

# Half Year Results 2011

## «Solid result»

Conference Call for Financial Analysts and Media - Basel, 30 August 2011



Making you safer.

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# 01 Highlights

**Martin Strobel**  
Group CEO

# Highlights HY 2011

## Solid result

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- Solid profit backed by operational excellence
  - "Baloise 2012" fully on track; significant contribution to profitability
  - Gross premiums increased by 3.2%<sup>1)</sup>; Sound Safety World brand positioning creates higher customer demand
  - Net combined ratio of 93%: high margin grants reliable cash flows
  - Strong recovery of life earnings and significantly higher new business margin
  - Resilient investment income
  - Solid capitalisation resulting in a high Solvency I of 227%
  - Remarkable footprint in Belgium: Integration of Avéro progressing well and closing of Nateus expected in the near future
- 

<sup>1)</sup> Local currency (LC)

## 02 Financials

**German Egloff**  
Group CFO

# Key Figures

## Resilient earning power

in CHF mn	HY 2010	HY 2011	+/-
Half-year consolidated profit	214	<b>203</b>	-4.7%
Earnings per share (undiluted)	4.42	<b>4.32</b>	-2.3%
Total equity	4,134 <sup>2)</sup>	<b>3,975</b>	-3.8%
Book value per share	86.5 <sup>2)</sup>	<b>83.8</b>	-3.1%
Total business volume	6,104	<b>5,176</b>	-15.2%
Gross premiums written	4,578	<b>4,522</b>	-1.2%
Investment yield <sup>1)</sup>	2.2%	<b>1.6%</b>	-0.6 pts
Combined ratio, net	90.2%	<b>93.0%</b>	2.8 pts
New business margin	8.4%	<b>19.2%</b>	10.7 pts
Annual premium equivalent (APE) <sup>3)</sup>	296	<b>201</b>	-31.9%
Consolidated solvency I <sup>4)</sup>	224% <sup>2)</sup>	<b>227%</b>	3 pts

<sup>1)</sup> incl. costs, excl. movements in unrealised capital gains, excl. investment-type assets

<sup>2)</sup> as per 31.12.2010

<sup>3)</sup> excl. APE from Austria, Croatia and Serbia

<sup>4)</sup> excl. banking

## Key Figures Nonlife

### Combined ratio on an excellent level

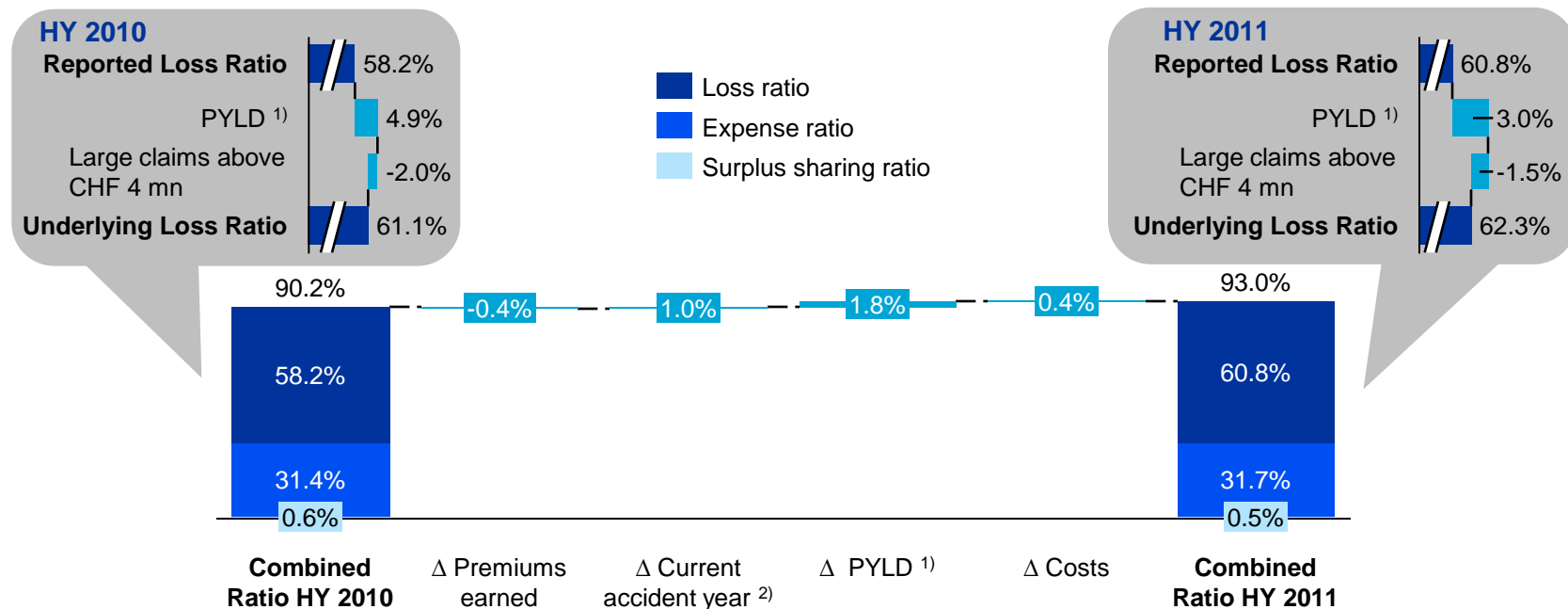
in CHF mn	HY 2010	HY 2011	+/-
Gross premiums written	2,085	<b>2,098</b>	0.7%
Investment income	160	<b>107</b>	-33.3%
Claims incurred	-857	<b>-898</b>	4.7%
Technical expenses	-469	<b>-472</b>	0.8%
EBIT	275	<b>176</b>	-36.0%
Combined ratio, gross	88.3%	<b>90.3%</b>	2.0 pts
Loss ratio, gross	57.4%	<b>59.2%</b>	1.8 pts
Expense ratio, gross	30.3%	<b>30.6%</b>	0.3 pts
Surplus sharing ratio, gross	0.6%	<b>0.5%</b>	-0.1 pts



# Development of Nonlife Net Combined Ratio

## Solid loss ratio on good level

net, in % of premiums earned









- Significant lower impact of positive prior year loss development
- Large claims above CHF 3 mn of 2.4 pts of which 1.5 pts above CHF 4 mn
- Integration measures in Germany, Luxembourg and Belgium weigh on combined ratio

<sup>1)</sup> prior year loss development

<sup>2)</sup> incl. large claims above CHF 4 mn

# Technical Performance Nonlife

## High margins in major markets

gross, in %	Switzerland	Germany	Belgium	Luxembourg	Austria	Croatia (incl. Serbia)	Group
							
Loss ratio	58.7	60.7	60.3	50.4	60.5	54.8	<b>59.2</b>
Expense ratio	24.7	34.5	34.9	36.6	34.0	51.9	<b>30.6</b>
Surplus sharing ratio	0.9	0.4	0.2	0.0	0.0	-	<b>0.5</b>
Combined ratio HY 2011	84.3	95.6	95.4	87.0	94.5	106.7	<b>90.3</b>
<b>Change vs. HY 2010 (in pts)</b>							
Δ Loss ratio	-0.1	-3.5	14.5	9.2	-2.7	-1.4	<b>1.8</b>
Δ Expense ratio	0.2	-0.4	1.9	-1.6	-0.4	1.3	<b>0.3</b>
Δ Surplus sharing ratio	0.0	0.0	-0.2	-0.1	0.0	-	<b>-0.1</b>
Δ Combined ratio	0.1	-3.9	16.2	7.5	-3.1	-0.1	<b>2.0</b>

# Key Figures Life

## Result recovered significantly

in CHF mn	HY 2010	HY 2011	+/-
Business volume	4,019	<b>3,078</b>	-23.4%
Gross premiums written	2,493	<b>2,424</b>	-2.8%
Investment-type premiums	1,526	<b>654</b>	-57.1%
Investment income <sup>1)</sup>	766	<b>637</b>	-16.8%
Benefits to policyholders <sup>2)</sup>	-2,916	<b>-2,672</b>	-8.4%
Technical expenses	-230	<b>-227</b>	-1.3%
EBIT	10	<b>101</b>	>100%
Value of new business	25	<b>39</b>	54.5%
Annual premium equivalent (APE) <sup>3)</sup>	296	<b>201</b>	-31.9%
New business margin	8.4%	<b>19.2%</b>	10.7 pts

<sup>1)</sup> excl. investment-type assets

<sup>2)</sup> incl. change in technical reserves and investment-type assets

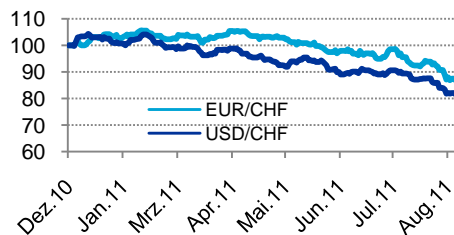
<sup>3)</sup> excl. APE from Austria, Croatia and Serbia

# Asset Management

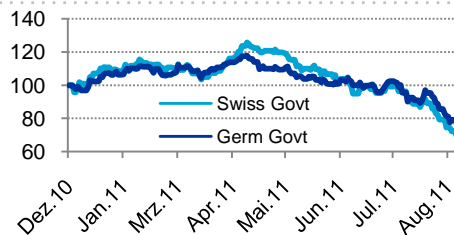
## Challenged by the volatility of markets

### Drivers

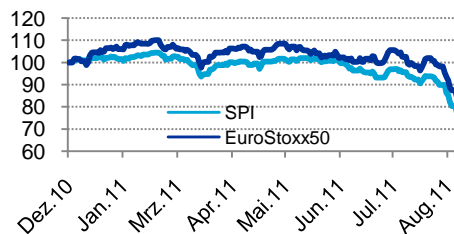
#### Currency



#### Interest Rates



#### Equities



### Measures

- Hedging policy unchanged, therefore no hedging of earnings positions and equities
- Hedge ratio on EUR-bonds held by Swiss business unit approx. 85%

- Duration extension
- GIIPS exposure 1.9% of total insurance assets

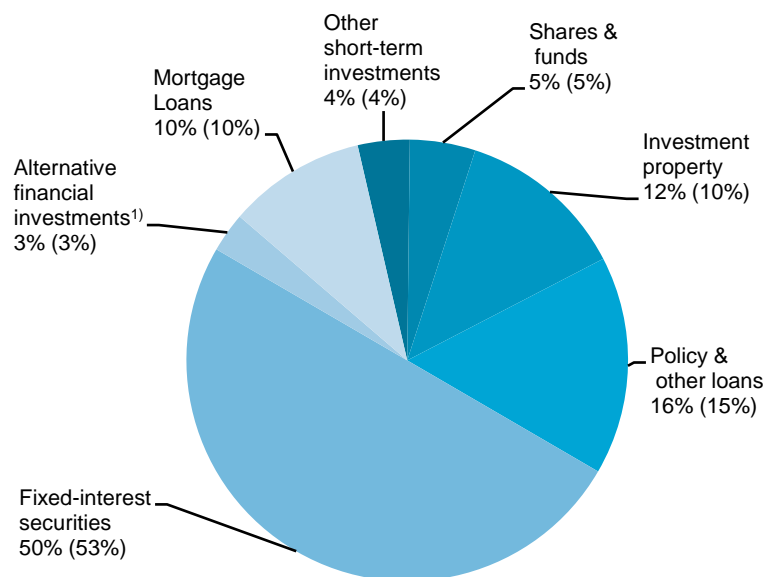
- No hedge programme trigger
- Currency-driven equity impairments

# Asset Allocation: Insurance

## Equity allocation increased mainly via derivatives

excluding banking assets and assets from investment-type premiums

### HY 2011 (FY 2010)



<sup>1)</sup> private equity & hedge funds

Equity & equity related investments In % total insurance assets	HY 2011
Equities	3.6%
Equity derivatives	0.6%
Equities incl. derivatives	<b>4.2%</b>
Private Equity	0.9%
Hedge Funds (equity related)	0.3%
Other <sup>2)</sup>	1.3%
Equity & equity related investments	<b>6.7%</b>

<sup>2)</sup> e.g. bond & property funds treated as equity under IFRS

In CHF mn, %	FY 2010	HY 2011
Equity & equity-related investments (net)	5.8%	<b>6.7%</b>
Total insurance assets	46,476	<b>47,233</b>

# GIIPS Exposure

Market values mostly reflected in balance sheet

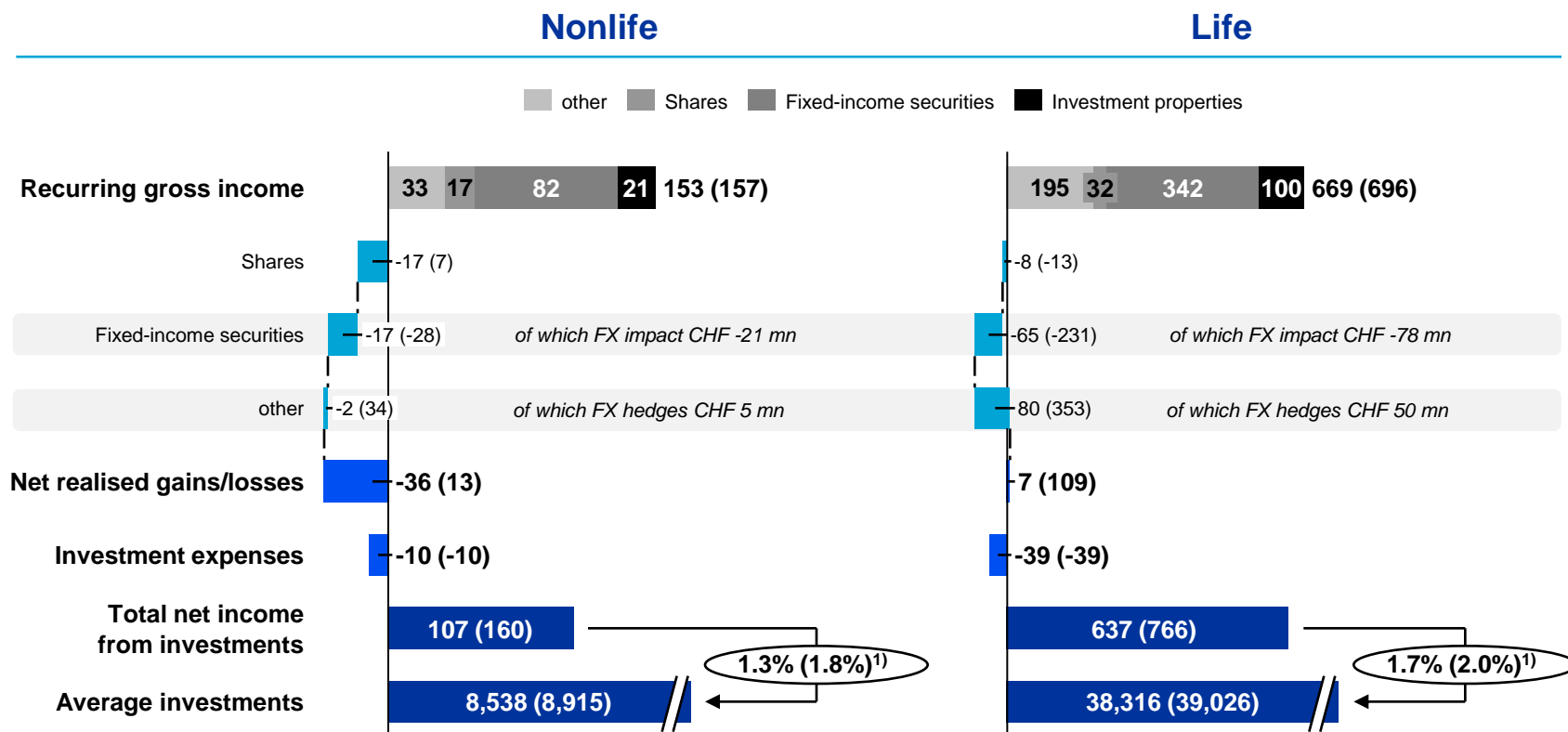
in CHF mn	Market Value 30.06.2011	IFRS Book Value 30.06.2011
Greece	99	103
Ireland	130	137
Italy	328	329
Portugal	95	120
Spain	266	278
<b>Total</b>	<b>919</b>	<b>967</b>

- Baloise actively monitors the situation
- Based on current information and understanding no intention to participate in EU financing programme for Greece
- No impairments on sovereign bonds in half year results 2011

# Investment Yield

## Resilient recurring income, realisations back to normal levels

HY 2011 (HY 2010) in CHF mn, excl. income on investment-type insurance contracts, before PH participation



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

# Change in Equity

## Strong core capital base



in CHF mn	HY 2011	Per share <sup>1)</sup>
<b>Total equity at January 1 (incl. minorities)</b>	<b>4,134</b>	<b>86.5</b>
Other comprehensive income	-122	
Dividends	-212	
Half-year consolidated profit	203 $\Delta = -3.8\%$	$\Delta = -3.1\%$
Purchase / sale of treasury shares	-29	
Change in minority interests	0	
<b>Total equity at June 30 (incl. minorities)</b>	<b>3,975</b>	<b>83.8</b>

<sup>1)</sup> based on consolidated total equity (excluding minorities) and on average shares outstanding



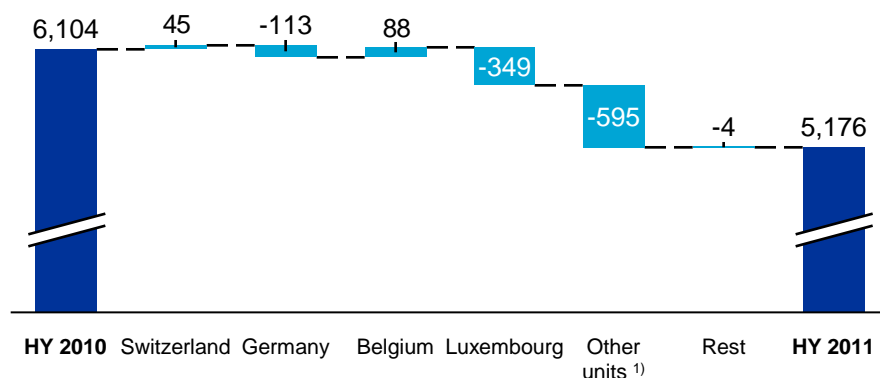
## 03 Operations

**Martin Strobel**  
Group CEO

# Business Volume

## Accelerated growth in major markets

### By country

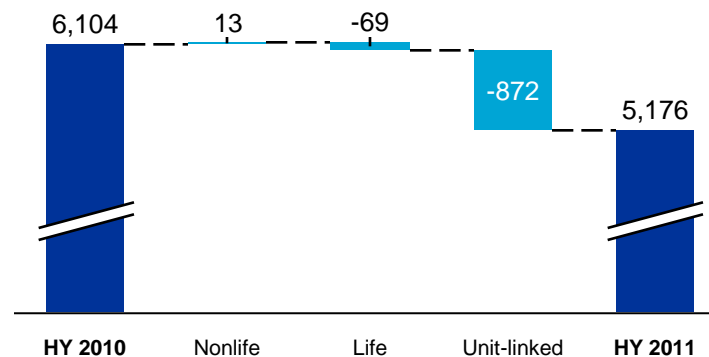


in CHF mn	HY 2010	HY 2011	+/-	+/- LC <sup>2)</sup>
Switzerland	2,995	<b>3,040</b>	1.5%	1.5%
Germany	1,129	<b>1,016</b>	-10.0%	1.9%
Belgium	427	<b>515</b>	20.8%	36.8%
Luxembourg	621	<b>272</b>	-56.2%	-50.4%
Other units <sup>1)</sup>	922	<b>327</b>	-64.5%	-62.8%
Rest	10	<b>6</b>	-40.7%	-40.7%
<b>Total</b>	<b>6,104</b>	<b>5,176</b>	<b>-15.2%</b>	<b>-11.0%</b>

<sup>1)</sup> Austria, Baloise Life (Liechtenstein), Croatia and Serbia

<sup>2)</sup> local currency (LC)

### By line of business

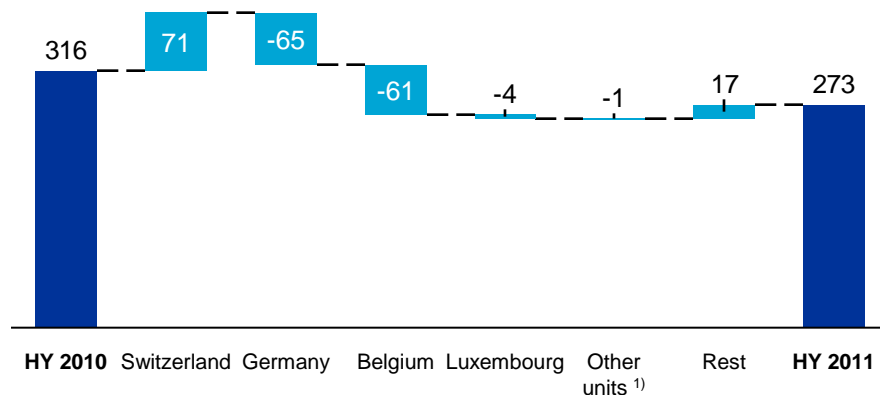


in CHF mn	HY 2010	HY 2011	+/-	+/- LC <sup>2)</sup>
Nonlife	2,085	<b>2,098</b>	0.7%	7.5%
Life	2,493	<b>2,424</b>	-2.8%	-0.4%
Unit-linked	1,526	<b>654</b>	-57.1%	-53.7%
<b>Total</b>	<b>6,104</b>	<b>5,176</b>	<b>-15.2%</b>	<b>-11.0%</b>

# EBIT

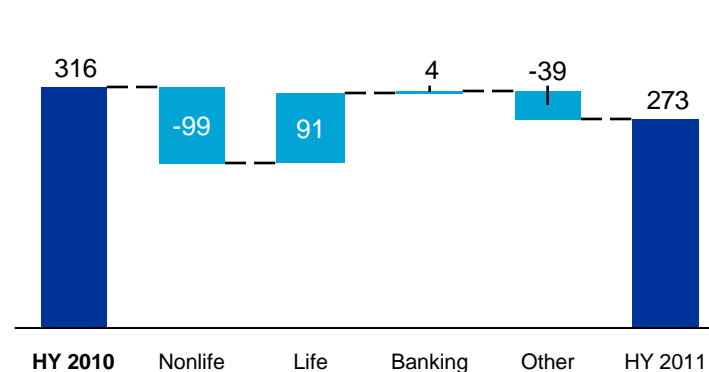
## Diversification smoothes earnings development

### By country



in CHF mn	HY 2010	HY 2011	+/-
Switzerland	103	174	68.3%
Germany	78	13	-82.8%
Belgium	102	41	-59.9%
Luxembourg	9	5	-51.6%
Other units <sup>1)</sup>	-8	-9	16.5%
Rest	32	49	56.9%
<b>Total</b>	<b>316</b>	<b>273</b>	<b>-13.7%</b>

### By line of business



in CHF mn	HY 2010	HY 2011	+/-
Nonlife	275	176	-36.0%
Life	10	101	>100%
Banking	33	37	12.2%
Other	-2	-41	>100%
<b>Total</b>	<b>316</b>	<b>273</b>	<b>-13.7%</b>

<sup>1)</sup> Austria, Baloise Life (Liechtenstein), Croatia and Serbia

# Highlights Swiss Operations

## Excellent operational profitability

<b>Nonlife:</b>		→ Excellent operational profitability
Gross premiums written:	CHF 1,023 mn (2.0%)	→ Strong growth in premiums
Combined Ratio, gross:	84.3% (-0.1 pts)	→ EBIT impacted by negative currency effects on investment result
EBIT:	CHF 57 mn (-40.2%)	
<b>Life:</b>		→ Strong growth in Group Life ; annual premiums up by 7.7%
Gross premiums written:	CHF 1,970 mn (-0.4%)	→ Innovative products lead to strong growth in individual life despite difficult market environment
Investment-type premiums <sup>1)</sup> :	CHF 103 mn (66.9%)	→ Operational improvements combined with better business mix increase margin
EBIT:	CHF 111 mn (>100%)	
New business margin:	22.8% (21.9 pts)	
<b>Baloise Bank SoBa<sup>2)</sup>:</b>	(local GAAP)	→ Increasing interest operations and cost reduction lead to higher profit for the period
Profit for the period:	CHF 13 mn (5.7%)	→ Systematic growth throughout Switzerland in collaboration with insurance agents
Client deposits:	CHF +80 mn (1.8%)	
Client loans:	CHF +91 mn (1.6%)	
Cost income ratio:	63.4% (-3.6 pts)	

<sup>1)</sup> investment-type premiums incl. CHF 56 mn variable annuities stemming from Baloise Life (Liechtenstein)

<sup>2)</sup> balance sheet positions compared to 31.12.2010, profit and loss positions compared to 30.06.2010

# Highlights International Operations

## Strong premium growth and lower costs

- 
- Germany: → Realignment progressing well. Favorable premium and claims development
- 
- Belgium: → Growth well above market average; business volume in nonlife up by 37.9%<sup>1)</sup> (6.2%<sup>1)</sup> excl. Avéro) and 32.9%<sup>1)</sup> in life mainly due to unit linked products
- 
- Luxembourg: → Integration of Fortis Luxembourg IARD is successfully completed
- 
- Austria: → Further investments in own sales force push growth, business volume increased by 10.5%<sup>1)</sup> in nonlife and 5.6%<sup>1)</sup> in life
- 
- Croatia: → Improving premiums and costs even in a declining market environment
- 
- Liechtenstein:<sup>2)</sup> → Continued growth in Variable Annuities (mainly in Switzerland)
- 

<sup>1)</sup> local currency (LC)

<sup>2)</sup> Baloise Life (Liechtenstein)

# 04 Strategy & Outlook

**Martin Strobel**  
Group CEO

# Baloise 2012

## Major contributors in the first half of the year 2011

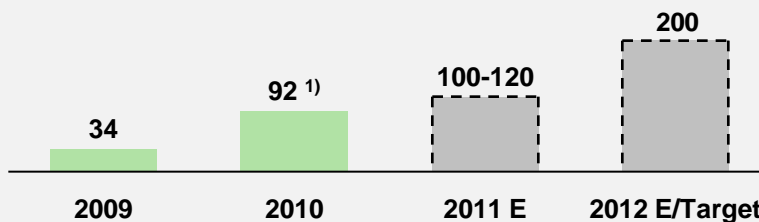


- Optimise:**
- Successful claims management and cost initiatives in Switzerland
  - Cost optimisation initiatives in Belgium
  - Centralized group procurement

- Grow:**
- Sales force development in Austria and Croatia
  - Pricing initiative in Switzerland
  - Growth in life business in Belgium

- Develop:**
- Steady income from investment type life insurance business

→ **Baloise 2012 fully on track**  
Additional sustainable profit of CHF 200 mn until 2012



<sup>1)</sup> includes one-off payment out of unwinding in Germany

# Baloise 2012

## Sample initiatives

### Optimise:



#### Unwinding of Deutscher Ring and creating the Basler Gruppe Deutschland

- Critical milestones successfully passed
- Business case fully on track
- Stable premium growth in line with market-average

### Grow:



#### Strong growth of unit linked life premiums for Mercator in Belgium

- Growth in life of 64.0% from HY 2008 to HY 2011
- Successful products:
  - Attractive savings product with guaranteed interest rate
  - Attractive pension products for independents
- Strengthening cooperation with brokers / financial advisors

### Develop:



#### New safety solutions for a traditional product in Switzerland

- Safety package with services like psychological care after a break-in or robbery and cost of self-defence training after a robbery
- More than 25% of all customers buy this package



# Financial Ambition Remains unchanged

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## Financial ambition over the cycle

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→ 15% Return on Equity

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→ Continuous increase of EPS

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→ Combined ratio well below 100%

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# Friday the thirteenth

## European Safety Day at Baloise



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→ More than 500 employees in 7 countries in action on 13 May 2011 – focus on road safety

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→ High profile reporting in the local media through collaboration and campaigns with local authorities

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→ Next events: 13 January, 13 April, 13 July 2012

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# Political framework

## Politics must consider changes in market environment



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→ Minimum interest rate for occupational pensions must be reduced to the market rate

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→ Pension conversion rate is too high and must be brought into line with the demographic development

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→ Unisex rates are unrealistic and unfair – Switzerland should not follow the EU decision

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# Q&A

## 05 Appendix

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# I Financials

# Business Matrix HY 2011

in CHF mn	Switzerland (excl. VA)	Germany	Belgium <sup>1)</sup>	Luxembourg	Austria	Croatia/ Serbia	Liechten- stein	Rest	Total
<b>Life</b>	<b>1,970</b> 81.3% 64.8%	<b>347</b> 14.3% 34.1%	<b>47</b> 1.9% 9.1%	<b>29</b> 1.2% 10.5%	<b>12</b> 0.5% 14.4%	<b>16</b> 0.6% 43.4%	<b>4</b> 0.2% 2.0%	- 0.0% 0.0%	<b>2,424</b> 100.0% 46.8%
<b>Unit-linked</b>	<b>47</b> 7.2% 1.5%	<b>122</b> 18.6% 12.0%	<b>76</b> 11.6% 14.7%	<b>196</b> 30.0% 72.2%	<b>8</b> 1.2% 9.8%	- 0.0% 0.0%	<b>206</b> 31.4% 98.0%	- 0.0% 0.0%	<b>654</b> 100.0% 12.7%
<b>Nonlife</b>	<b>1,023</b> 48.8% 33.7%	<b>548</b> 26.1% 53.9%	<b>393</b> 18.7% 76.2%	<b>47</b> 2.2% 17.3%	<b>61</b> 2.9% 75.8%	<b>21</b> 1.0% 56.6%	- 0.0% 0.0%	<b>6</b> 0.3% 100.0%	<b>2,098</b> 100.0% 40.5%
<b>Total</b>	<b>3,040</b> 58.7% 100.0%	<b>1,016</b> 19.6% 100.0%	<b>516</b> 10.0% 100.0%	<b>272</b> 5.3% 100.0%	<b>81</b> 1.5% 100.0%	<b>36.2</b> 0.7% 100.0%	<b>210</b> 4.1% 100.0%	<b>6</b> 0.1% 100.0%	<b>5,177</b> 100.0% 100.0%

<sup>1)</sup> incl. Avéro Schadeverzekering

# Growth Matrix HY 2011

in % in CHF (in % in OW)	Switzerland (excl. VA)	Germany	Belgium <sup>1)</sup>	Luxembourg	Austria	Croatia/ Serbia	Liechten- stein	Rest	Total
<b>Life</b>	<b>-0.4%</b>	<b>-11.5%</b> (0.2%)	<b>-8.2%</b> (4.0%)	<b>-12.2%</b> (-0.6%)	<b>-13.1%</b> (-1.6%)	<b>-19.5%</b> (-7.0%)	<b>-41.8%</b>	-	<b>-2.8%</b> (-0.4%)
<b>Unit-linked</b>	<b>214.8%</b>	<b>-4.5%</b> (8.2%)	<b>42.0%</b> (60.8%)	<b>-63.2%</b> (-58.4%)	<b>4.6%</b> (18.5%)	-	<b>-73.9%</b>	-	<b>-57.1%</b> (-53.7%)
<b>Nonlife</b>	<b>2.0%</b>	<b>-10.2%</b> (1.7%)	<b>21.9%</b> (38.0%)	<b>-12.9%</b> (-1.4%)	<b>-2.4%</b> (10.5%)	<b>-8.6%</b> (5.7%)	-	<b>-40.7%</b>	<b>0.7%</b> (7.5%)
<b>Total</b>	<b>1.5%</b>	<b>-10.0%</b> (1.9%)	<b>20.8%</b> (36.8%)	<b>-56.2%</b> (-50.4%)	<b>-3.5%</b> (9.3%)	<b>-13.7%</b> (-0.2%)	<b>-73.6%</b>	<b>-40.7%</b>	<b>-15.2%</b> (-11.0%)

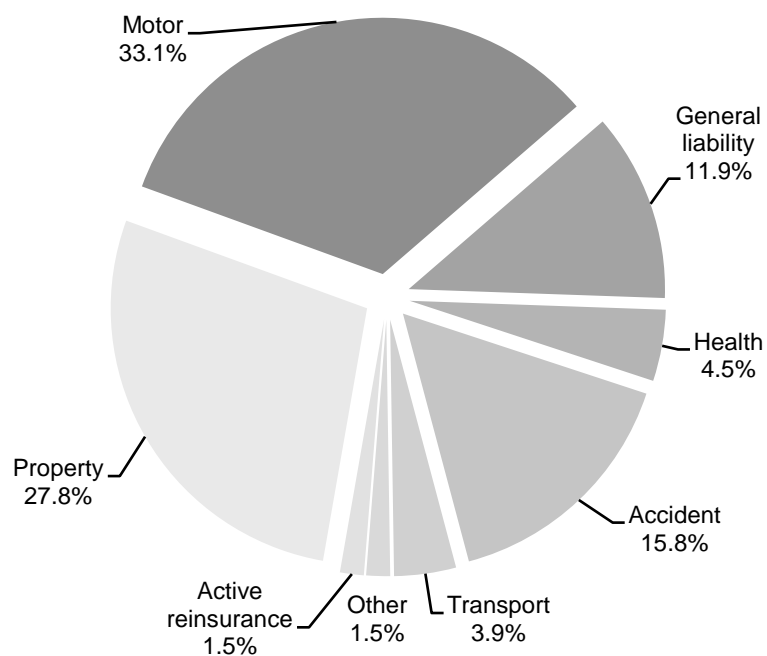
1) incl. Avéro Schadeverzekering



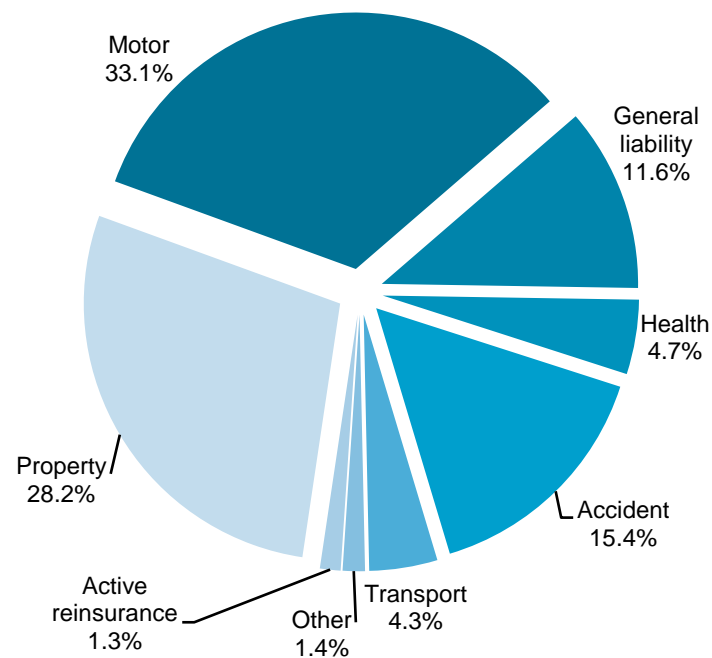
# Business Mix Nonlife

in % of gross premiums written

## HY 2010



## HY 2011



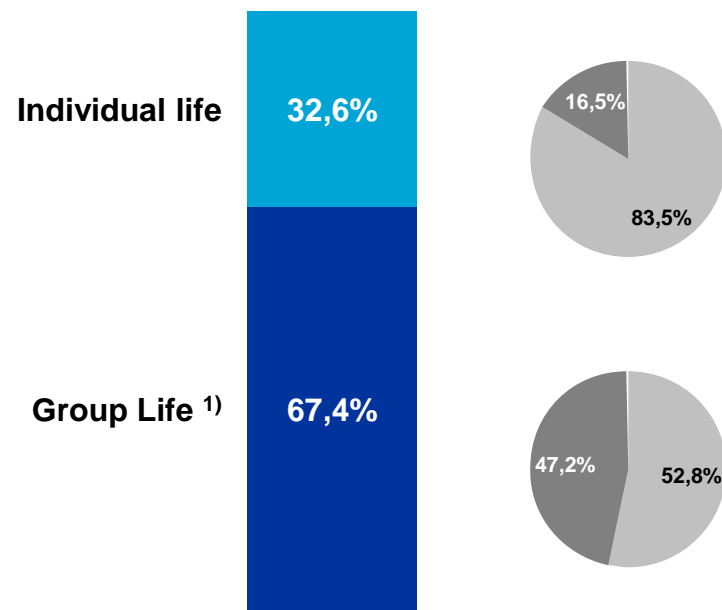
in CHF mn

	HY 2010	HY 2011
Gross premiums written nonlife	2,085	2,098

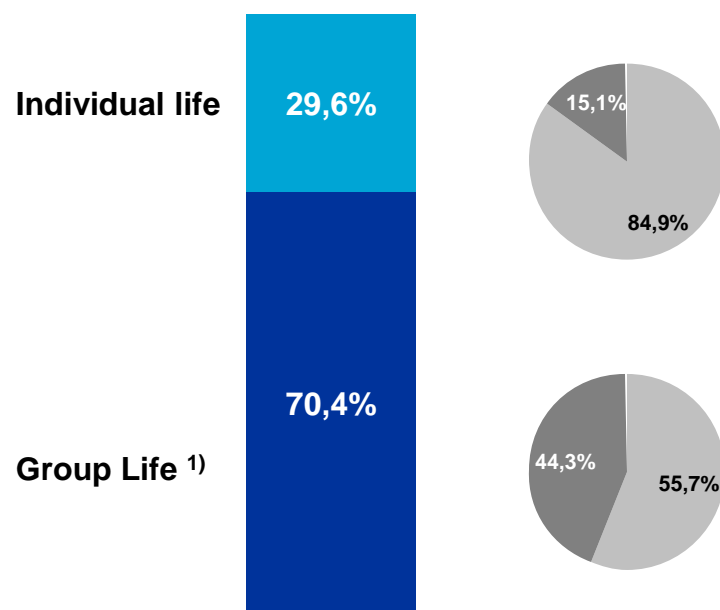
# Business Mix Life

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

## HY 2010



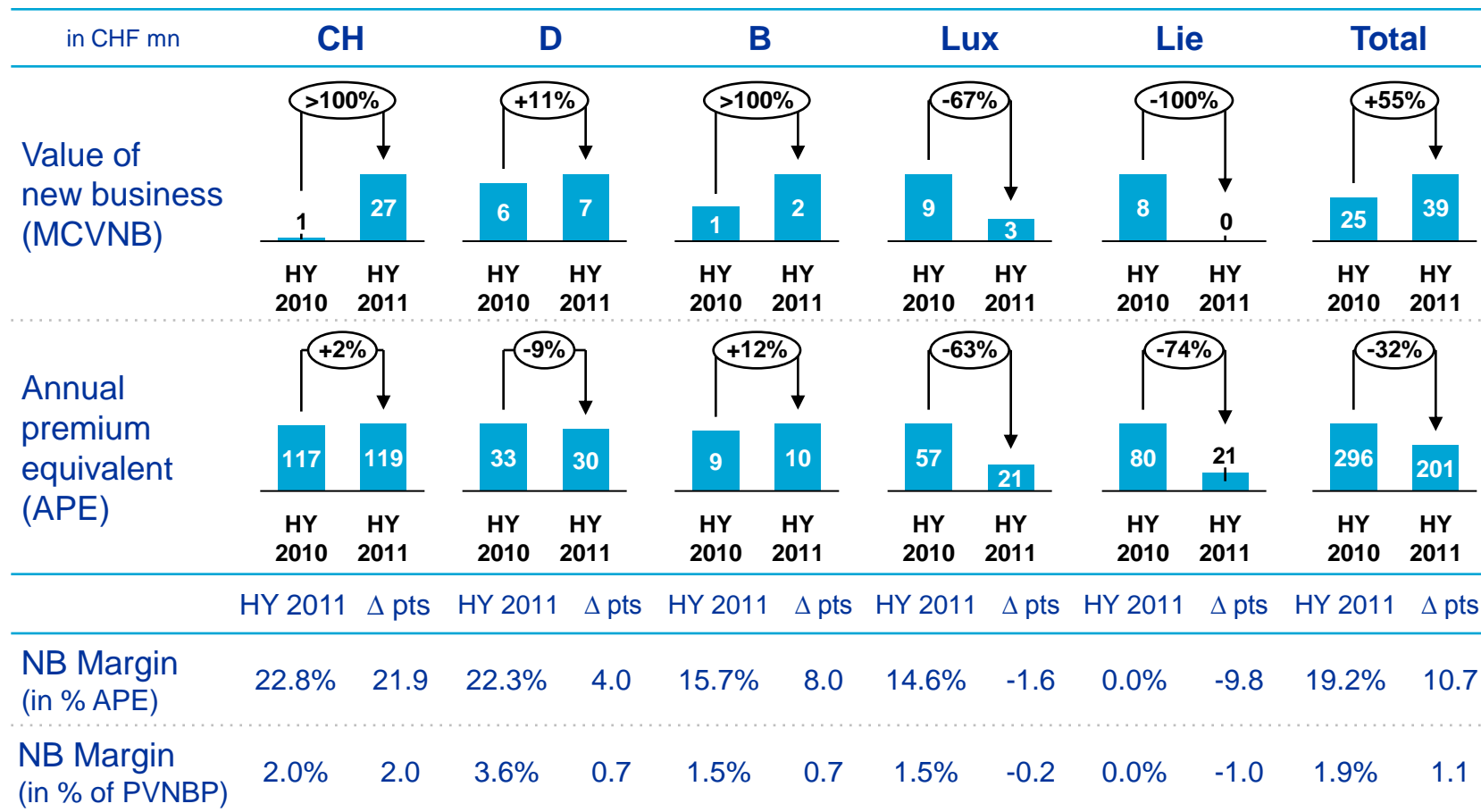
## HY 2011



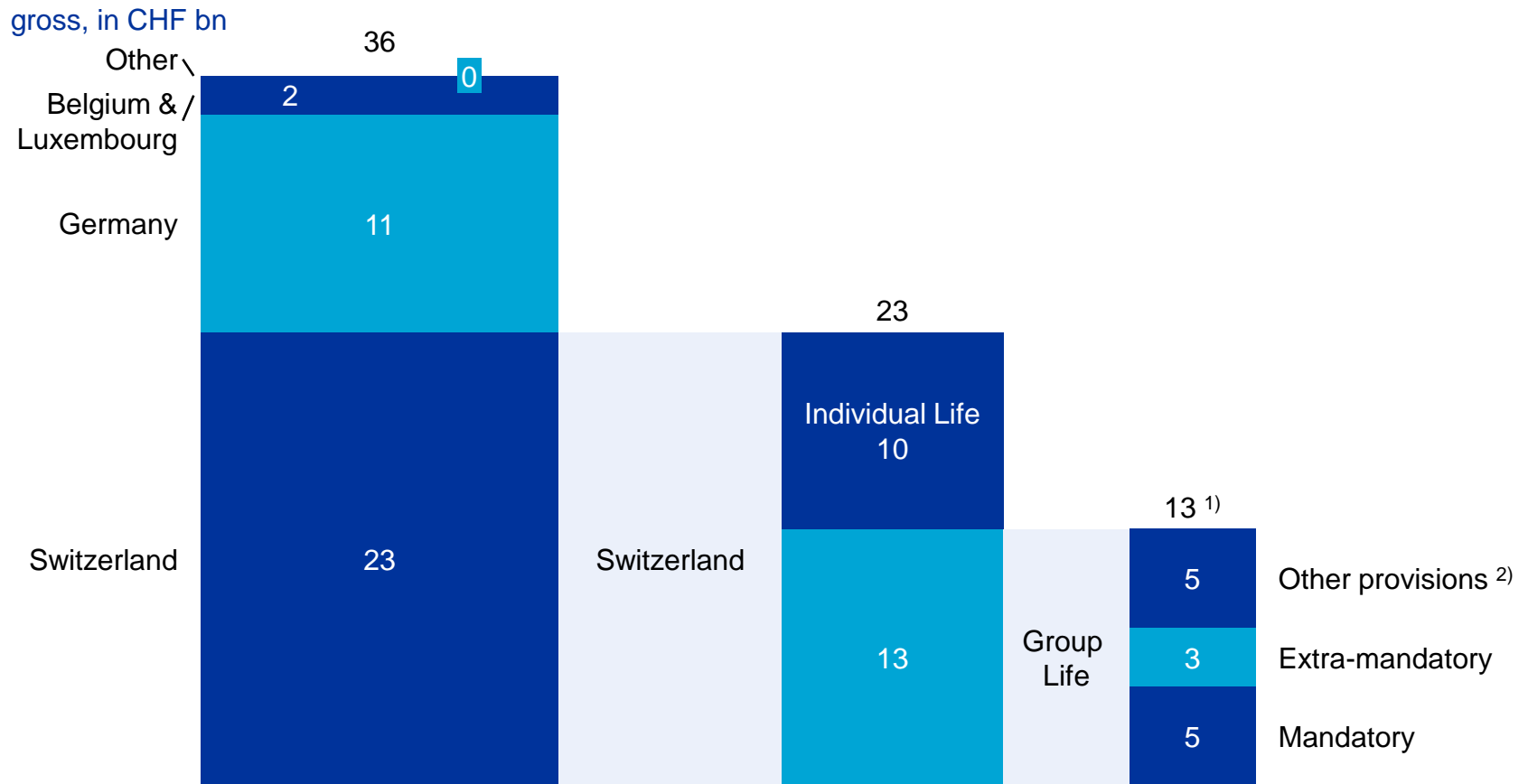
■ Single Premiums   ■ Periodic premiums

<sup>1)</sup> Swiss Group life business only

# New Business Life: Split by Country



# Technical Reserves Life

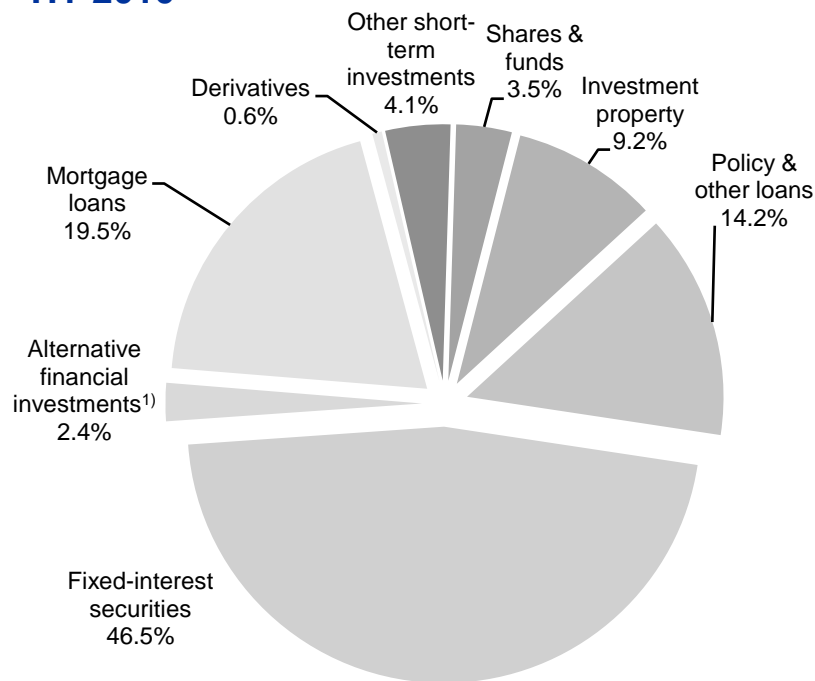


1) local GAAP

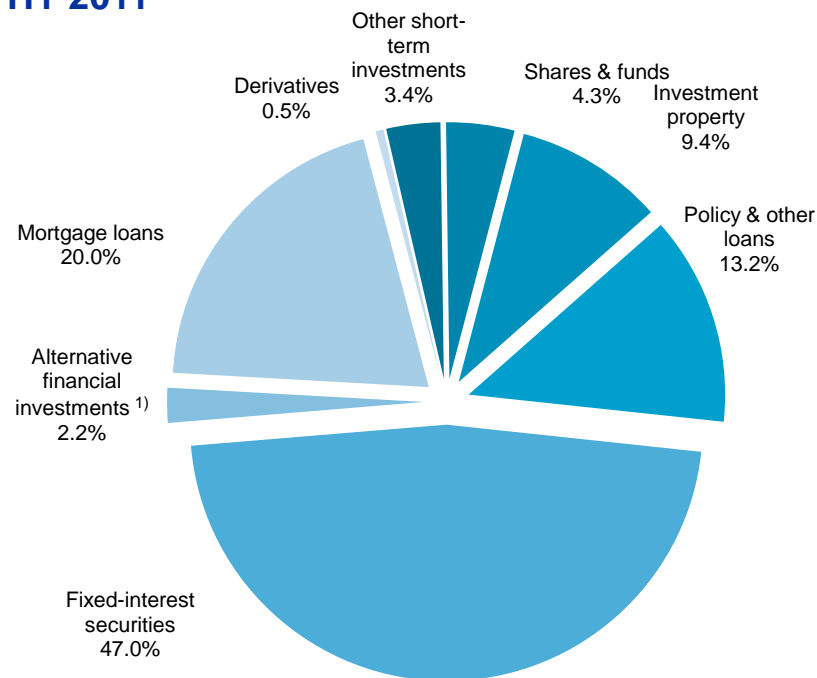
2) provisions for annuities, mortality, disability, reserve strengthening, inflation fund

# Group Asset Allocation

## HY 2010



## HY 2011



in CHF mn

Total group assets<sup>2)</sup>

HY 2011

53,774

<sup>1)</sup> private equity and hedge funds

<sup>2)</sup> incl. banking assets, excl. assets from investment-type premiums

# Impairments in HY 2011

---

<b>Financial assets of an equity nature</b>	
Impairments (in CHF mn), gross	49
Impairments in % of $\emptyset$ asset of an equity nature	1.4%

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- Mainly follow-up impairments
- About 35% of impairments are currency driven

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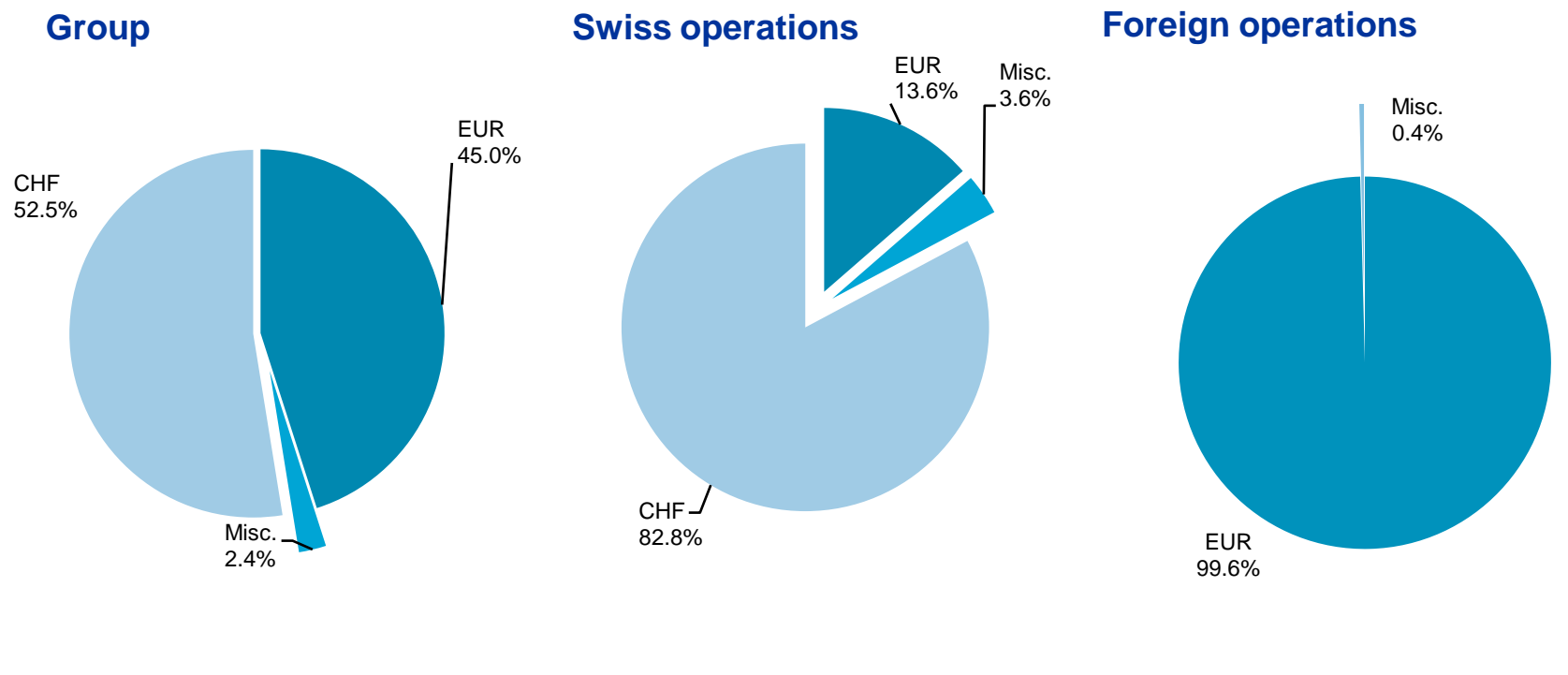
<b>Financial assets of a debt nature</b>	
Impairments (in CHF mn), gross	0
Impairments in % of $\emptyset$ assets of a debt nature	0%

---

- Broadly diversified portfolio
- High quality, mainly invested in first class sovereigns, first class sovereign guaranteed and covered assets
- No impairments
- Based on current information and understanding no intention to participate in EU financing programme for Greece

# Total Insurance Assets: Currency Exposure, Gross

excluding banking assets and assets from investment-type premiums



in CHF mn

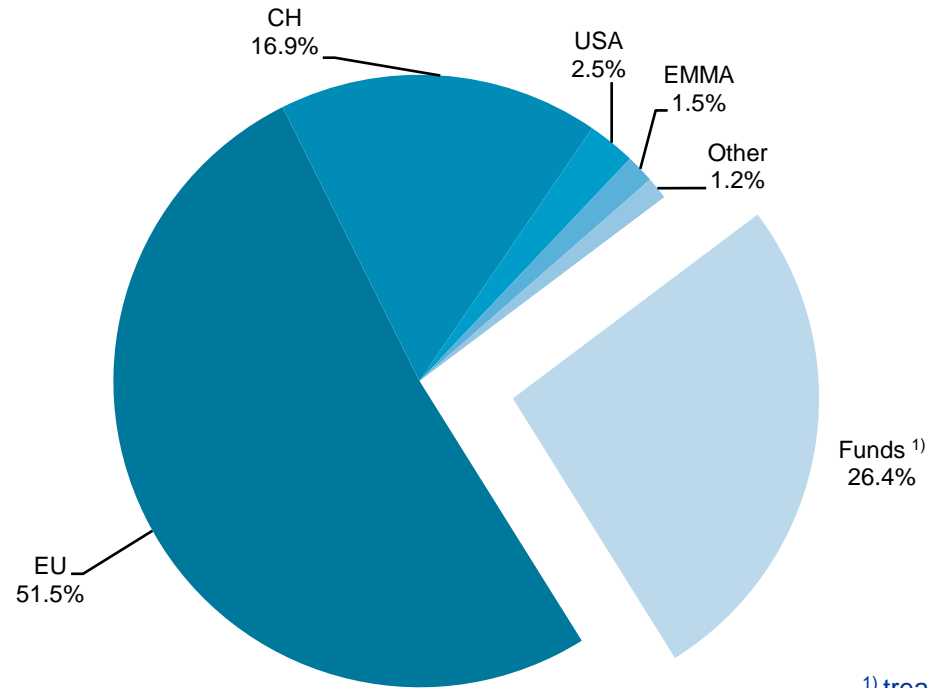
**HY 2011**

Total insurance assets

**47,233**

# Equity Portfolio: Regional Exposure

excluding banking assets and assets from investment-type premiums



in CHF mn	<b>HY 2011</b>
Total equity investments	<b>2,328</b>



# Hedge Fund Portfolio

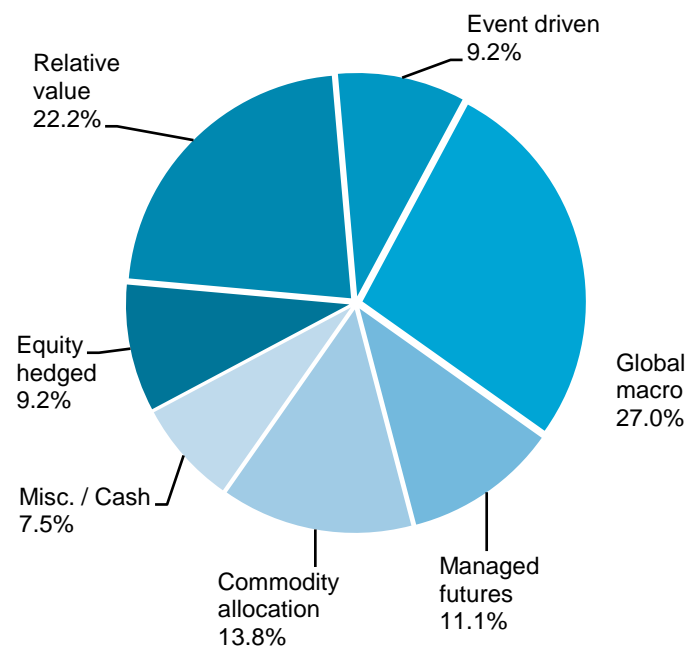
excluding banking assets and assets from investment-type premiums

	HY 2011
Total hedge fund investments (in CHF mn)	675
Performance (in USD)	-1.4%
Impairments <sup>1)</sup> (in CHF mn), gross	4
Impairments in % of ø Hedge Funds	0.6%

- Performance in line with broad hedge fund indices
- FX-risk mainly hedged

<sup>1)</sup> part of the impairments on financial assets with an equity nature

## By style



# Private Equity Portfolio

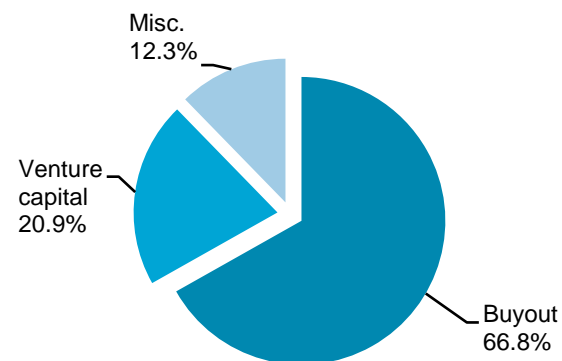
excluding banking assets and assets from investment-type premiums

	HY 2011
Total private equity investments (in CHF mn)	504
Performance (in USD, Sep 10 - Mar 11)	11.8%
Impairments <sup>1)</sup> (in CHF mn), gross	2
Impairments in % of ø Private Equity	0.4%

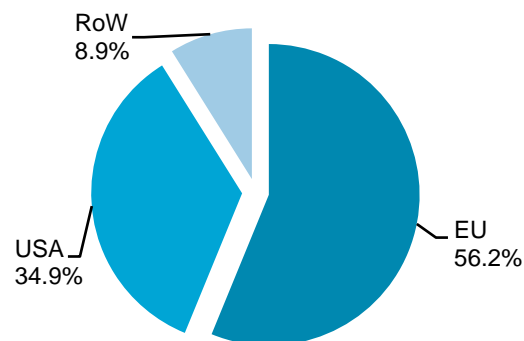
- Excellent performance due to up-valuations & realised gains
- New commitments of approx. USD 100 mn
- FX-risk mainly hedged

<sup>1)</sup> part of the impairments on financial assets with an equity nature

## By type



## By region

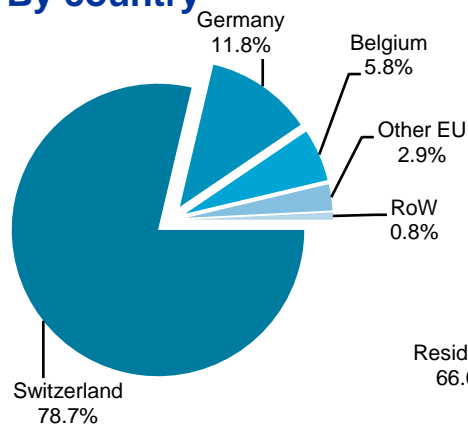


# Investment Property and Mortgages

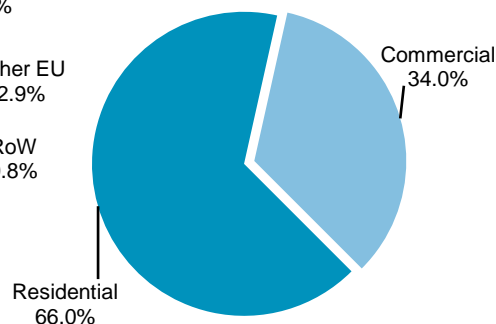
excluding banking assets and assets from investment-type premiums

in CHF mn	HY 2011
Total investment property	4,954

## By country



## By type



- Well diversified portfolio in solid markets
- Stable valuation generating regular periodic income

in CHF mn	HY 2011
Total mortgages	4,672
Gross yield <sup>1)</sup>	2.8%
administration costs	-3 bps
risk costs	-1 bps
Net yield <sup>1)</sup>	2.8%

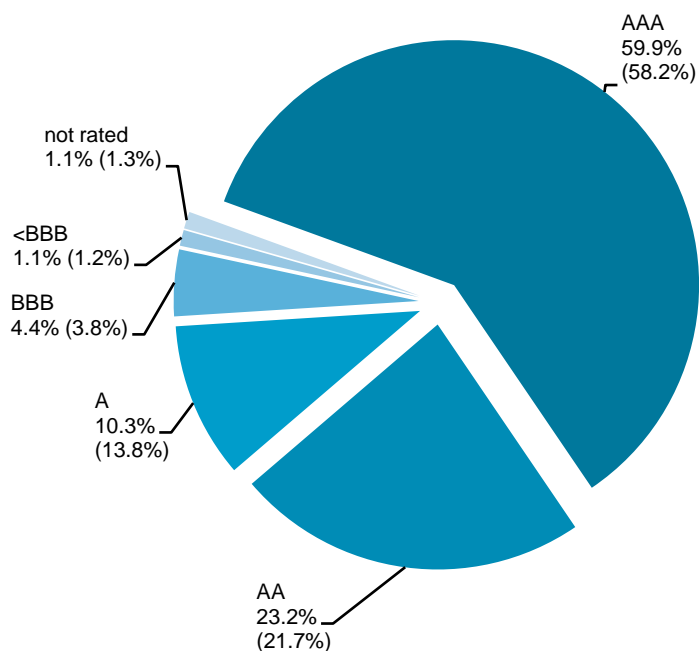
<sup>1)</sup> in % of mortgage investments

- Lower yield due to low interest rates
- Portfolio of excellent quality
- No easing of credit guidelines

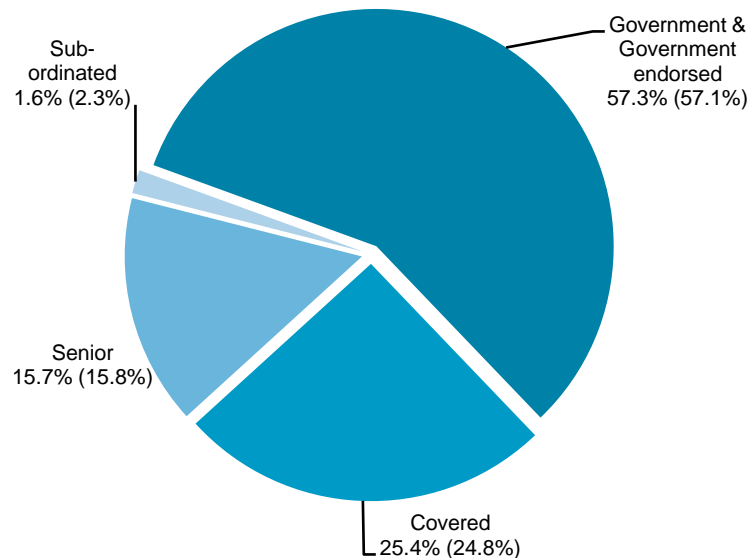
# Bond Portfolio

HY 2011 (FY 2010), excluding banking assets and assets from investment-type premiums

## By quality



## By ordination



in CHF mn

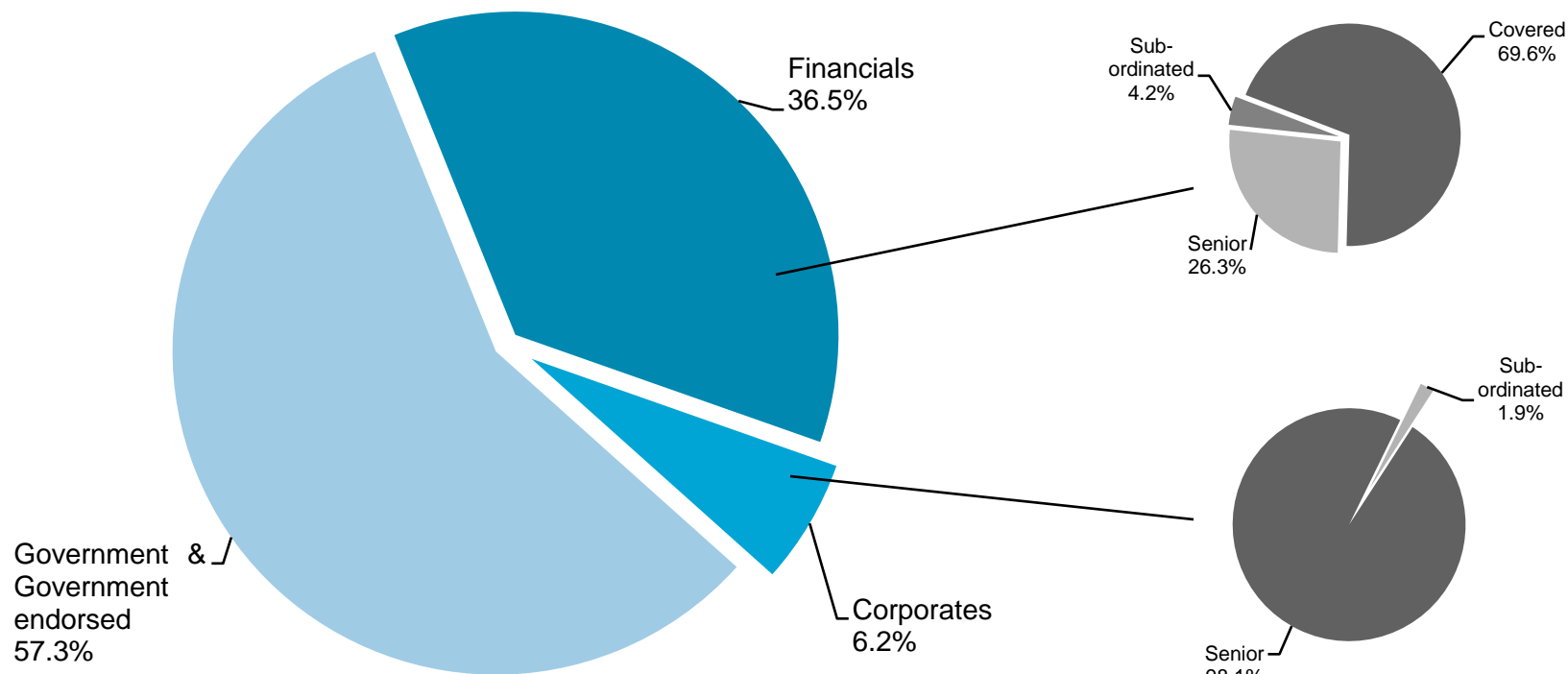
Total bond investments

**HY 2011**

**24,893**

# Bond Portfolio: Issuers

excluding banking assets and assets from investment-type premiums



in CHF mn

**HY 2011**

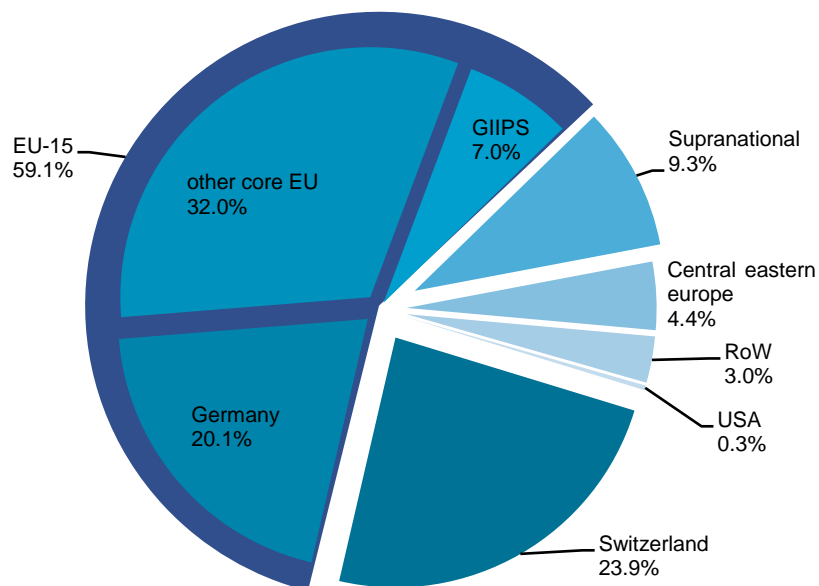
**Total bond investments**

**24,893**

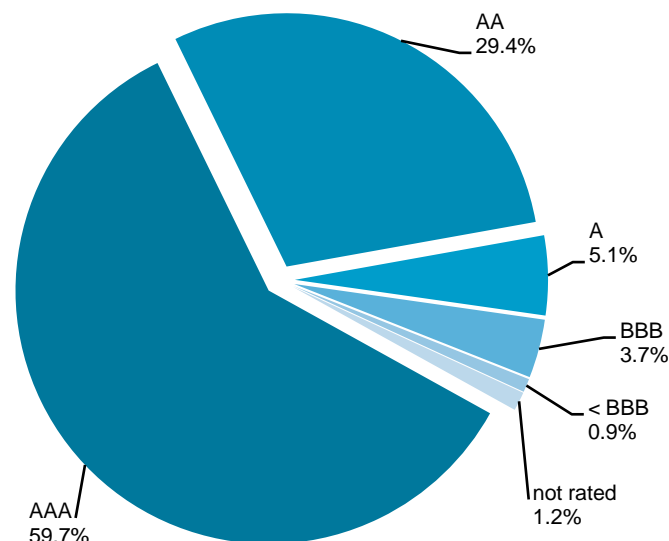
# Bond Portfolio: Sovereign and Public Debt

excluding banking assets and assets from investment-type premiums

## By region



## By quality

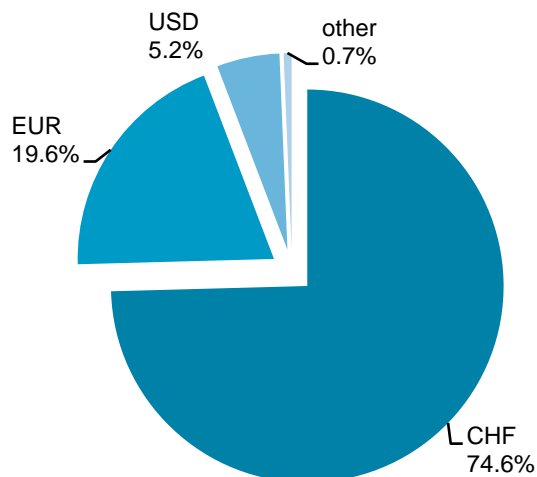


→ Broadly diversified portfolio of high quality sovereign debt

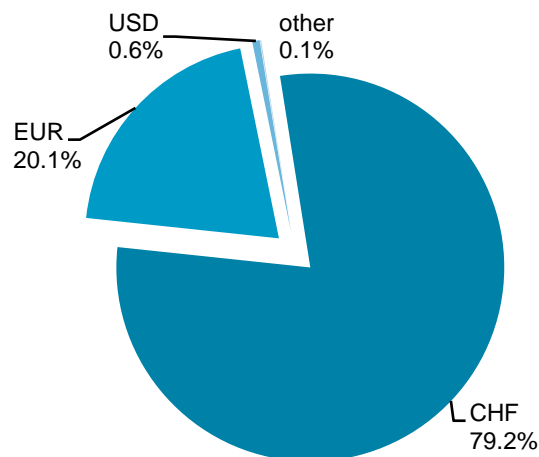
# Bond Portfolio: Currency Exposure of Swiss Operations

excluding banking assets and assets from investment-type premiums

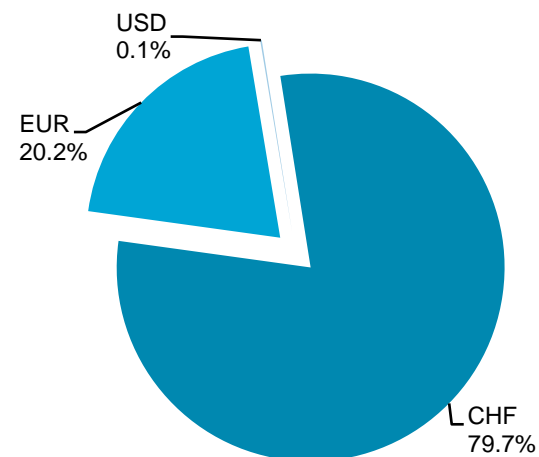
## Nonlife



## Total bonds



## Life



→ Total net currency exposure after hedges & liabilities: 2.5% EUR, 0.1% USD

in CHF mn

**HY 2011**

**Total bonds investments<sup>1)</sup>**

**17,221**

<sup>1)</sup> held by Swiss operations

# Duration of Bonds and Promissory Notes

excluding banking assets and assets from investment-type premiums

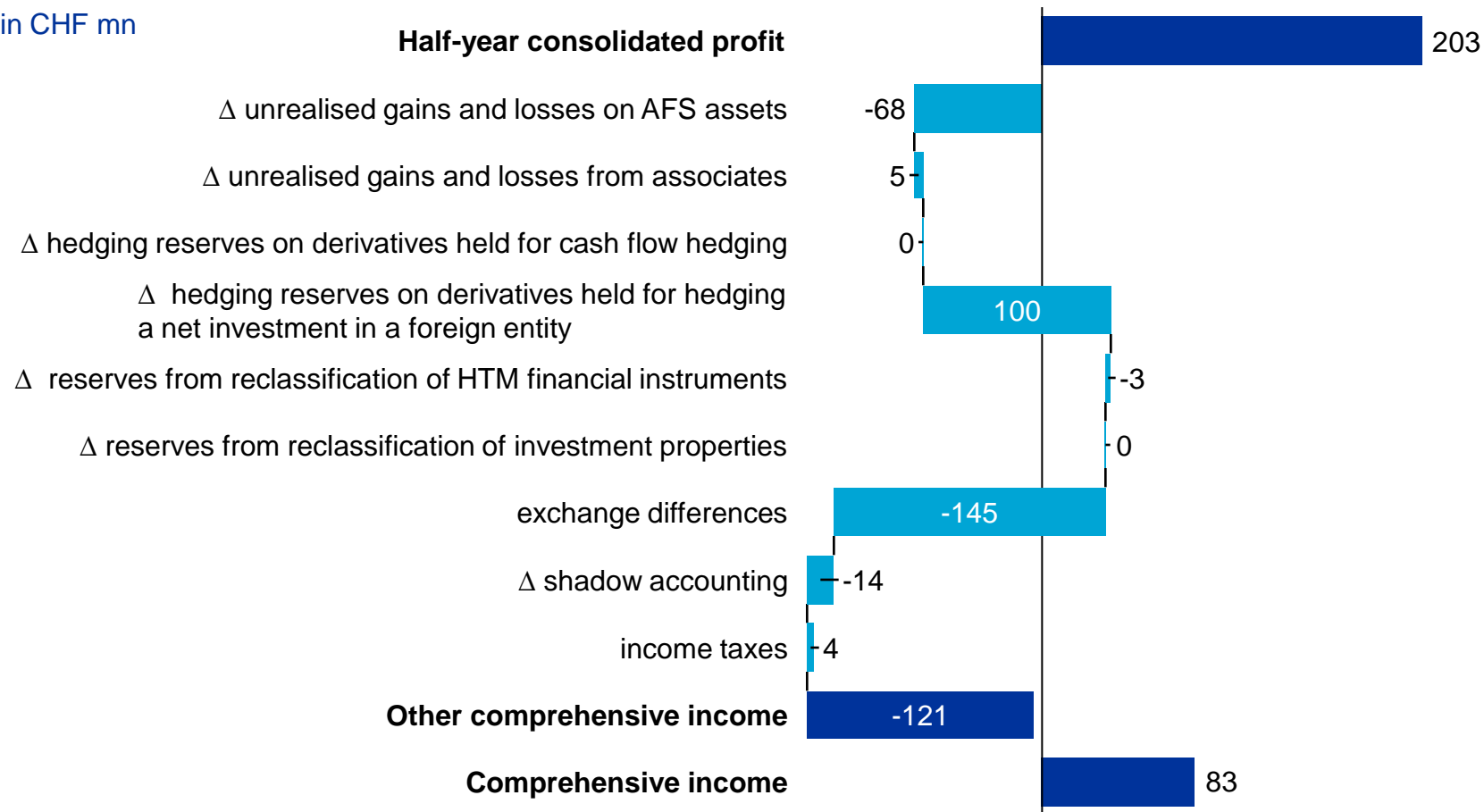
Duration by classification	2010		HY 2011	
	Years	% of total	Years	% of total
Duration bonds available-for-sale (AFS)	5.7	58.4%	<b>5.9</b>	<b>57.9%</b>
Duration bonds held-to-maturity (HTM)	7.1	23.7%	<b>7.8</b>	<b>23.4%</b>
Duration promissory notes	6.1	18.0%	<b>6.1</b>	<b>18.7%</b>
Duration portfolio	6.2	100%	<b>6.4</b>	<b>100%</b>

Duration by line of business	2010		HY 2011	
	Years	% of total	Years	% of total
Duration life bonds (incl. promissory notes)	6.5	82.3%	<b>6.6</b>	<b>85.0%</b>
Duration nonlife bonds (incl. promissory notes)	4.5	17.7%	<b>5.0</b>	<b>15.0%</b>
Duration portfolio	6.2	100%	<b>6.4</b>	<b>100%</b>



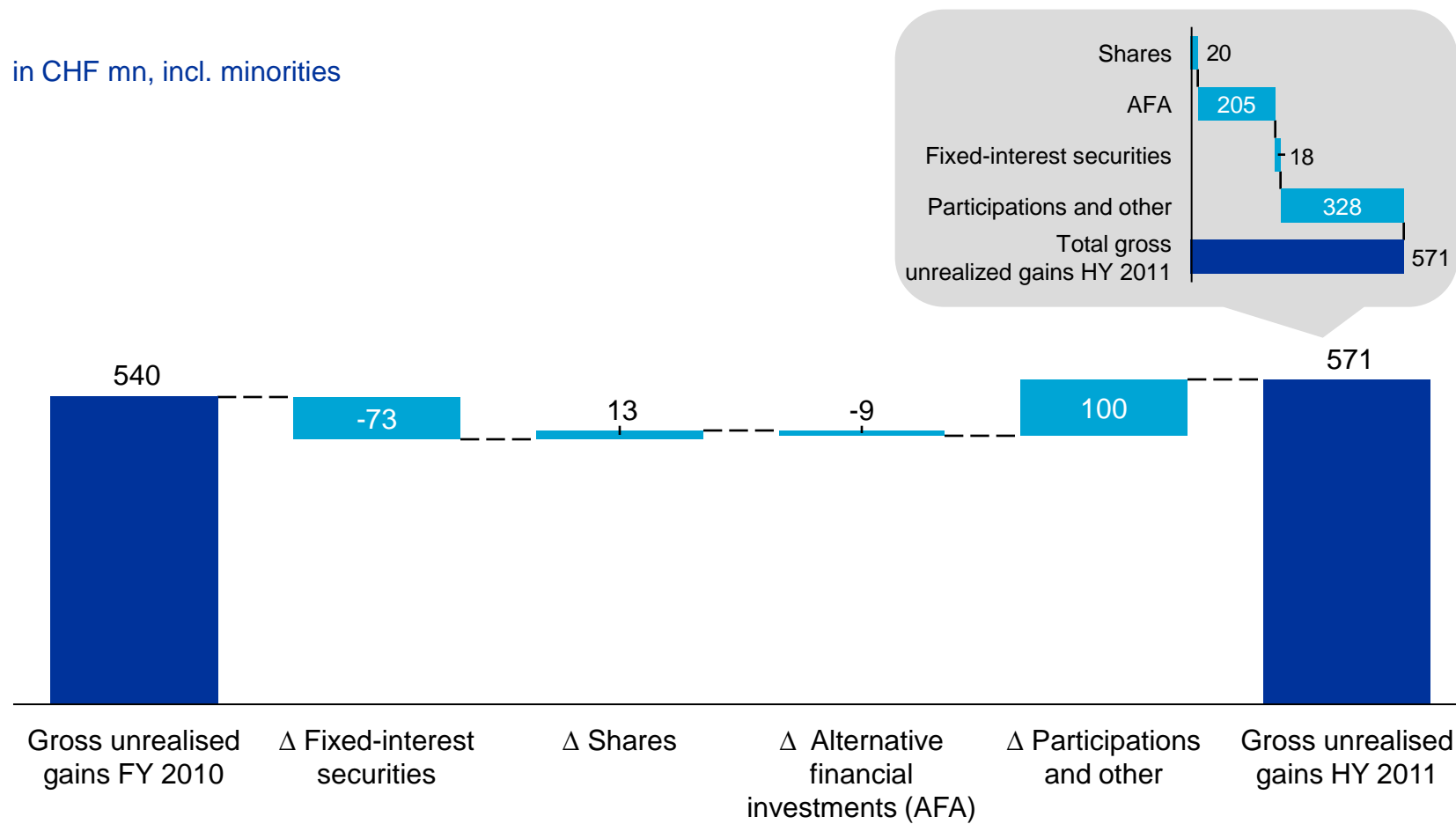
# Comprehensive Income

in CHF mn



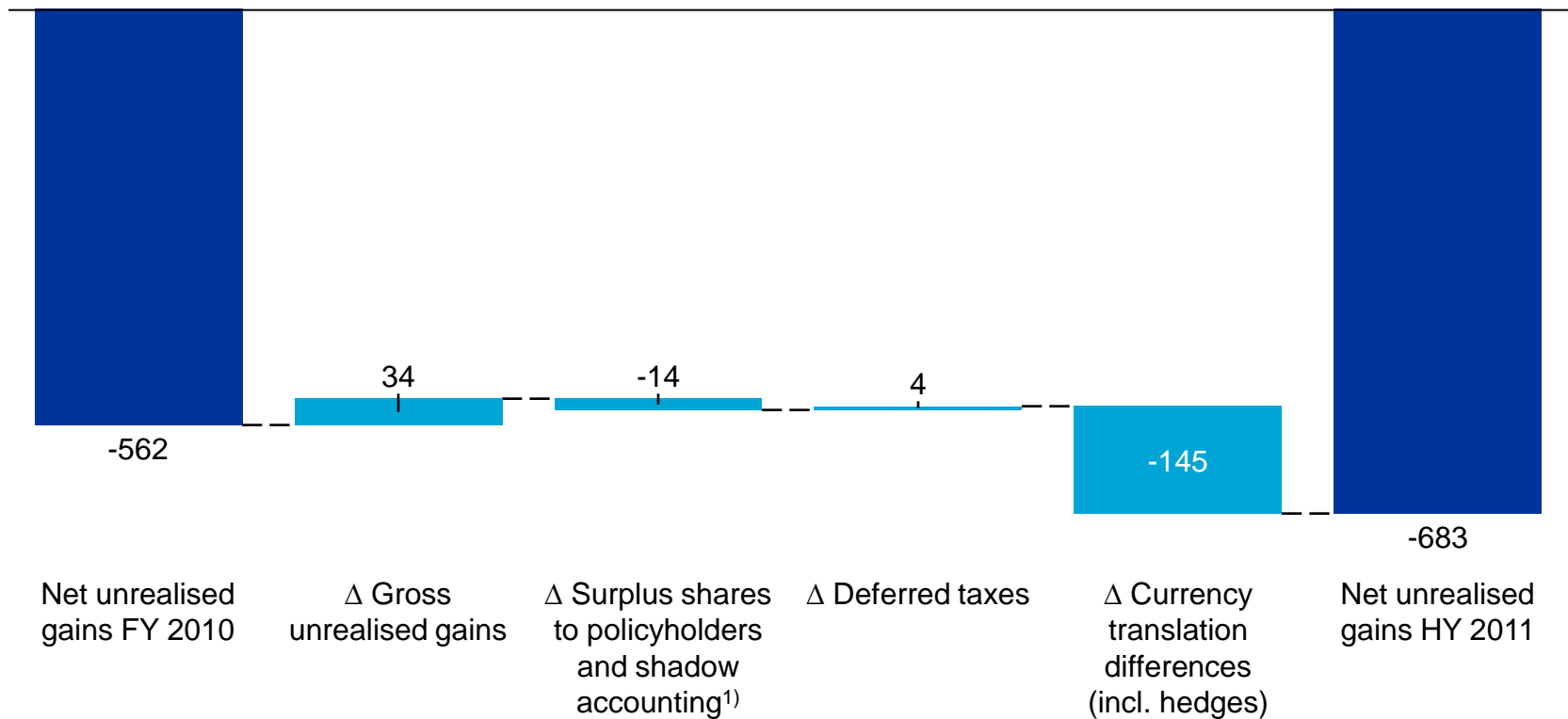
# Gross Unrealised Capital Gains

in CHF mn, incl. minorities



# Net Unrealised Capital Gains

in CHF mn, incl. minorities

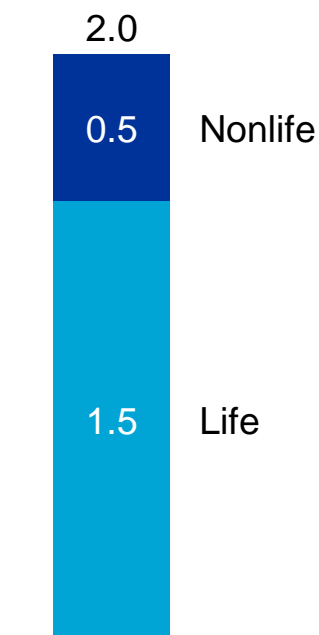


<sup>1)</sup> incl. DAC, URR, terminal policyholders' dividends

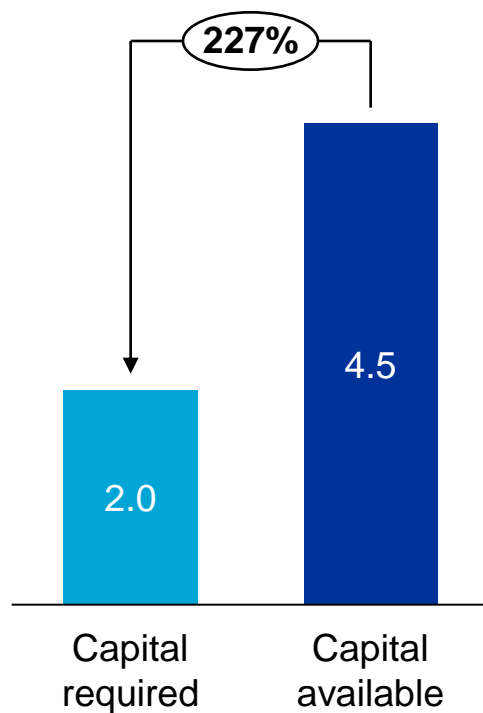
# Consolidated Solvency I

in CHF bn, excluding banking assets

## Capital required



## Required vs. available capital



## Available funds

	HY 2011
Total equity	4.0
Goodwill / intangibles	-0.3
DAC nonlife	-0.2
Unallocated surplus	1.4
Other	-0.0
Banking assets	-0.4
<b>Total</b>	<b>4.5</b>

# Currency

in CHF	B/S		P/L	
	FY 2010	HY 2011	HY 2010	HY 2011
EUR	1.25	<b>1.22</b>	1.44	<b>1.27</b>
USD	0.93	<b>0.84</b>	1.08	<b>0.91</b>

## II Operations

# Switzerland

in CHF mn	Nonlife	Life
Gross premiums written	1,023 (2.0%)	1,970 (-0.4%)
Investment-type premiums	-	103 <sup>1)</sup> (66.9%)
EBIT	57 (-40.2%)	111 (>100.0%)

## Nonlife

## Life

→ Excellent operational profitability

→ Innovative products lead to strong growth in individual life despite the difficult market environment

→ Strong premium growth

→ Accelerated growth of annual premiums in group life business

→ EBIT impacted by negative currency effects on investment result

→ Operational improvements combined with better business mix increase new business margin

<sup>1)</sup> investment type premiums incl. CHF 56 mn variable annuities stemming from Baloise Life (Liechtenstein)

## Switzerland: Baloise Bank SoBa

in CHF mn, local GAAP	HY 2010	HY 2011	+/-
Interest income	41	42	3.9%
Fee and commission income	9	8	-3.2%
Trading income	2	2	0.0%
Gross yield	52	53	2.3%
Expense	-35	-34	-3.3%
Gross profit	17	19	13.8%
Profit for the period	12	13	5.7%
Cost / income ratio	67.0%	63.4%	-3.6 pts
Return on Equity	7.1% <sup>1)</sup>	8.0%	0.9 pts

<sup>1)</sup> as per 31.12.2010

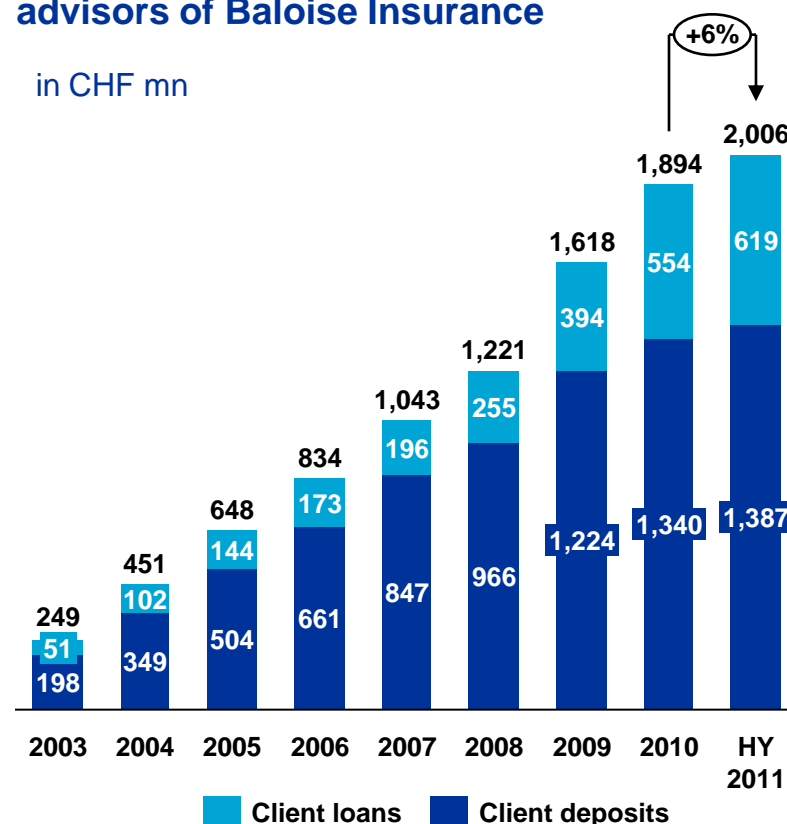


# Switzerland: Cooperation Bank and Insurance

- The volume generated by client advisors of Baloise insurance lead to increased client loans and client deposits
- Banking and insurance are complementary, which provides additional benefits for our clients
- Systematic growth throughout Switzerland, in collaboration with insurance agents, as well as in the core area of the Canton of Solothurn
- The innovative advisory approach at Baloise Investment Advice Wealth Management has been well received by customers and is being used for banking and insurance

## Total volume generated by customer advisors of Baloise Insurance

in CHF mn



# Germany

in CHF mn	Nonlife	Life
Gross premiums written	548 (1.7% <sup>1)</sup> )	347 (0.2% <sup>1)</sup> )
Investment-type premiums	-	121 (8.2% <sup>1)</sup> )
EBIT	12 (-70.1%)	2 (n.m.)

→ Improved combined ratio due to favourable claims ratio

→ Positive premium growth in nonlife as well as in life

→ Unwinding and integration of the two units fully on track

<sup>1)</sup> local currency (LC)

# Belgium

in CHF mn	Nonlife	Life
Gross premiums written	392 (38.0% <sup>1)</sup> )	47 (4.0% <sup>1)</sup> )
Investment-type premiums	-	76 (60.8% <sup>1)</sup> )
EBIT	30 (62.5%)	9 (-50.6%)

- Growth well above market average in nonlife and life
- Solid combined ratio of 94.6% due to favourable evolution of the frequency and average claims cost, less large claims and continuation of the cost reduction programme
- Integration of Avéro fully on track, strengthening our market position

<sup>1)</sup> local currency (LC)

# Luxembourg

in CHF mn	Nonlife	Life
Gross premiums written	47 (-1.4% <sup>1)</sup> )	29 (-0.6% <sup>1)</sup> )
Investment-type premiums	-	196 (-58.4% <sup>1)</sup> )
EBIT	2 (-23.3%)	4 (-48.2%)

→ Outstanding combined ratio of 86.7%

→ Investment-type premiums on a normal level after extraordinary growth last year

→ Integration of Fortis Luxembourg IARD has been successfully completed

<sup>1)</sup> local currency (LC)

# Austria

in CHF mn	Nonlife	Life
Gross premiums written	61 (10.5% <sup>1)</sup> )	12 (-1.6% <sup>1)</sup> )
Investment-type premiums	-	8 (18.5% <sup>1)</sup> )
EBIT	0.8 (-27.8%)	-0.5 (n.m.)

→ Continuous strong growth

→ Improved combined ratio due to improved claims ratio and cost ratio

→ Further investments in own sales force for further growth

<sup>1)</sup> local currency (LC)

# Croatia

in CHF mn	Nonlife	Life
Gross premiums written	21 (5.7% <sup>1)</sup> )	15 (-7.0% <sup>1)</sup> )
Investment-type premiums	-	-
EBIT	-2.3 (n.m.)	-1.3 (n.m.)

→ Growth in nonlife premiums despite a declining market

→ Improved operating expenses due to cost reductions

→ Positive claims experience

<sup>1)</sup> local currency (LC)

# Liechtenstein

in CHF mn	2011
Business Volume	210 (-73.6%)
<i>Whereof generated by</i>	
Liechtenstein	154 (-79.5%)
Switzerland (only VA)	56 (19.9%)

- Investment type life insurance business in freedom of services on a normal level after a peak in 2010 (Scudo Fiscale)
- RentaSafe Time is evolving very positively in the market
- Business expansion is under way with further investments in IT, optimising processes and sales force

## III Reporting Agenda & Contact Details



# Reporting Agenda

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→ Full Year Results 2011

Thursday, 22 March 2012

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→ Annual General Meeting

Friday, 27 April 2012

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→ Half Year Results 2012

Thursday, 30 August 2012

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You will find all published documentation at [www.baloise.com](http://www.baloise.com)

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# Contacts

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