

# On track to deliver outstanding performance

## Martin Strobel, Group CEO

Helvea – Swiss Equities Conference 2015 – Bad Ragaz, 15 January 2015



**Making you safer.**

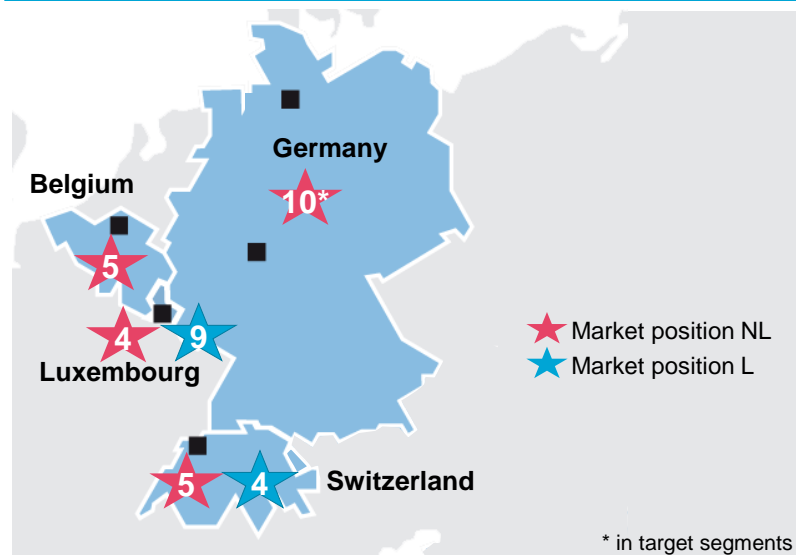
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# Strategic Footprint

## Highly focused & highly profitable – success story to be continued



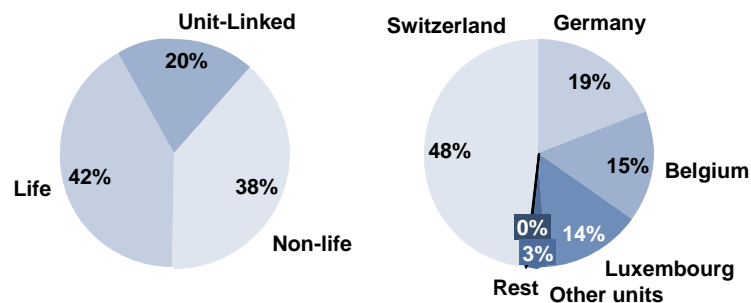
→ **Target customer & target broker management.** For a decade, Baloise walks the talk in executing its strategy in focusing on target customers and target brokers – with the result of having one of the most profitable insurance portfolios in Europe

→ **Making you safer.** Baloise's unique selling proposition is its Safety World - a blue ocean of endless opportunities - making insurance way more than a sole commodity product

→ **4 very attractive markets.** Baloise is strongly committed to its 4 attractive core markets which are the basis of its success by sharing similar market trends, culture and growth prospects

→ **Cash is King.** Baloise is committed to a very attractive and sustainable dividend policy, demonstrated by its strong distribution track record and is hence an appealing investment opportunity with 100% free-float

### Business Volume

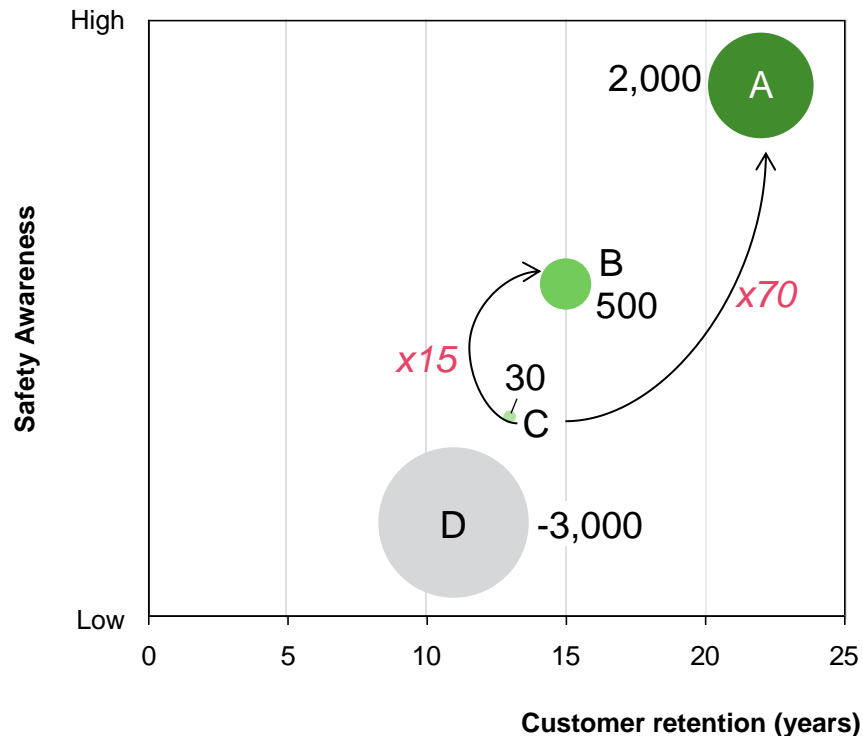


Business Volume 2013: CHF 9,009 mn

# Customer Value

## Staying focused on «A»-customers pays out

Yearly profit contribution per customer (in CHF),  
example private customers Switzerland



→ The difference between the profitability of a «C» and an «A» customer is significant

→ As the key customer identifier we do neither use wealth nor age but a proxy for the future expected lifetime earnings. Safety awareness and cross-selling likelihood increase with improving customer value

→ We have the skills and the tools to identify and develop customers. Since 2005 we increased the number of A- and B-customers via cross- and upselling techniques; the number of D customers decreased substantially in the same time

→ The cross- and upselling potential combined with our safety world approach and our well established D-customer management will allow for an ongoing improvement of our customer base

# Baloise Safety World across all Branches

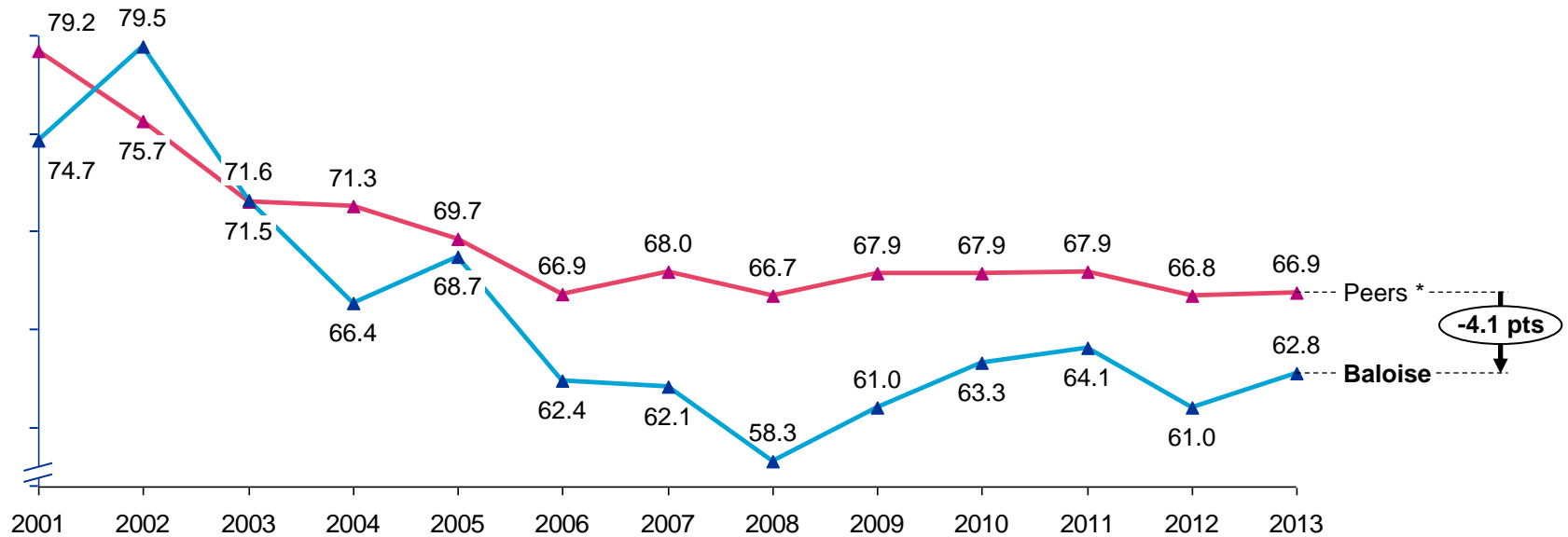
## Turbo boost for target customer management

|  |  |   |  |  |   |  |
|--|--|---|--|--|---|--|
|  <p><b>Contractual penalties</b></p>          |  <p><b>Double coverage</b></p>            |  <p><b>Data breach</b></p>                           |  <p><b>Disability capital due to illness</b></p> |  <p><b>Baloise Investment Advice</b></p>            |  <p><b>Baloise Safe Plan</b></p>         |  <p><b>Household safety package</b></p>               |
|  <p><b>Motor safety modules</b></p>           |  <p><b>Security in e-banking</b></p>      |  <p><b>Refund of additional pension benefits</b></p> |  <p><b>Pocket knife</b></p>                      |  <p><b>Driving dynamics seminar/ Safety day</b></p> |  <p><b>Cargo prevention</b></p>          |  <p><b>Safety inspections</b></p>                     |
|  <p><b>Trainings / customer seminars</b></p> |  <p><b>Baloise health management</b></p> |  <p><b>Receivables' safety</b></p>                  |  <p><b>myBaloise customer portal</b></p>        |  <p><b>Baloise safety boxes</b></p>                |  <p><b>Safety day - Friday 13th</b></p> |  <p><b>Publications related to safety issues</b></p> |

# Proof of Concept

## High and sustainable portfolio outperformance achieved

Loss ratio, net



\* Peers: Allianz, Axa, Helvetia, Nationale Suisse, Zurich

- Since inception of Target Customer Management in 2005, Baloise was able to outperform the market year after year
- Meanwhile Baloise has one of the most profitable insurance portfolios in Europe
- This outperformance is pricing resistant, hard to copy and translates into high earning power

# Highlights HY 2014

## Excellent profit and attractive growth

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→ Excellent profit of CHF 350 mn, up by 43%

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→ Persistent attractive growth in target segments, business volume up by 6.9%

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→ Strong net combined ratio of 93.2% thanks to improved underlying portfolio quality

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→ Reliable investment result, investment yield of 2.0%<sup>1)</sup>

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→ Leap in life earnings backed by improved business mix and strong investment income

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→ Strong capitalisation: consolidated solvency I of 316%, S&P rating upgraded to "A"

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→ Fully on track to deliver financial targets

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<sup>1)</sup> not annualized

# Business Trends 9 Months

## Attractive growth in target segments

- **Non-Life:** Focus on attractive target segments and selective underwriting in less profitable areas lead to excellent portfolio quality. Benign claims environment, especially in Switzerland
- **Life:** Consistently strong demand for safe solutions in group life and unit-linked business
- **Robust balance sheet:** Well-positioned to cope with persistently low interest rates thanks to our solid capitalisation (solvency ratio of 338% as at 30.09.2014) and successful use of hedging instruments

### Business volumes as at 30 September 2014 (YTD)

| CHF million;<br>change (%) | Switzer-<br>land | Germany          | Belgium          | Luxembourg       | Others*         | Rest         | Total            |
|----------------------------|------------------|------------------|------------------|------------------|-----------------|--------------|------------------|
| <b>Life</b>                | 2,520.8<br>5.9%  | 415.8<br>-7.5%   | 108.7<br>-4.8%   | 68.6<br>43.2%    | 18.7<br>-47.6%  | -<br>-       | 3,132.6<br>3.4%  |
| <b>Unit-linked</b>         | 129.6<br>39.1%   | 165.6<br>-1.8%   | 299.7<br>87.0%   | 859.8<br>23.3%   | 12.0<br>-12.7%  | -<br>-       | 1,466.7<br>29.5% |
| <b>Non-life</b>            | 1,247.0<br>-0.3% | 691.4<br>-5.7%   | 747.5<br>0.4%    | 93.3<br>43.9%    | 98.2<br>-23.7%  | 3.8<br>-0.7% | 2,881.2<br>-1.5% |
| <b>Total</b>               | 3,897.3<br>4.6%  | 1,272.8<br>-5.8% | 1,155.9<br>13.4% | 1,021.7<br>26.2% | 129.0<br>-27.6% | 3.8<br>-0.7% | 7,480.5<br>5.5%  |

\* Austria, Croatia and Serbia

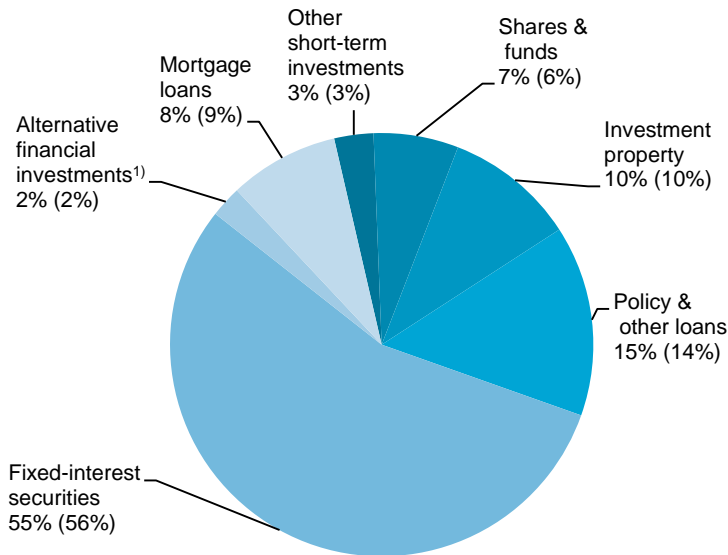


# High Quality Asset Allocation

## Focus remains on high recurring income

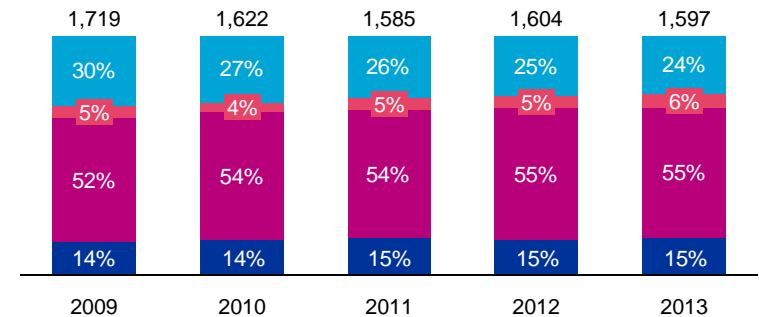
excluding banking assets and assets from investment-type premiums

**HY 2014 (FY 2013)**



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

## Recurring income, in CHF mn



■ Other    ■ Fixed-income securities  
■ Shares    ■ Investment Properties

# Summary

## A consistently successful and rewarding business model

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- Baloise has a unique industry approach with a strong strategy execution across the Group
  - Switzerland will remain a high and very reliable stronghold in terms of cashflow generation
  - Capture growth in target segments and increase earnings by expanding unique target customer approach and reducing costs
  - Albeit challenging regulatory and low interest rate environment, Baloise has a strong momentum in capitalisation as well as in cashflow generation. We are committed to an attractive and reliable future payout level
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## III Reporting Agenda & Contact Details

# Reporting Agenda

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→ Full Year Results 2014 Thursday, 26 March 2015

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→ Annual General Meeting Thursday, 30 April 2015

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→ Half Year Results 2015 Thursday, 27 August 2015

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→ Q3 Interim Statement Tuesday, 17 November 2015

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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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