

Baloise Group – Reliable Cash Generator

Martin Strobel, Group CEO

KBW European Financials Conference, London, 20 September 2011



Making you safer.

Cautionary Statement Regarding Forward-Looking Information

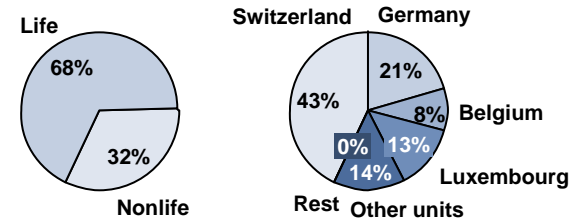
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The Baloise Group

High diversification and strong footprint in major market



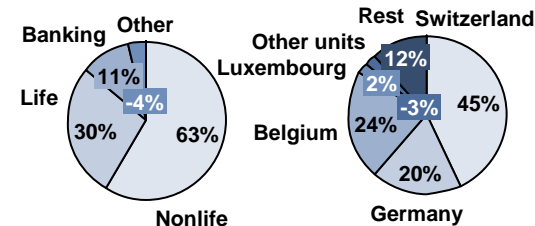
Business Volume



Total Business Volume 2010:

CHF 9,542 mn

EBIT



Total EBIT 2010:

CHF 607 mn

Highlights HY 2011

Solid result

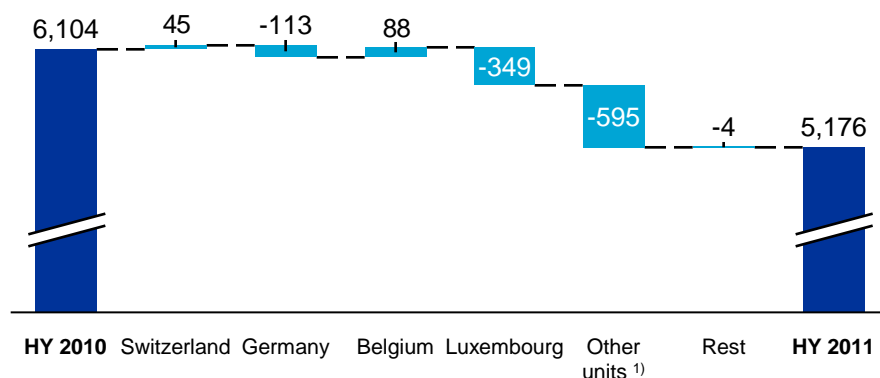
- Solid profit backed by operational excellence
 - "Baloise 2012" fully on track; significant contribution to profitability
 - Gross premiums increased by 3.2%¹⁾; Sound Safety World brand positioning creates higher customer demand
 - Net combined ratio of 93%: high margin grants reliable cash flows
 - 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
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¹⁾ Local currency (LC)

Business Volume

Accelerated growth in major markets

By country

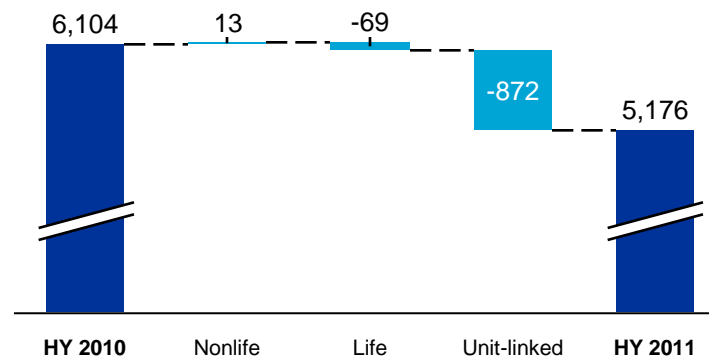


in CHF mn	HY 2010	HY 2011	+/-	+/- LC ²⁾
Switzerland	2,995	3,040	1.5%	1.5%
Germany	1,129	1,016	-10.0%	1.9%
Belgium	427	515	20.8%	36.8%
Luxembourg	621	272	-56.2%	-50.4%
Other units ¹⁾	922	327	-64.5%	-62.8%
Rest	10	6	-40.7%	-40.7%
Total	6,104	5,176	-15.2%	-11.0%

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

²⁾ local currency (LC)







By line of business



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

Nonlife Business

High margins

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	59.2
Expense ratio	24.7	34.5	34.9	36.6	34.0	51.9	30.6
Surplus sharing ratio	0.9	0.4	0.2	0.0	0.0	-	0.5
Combined ratio HY 2011	84.3	95.6	95.4	87.0	94.5	106.7	90.3
Change vs. HY 2010 (in pts)							
Δ Loss ratio	-0.1	-3.5	14.5	9.2	-2.7	-1.4	1.8
Δ Expense ratio	0.2	-0.4	1.9	-1.6	-0.4	1.3	0.3
Δ Surplus sharing ratio	0.0	0.0	-0.2	-0.1	0.0	-	-0.1
Δ Combined ratio	0.1	-3.9	16.2	7.5	-3.1	-0.1	2.0

Life Business

Result recovered significantly

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

¹⁾ excl. investment-type assets

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

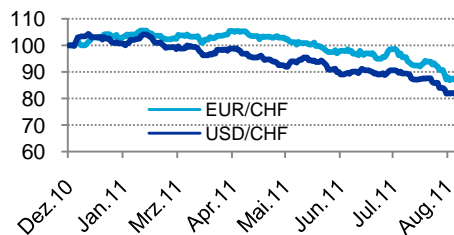
³⁾ excl. APE from Austria, Croatia and Serbia

Asset Management

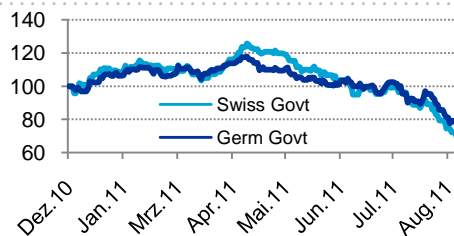
Challenged by the volatility of markets

Drivers

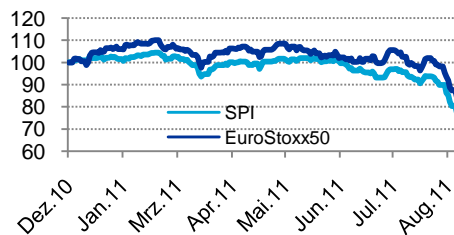
Currency



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

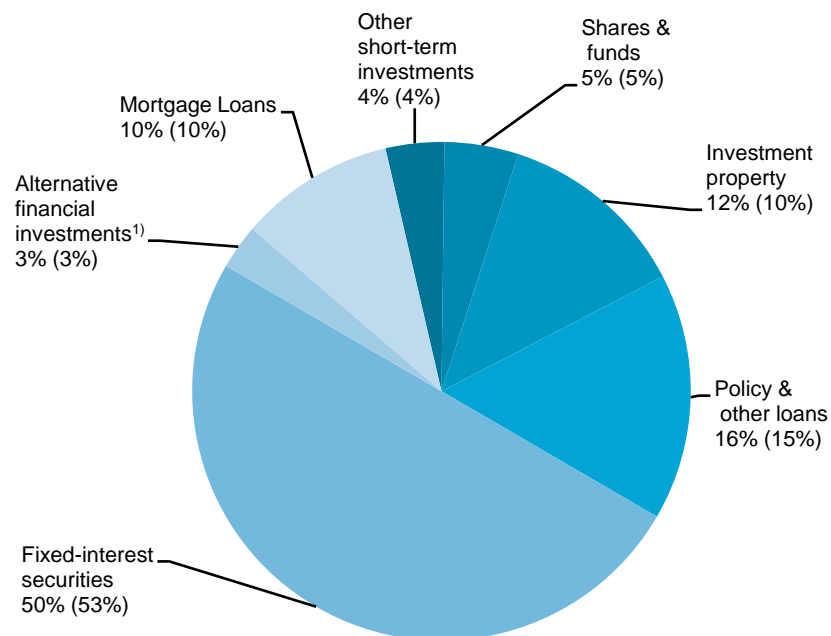
- No hedge programme trigger
- Currency-driven equity impairments

Asset Allocation

Diversified portfolio generates stable recurring income

excluding banking assets and assets from investment-type premiums

HY 2011 (FY 2010)



¹⁾ private equity & hedge funds

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

Baloise 2012

Major contributors in the first half of the year 2011

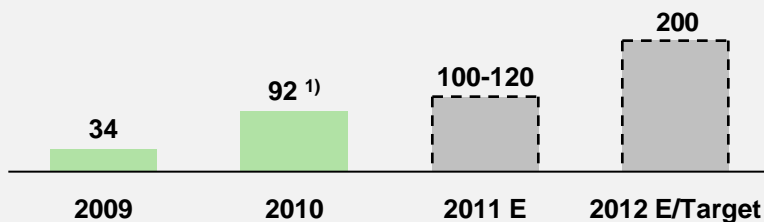
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- Optimise:** → Successful claims management and cost initiatives in Switzerland
→ Cost optimisation initiatives in Belgium
→ Centralized group procurement
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- Grow:** → Sales force development in Austria and Croatia
→ Pricing initiative in Switzerland
→ Growth in life business in Belgium
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- Develop:** → Steady income from investment type life insurance business
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- **Baloise 2012 fully on track**
Additional sustainable profit of CHF 200 mn until 2012



¹⁾ includes one-off payment out of unwinding in Germany

Safety World – The Concept

Beyond insurance - we deliver added value to the customer

Basler Sicherheitswelt®

Insurance



Prevention



Added value service

Insurance policy documents and a photo of a ski lift cabin.

Safety box for private and SME clients
 Fire blanket
 Smoke detector
 Overvoltage protector

Client magazine

Replacement in case of claims

Special offers

Safety events

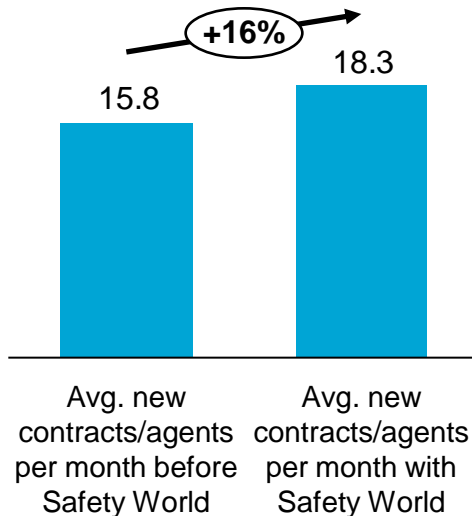


Safety World – The Effect

Business impact clearly visible

Productivity

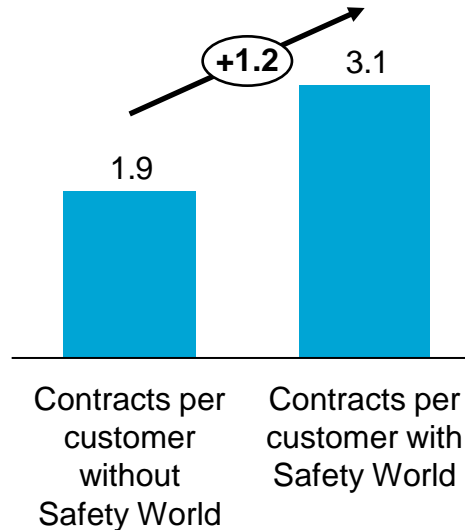
Example Basler Austria



→ Baloise Safety World increases productivity and reduces lapse rate significantly

Cross-selling

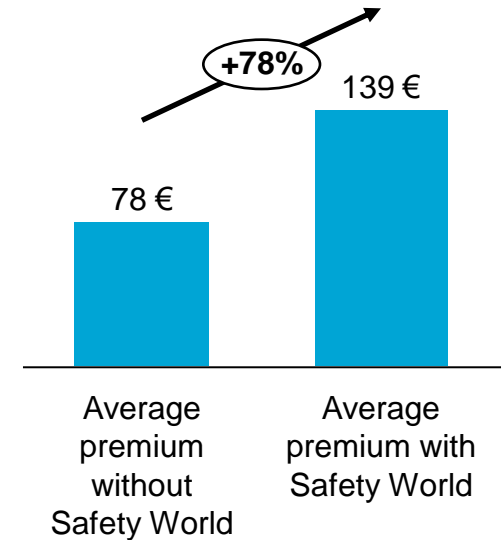
Example Basler Germany



→ Baloise Safety World produces significantly more contracts in target segments

Pricing

Example household insurance Croatia

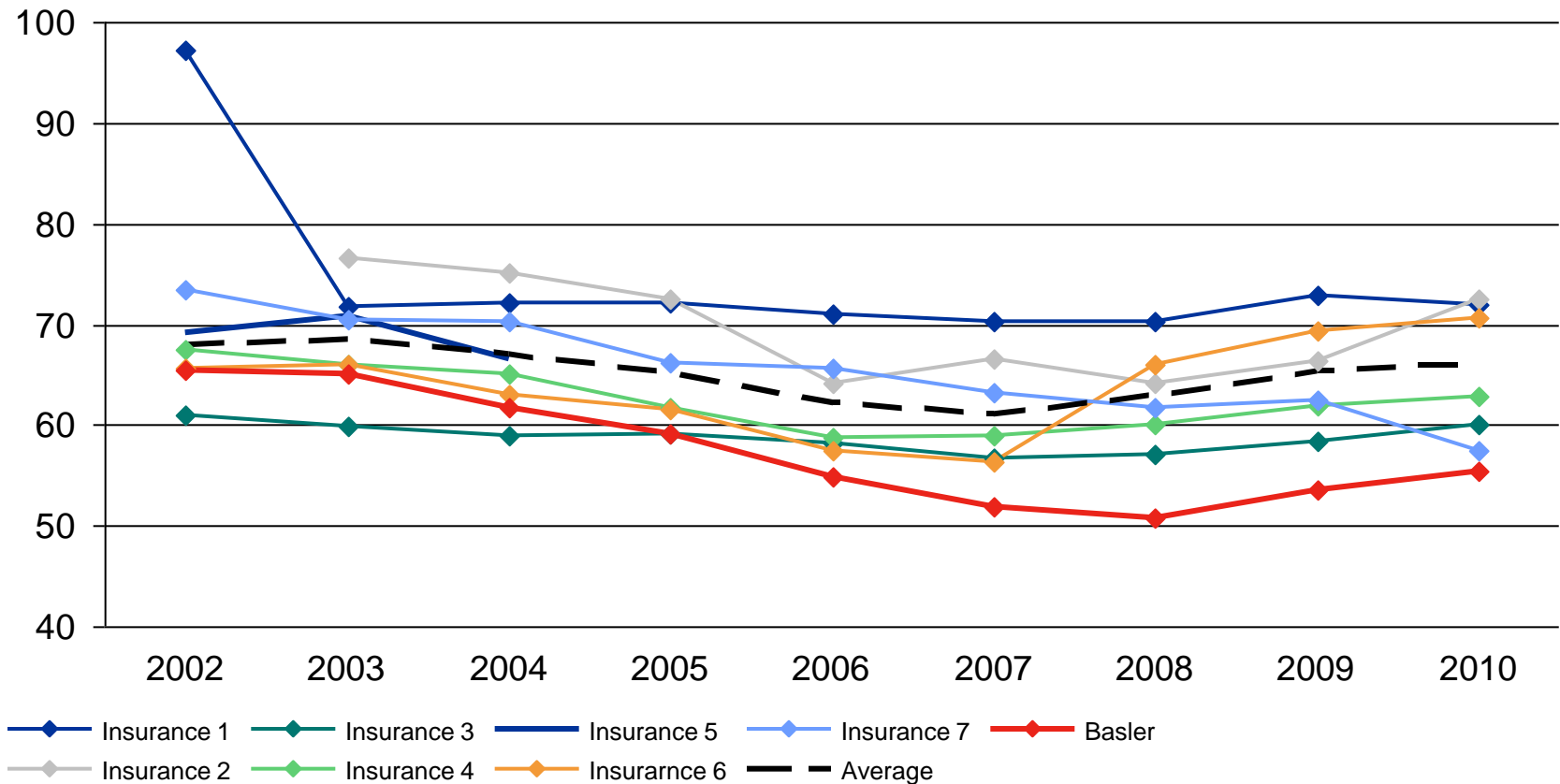


→ Baloise Safety World increases average premiums significantly

Claims Frequency

High quality in underwriting and source of reliable cash flows

Number of claims per 1'000 risks in CH motor liability



Source: Swiss Insurance Association (SIA)

Financial Ambition Remains unchanged

Financial ambition over the cycle

→ 15% Return on Equity

→ Continuous increase of EPS

→ Combined ratio well below 100%

Q&A

Reporting Agenda & Contact Details

Reporting Agenda

→ Full Year Results 2011

Thursday, 22 March 2012

→ Annual General Meeting

Friday, 27 April 2012

→ Half Year Results 2012

Thursday, 30 August 2012

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

Contacts

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