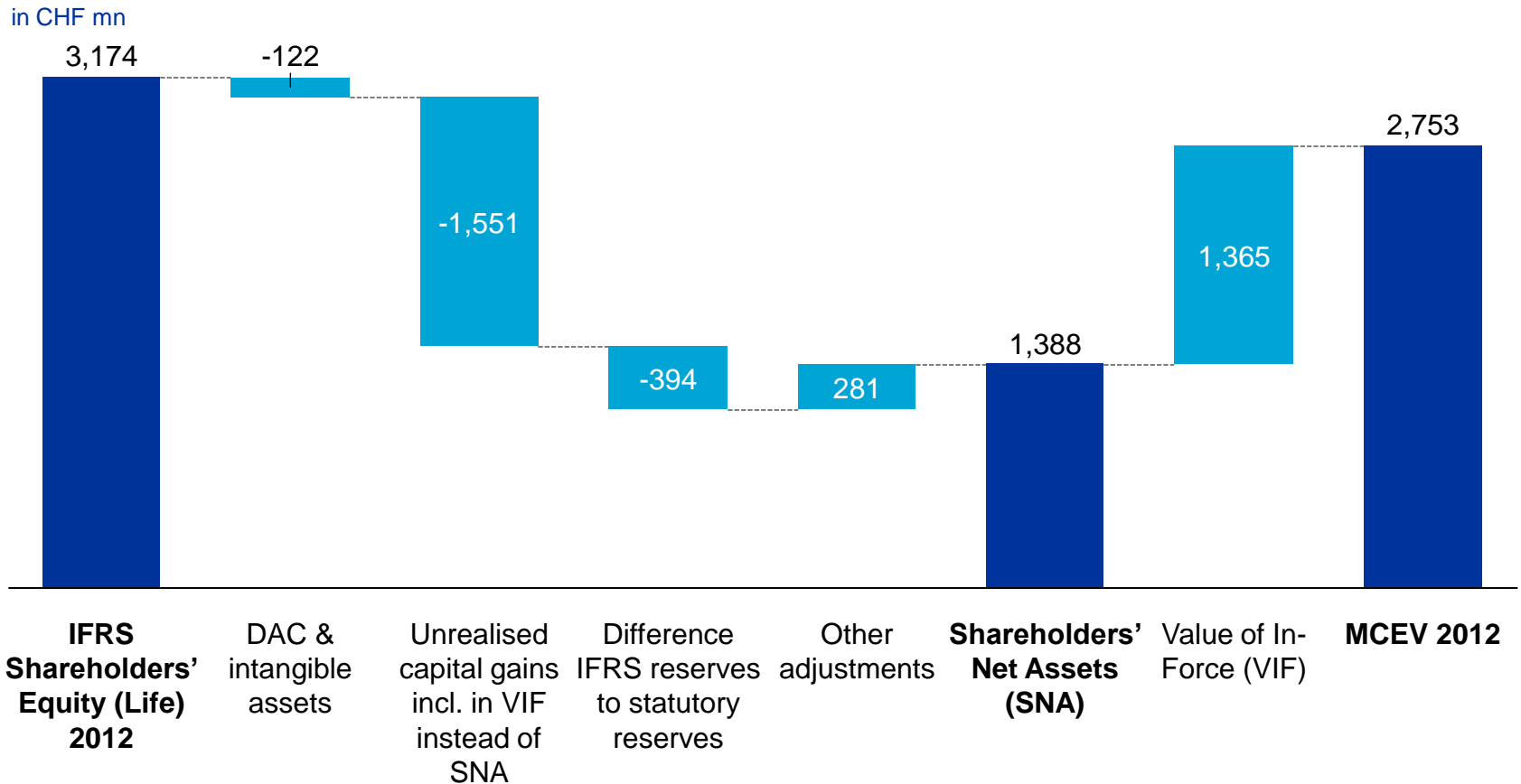
in CHF mn, based on statutory financial statements	Δ MCEV	Δ MCEV in %	Δ MCVNB	Δ MCVNB in %
Base Value	2,753	-	23	-
+100 bps to reference yields	473	17%	14	61%
-100 bps to reference yields	-1,052	-38%	-37	-160%
10% decrease in equity / property values	-375	-14%	-7	-28%
25% increase in equity / property implied volatilities	-161	-6%	-1	-5%
25% increase in swaption implied volatilities	-202	-7%	-4	-18%
Without liquidity premium	-197	-7%	-2	-8%

MCEV: Operating Sensitivities

in CHF mn, based on statutory financial statements	Δ MCEV	Δ MCEV in %	Δ MCVNB	Δ MCVNB in %
Base Value	2,753	-	23	-
10% decrease in lapse rates	71	3%	7	28%
10% decrease in maintenance expenses	150	5%	8	34%
10% decrease in initial expenses	n.a.	n.a.	5	21%
5% improvement in mortality assumptions - insurance	23	1%	2	9%
5% improvement in morbidity assumptions	46	2%	0	1%
5% improvement in mortality assumptions - annuity	-38	-1%	-1	-5%
1% pts decrease for CNHR ¹⁾	111	4%	4	18%

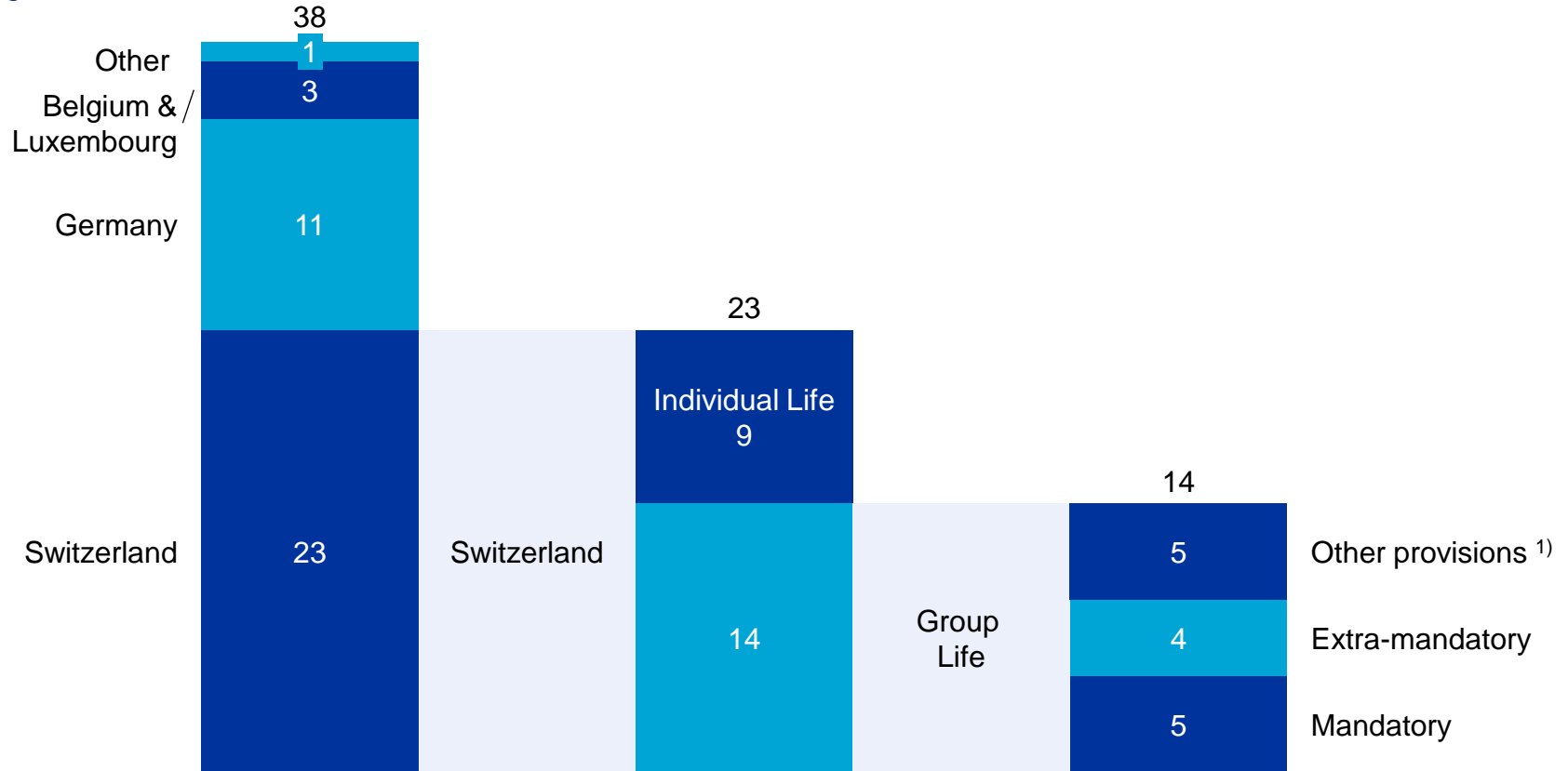
¹⁾ indicates the impact of changing the rate of charge for capital for non-hedgeable risks from 4% to 3%

IFRS-MCEV Bridge



Technical Reserves Life

gross, in CHF bn



¹⁾ provisions for annuities, mortality, disability, reserve strengthening, cost of living adjustment fund

Direct Yield and Guarantees Life

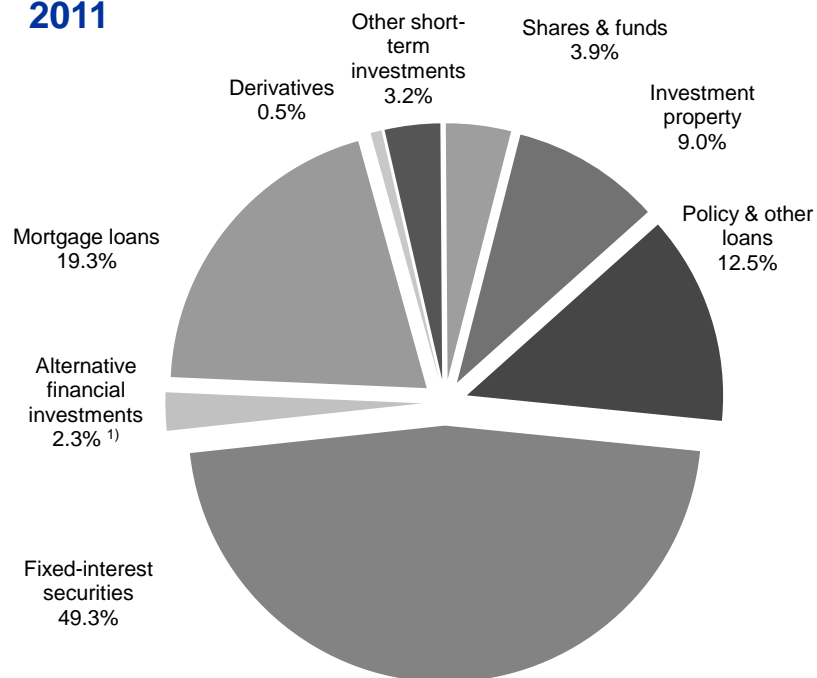
2012	CH	EU	Total
Direct yield ¹⁾	2.8%	3.8%	3.2%
Average guaranteed rate of return	2.0%	3.1%	2.4%
Margin	0.8%	0.7%	0.8%

2011	CH	EU	Total
Direct yield ¹⁾	2.9%	3.8%	3.2%
Average guaranteed rate of return	2.0%	3.1%	2.4%
Margin	0.9%	0.7%	0.8%

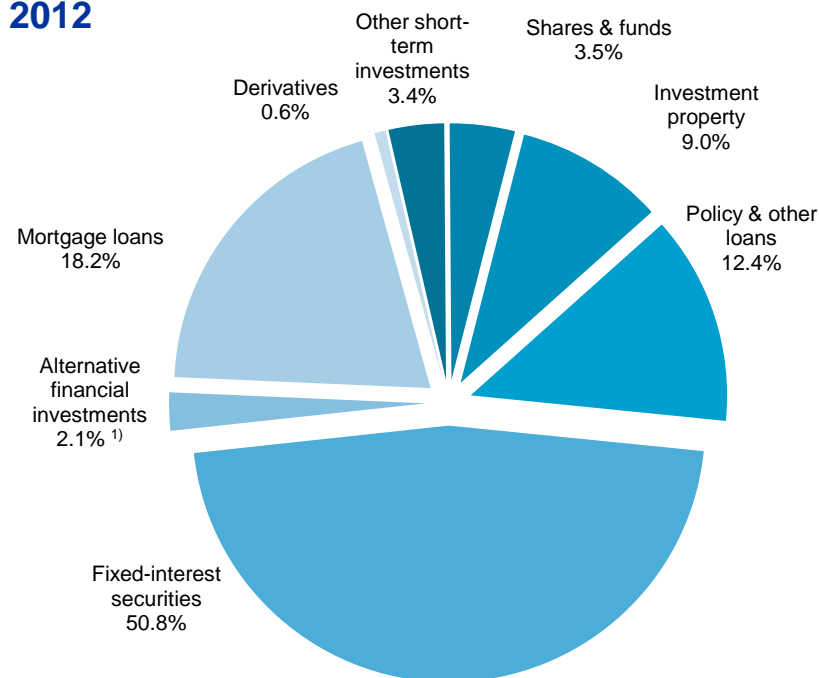
¹⁾ relative to average technical reserves, excl. realisations

Group Asset Allocation

2011



2012



in CHF mn

Total group assets ²⁾

2012

60,428

¹⁾ private equity and hedge funds

²⁾ incl. banking assets, excl. assets from investment-type premiums

Impairments in 2012

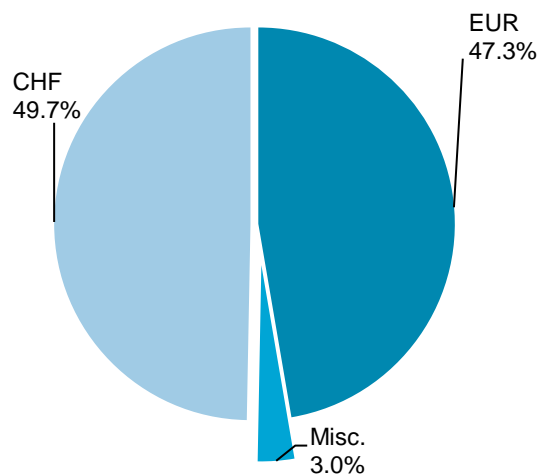
Financial assets of an equity nature		Financial assets of a debt nature	
Impairments (in CHF mn), gross	66	Impairments (in CHF mn), gross	2
Impairments (in CHF mn), net	43	Impairments (in CHF mn), net	1
Impairments (gross) in % of ø assets of an equity nature	1.9%	Impairments (gross) in % of ø assets of a debt nature	0.0%

→ Equity markets strongly recovered from mid-year lows	→ Broadly diversified portfolio of high quality bonds
→ Limited impairments only	→ Only marginal GIIPS exposure

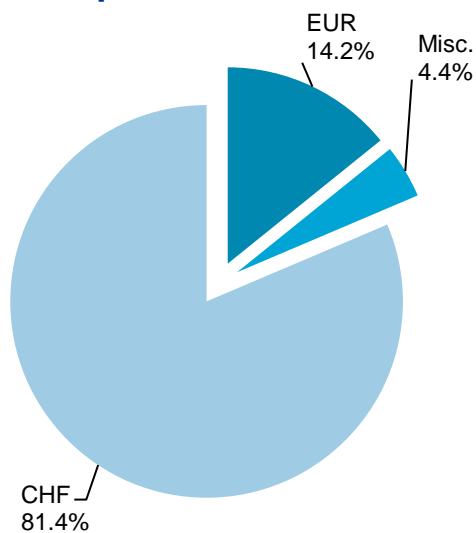
Total Insurance Assets: Currency Exposure, Gross

excluding banking assets and assets from investment-type premiums

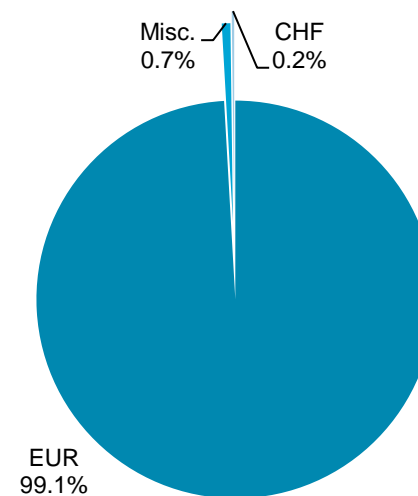
Group



Swiss operations



Foreign operations



in CHF mn

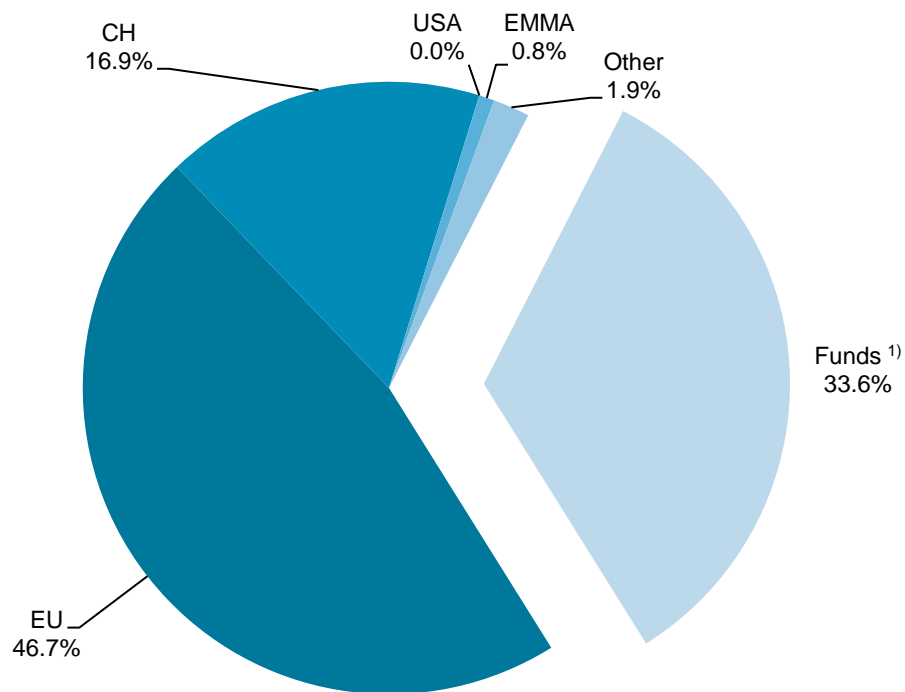
2012

Total insurance assets

53,115

Equity Portfolio: Regional Exposure

excluding banking assets and assets from investment-type premiums



¹⁾ treated as equity under IFRS

in CHF mn	2012
Total equity investments	2,132

Hedge Fund Portfolio

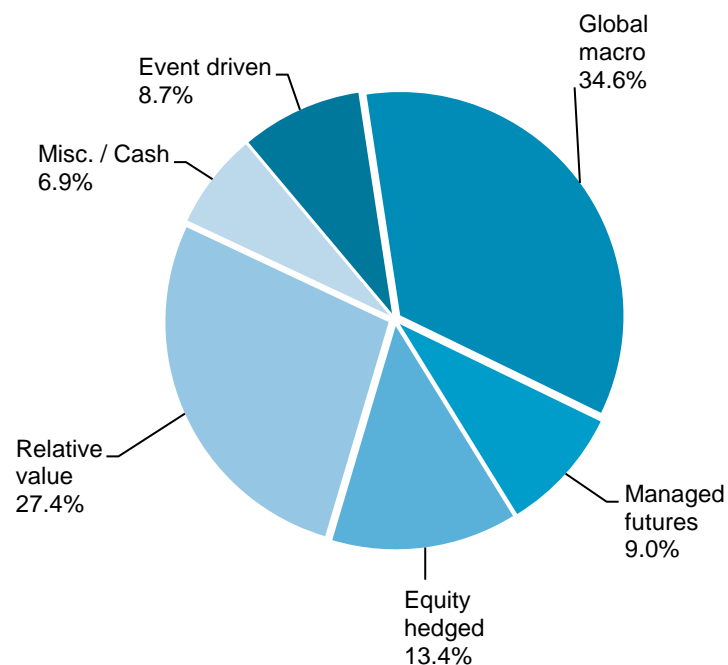
excluding banking assets and assets from investment-type premiums

	2012
Total hedge fund investments (in CHF mn)	724
Performance (in USD)	0.8%
Impairments ¹⁾ (in CHF mn), gross	8
Impairments in % of ø Hedge Funds	1.0%

- Broadly diversified portfolio
- FX-risk mainly hedged

¹⁾ part of the impairments on financial assets with an equity nature

By style



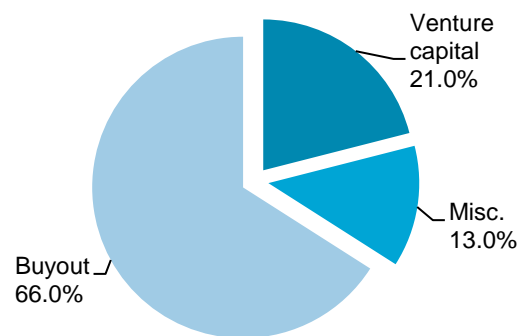
Private Equity Portfolio

excluding banking assets and assets from investment-type premiums

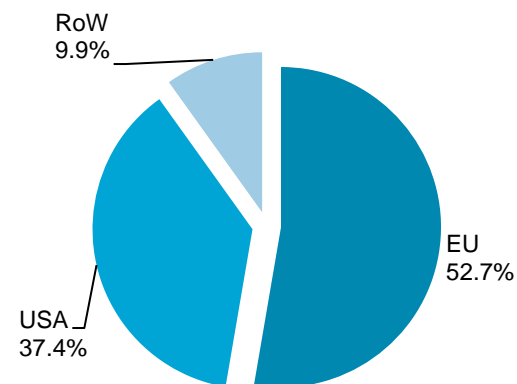
	2012
Total private equity investments (in CHF mn)	547
Performance (in USD, Sep 11 - Sep 12)	4.6%
Impairments ¹⁾ (in CHF mn), gross	1
Impairments in % of ø Private Equity	0.2%

→ FX-risk mainly hedged

By type



By region



¹⁾ part of the impairments on financial assets with an equity nature

Investment Property and Mortgages

excluding banking assets and assets from investment-type premiums

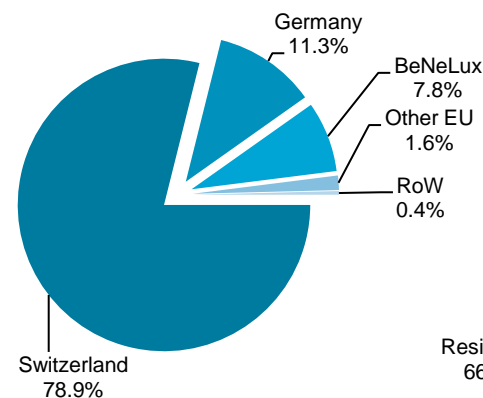
in CHF mn

2012

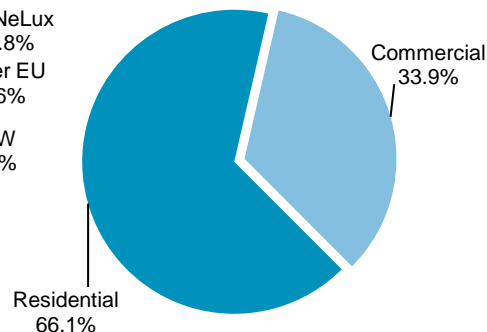
Total investment property

5,248

By country



By type



- Well diversified portfolio, only invested in stable markets
- Stable valuation generating regular periodic income

in CHF mn

2012

Total mortgages

4,699

Gross yield ¹⁾

2.5%

administration costs

-3 bps

risk costs

-1 bps

Net yield ¹⁾

2.4%

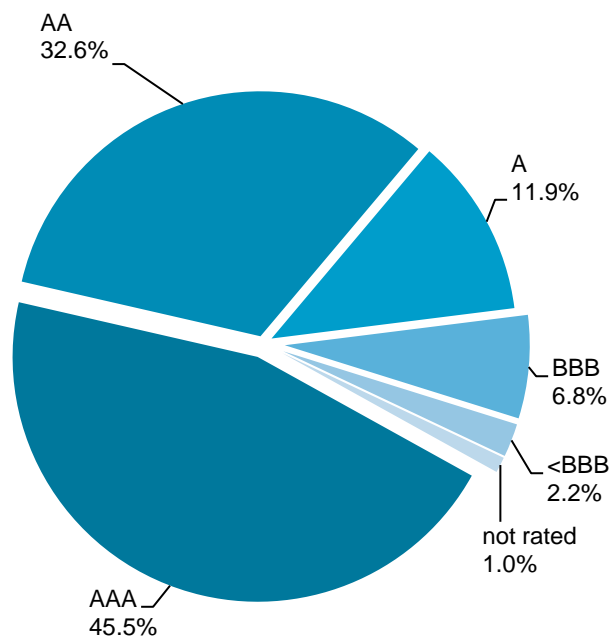
¹⁾ in % of mortgage investments

- Portfolio of excellent quality due to credit guidelines of high standing

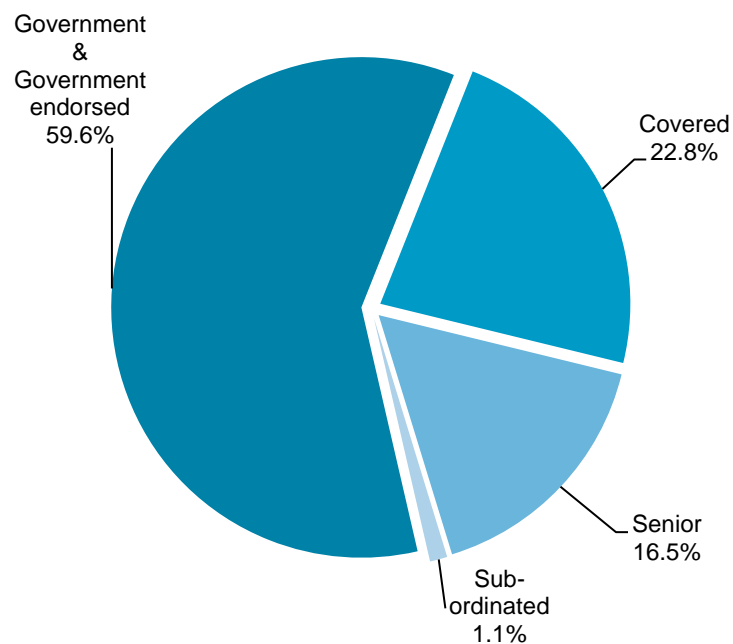
Bond Portfolio

excluding banking assets and assets from investment-type premiums

By quality



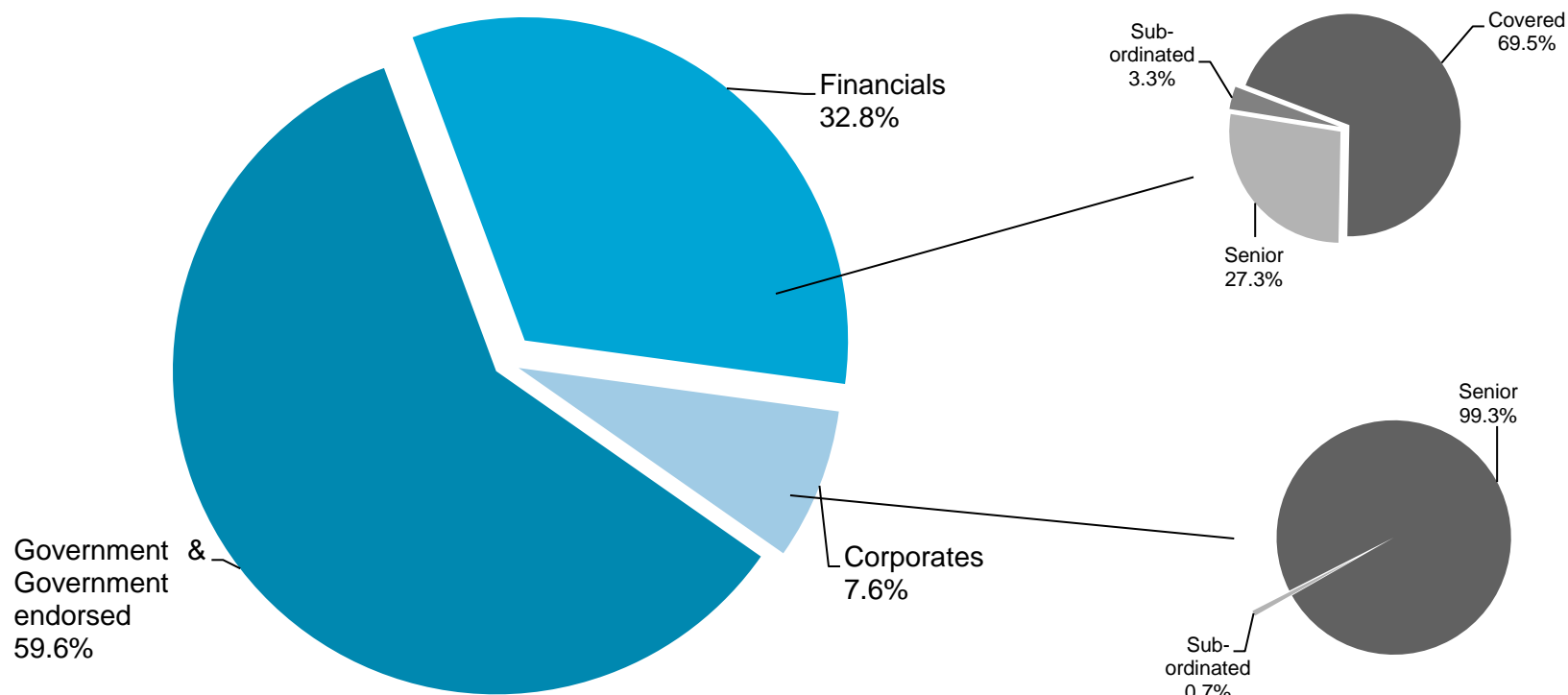
By ordination



in CHF mn	2012
Total bond investments	30,262

Bond Portfolio: Issuers

excluding banking assets and assets from investment-type premiums

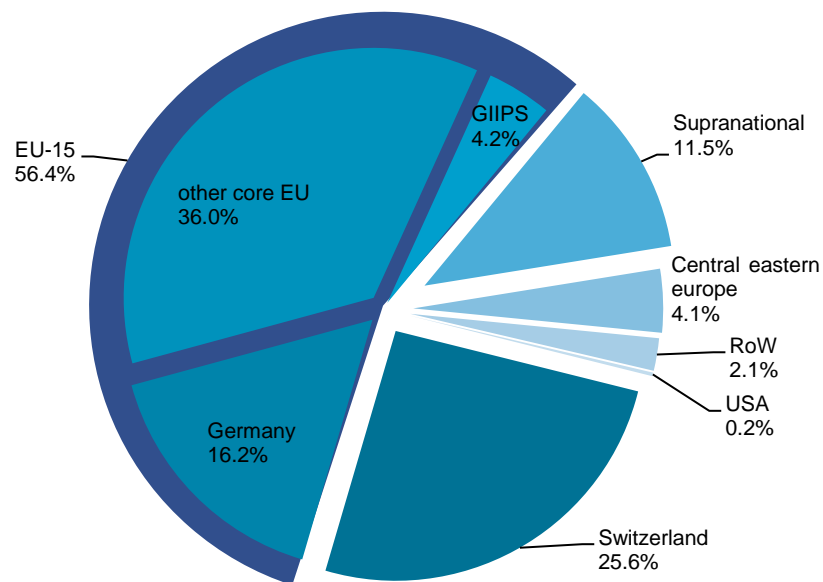


in CHF mn	2012
Total bond investments	30,262

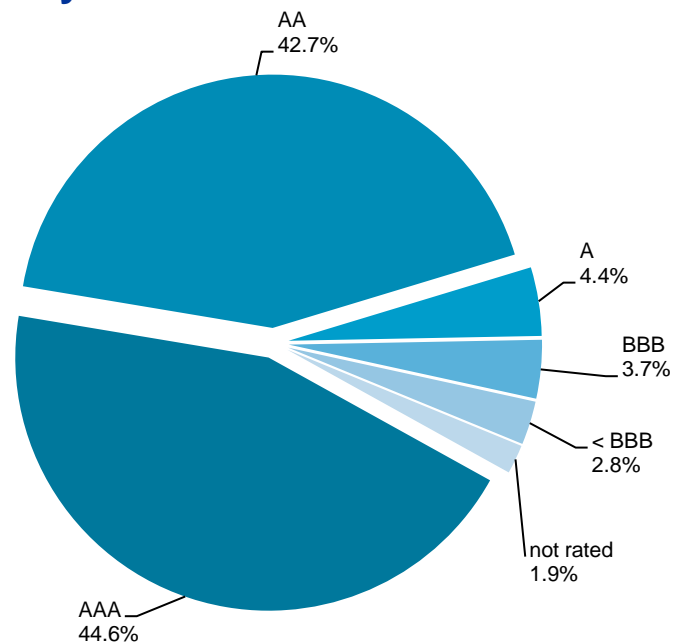
Bond Portfolio: Sovereign and Public Debt

excluding banking assets and assets from investment-type premiums

By region



By quality



in CHF mn

2012

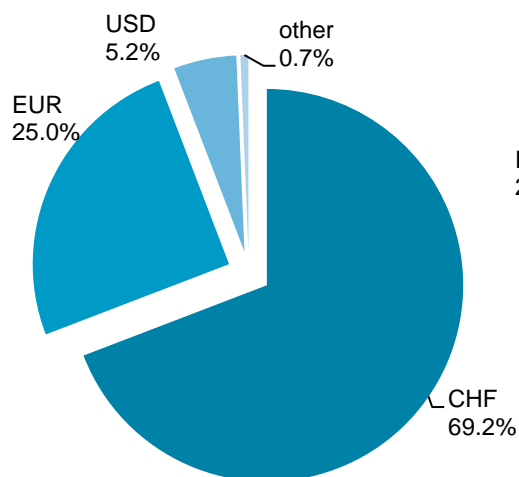
Total Sovereign and Public Debt

17,979

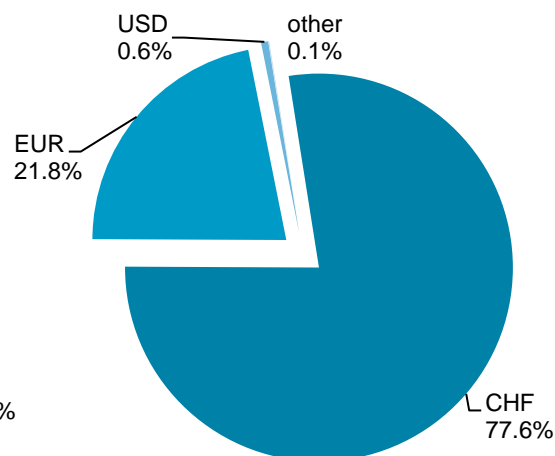
Bond Portfolio: Currency Exposure of Swiss Operations

excluding banking assets and assets from investment-type premiums

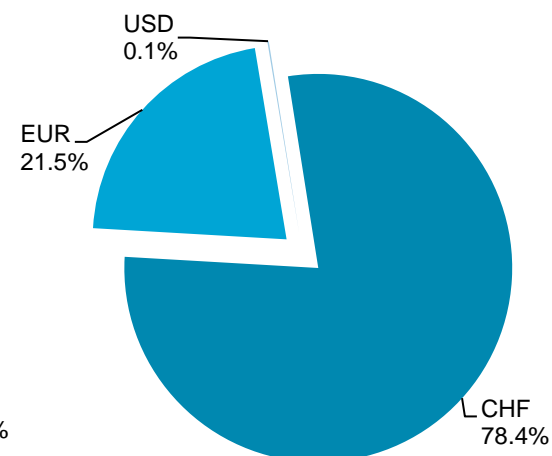
Non-life



Total bonds



Life



→ Total net currency exposure after hedges & liabilities: 1.1 % EUR, 0.2% USD

in CHF mn	2012
Total bonds investments ¹⁾	20,525

¹⁾ held by Swiss operations

Duration of Bonds and Promissory Notes

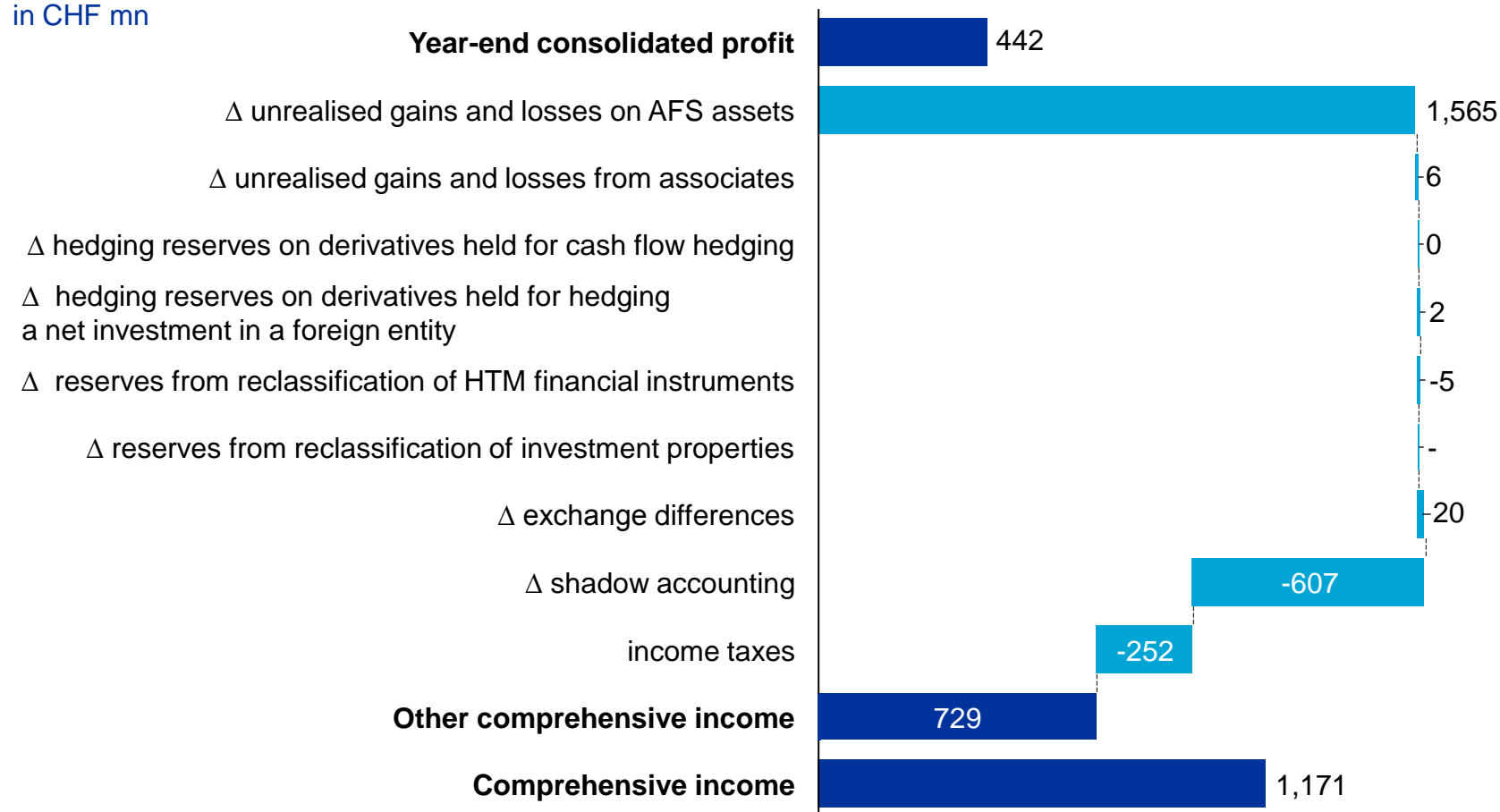
excluding banking assets and assets from investment-type premiums

Duration by classification	2011		2012	
	Years	% of total	Years	% of total
Duration bonds available-for-sale (AFS)	6.1	57.9%	6.9	58.9%
Duration bonds held-to-maturity (HTM)	8.2	24.5%	8.7	23.6%
Duration promissory notes	6.2	17.6%	6.4	17.5%
Duration portfolio	6.7	100%	7.2	100%

Duration by line of business	2011		2012	
	Years	% of total	Years	% of total
Duration life bonds (incl. promissory notes)	6.9	85.5%	7.5	85.4%
Duration non-life bonds (incl. promissory notes)	5.1	14.5%	5.4	14.6%
Duration portfolio	6.7	100%	7.2	100%

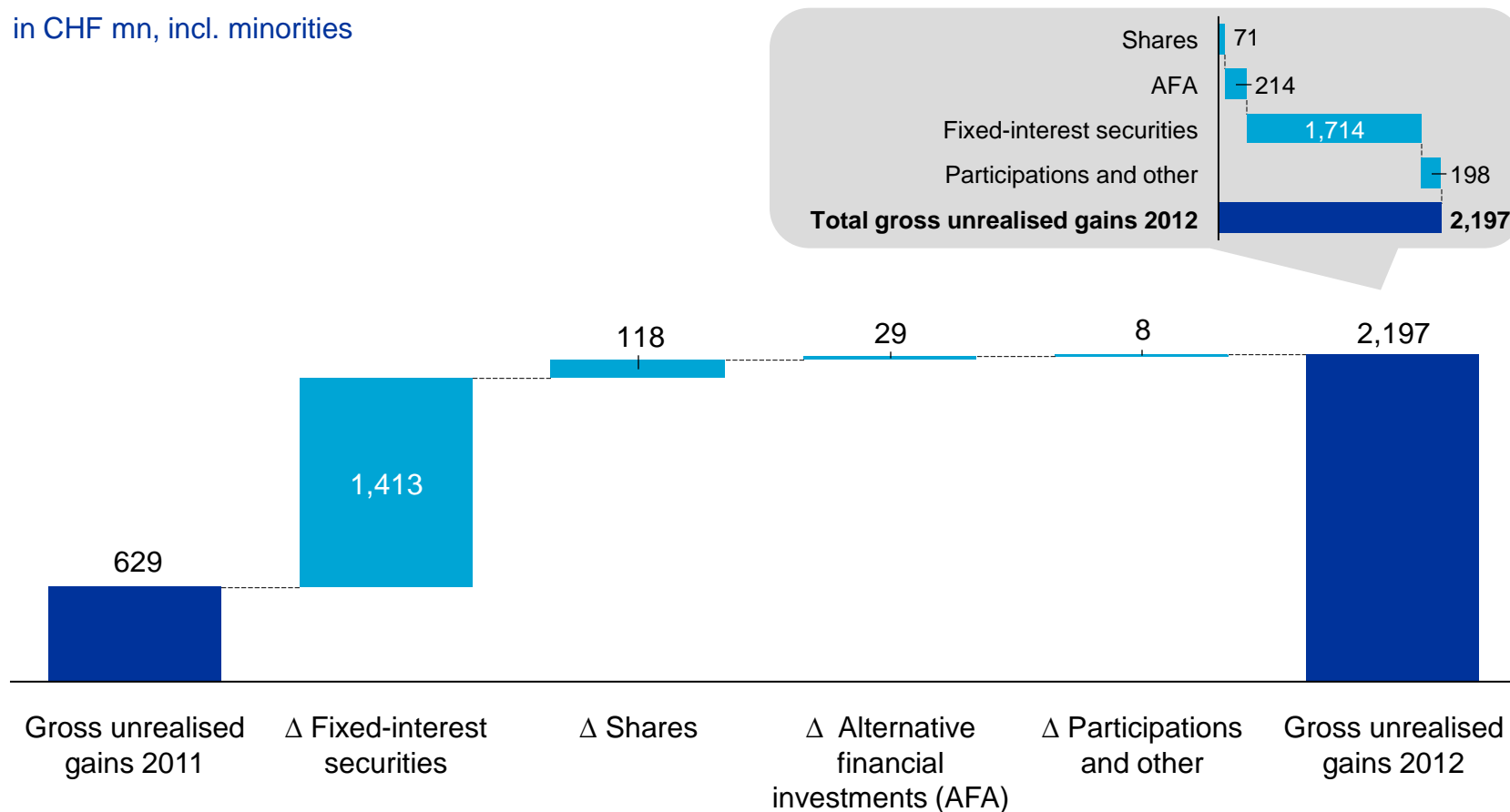
Comprehensive Income

in CHF mn



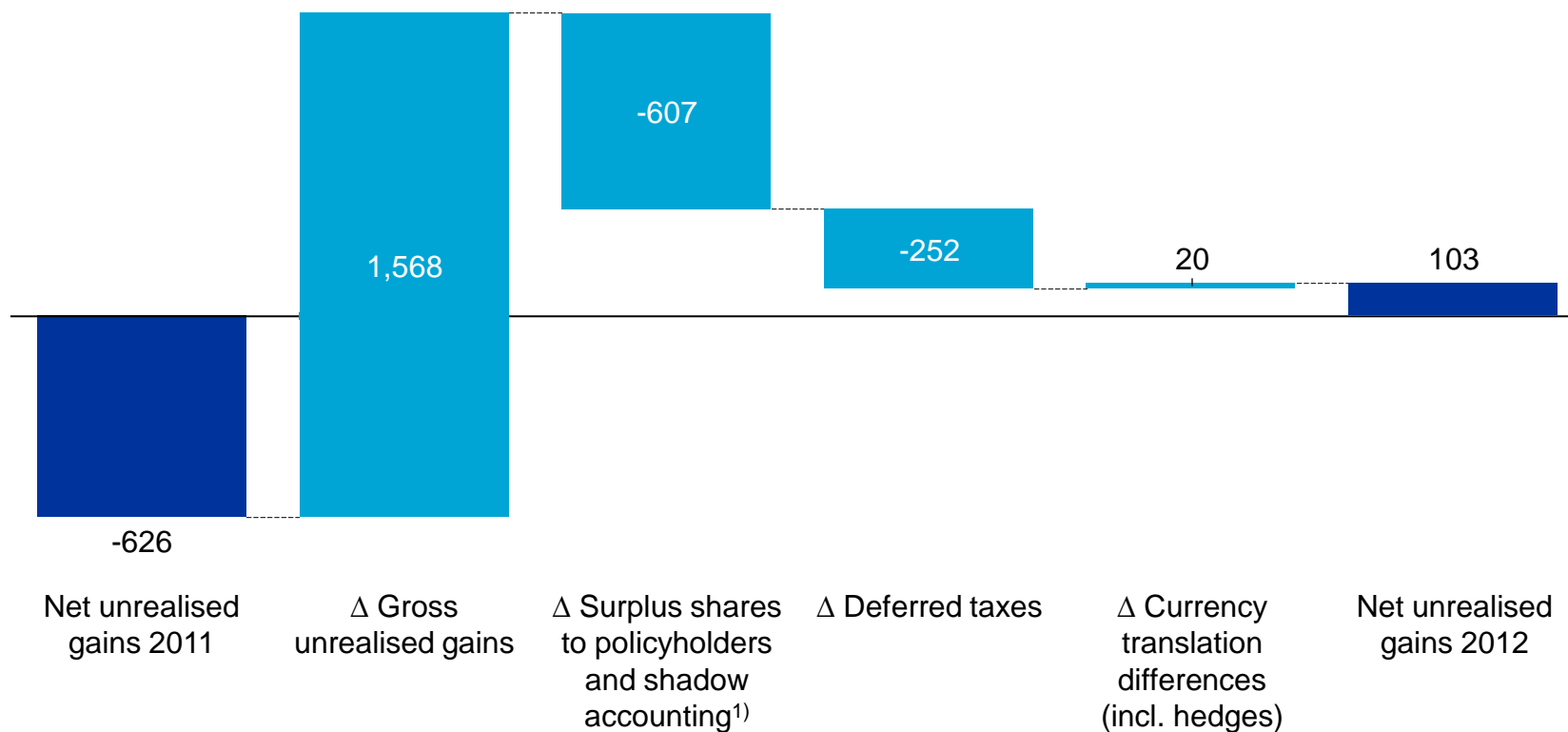
Gross Unrealised Capital Gains

in CHF mn, incl. minorities



Net Unrealised Capital Gains

in CHF mn, incl. minorities

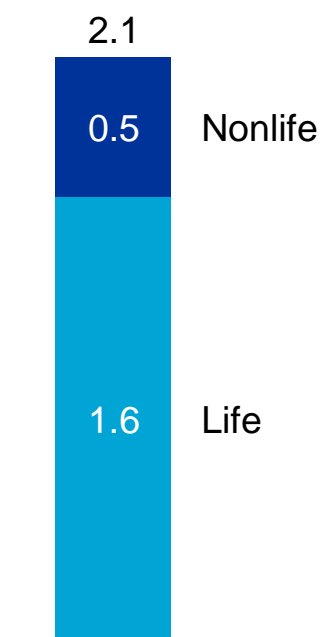


¹⁾ incl. DAC, URR, terminal policyholders' dividends

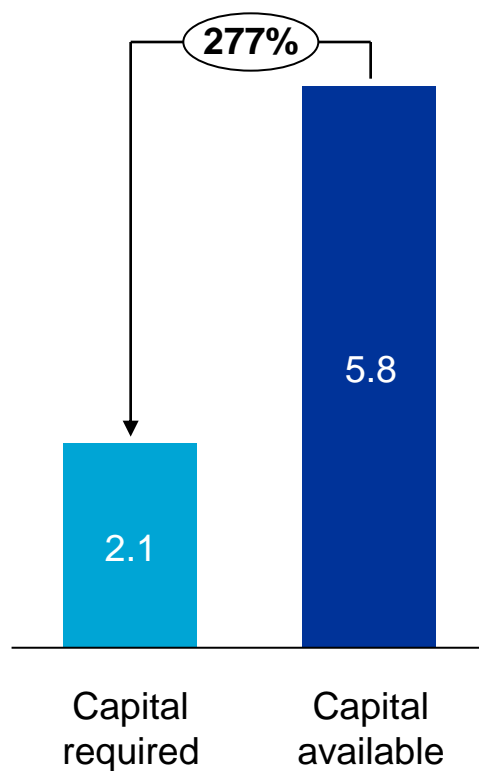
Consolidated Solvency I

in CHF bn, excluding banking assets

Capital required



Required vs. available capital



Available funds

	2012
Total equity	4.9
Goodwill / intangibles	-0.3
DAC non-life	-0.2
Unallocated surplus	2.0
Other	-0.2
Banking assets	-0.4
Total	5.8

Currency

in CHF	B/S		P/L	
	2011	2012	2011	2012
EUR	1.21	1.21	1.23	1.21
USD	0.94	0.92	0.89	0.94

II Operations

Switzerland

in CHF mn	Non-life	Life
Gross premiums written	1,316 (0.9%)	2,511 (-7.8%)
Investment-type premiums	-	200 ¹⁾ (9.2%)
EBIT	149 (>100%)	211 (>100%)

Non-life	Life
→ Sound growth in targeted segments	→ Production success in modern products (VA, Tranches)
→ Sustained high operational profitability	→ Strong market position is the foundation of growth above market in Group Life annual premiums
→ Baloise Safety World is the linchpin of the product development and market positioning	→ Substantially better financial result contributes to profitability

¹⁾ investment type premiums incl. CHF 141 mn variable annuities stemming from Baloise Life (Liechtenstein)

Switzerland: Direct Yield and Guarantees

2012	Individual life	Group life	Total life CH
Direct yield ¹⁾	2.9%	2.6%	2.8%
Average guaranteed rate of return	2.4%	1.6%	2.0%
Margin	0.5%	1.0%	0.8%

2011	Individual life	Group life	Total life CH
Direct yield ¹⁾	2.9%	2.8%	2.9%
Average guaranteed rate of return	2.4%	1.7%	2.0%
Margin	0.5%	1.1%	0.9%

¹⁾ relative to average technical reserves, excl. realisations

Switzerland: Group Life (1/2)

in CHF mn, in accordance with statutory financial statements

Group life CH business subject to legal quote	2011	2012
Result of savings process	18	95
Result of risk process	102 ¹⁾	83
Result of cost process	-2	0
Gross result for business subject to legal quote	118	178
Strengthening of reserve	-94	-107
Allocation to provisions for future policyholder dividends	-15	-40
Operating result for business subject to legal quote	9	31

Derivation of legal quote group life CH	2012	%
Gross income from business subject to legal quote	540	100%
Overall benefit level in business subject to legal quote	509	94%
Operating result for business subject to legal quote	31	
Operating result for business not subject to legal quote	15	
Operating result for group life business	46	

¹⁾ The result 2011 of the risk process of the business subjected to the legal quote is affected by a one-off effect amounting to CHF 42 mn. This effect is due to a realignment of technical reserves which overall has no impact on the year-end result (the resulting gains in the risk process are offset by expenses for the strengthening of reserves)

Switzerland: Group Life (2/2)

in CHF mn, in accordance with statutory financial statements

Investment performance	2012	
Net investment income		379
	Book Value	Market value
Investment portfolio at beginning of financial year	13,723	14,755
Investment portfolio at end of financial year	14,375	15,858
Return on book value		2.7%
Return on market value		5.4%
Operating result	2011	2012
Premium income (earned)	2,178	1,994
Policyholder benefits	-1,637	-1,643
Change in insurance reserves incl. strengthening of reserves	-697	-519
Acquisition, administrative costs and claim expenses	-89	-89
Net investment income	302	379
Reinsurance result	-7	-6
Surplus allocated to bonus reserves	-40	-70
Operating result for group life business	10	46

Switzerland: Baloise Bank SoBa

in CHF mn, in accordance with statutory financial statements	2011	2012	+/-
Interest income	84	83	-1.5%
Fee and commission income	16	16	-0.4%
Trading income	3	3	-0.1%
Gross yield	105	104	-1.0%
Expense	-67	-65	-3.0%
Gross profit	38	39	2.7%
Profit for the period	22	22	0.8%
Cost / income ratio	64.0%	62.7%	-1.3 %pts

Switzerland: Cooperation Bank and Insurance

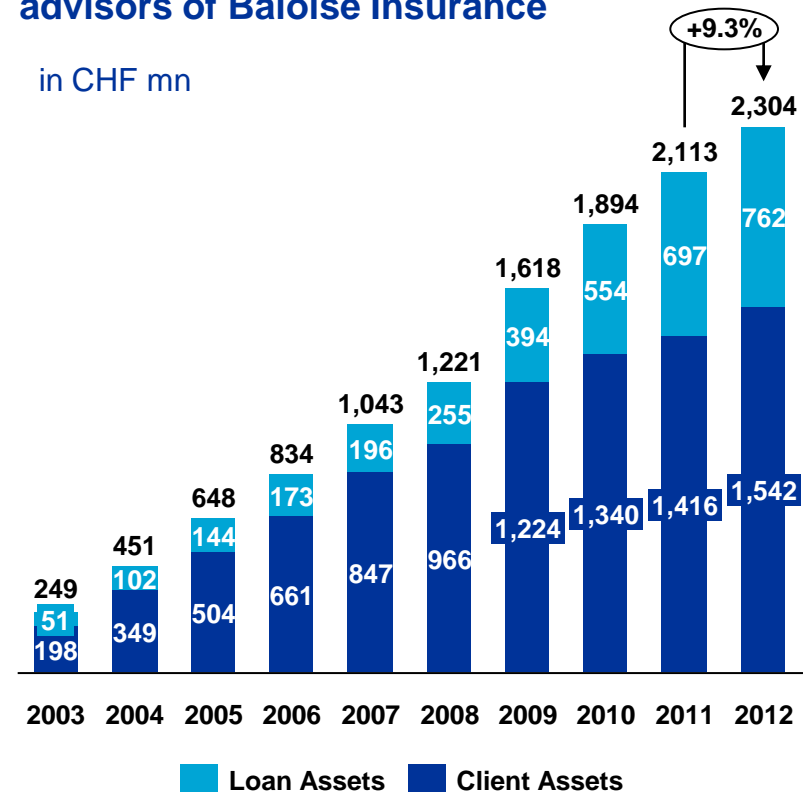
→ Unique business model continues to deliver results. Dual competence in banking and insurance represents measurable customer value

→ Once again good rise of client assets and loans

→ Unique advice methodology Baloise Investment Advice (BIA) entuses customers

Total volume generated by customer advisors of Baloise Insurance

in CHF mn



Germany

in CHF mn	Non-life	Life
Gross premiums written	858 (3.6% ¹⁾)	635 (-7.2% ¹⁾)
Investment-type premiums	-	220 (-1.6% ¹⁾)
EBIT	29 (n.m.)	10 (-25.2%)

- Improved EBIT due to normalisation of the financial results and positive effects from connection of Deutscher Ring and Basler Germany
- Strong growth in non-life; life development affected by ongoing low interest environment
- Focus on optimisation after completion of connection of Deutscher Ring and Basler Germany

¹⁾ local currency (LC)

Belgium

in CHF mn	Non-life	Life
Gross premiums written	905 (22.7% ¹⁾)	164 (35.2% ¹⁾)
Investment-type premiums	-	289 (39.4% ¹⁾)
EBIT	66 (>100%)	2 (>100%)

- Jump in premium after successful integration; reinforcing number 5 position in Belgian non-life market
- Growth above market average in non-life; new life product portfolio better adapted to low interest environment
- Further improved net combined ratio due to progress in reunderwriting

¹⁾ local currency (LC)

Luxembourg

in CHF mn	Non-life	Life
Gross premiums written	75 (4.9% ¹⁾)	57 (17.6% ¹⁾)
Investment-type premiums	-	644 (38.4% ¹⁾)
EBIT	5 (4.7%)	9 (6.6%)

- Solid result; major fire claim weighs on the combined ratio
- Strong growth dynamics in life and freedom of services
- Continuous cost reductions and increased service level through process optimisation

¹⁾ local currency (LC)

Austria

in CHF mn	Non-life	Life
Gross premiums written	121 (6.3% ¹⁾)	20 (1.9% ¹⁾)
Investment-type premiums	-	17 (2.5% ¹⁾)
EBIT	3 (n.m.)	-1 (n.m.)

→ Continuous strong growth in non-life and growth in a negative life market

→ Expansion of own sales force continues

→ Further declining cost ratio

¹⁾ local currency (LC)

Croatia

in CHF mn	Non-life	Life
Gross premiums written	35 (1.2% ¹⁾)	33 (0.9% ¹⁾)
Investment-type premiums	-	0 (n.a.% ¹⁾)
EBIT	0 (n.m.)	3 (n.m.)

→ Break-even reached in a recessive market environment

→ Cost reduction due to decreasing operating expenses on track

→ Strong premium growth in Serbia's non-life business

¹⁾ local currency (LC)

Liechtenstein

in CHF mn	2012
Business Volume	393 (14.4%)
<i>Whereof generated by</i>	
Liechtenstein	239 (7.0%)
Switzerland (only VA)	141 (28.0%)

→ High business volume out of Italy in freedom of services business

→ Increased new business volume of variable annuities (VA)

→ Re-pricing of variable annuities products RentaSafe Time and Renta Protect due to further decrease of interest rates

III Reporting Agenda & Contact Details

Reporting Agenda

→ Annual General Meeting

Thursday, 2 May 2013

→ Half Year Results 2013

Thursday, 29 August 2013

→ Investor Day 2013

Tuesday, 22 October 2013

→ Full Year Results 2013

Tuesday, 25 March 2014

You will find all published documentation at www.baloise.com

Contacts

Investor Relations

+41 58 285 81 81

investor.relations@baloise.com

www.baloise.com/investors

Media Relations

+41 58 285 84 67

media.relations@baloise.com

www.baloise.com/media

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