

Annual Results 2010
«Higher profit and solid growth»

Conference Call for Financial Analysts and Media - Basel, 22 March 2011



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01 Highlights

Martin Strobel
Group CEO

Highlights 2010 Higher profit and solid growth

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- Profit up by 4% despite extraordinary currency effects and low interest rate environment
 - Above market growth in almost all markets. Gross premiums increased by 4%¹⁾
 - Safety World leads to higher cross-selling and increased customer demand
 - «Baloise 2012» on track; significant efficiency gains achieved
 - Net combined ratio of 95.2% impacted by higher large claims
 - Higher investment income and lower costs support life earnings
 - Solid balance sheet and proven enterprise risk management assure financial flexibility and resilience. Solvency I of 224%
 - Reliable dividend of CHF 4.50 resulting in an attractive dividend yield of 4.9%
 - Unwinding of Deutscher Ring entities in Germany on track, first results achieved
 - Acquisition of Avéro and Nateus will enhance market position in Belgium
-

¹⁾ local currency (LC)

02 Financials

German Egloff
Group CFO

Key Figures

Higher profit despite challenging macroeconomic environment

in CHF mn	2009	2010	+/-
Profit for the period	421	437	3.7%
Earnings per share (undiluted)	8.64	9.14	5.8%
Total equity	4,510	4,134	-8.3%
Book value per share	90.1	86.5	-4.0%
Total business volume	9,765	9,542	-2.3%
Gross premiums written	6,860	6,860	0.0%
Investment yield ¹⁾	3.1%	3.5%	0.4 pts
Combined ratio, net	94.4%	95.2%	0.8 pts
Market Consistent Embedded Value	2,626	2,573	-2.0%
Return on Embedded Value (RoEV)	n.m.	-2.3%	n.m.
New business margin	9.3%	11.8%	2.5% pts
Consolidated solvency I ²⁾	230%	224%	-6 pts

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

²⁾excluding banking

Key Figures Nonlife

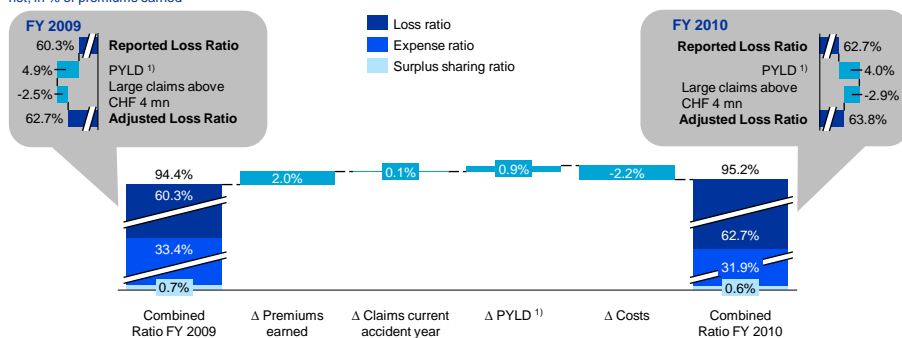
Reliable cash flow generator

in CHF mn	2009	2010	+/-
Gross premiums written	3,136	3,045	-2.9%
Investment income	289	277	-4.0%
Claims incurred	1,801	1,833	1.8%
Technical expenses	1,004	936	-6.7%
EBIT	383	380	-0.6%
Combined ratio, gross	91.2%	92.2%	1.0 pts
Loss ratio, gross	58.6%	60.9%	2.3 pts
Expense ratio, gross	32.0%	30.7%	-1.3 pts
Surplus sharing ratio, gross	0.6%	0.6%	0.0 pts

Development of Nonlife Net Combined Ratio

Significant cost reduction visible

net, in % of premiums earned









- Large claims of CHF 84 mn (2.9 pts) significantly above expectation of CHF 45 mn
- Cost measures trigger significant efficiency gains
- Lower impact of positive prior year loss experience

¹⁾ prior year loss development

Technical Performance Nonlife

Operational excellence across the group

gross, in %	Switzerland	Germany	Belgium	Luxembourg	Austria	Croatia (incl. Serbia)	Group
							
Loss ratio	62.0	62.0	59.8	43.9	62.8	56.6	60.9
Expense ratio	25.1	34.8	33.7	37.5	34.7	53.6	30.7
Surplus sharing ratio	0.9	0.3	0.5	0.0	0.0	-	0.6
Combined ratio 2010	88.0	97.1	94.0	81.4	97.5	110.2	92.2
Change vs. FY 2009 (in pts)							
Δ Loss ratio	4.3	3.4	-0.5	-11.2	-8.1	0.8	2.3
Δ Expense ratio	-0.9	-0.5	-3.8	1.0	-1.0	-1.5	-1.3
Δ Surplus sharing ratio	-0.1	-0.1	0.2	0.0	0.0	-	0.0
Δ Combined ratio	3.3	2.8	-4.1	-10.2	-9.1	-0.7	1.0

Key Figures Life

Higher investment income and lower costs

in CHF mn	2009	2010	+/-
Business volume	6,629	6,497	-2.0%
Gross premiums written	3,723	3,815	2.5%
Investment-type premiums	2,906	2,682	-7.7%
Investment income ¹⁾	1,199	1,455	21.3%
Benefits to policyholders ²⁾	-4,474	-4,708	5.2%
Technical expenses	-493	-470	-4.7%
EBIT	151	183	21.2%
Market Consistent Embedded Value	2,626	2,573	-2.0%
Return on Embedded Value (RoEV)	n.m.	-2.3%	n.m.
Value of new business	47	59	25.7%
Annual premium equivalent (APE) ³⁾	505	498	-1.2%
New business margin	9.3%	11.8%	2.5% pts

¹⁾ excl. investment-type assets

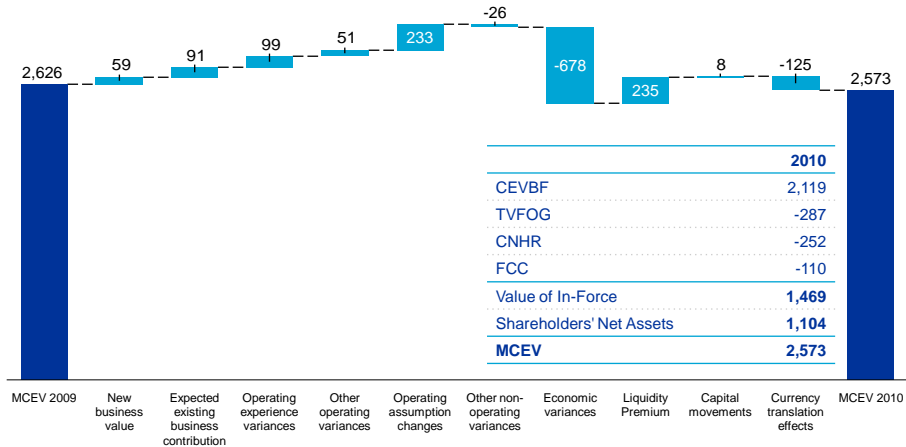
²⁾ incl. change in technical reserves and investment-type assets

³⁾ excl. APE from Austria, Croatia and Serbia

Change in MCEV

Operating return on embedded value of 20.3%

in CHF mn



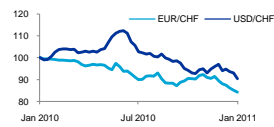
Asset Management

Volatility remains challenging

Macroeconomic Drivers

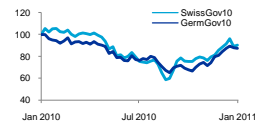
Measures

Currency



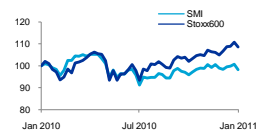
- Hedge ratio on EUR-Bonds in Swiss entities above 80% since April 2010
- Hedge ratio on AFAs above 60%
- No FX-hedge on equities and on foreign earnings

Interest Rates



- Life: duration slightly increased. Further swaptions purchased
- Nonlife: duration reduced through bond sales resulting in realised gains

Financial Markets

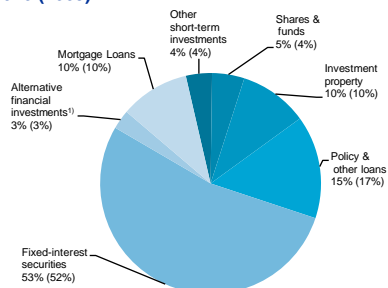


- Equity quota stable
- Proven hedging mechanisms in place

Asset Allocation Insurance Equity quota stable

excluding banking assets and assets from investment-type premiums

2010 (2009)



¹⁾ private equity & hedge funds

Equity & equity related investments In % total insurance assets	2010
Equities	3.4%
Hedging instruments for equities	-0.3%
Equities after hedging	3.1%
Private Equity	1.1%
Hedge Funds (equity related)	0.3%
Other ²⁾	1.3%
Equity & equity related investments	5.8%

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

In CHF mn, %	2009	2010
Equity & equity-related investments (net)	5.9%	5.8%
Total insurance assets	48,572	46,476

Investment Yield Resilient investment income

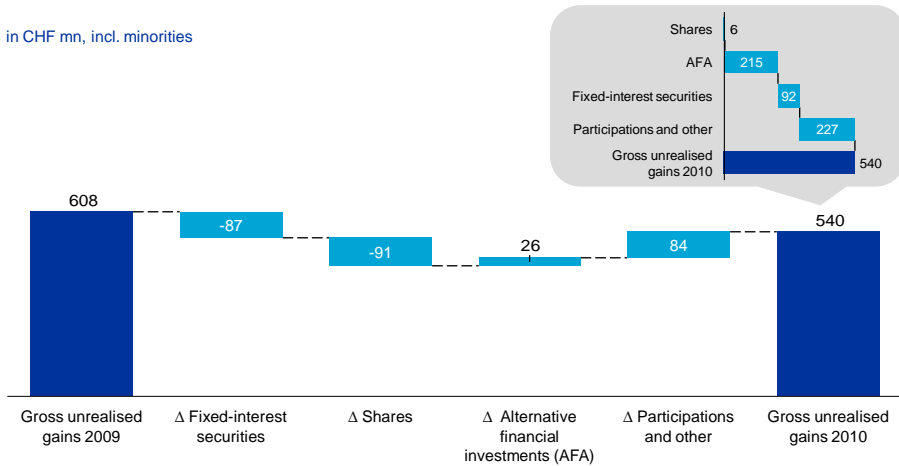
in CHF mn, excluding income on investment-type insurance contracts	Nonlife			Life		
	2009	2010	+/-	2009	2010	+/-
Recurring gross income	315	289	-8.2%	1,423	1,345	-5.5%
Investment expenses	-22	-20	-10.0%	-85	-76	-11.4%
Net realised gains/losses incl. Impairments	-4	8	n.m.	-139	185	n.m.
Fixed-interest securities	6	-41	n.m.	22	-339	n.m.
shares	22	15	-31.1%	81	17	-79.3%
other	-32	34	n.m.	-241	507	n.m.
Total net income from investments	289	277	-4.0%	1,199	1,454	21.3%
Average investments	8,894	8,804	-1.0%	38,835	38,720	-0.3%
Investment yield ¹⁾	3.2%	3.2%	0.0 pts	3.1%	3.8%	0.7 pts

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

Gross Unrealised Capital Gains

Stable buffer...

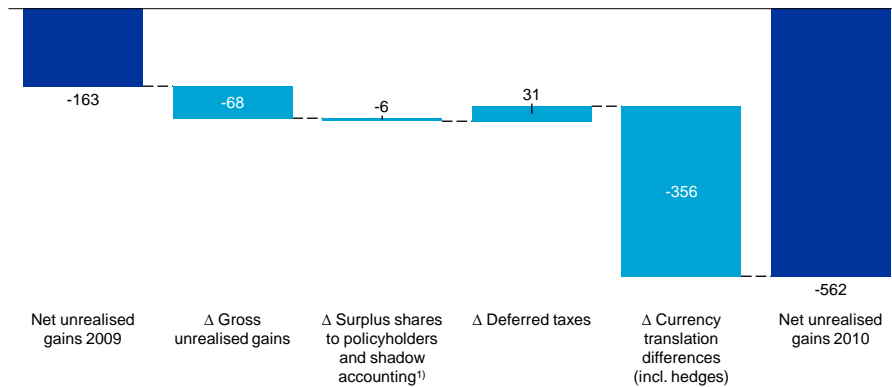
in CHF mn, incl. minorities



Net Unrealised Capital Gains

... but currency takes it all

in CHF mn, incl. minorities



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

Change in Equity

Return on equity of 10.4%

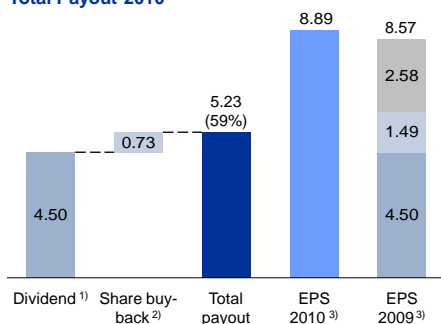
in CHF mn	2010	Per share ¹⁾
Total equity at 1 January (incl. minorities)	4,510	90.1
Other comprehensive income	-420	
Dividends	-221	
Profit for the period	437 $\Delta = -8.3\%$	$\Delta = -4.0\%$
Purchase / sale of treasury shares	-36	
Change in minority interests	-136	
Total equity at 31 December (incl. minorities)	4,134	86.5
Return on equity	10.4%	

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

Distribution to Shareholders

Total payout of 59%

Total Payout 2010



Share buy-back programme 2008-2011 (up to 4% of outstanding shares ⁴⁾)

	Buy-back (share)	Ø Price ⁶⁾ (CHF)	Amount ⁶⁾ (CHF mn)	Execution (in %)
2008 ⁷⁾	274,217	64.42	17.7	0.6%
2009	907,678	78.75	71.5	1.8%
2010	416,066	83.50	34.7	0.8%
2011 ⁸⁾	90,005	99.10	8.9	0.2%
Total ⁵⁾	1,687,966	78.68	132.8	3.38%

¹⁾ proposal to Annual General Meeting

²⁾ calculation based on average shares outstanding (47,394,282 shares)

³⁾ EPS on diluted basis

⁴⁾ outstanding shares at beginning of share buy-back programme: 50,000,000 shares

⁵⁾ as per 18.03.2011

⁶⁾ incl. transaction costs

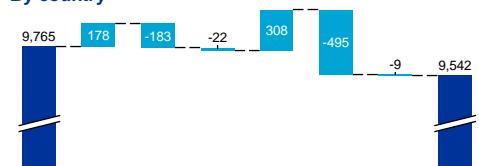
⁷⁾ comprises only the share buy-back programme started September 2008. In 2008 1,173,715 shares from former programmes have been bought back with an average price of CHF 95.99

03 Operations

Martin Strobel
Group CEO

Business Volume Growth above market

By country

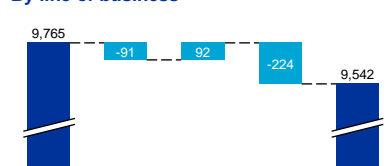


in CHF mn	2009	2010	+/-	+/- LC ²⁾
Switzerland	3,930	4,108	4.5%	4.5%
Germany	2,170	1,987	-8.4%	0.0%
Belgium	820	798	-2.7%	6.2%
Luxembourg	962	1,270	32.0%	44.1%
Other units ¹⁾	1,855	1,360	-26.7%	-25.5%
Rest	28	19	-34.0%	-34.0%
Total	9,765	9,542	-2.3%	1.7%

¹⁾ Austria, Baloise Life (Liechtenstein), Croatia and Serbia

²⁾ local currency (LC)

By line of business

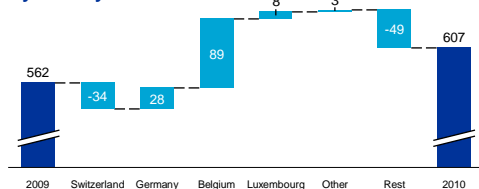


in CHF mn	2009	2010	+/-	+/- LC ²⁾
Nonlife	3,136	3,045	-2.9%	2.2%
Life	3,723	3,815	2.5%	5.0%
Unit-linked	2,906	2,682	-7.7%	-2.9%
Total	9,765	9,542	-2.3%	1.7%

EBIT

Earning power improved

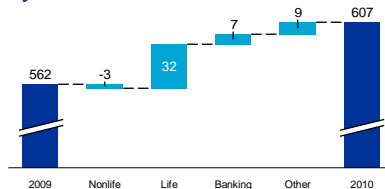
By country



in CHF mn	2009	2010	+/-
Switzerland	308	274	-11.1%
Germany	91	119	30.2%
Belgium	54	143	162.7%
Luxembourg	6	14	138.3%
Other units ¹⁾	-20	-17	-18.8%
Rest	123	74	-39.6%
Total	562	607	8.0%

¹⁾ Austria, Baloise Life (Liechtenstein), Croatia and Serbia

By line of business



in CHF mn	2009	2010	+/-
Nonlife	383	380	-0.6%
Life	151	183	21.1%
Banking	61	68	11.3%
Other	-33	-24	-27.1%
Total	562	607	8.0%



Highlights Swiss Operations

Stable growth with sound profitability

Nonlife:

Gross premiums written: CHF 1,285 mn (+0.4%)
 Combined Ratio, gross: 88.0% (+3.3 pts)
 EBIT: CHF 109 mn (-30.0%)

- Excellent operational profitability
- Efficiency initiatives drive down cost ratio
- EBIT impacted by negative interest and currency effects on investment result

Life:

Gross premiums written: CHF 2,792 mn (+6.6%)
 Investment-type premiums¹⁾: CHF 127 mn (116.2%)
 EBIT: CHF 153 mn (7.4%)
 New business margin: 10.0% (-0.9 pts)

- Above market growth in Group Life
- Innovative products lead to strong growth in variable annuities
- Positive effects by efficiency programmes
- Negative interest rate development weigh on new business margin

Baloise Bank SoBa: (local GAAP)

Profit for the period: CHF 21 mn (+2.2%)
 Client deposits: CHF +280 mn (+6.6%)
 Client loans: CHF +301 mn (+5.4%)
 RoE: 7.1% (-0.4 pts)
 Cost income ratio: 66.8% (-1.6 pts)

- Reduced cost base compensate lower interest rate margin, resulting in higher profit
- Growth above market average
- Proven business model which shows growth potential based on a solid risk profile

¹⁾ Investment-type premiums incl. CHF 96 mn variable annuities stemming from Baloise Life (Liechtenstein)



Highlights International Operations

Increased profitability and strong growth

Germany:	→ Realignment of Deutscher Ring entities on track, stable business volume and improved result
Belgium:	→ Ongoing growth above market average and high profitability, business volume increased by 8.5% ¹⁾ in life and 5.2% ¹⁾ in nonlife
Luxembourg:	→ Integration of former Fortis IARD successfully completed, strategic market position significantly improved
Austria:	→ Excellent growth with a 8.7% ¹⁾ higher business volume driven by the enlargement of the sales organisation
Croatia:	→ Efficiency improvements offset by recessionary environment
Liechtenstein: ²⁾	→ Continued growth dynamics with variable annuities in Switzerland and successful freedom of services business
→ Increased profitability with growth dynamics above market average in most countries	

¹⁾ Local currency (LC)

²⁾ Baloise Life (Liechtenstein)

Belgium and Luxembourg

Improved strategic market positioning in attractive markets



- The strong economies of Belgium and Luxembourg offer attractive growth and profitability opportunities
- Both Mercator and Baloise Luxembourg deliver consistently above average growth and profitability
- Strengthening of strong value proposition and excellent reputation in both markets
- Market position within the five top players in nonlife allows for excellent growth perspectives and high profitability
- Doubling of life business in Belgium at the bottom of the cycle

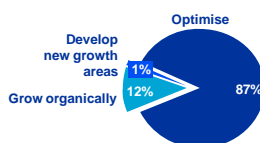
04 Strategy & Outlook

Martin Strobel
Group CEO

Baloise 2012 Overview



**Additional sustainable profit of
CHF 200 mn until 2012**



Status of implementation of major initiatives:

- Optimise:**
- → Business optimisation in Switzerland (e.g. GEPARD and ORION)
 - ◐ → Bundling of strength in Germany
 - ◑ → Cost reduction programme in Belgium

- Grow:**
- ◐ → Growth and retention in Belgium
 - ◑ → Expansion of sales forces in Austria
 - ◑ → Retention and win-back in Switzerland

- Develop:**
- ◐ → Implementation of Baloise Safety World
 - ◑ → Development of investment type life insurance business in freedom of services
 - ◑ → Development of variable annuities business

Baloise 2012 Sample initiatives

Optimise:



Straight-through processing for German claims

- Third party claims service providers take care of cost estimates or even immediate repairs
- They take care of data entry in a standardised data-set
- Data transfer and billing occurs automatically into the Basler database

Grow:



Retaining existing customers in Switzerland supports growth

- Significant decrease of churn rate of vulnerable customers through courtesy calls in car and property business
- It costs ten times more to acquire a new customer than to retain an existing one

Develop:



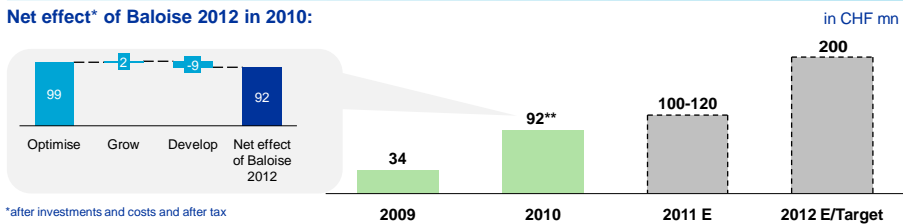
Baloise Safety World on Croatia's roads

- New cooperation with TTS roadside assistance
- Available to all MTPL-customers of Basler
- Increased retention of existing customers and added incentive to attract new customers

Baloise 2012 Major achievements 2010 & Outlook

- Reduced leakage through enhanced claims management and successful conclusion of process optimisation project "GEPARD"
- Cost optimisation initiatives in Belgium
- Sales force development in Austria and Croatia
- Retention and growth in Belgian nonlife business
- Continuous success of investment type life insurance business

Net effect* of Baloise 2012 in 2010:



Financial Ambition Remains unchanged

Financial ambition over the cycle

- 15% Return on Equity

 - Continuous increase of EPS

 - Combined ratio well below 100%
-

Q&A

05 Appendix

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I Financials

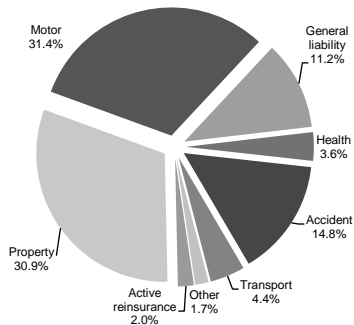
IFRS Sensitivities

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	-60	-82	436	376
		2009	2010	2009	2010
Foreign Currency Risk	+/- 0.01 CHF	4.4	2.3	4.4	2.3
		-4.4	-2.3	-4.4	-2.3
		2009	2010	2009	2010
Share Price Risk	+/- 10%	19.2	14.0	189.4	179.1
		-41.6	-44.9	-189.9	-181.9
		2009	2010	2009	2010

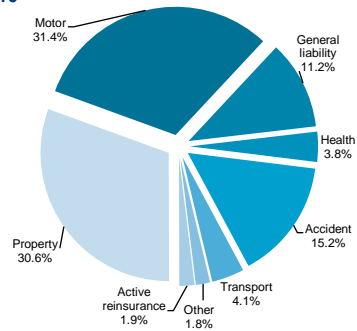
Business Mix Nonlife

in % of gross premiums written

2009



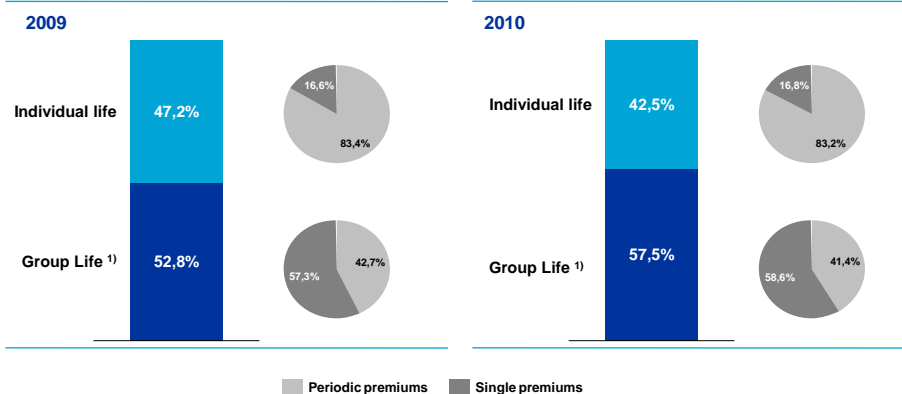
2010



in CHF mn	2009	2010
Gross premiums written nonlife	3,136	3,045

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, in accordance with statutory financial statements	2009					2010				
	CH	D	B	Lux	Lie	CH	D	B	Lux	Lie
CEVBF	1,606	231	206	104	22	1,545	256	177	114	28
TVFOG	-179	-42	-14	-2	0	-217	-40	-29	-2	0
CNHR	-230	-28	-21	-23	-4	-227	-25	-25	-20	-6
FCC	-51	-14	-37	-9	-2	-57	-11	-34	-7	-1
Value of In-Force	1,145	148	134	70	16	1,044	181	89	85	21
Shareholders' Net Assets	689	109	183	58	25	781	103	155	55	17
MCEV	1,834	257	316	128	41	1,824	284	244	140	38

MCEV: New Business Margin

in CHF mn, in accordance with statutory financial statements	2009					2010				
	CH	D	B	Lux	Lie	CH	D	B	Lux	Lie
MCVNB	17	8	0	8	13	17	14	5	18	6
APE	152	85	18	90	160	166	81	21	119	112
NB Margin on APE	11.0%	9.9%	1.5%	9.1%	8.4%	10.0%	16.8%	21.5%	15.5%	5.2%
PVNBP	1,810	875	187	898	1,600	2,058	700	198	1,184	1,119
NB Margin on PVNBP	0.9%	1.0%	0.1%	0.9%	0.8%	0.8%	1.9%	2.3%	1.6%	0.5%

MCEV: Economic Sensitivities

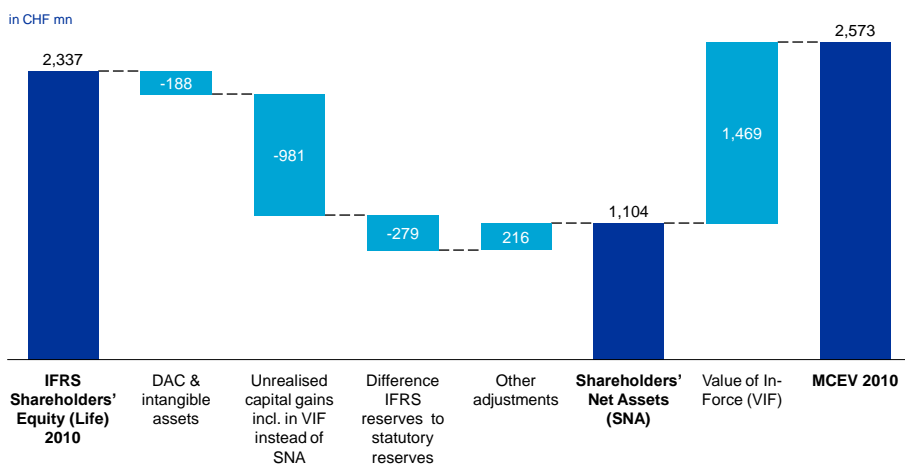
in CHF mn, in accordance with statutory financial statements	Δ MCEV	Δ MCEV in %	Δ MCVNB	Δ MCVNB in %
Base Value	2,573	-	59	-
+100 bps to reference yields	616	24%	25	42%
-100 bps to reference yields	-835	-32%	-32	-55%
10% decrease in equity / property values	-338	-13%	-14	-24%
25% increase in equity / property implied volatilities	-70	-3%	-6	-10%
25% increase in swaption implied volatilities	-86	-3%	-4	-7%
Without liquidity premium	-227	-9%	-7	-12%

MCEV: Operating Sensitivities

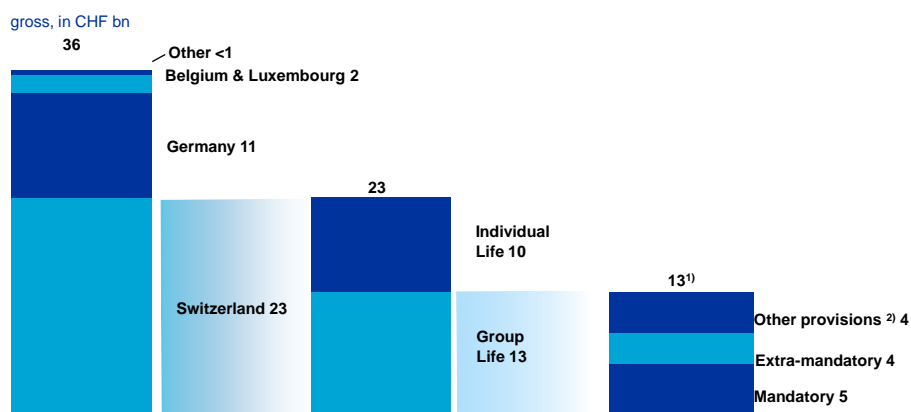
in CHF mn, in accordance with statutory financial statements	Δ MCEV	Δ MCEV in %	Δ MCVNB	Δ MCVNB in %
Base Value	2,573	-	59	-
10% decrease in lapse rates	43	2%	5	9%
10% decrease in maintenance expenses	141	5%	8	13%
10% decrease in initial expenses	n.m.	n.m.	5	9%
5% improvement in mortality assumptions - insurance	25	1%	1	2%
5% improvement in morbidity assumptions	60	2%	3	5%
5% improvement in mortality assumptions - annuity	-35	-1%	-2	-4%
1% pts decrease for CNHR ¹⁾	76	3%	5	8%

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

IFRS-Bridge



Technical Reserves Life



1) local GAAP

2) provisions for annuities, mortality, disability, reserve strengthening, inflation fund

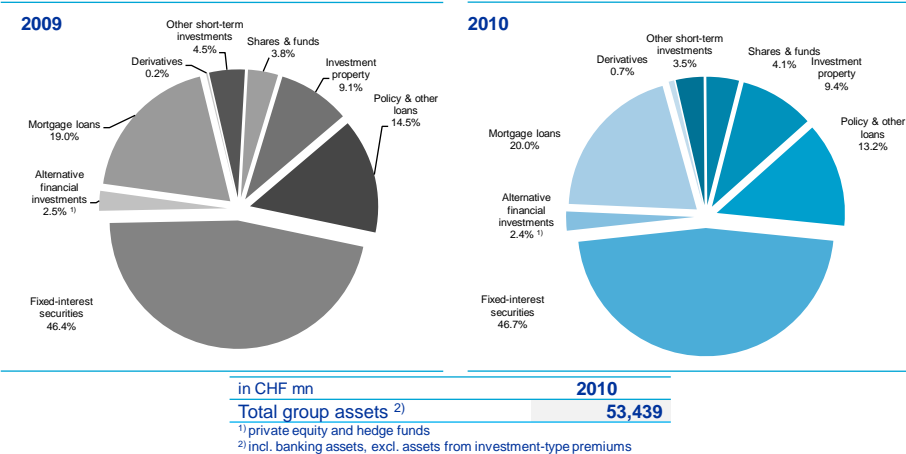
Direct Yield and Guarantees Life

2010	CH	EU	Total
Direct yield ¹⁾	2.9%	4.0%	3.3%
Average guaranteed rate of return	2.2%	3.1%	2.5%
Margin	0.7%	0.9%	0.8%

2009	CH	EU	Total
Direct yield ¹⁾	3.0%	4.1%	3.5%
Average guaranteed rate of return	2.3%	3.1%	2.7%
Margin	0.7%	1.0%	0.8%

¹⁾ relative to average technical reserves, excl. realisations

Group Asset Allocation



Impairments in 2010

Financial assets of an equity nature

Impairments (in CHF mn), gross	98
Impairments in % of ø asset of an equity nature	2.9%

- Mainly follow-up impairments
- About 20% are currency-driven

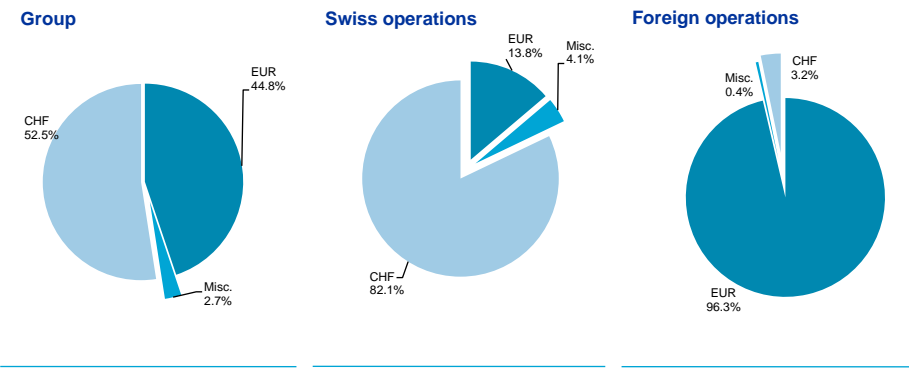
Financial assets of a debt nature

Impairments (in CHF mn), gross	3
Impairments in % of ø assets of a debt nature	0.01%

- High quality portfolio, mainly invested in sovereigns and covered assets
- Negligible impairments

Total Insurance Assets: Currency Exposure, Gross

excluding banking assets and assets from investment-type premiums

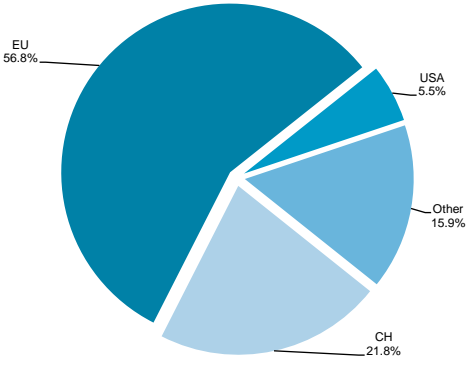


in CHF mn	2010
Total insurance assets	46,476



Equity Portfolio: Regional Exposure

excluding banking assets and assets from investment-type premiums



in CHF mn	2010
Total equity investments	2,206



Hedge Fund Portfolio

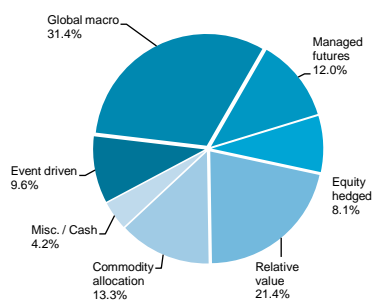
excluding banking assets and assets from investment-type premiums

	2010
Total hedge fund investments (in CHF mn)	769
Performance (in USD)	5.2%
Impairments ¹⁾ (in CHF mn), gross	9
Impairments in % of ø Hedge Funds	1.1%

- Focus on trading-strategies
- Good protection during the European sovereign crisis
- All underlying styles contributed positively
- FX-risk mainly hedged

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

By style



Private Equity Portfolio

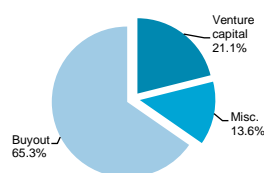
excluding banking assets and assets from investment-type premiums

	2010
Total private equity investments (in CHF mn)	532
Performance (in USD, Sep 09 - Sep 10)	10.4%
Impairments ¹⁾ (in CHF mn), gross	5
Impairments in % of ø Private Equity	0.9%

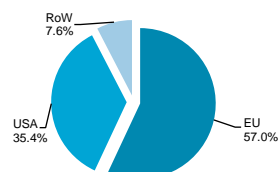
- Strong performance rebound in 2010
- No liquidity concerns regarding remaining commitments
- FX-risk mainly hedged

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

By type



By region

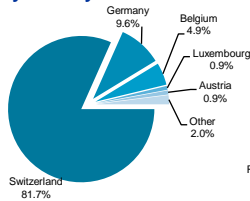


Investment Property and Mortgages

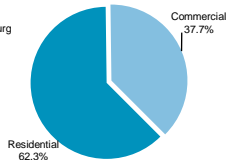
excluding banking assets and assets from investment-type premiums

in CHF mn	2010
Total investment property	4,944

By country



By type



- Stable source of income
- Stable valuation
- Investment yield: 4.6%

in CHF mn	2010
Total mortgages	4,676
Gross yield ¹⁾	3.0%
administration costs	-7 bps
risk costs	+1 bps
Net yield ¹⁾	3.0%

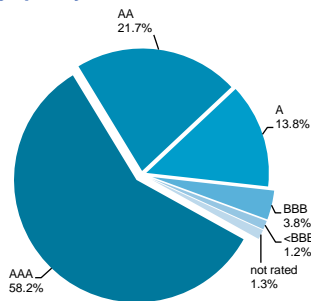
¹⁾ in % of mortgage investments

- Lower yield due to lower interest rates
- No easing of credit guidelines, excellent quality maintained

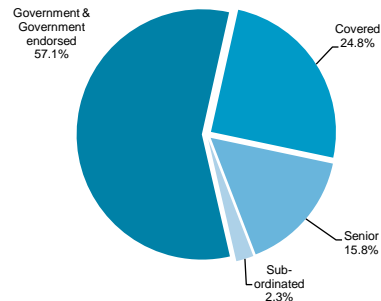
Bond Portfolio

excluding banking assets and assets from investment-type premiums

By quality



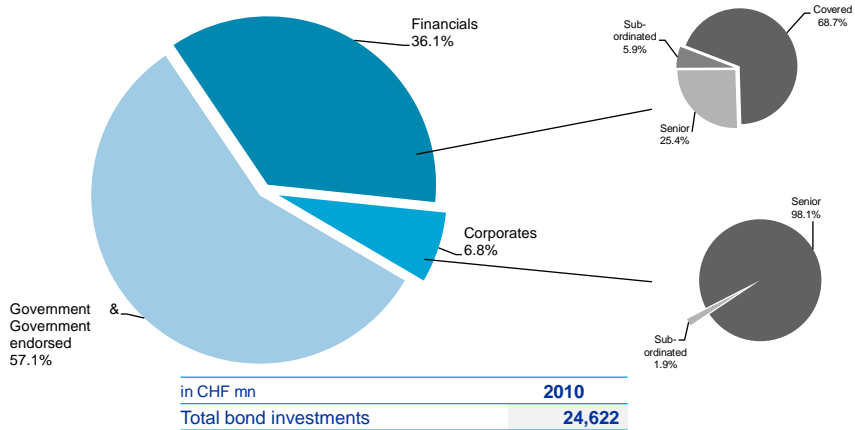
By ordination



in CHF mn	2010
Total bond investments	24,622

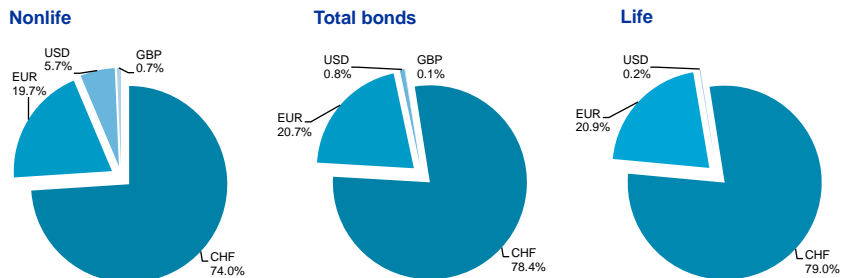
Bond Portfolio: Issuers

excluding banking assets and assets from investment-type premiums



Bond Portfolio: Currency Exposure of Swiss Operations

excluding banking assets and assets from investment-type premiums



→ Total net currency exposure after hedges & liabilities: 0.3% EUR, 0.1% USD

in CHF mn		2010
Total bonds investments ¹⁾		16,126

¹⁾ held by Swiss operations

Duration of Bonds and Promissory Notes

excluding banking assets and assets from investment-type premiums

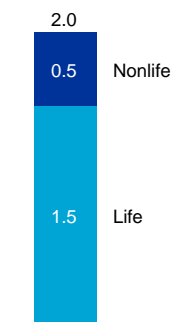
Duration by classification	2009		2010	
	Years	% of total	Years	% of total
Duration bonds available-for-sale (AFS)	6.0	58.8%	6.1	58.4%
Duration bonds held-to-maturity (HTM)	6.5	21.0%	6.4	23.7%
Duration promissory notes	6.0	20.2%	6.1	18.0%
Duration portfolio	6.1	100%	6.2	100%

Duration by line of business	2009		2010	
	Years	% of total	Years	% of total
Duration life bonds (incl. promissory notes)	6.4	80.5%	6.5	82.3%
Duration nonlife bonds (incl. promissory notes)	4.8	19.5%	4.5	17.7%
Duration portfolio	6.1	100%	6.2	100%

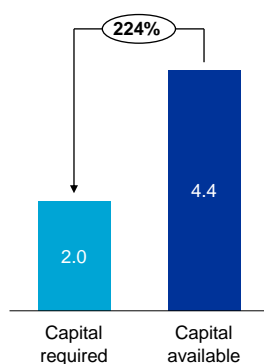
Consolidated Solvency I

in CHF bn, excluding banking assets

Capital required



Required vs. available capital



Available funds

	2010
Total equity	4.1
Goodwill / intangibles	-0.3
DAC nonlife	-0.1
Unallocated surplus	1.3
Other	-0.2
Banking assets	-0.4
Total	4.4

Currency

in CHF	B/S		P/L	
	2009	2010	2009	2010
EUR	1.48	1.25	1.51	1.38
USD	1.03	0.93	1.09	1.04

II Operations

Switzerland

in CHF mn	Nonlife	Life
Gross premiums written	1,285 (0.4%)	2,792 (6.6%)
Investment-type premiums	-	127 ¹⁾ (116.2%)
EBIT	109 (-30.0%)	153 (7.4%)

Nonlife

→ Excellent operational profitability

→ Efficiency initiatives drive down cost ratio

→ EBIT impacted by negative interest and currency effects on investment result

Life

→ Above market growth in group life

→ Innovative products lead to strong growth in variable annuities

→ Negative interest rate development weigh on life business

¹⁾ investment type premiums incl. CHF 96 mn variable annuities stemming from Baloise Life (Liechtenstein)

Switzerland: Direct Yield and Guarantees

2010	Individual life	Group life	Total life CH
Direct yield ¹⁾	3.0%	2.9%	2.9%
Average guaranteed rate of return	2.5%	2.0%	2.2%
Margin	0.5%	0.9%	0.7%

2009	Individual life	Group life	Total life CH
Direct yield ¹⁾	3.0%	3.0%	3.0%
Average guaranteed rate of return	2.5%	2.1%	2.3%
Margin	0.5%	0.9%	0.7%

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	2009	2010
Result of savings process	41	23
Result of risk process	65	64
Result of cost process	-19	-9
Gross result for business subject to legal quote	87	78
Strengthening of reserve	-52	-54
Allocation to provisions for future policyholder dividends	-10	-3
Operating result for business subject to legal quote	25	21

Derivation of legal quote group life CH	2010	%
Gross income from business subject to legal quote	483	100%
Overall benefit level in business subject to legal quote	462	96%
Operating result for business subject to legal quote	21	
Operating result for business not subject to legal quote	11	
Operating result for group life business	32	

Switzerland: Group Life (2/2)

in CHF mn, in accordance with statutory financial statements

Investment performance	2010	
Net investment income		319
	Book Value	Market value
Investment portfolio at beginning of financial year	12,302	12,882
Investment portfolio at end of financial year	13,040	13,717
Return on book value		2.5%
Return on market value		3.1%
Operating result	2009	2010
Premium income (earned)	1,967	2,192
Policyholder benefits	-1,508	-1,597
Change in insurance reserves incl. strengthening of reserves	-599	-775
Acquisition, administrative costs and claim expenses	-99	-92
Net investment income	328	319
Reinsurance result	-5	-5
Surplus allocated to bonus reserves	-45	-10
Operating result for group life business	39	32

Switzerland: Baloise Bank SoBa

in CHF mn, local GAAP	2009	2010	+/-
Interest income	85	83	-2.0%
Fee and commission income	19	16	-14.0%
Trading income	3	3	-10.9%
Gross yield	108	104	-3.7%
Expense	-74	-69	-5.9%
Gross profit	34	34	1.2%
Profit for the period	21	21	2.2%
Cost / income ratio	68.4%	66.8%	1.6 pts
TIER 2 ratio	10.2%	10.6%	0.4 pts
Return on Equity (RoE)	7.5% / 12.2% ¹⁾	7.1% / 11.4% ¹⁾	-0.4 pts / -0.8 pts
Risk weighted positions	3,042	3,141	3.3%

¹⁾ including contribution from insurance distribution

Switzerland: Cooperation Bank and Insurance

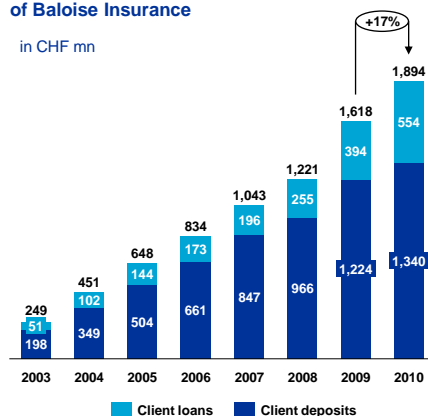
→ Deposits and loans increased through the insurance sales force

→ Expansion of the business model in 2011 with new product offers due to the innovative advisory approach "Baloise Investment Advice" as well as with Target Group Offering

→ Banking and insurance are complementary, which provides additional benefits for our clients

Total volume generated by customer advisors of Baloise Insurance

in CHF mn



Germany

in CHF mn	Nonlife	Life
Gross premiums written	939 (-0.4% ¹⁾)	793 (1.4% ¹⁾)
Investment-type premiums	-	255 (-3.0% ¹⁾)
EBIT	68 (15.1%)	13 (0.8%)

- Increased profitability and positive one-off effects related to the realignment of Deutscher Ring lead to a significantly increased result
- Despite the loss of sales capacity due to the disentanglement of the Deutscher Ring tied agency organisation business volume remains largely stable
- Successful Baloise 2012 initiatives and strict cost management result in lower operational costs and decreased cost ratio in nonlife

¹⁾ local currency (LC)

Belgium

in CHF mn	Nonlife	Life
Gross premiums written	558 (5.2% ¹⁾)	110 (-1.0% ¹⁾)
Investment-type premiums	-	129 (18.1% ¹⁾)
EBIT	88 (164.7%)	47 (165%)

- Business volume growth in nonlife and life clearly above market average
- Good combined ratio underpins operational profitability in nonlife
- Acquisition of Avéro and Nateus will improve market positioning significantly

¹⁾ local currency (LC)

Luxembourg

in CHF mn	Nonlife	Life
Gross premiums written	82 (61.7% ¹⁾)	51 (6.8% ¹⁾)
Investment-type premiums	-	1,137 (45.3% ¹⁾)
EBIT	10 (115.9%)	8 (143.8%)

- Excellent freedom of services business and ongoing strong growth in domestic core business
- Outstanding combined ratio due to lower claims ratio
- Successful integration of former Fortis IARD leads to improved strategic market position

¹⁾ local currency (LC)

Austria

in CHF mn	Nonlife	Life
Gross premiums written	121 (10.4% ¹⁾)	26 (-0.8% ¹⁾)
Investment-type premiums	-	15 (13.3% ¹⁾)
EBIT	-0 (n.m.)	-2 (n.m.)

- Continuing outstanding growth
- Lower combined ratio due to improved claims ratio and decreased costs
- Further investments in sales capacities with focus on tied agency organisation

¹⁾ local currency (LC)

Croatia

in CHF mn	Nonlife	Life
Gross premiums written	41 (-1.4% ¹⁾)	38 (-13.5% ¹⁾)
Investment-type premiums	-	-
EBIT	1 (n.m.)	-3 (n.m.)

- Recessionary macroeconomic environment leads to lower business volume
- Net operating expenses down due to effective cost management
- Third business year in Serbia; steady business development in life and nonlife

¹⁾ local currency (LC)

Liechtenstein

in CHF mn	2010
Business Volume	1,119 (-30.1%)
<i>Whereof generated by</i>	
Liechtenstein	1,023 (-34.9%)
Switzerland (only VA)	96 (260.8%)

- Continued strong growth with the Variable Annuity product "RentaSafe" in Switzerland
- Successful freedom of services business, positive impact of the extended Italian tax amnesty
- Further development of the organisation with investments in sales, IT and processes

III Reporting Agenda & Contact Details

Reporting Agenda

→ Annual General Meeting Friday, 29 April 2011

→ Half Year Results 2011 Tuesday, 30 August 2011

→ Full Year Results 2011 Thursday, 22 March 2012

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

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