

Baloise



— *since 1863* —

Cautionary Statement Regarding Forward-Looking Information

This presentation was produced by Bâloise Holding AG and/or its affiliates (hereafter "Baloise") with the greatest of care and to the best of its knowledge based on information available for Baloise in Switzerland on the day of its first publication. If nothing is indicated to the contrary, all figures are not audited. This presentation contains forward-looking statements. Forward-looking statements involve inherent risks and uncertainties, and Baloise might not be able to achieve the predictions, forecasts, projections and other outcomes Baloise describes or implies in this presentation. A number of important factors could cause results to differ materially from the plans, objectives, expectations, estimates and intensions Baloise expresses in this presentation. However, neither Baloise nor any of its members of the board, directors, officers, employees, advisors or any other person make any representation or warranty as to the accuracy or completeness of the information contained in this presentation. Neither Baloise nor any of its members of the board, directors, officers, employees, advisors or any other person accept any liability for direct or indirect losses which might arise from making use of the information of this presentation. This presentation does not constitute an offer or a recommendation to subscribe for or purchase any shares or other securities of Baloise and does not release the recipient from exercising his/her own judgment, if necessary with the help of a professional advisor. Furthermore, Baloise does not intend to update these forward-looking statements except as may be required by applicable law. This document may not be copied, reproduced, altered, offered, sold or otherwise distributed to any other person either in part or in full without the prior written consent of Baloise.

Copyright © 2016 Bâloise Holding AG. All rights reserved.

Agenda

01	A Bright Future Needs a Solid Past	04
02	Challenges and Ambition	09
03	Leveraging the Core	16
	Life Business	20
	Germany	29
	Capital	32
	People	37
04	Go Beyond Traditional Insurance	44
	Mobile Insurer	45
	A Customer Journey	49
	Connected Cars	58
	New Asset Management Services for Pension Funds	63
	Anthemis	65
05	Our 5-Year Ambitions	75

Baloise



— *since 1863* —

Non-Life – Highly Profitable

- Rigorous and relentless execution of Target Customer Management over the last decade
- Industry-leading know-how on selecting the right customers
- One of the best non-life portfolios in Europe with an outstanding profitability

Baloise



— *since 1863* —

Operations – Strong Market Positions

- Unique business model in a leading position by combining insurance and banking in Switzerland
- Top 3 and top 5 market positions in Luxembourg and Belgium by acquiring businesses and strong organic growth
- Germany successfully merged operations, streamlined structures and reduced costs

Baloise



— *since 1863* —

Digitalisation – State-of-the-Art Systems

- Large investments into data mining know-how, IT infrastructure and lean processes
- Cutting-edge IT systems and fully digitised processes in various areas
- Competitive advantage due to high agility in system landscape enables us to adapt faster to uncertain business environment

Baloise



— *since 1863* —

Capital Management – Safe and Sound

- Safe navigation through financial market crisis and historic low interest rates
- Conservative and forward-looking investment policy
- Ongoing share buy-back programmes and no need for additional capital thanks to our strong Enterprise Risk Management capabilities

Baloise



— *since 1863* —

Dividend – Attractive and Reliable

- Excellent operational profitability and strong capitalisation generate outstanding cashflows
- Baloise shares rate among the most attractive and reliable securities across sectors
- Reliable and attractive dividend policy is non-negotiable and belongs to our corporate DNA

But we risk everything if we only rely on what's worked well in the past



New and Changing Customer Needs



Unprecedented Low Interest Rate Environment

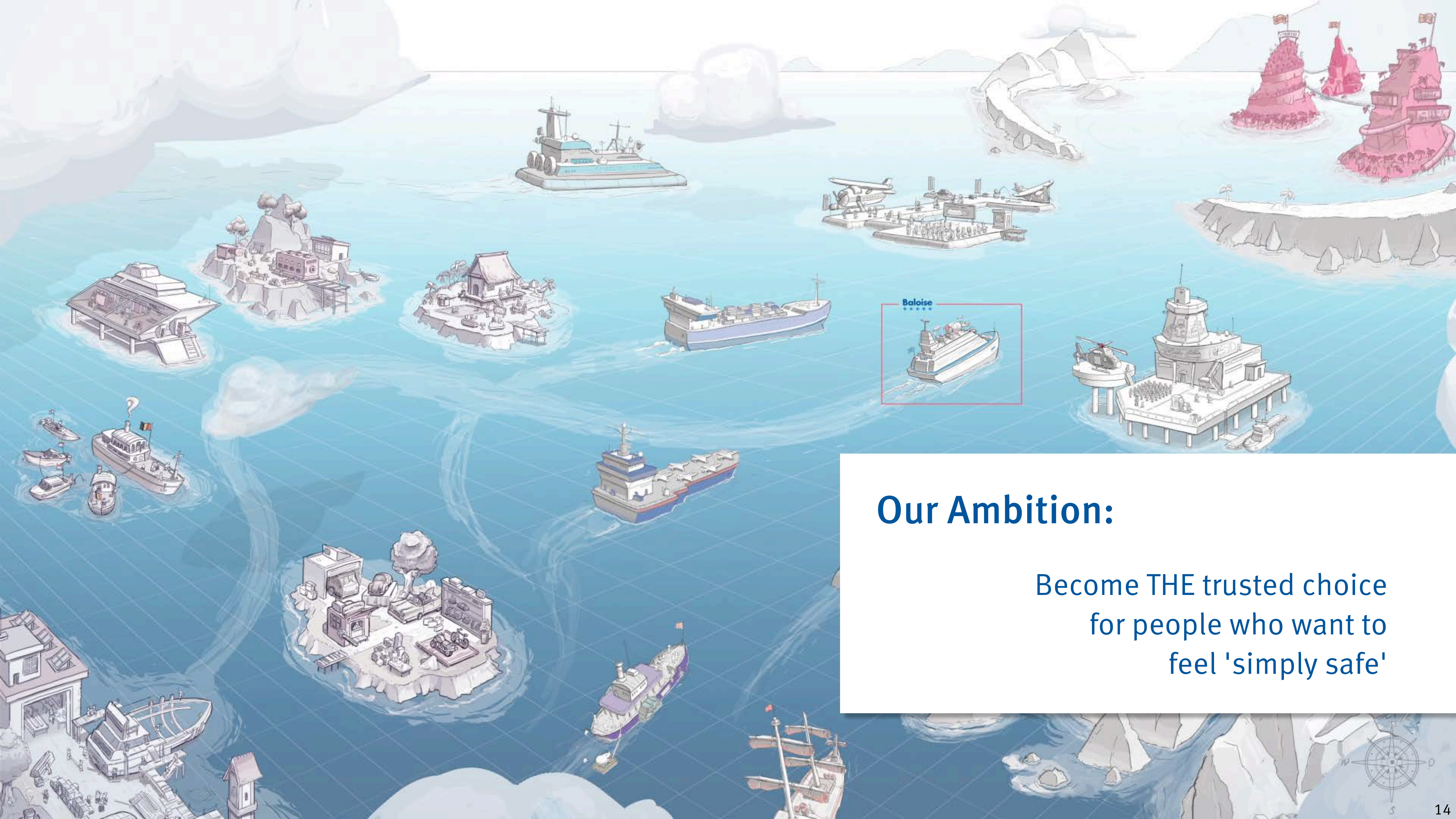


Increasing Regulation



Growing Competition



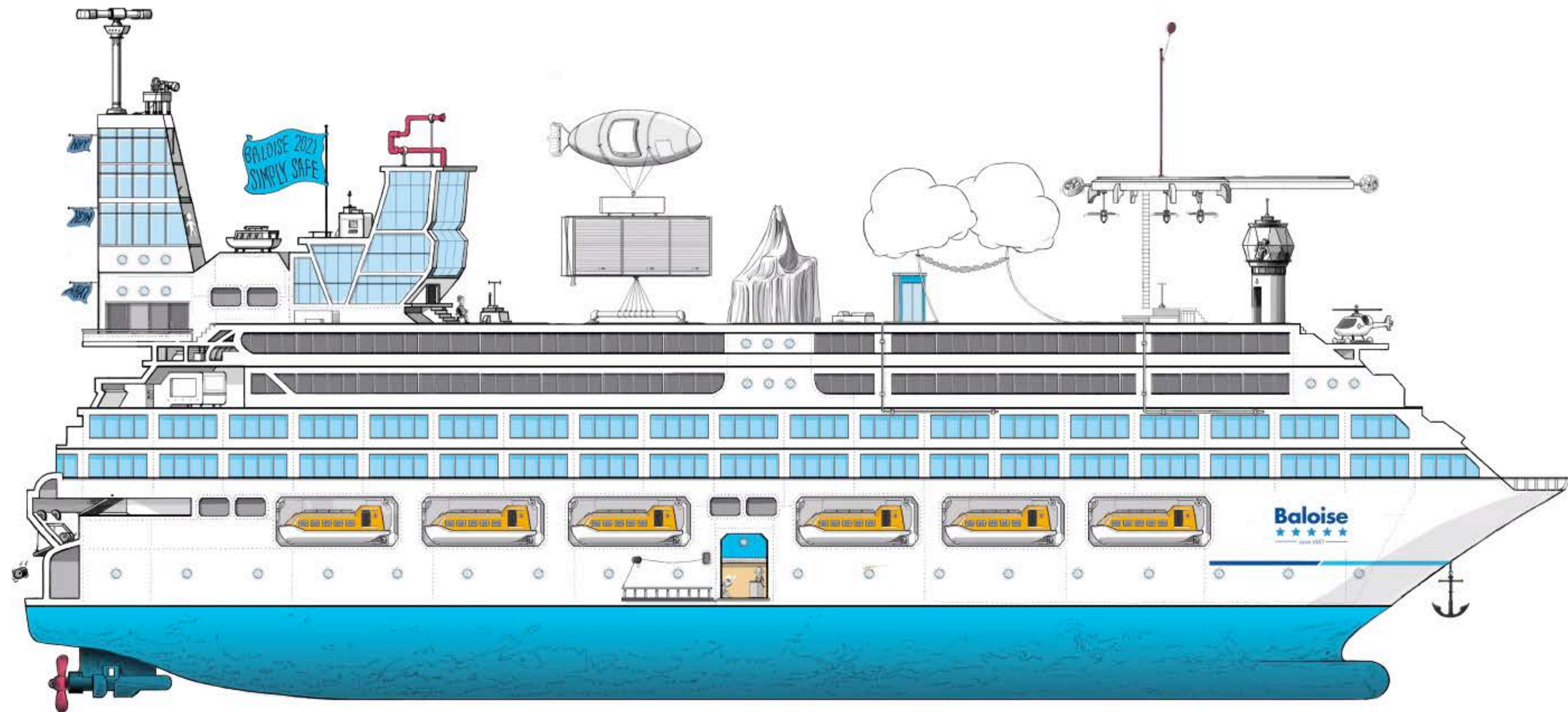


Our Ambition:

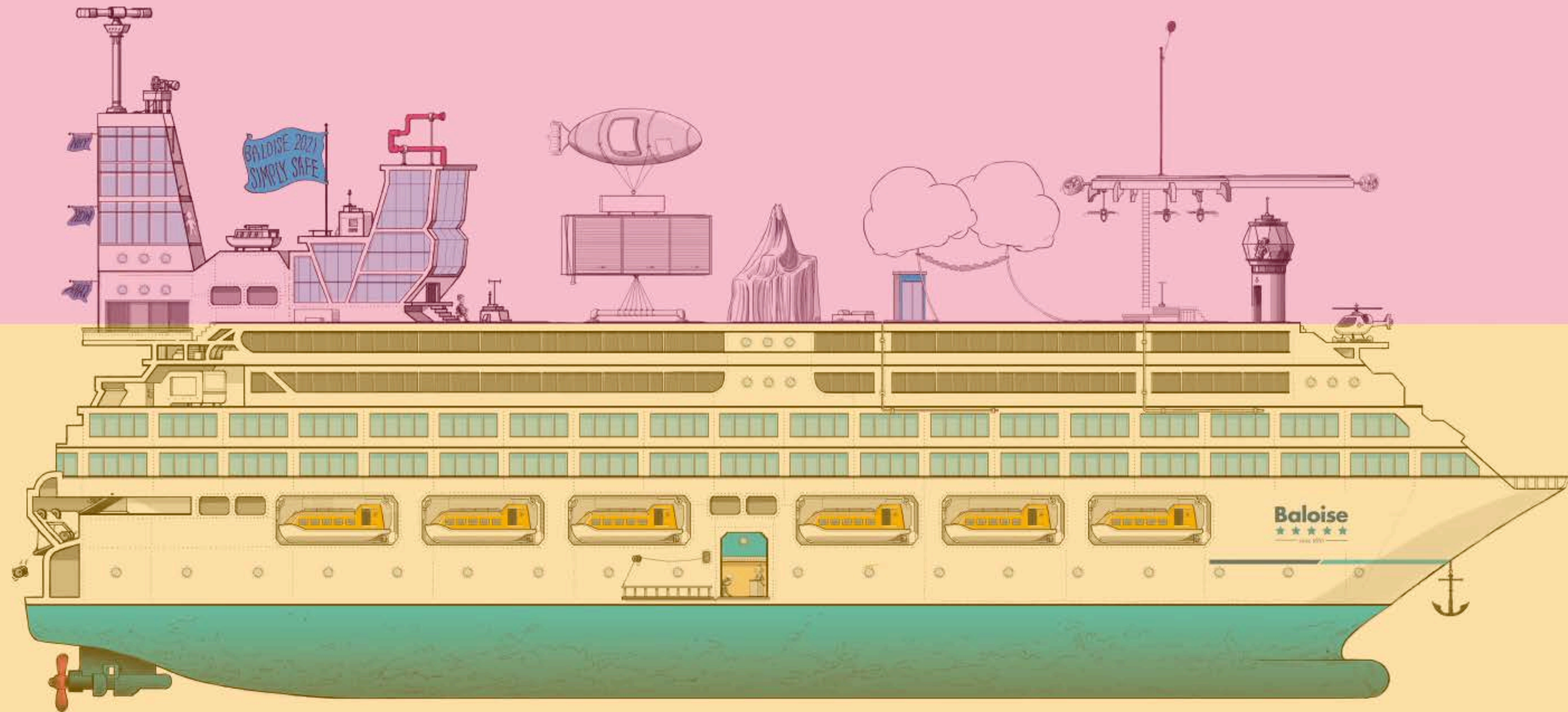
Become THE trusted choice
for people who want to
feel 'simply safe'



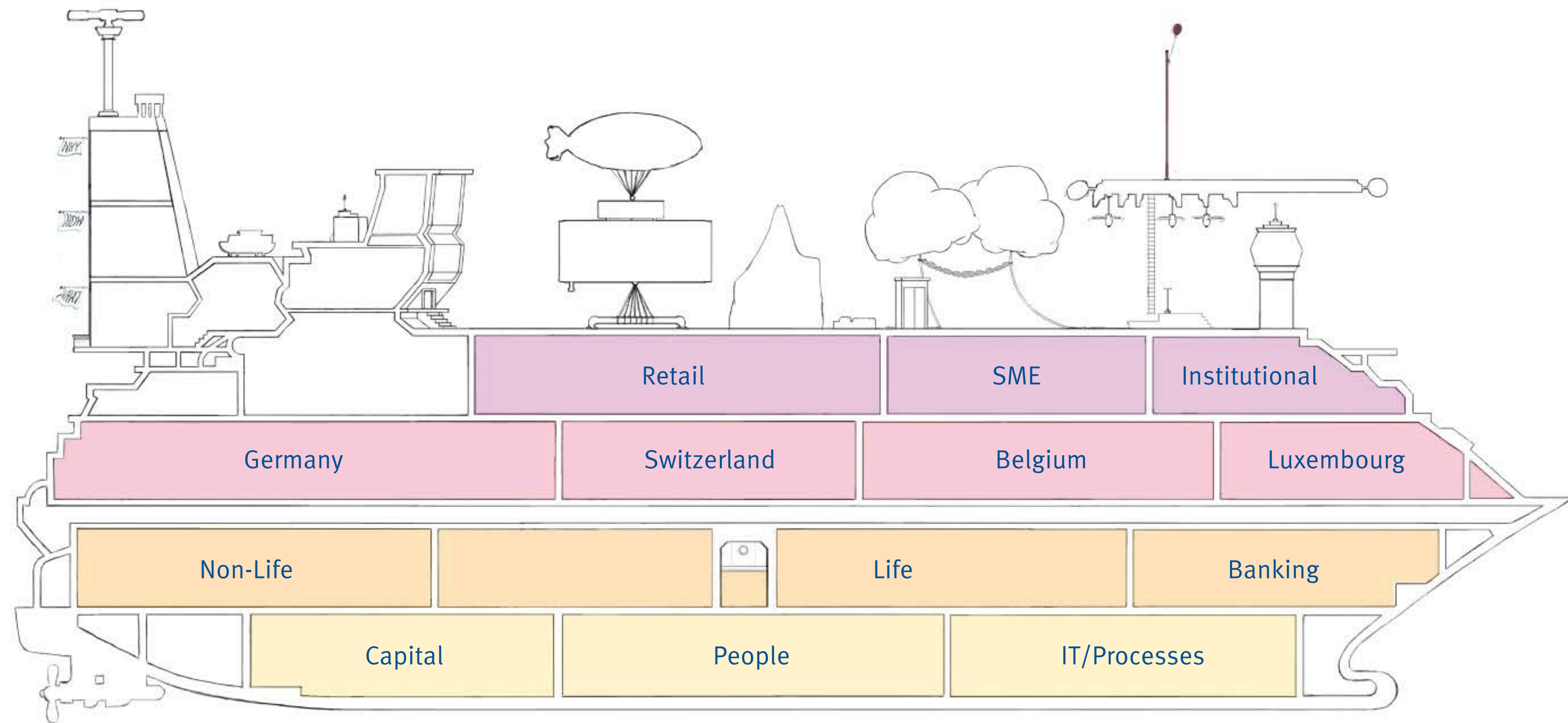
We've got a golden opportunity to stand out – and we will seize it by building what we need to succeed in tomorrow's markets.



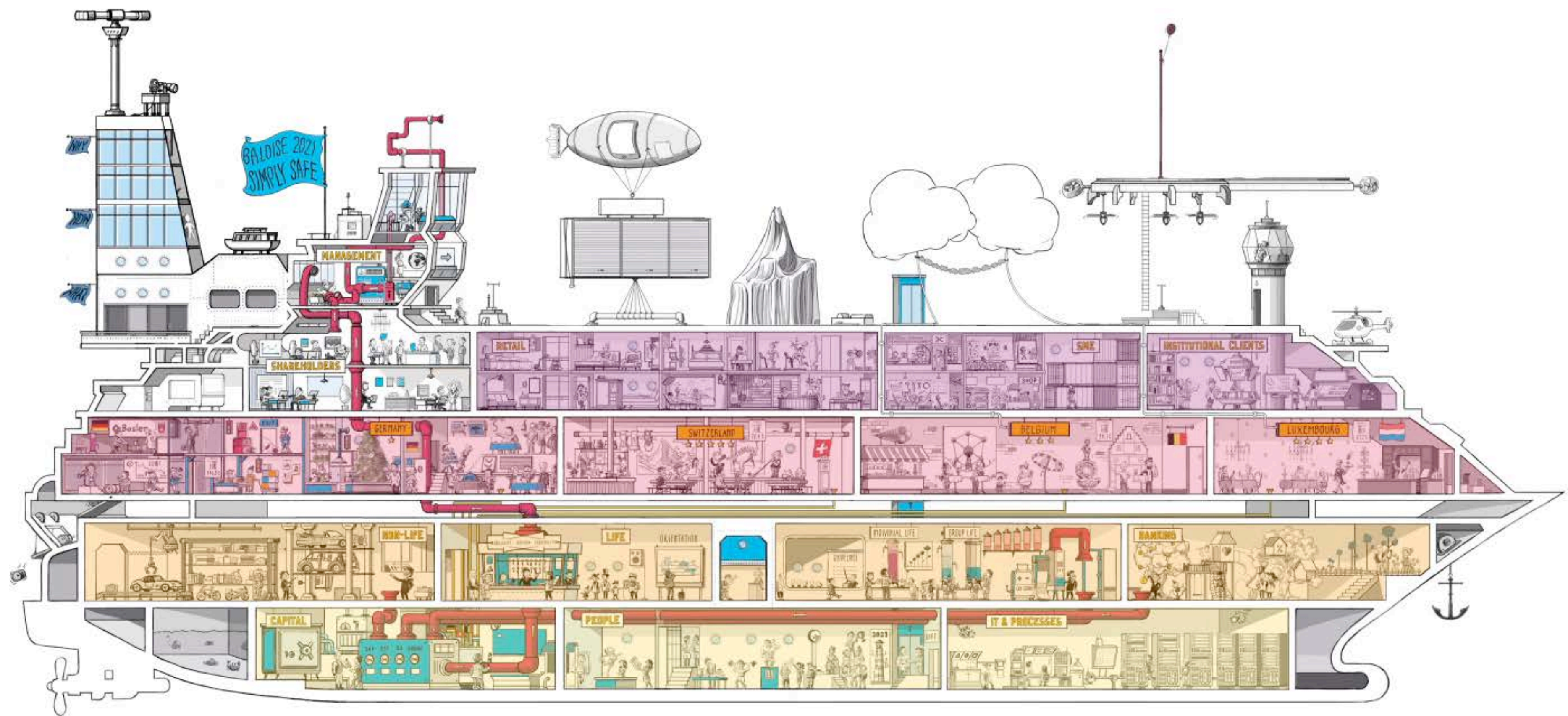
Go Beyond Traditional Insurance



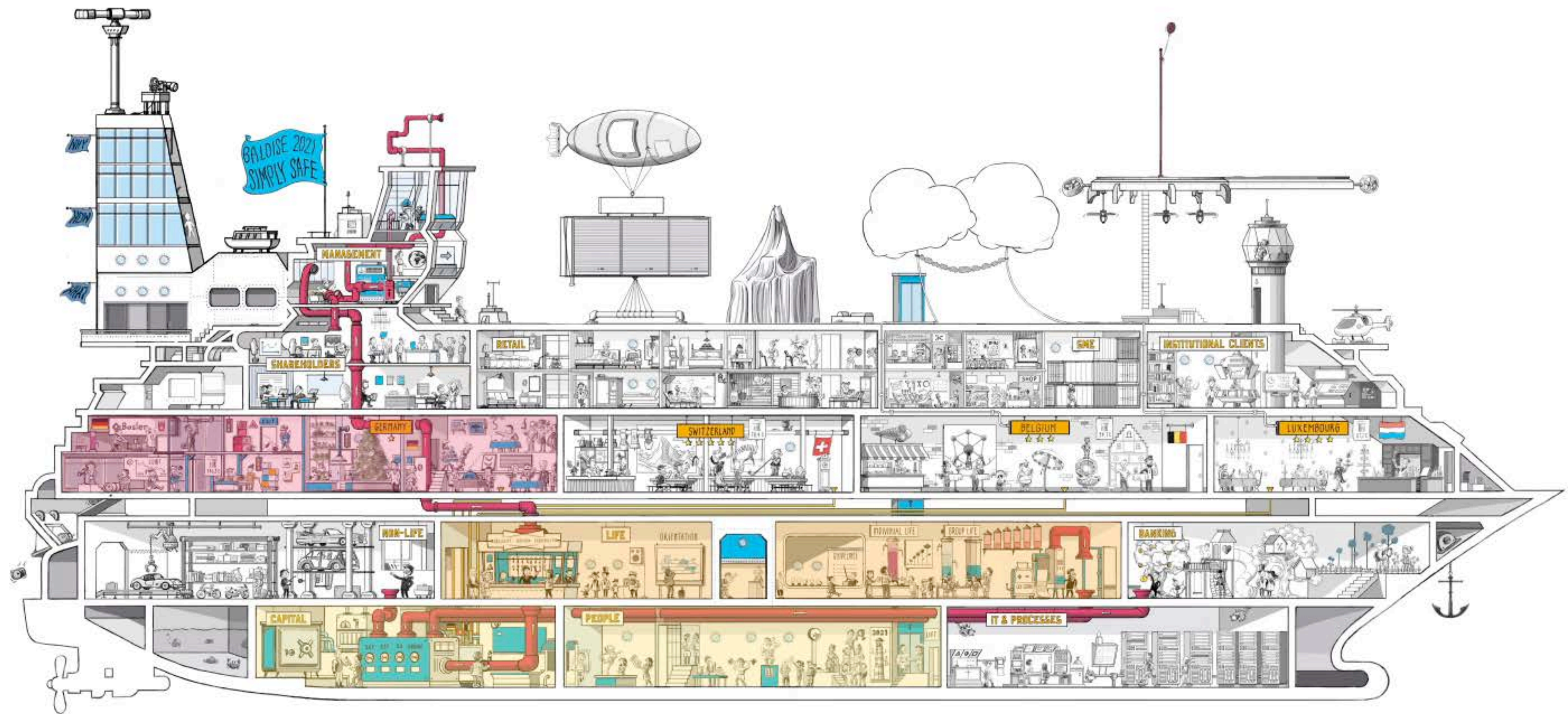
Leveraging the Core



Leveraging the Core

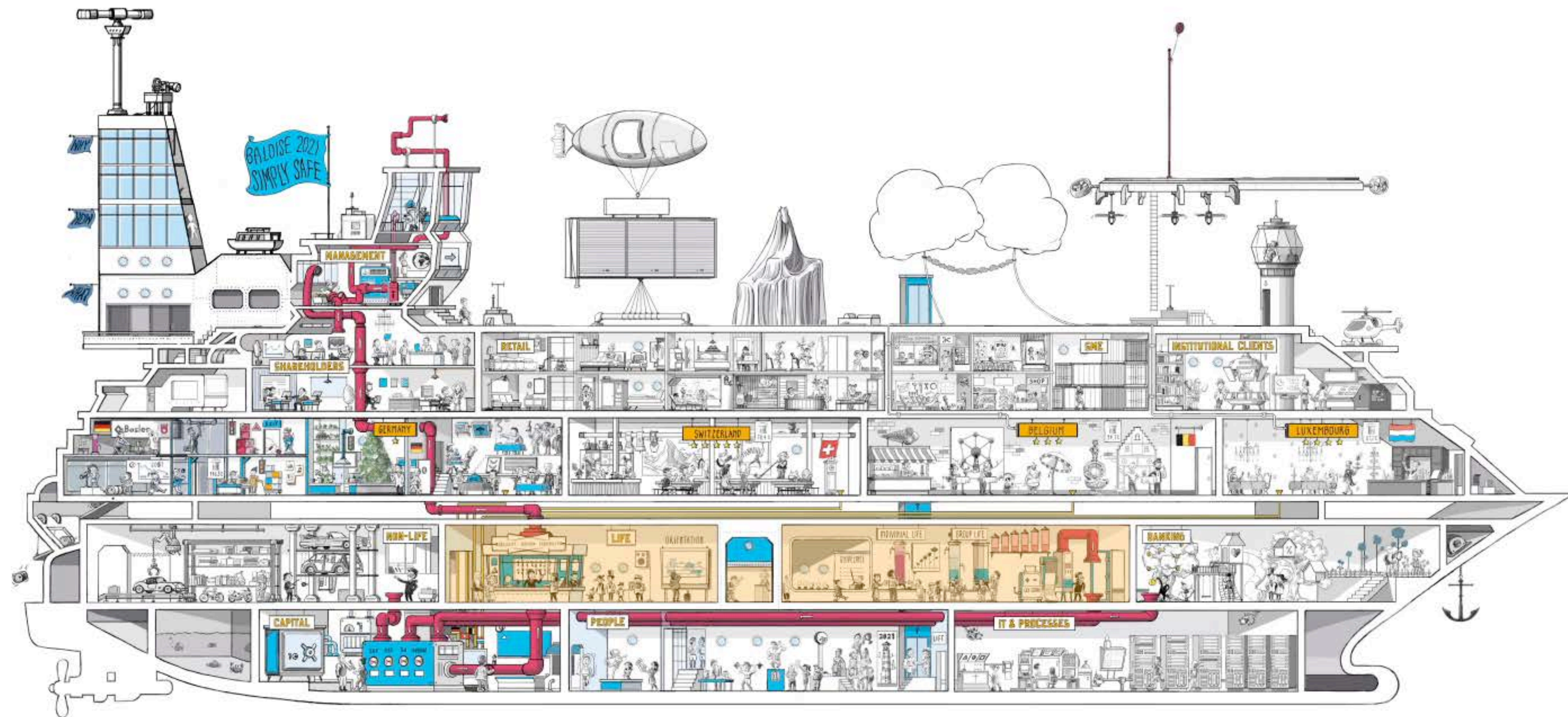


Leveraging the Core



Leveraging the Core

Life Business – broader service, less capital consumption, changing business mix and more stable earnings



Leveraging the Core

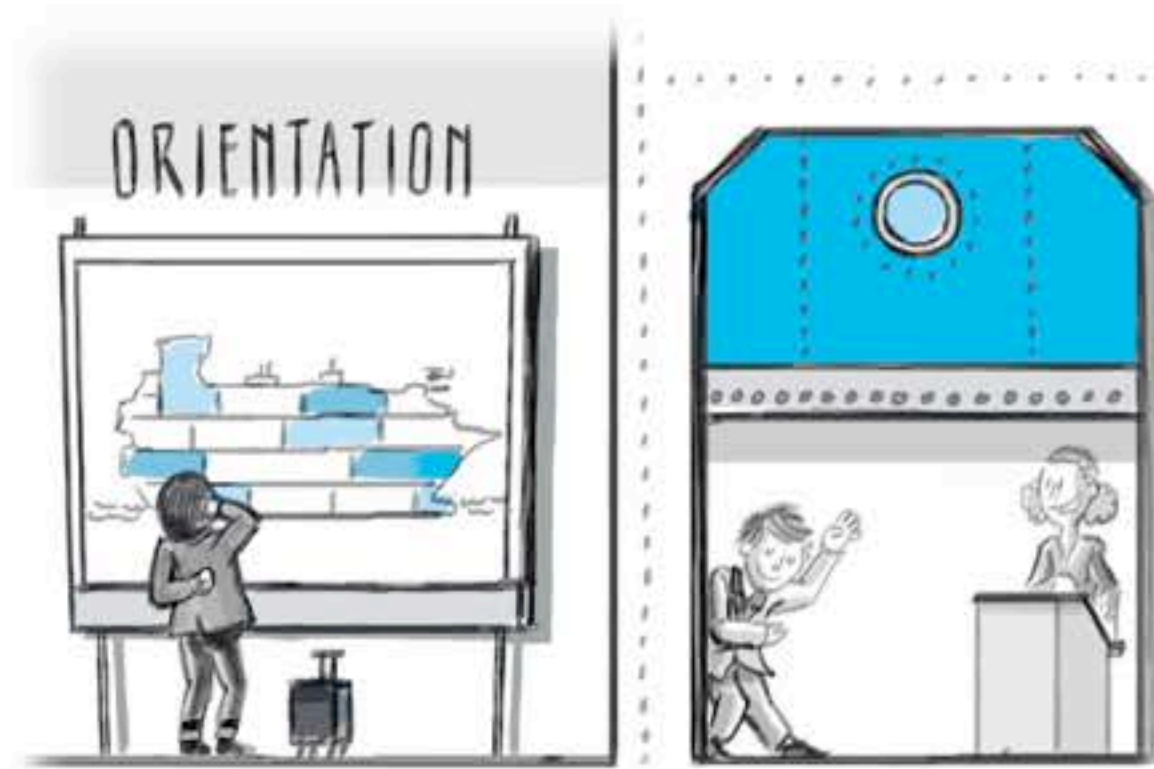
Life Business – broader service, less capital consumption, changing business mix and more stable earnings



1. Increasing customer demands for assistance, care and prevention
 - We see persistent customer demand for solutions addressing the needs of financial security and wealth accumulation
 - The low interest rate environment further fuels this demand
 - We have the know-how, the discipline and the capital strength to translate this opportunity into a great service for our clients and an attractive business for our shareholders

Leveraging the Core

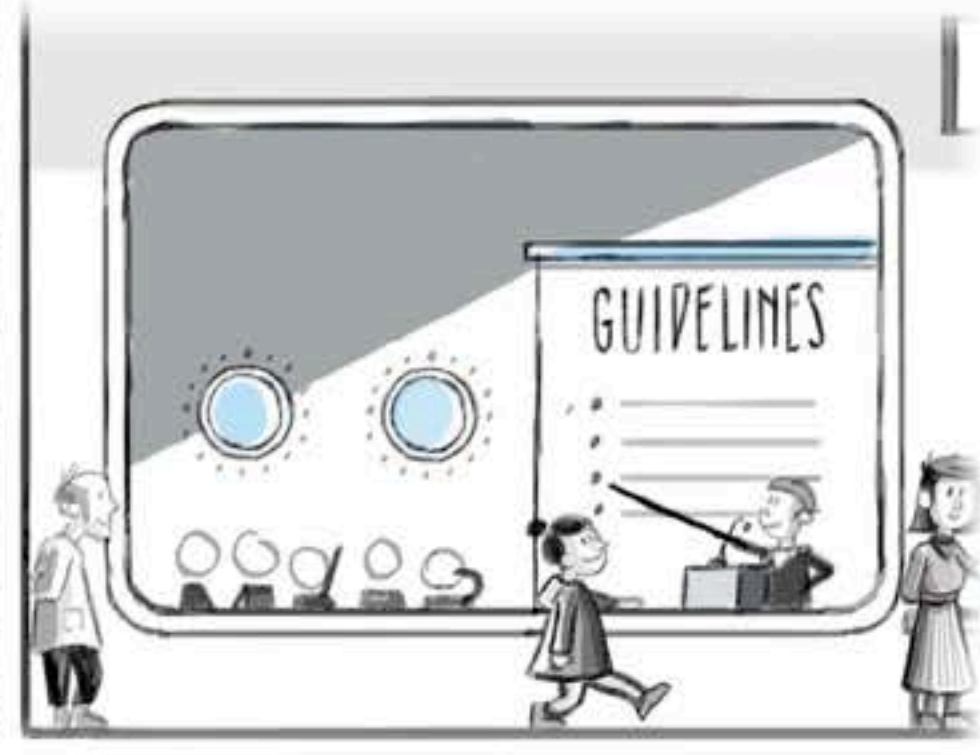
Life Business – broader service, less capital consumption, changing business mix and more stable earnings



2. Providing orientation and the full range of solutions for financial security and wealth accumulation

- We provide the full range of solutions to address our customer needs in individual as well as in group life
- We run the unique business model of a focused financial service provider in Switzerland which combines banking and insurance
- With Baloise Investment Advice our clients profit from a state-of-the-art approach to investor profiling

Life Business – broader service, less capital consumption, changing business mix and more stable earnings

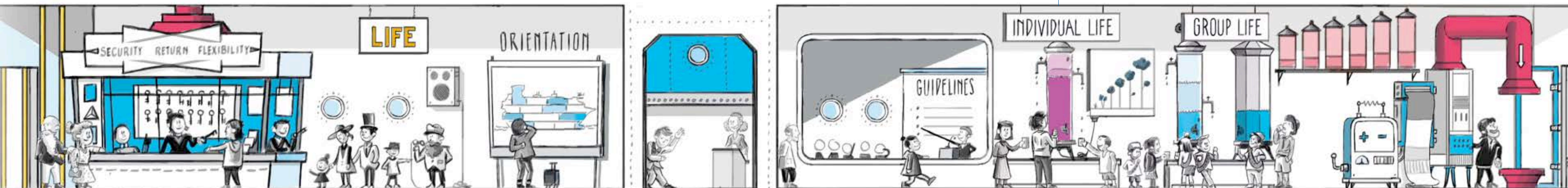
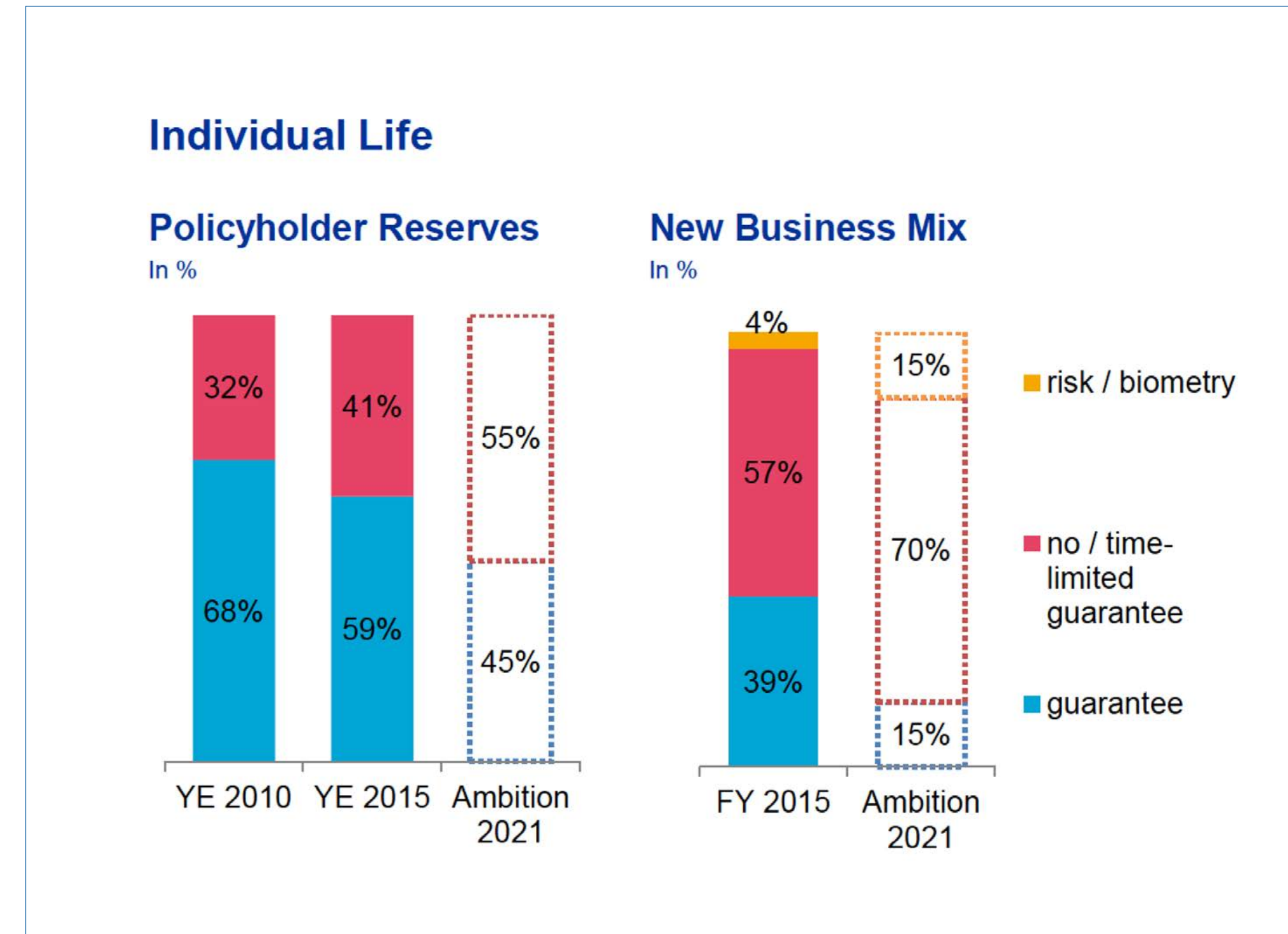


3. Insurance solutions tailored to local markets and in line with our general guidelines
 - Limit guarantees in time or level
 - Focus on unit-linked products and fee business
 - Focus on biometric risk protection

Life Business – broader service, less capital consumption, changing business mix and more stable earnings

4. Individual Life (about 50% of reserves) – substantial shift in business mix

- In Individual Life we will increase the share of products with no or time-limited interest rate guarantees in our balance sheet from 41% to 55% in the next 5 years
- In order to do so, we will shift the business mix in Individual Life substantially with focus on risk- and fee business
- Unique banking operation (Baloise Bank SoBa) provides access to up to CHF 1.8 bn of potential new business



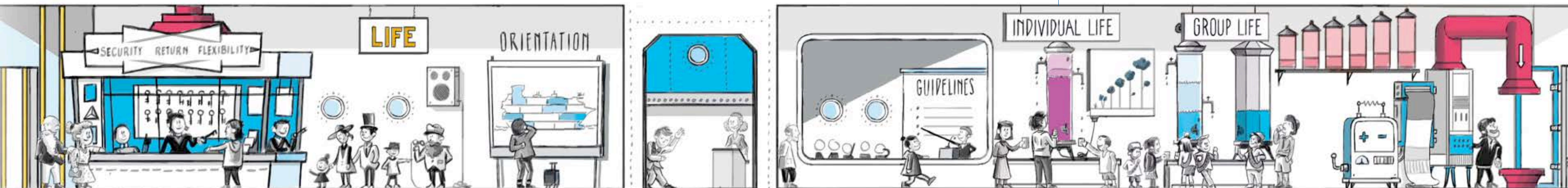
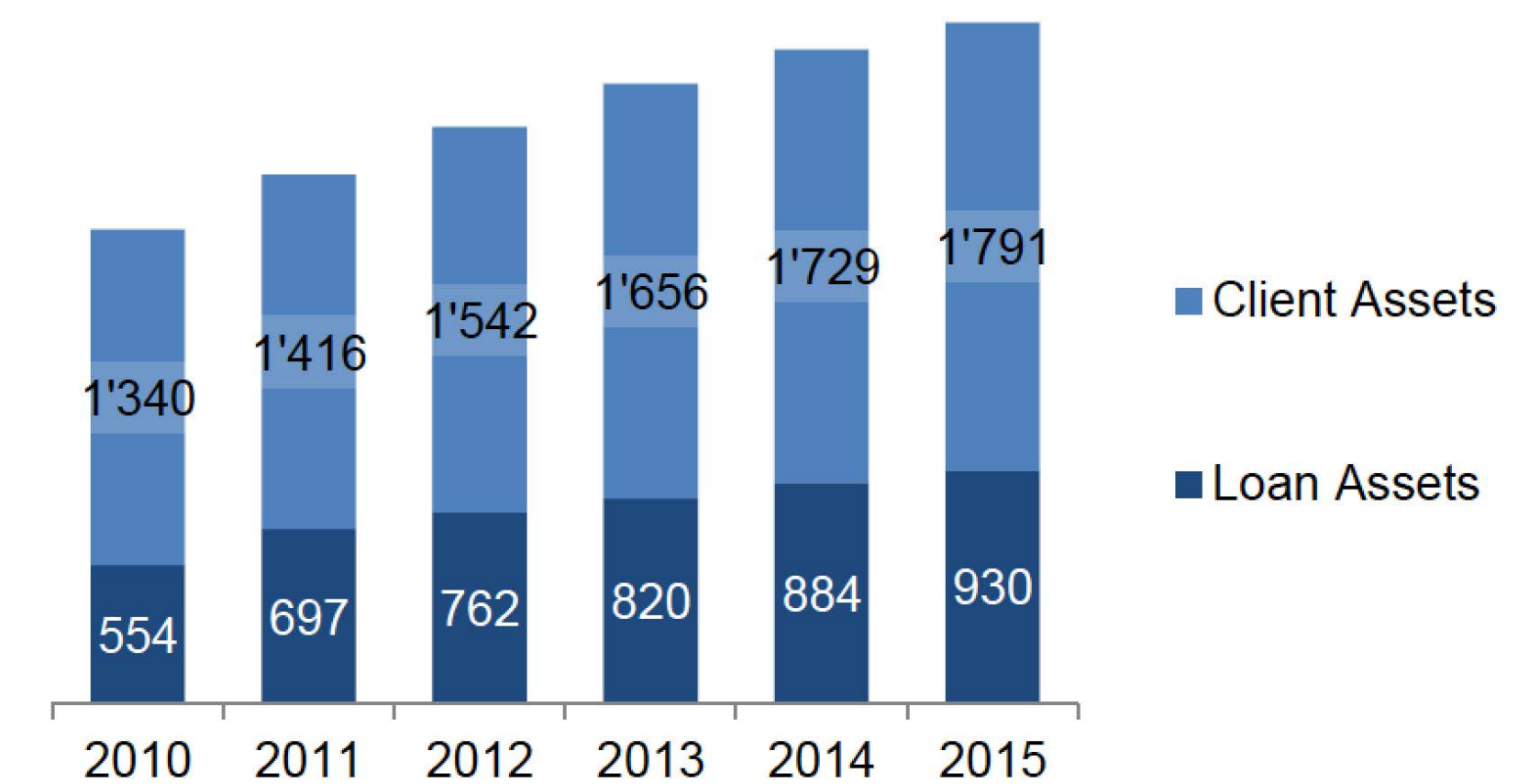
Life Business – broader service, less capital consumption, changing business mix and more stable earnings

4. Individual Life (about 50% of reserves) – substantial shift in business mix

- In Individual Life we will increase the share of products with no or time-limited interest rate guarantees in our balance sheet from 41% to 55% in the next 5 years
- In order to do so, we will shift the business mix in Individual Life substantially with focus on risk- and fee business
- Unique banking operation (Baloise Bank SoBa) provides access to up to CHF 1.8 bn of potential new business

Baloise Bank Soba, Switzerland

In CHF mn



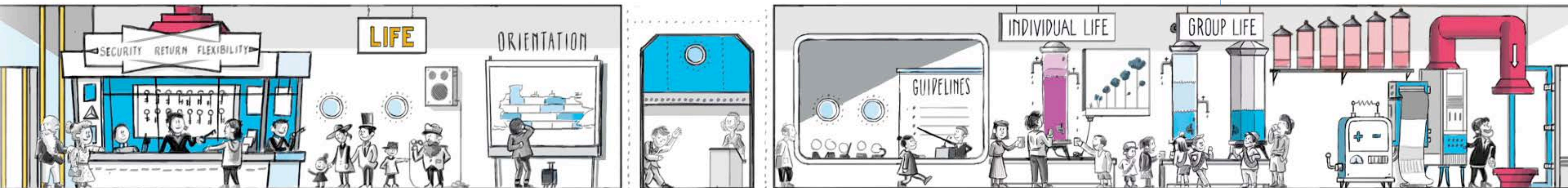
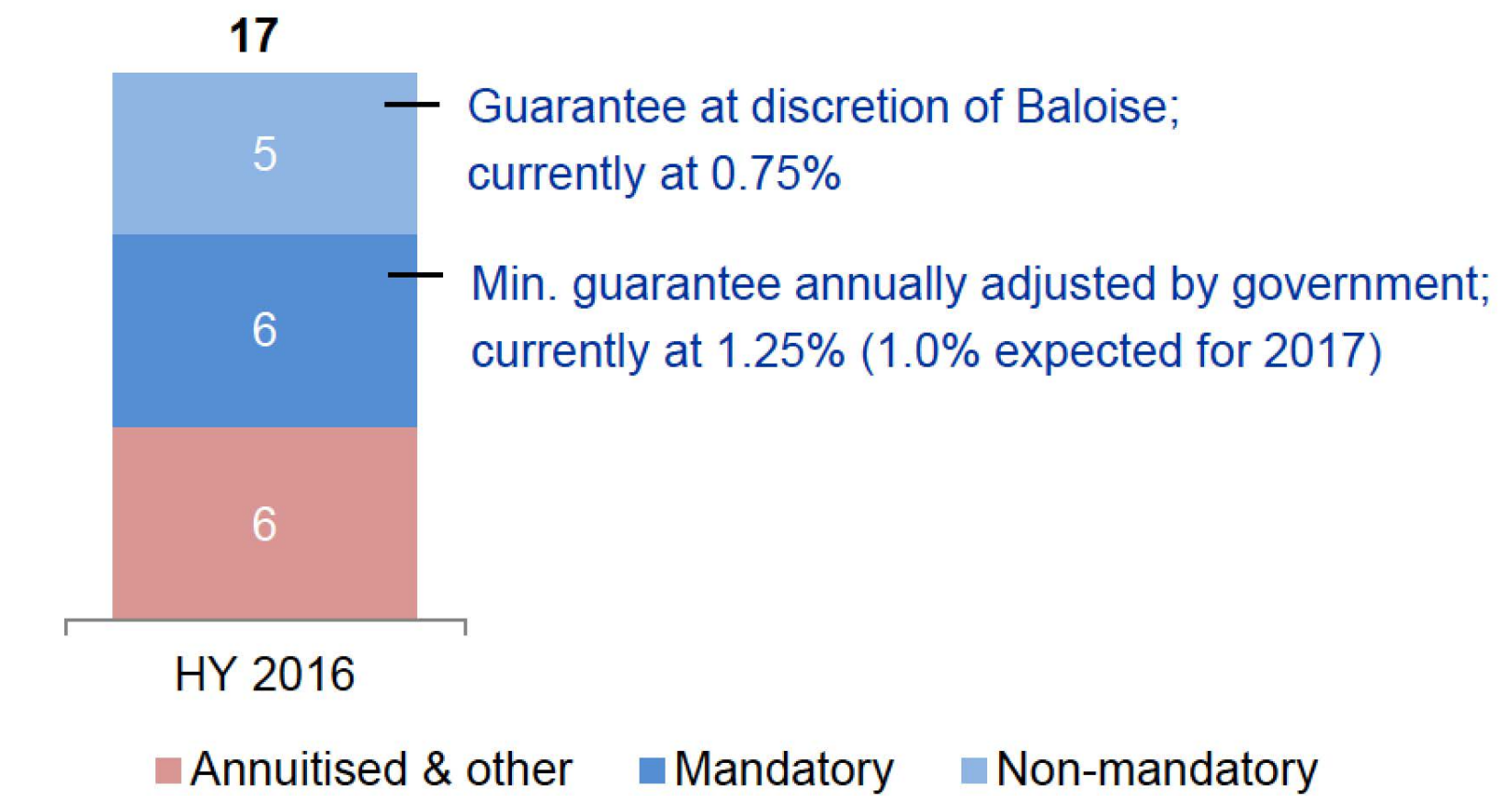
Life Business – broader service, less capital consumption, changing business mix and more stable earnings

- 5. Group Life (about 50% of reserves) – limited legacy risks and strongly growing semi-autonomous pension solutions
 - About 50% of Baloise inforce business is Group Life Business in Switzerland with limited legacy risks and a strong risk result
 - In Swiss Group Life Business interest rate guarantees are adjusted annually to market realities and are applicable to the entire book of business, not only for the new business

Group Life, Switzerland

Technical Reserves

In CHF bn

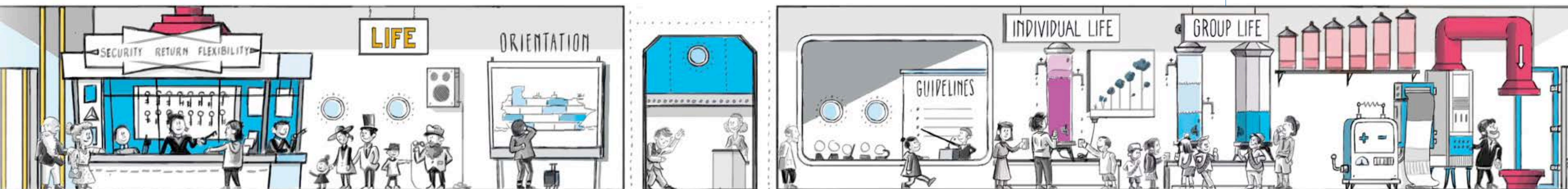
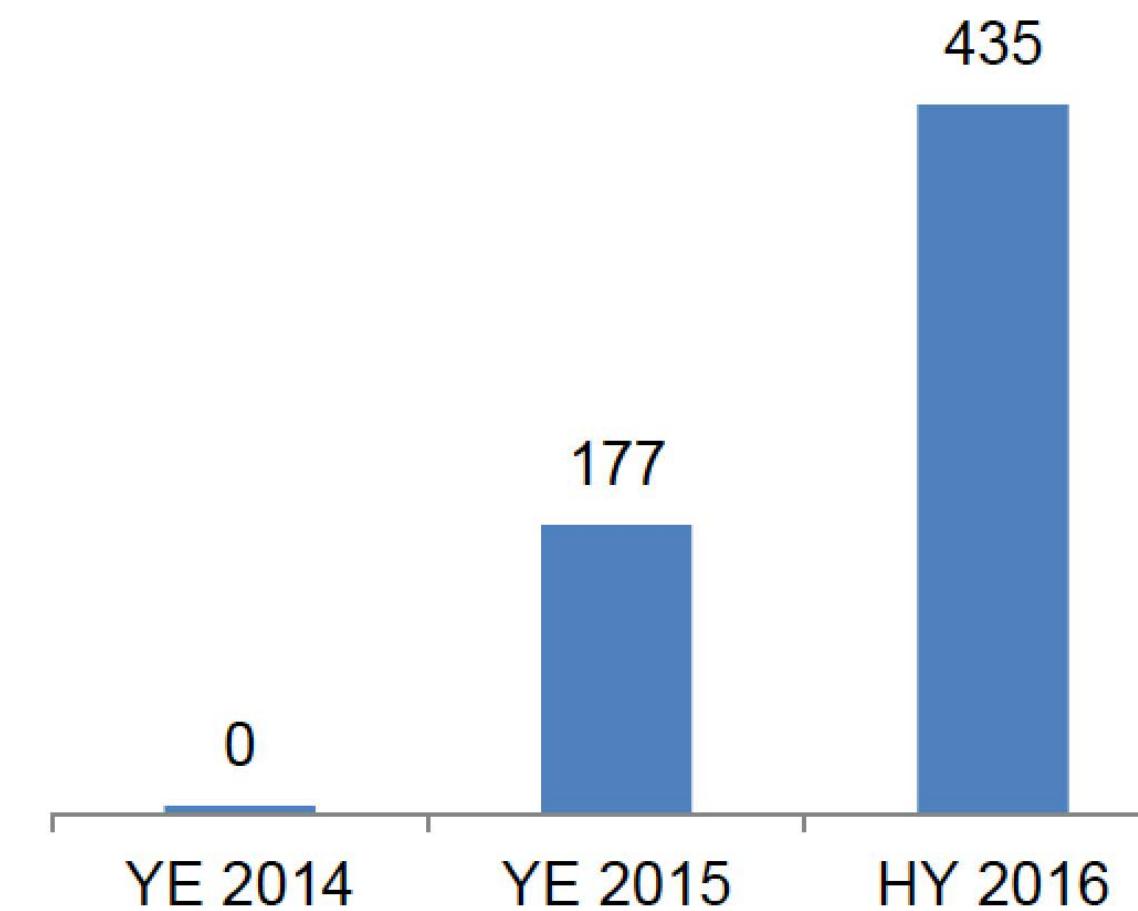


Life Business – broader service, less capital consumption, changing business mix and more stable earnings

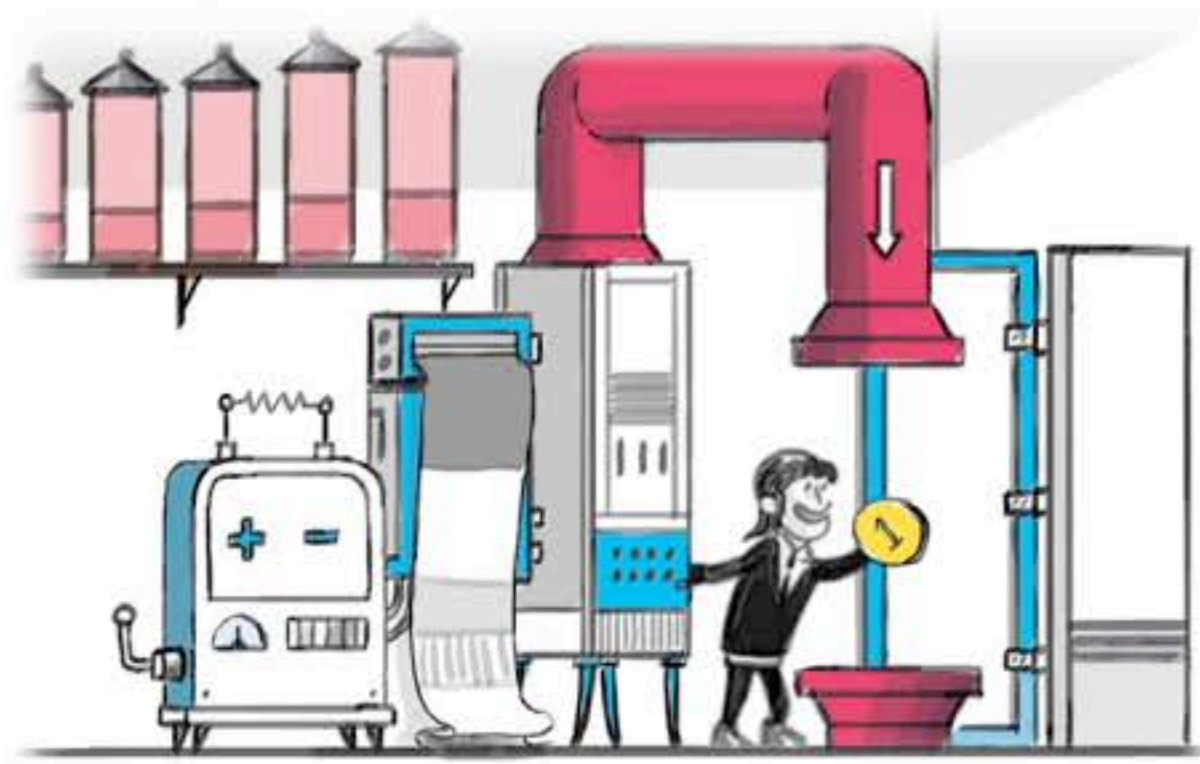
5. Group Life (about 50% of reserves) – limited legacy risks and strongly growing semi-autonomous pension solutions
 - De-risking process of inforce is further accelerated by new and strongly growing semi-autonomous pension solutions
 - On January 1st 2015, Baloise successfully launched the collective foundation Perspectiva for occupational welfare provisions
 - Nearly 500 companies have already joined Perspectiva. This is one of the fastest growing new semi-autonomous foundations in its target market of small and medium-sized SME customers

New semi-autonomous solution «Perspectiva»

companies

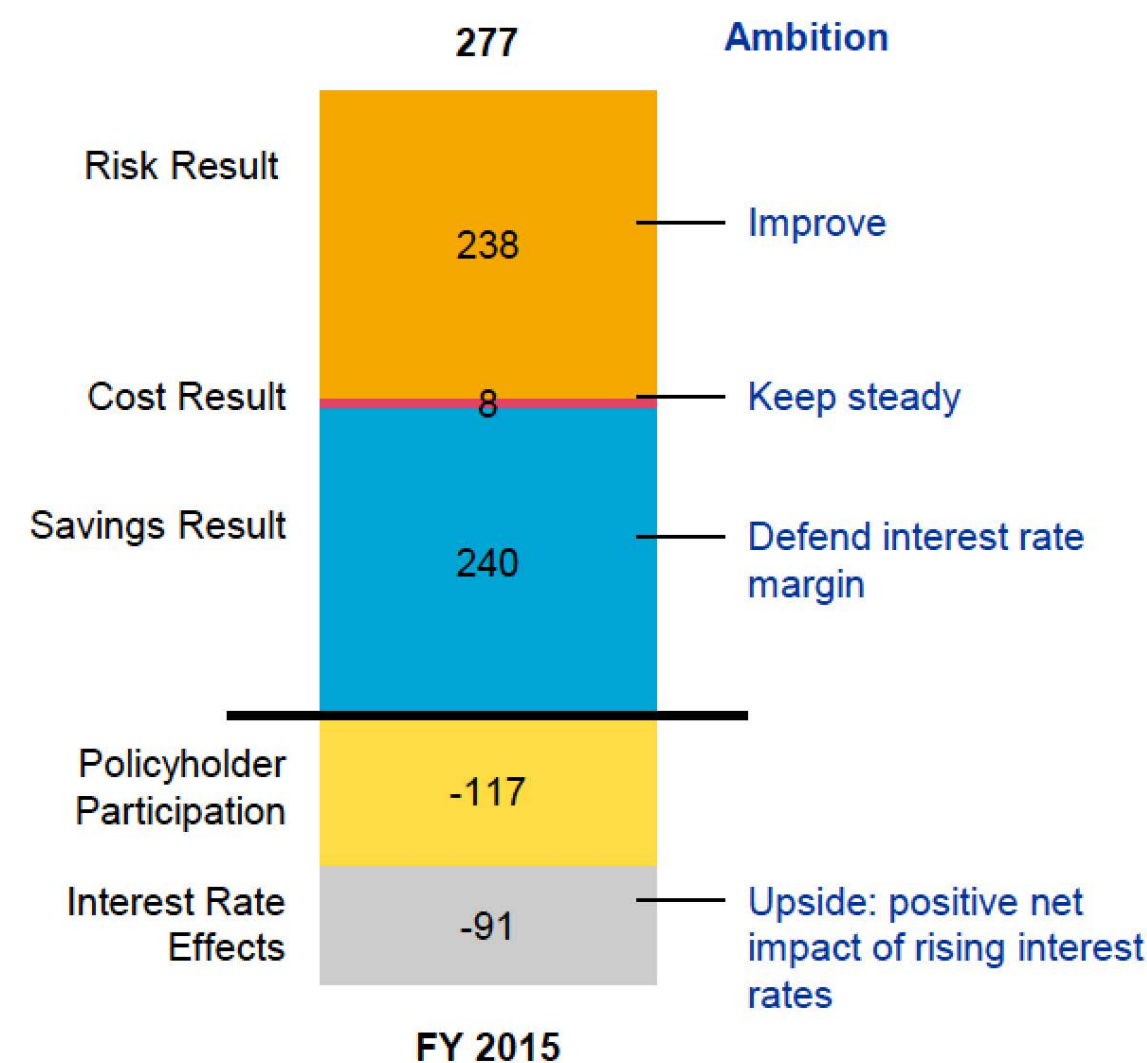


Life Business – broader service, less capital consumption, changing business mix and more stable earnings



Outlook Life: Profit by Sources

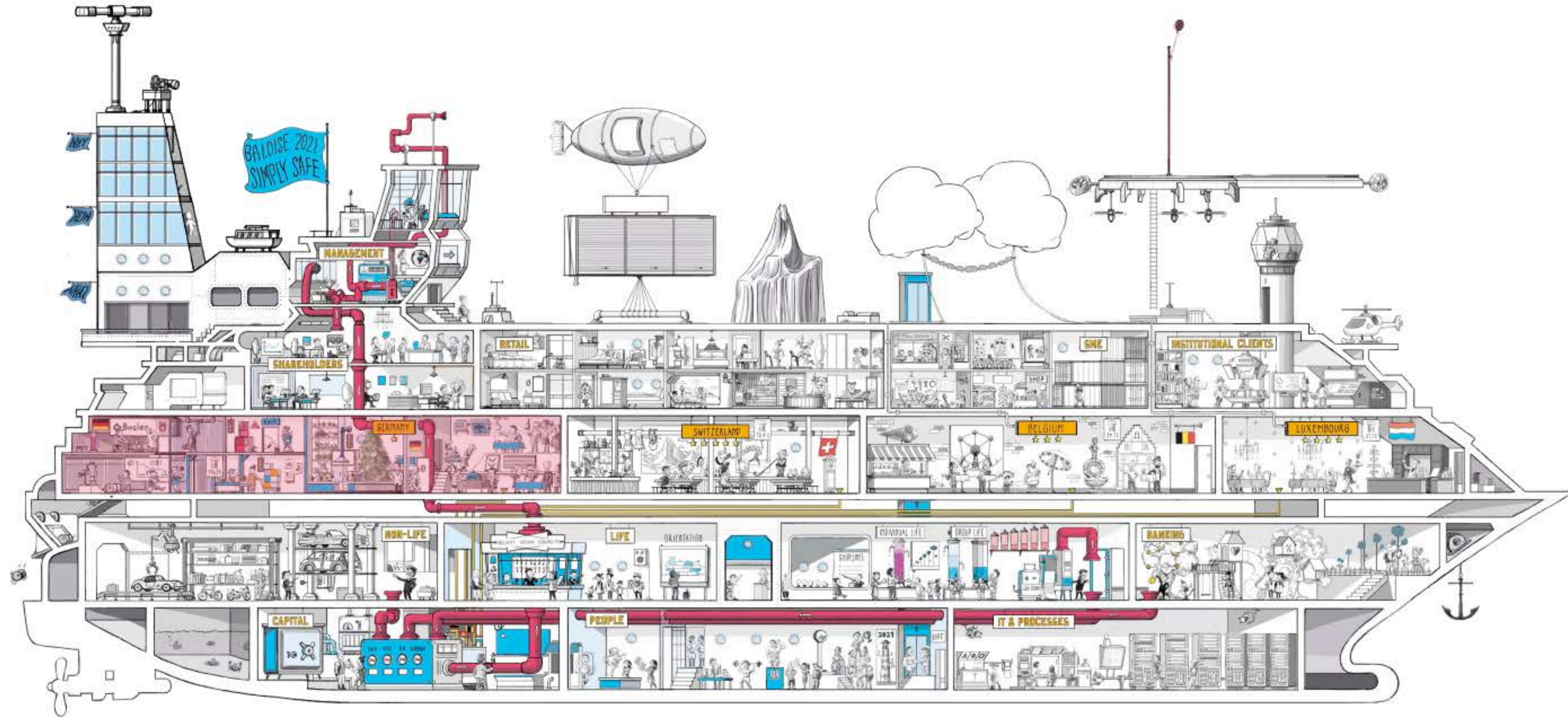
EBIT Life, CHF mn



6. Outlook – less capital consumption, more stable earnings, more transparent disclosure and higher cash upstreaming

- We will continue to improve the disclosure of our life business starting FY2016:
 - profit by sources analysis also in half-year
 - cash remittance from life business
 - more detailed information on average interest rate guarantees and business mix in full and half-year
- The shift in business mix will decrease capital consumption, stabilize earnings (more risk and fee-income) and allow for cash upstreaming in the next years
- Even in this historic low interest rate environment, an EBIT contribution of CHF 200 mn is possible. If interest rates rise the net impact on P/L will be positive

Germany – turnaround inbound



Leveraging the Core

Germany – turnaround inbound

1. Looking back: merged entities, cleaned up portfolio and lowered costs – but still no satisfactory result yet
 - Focus in life on biometric and unit linked business only
 - Sold large life inforce portfolio with high outstanding guarantees
 - Non-life exits, reunderwriting and SME initiative
 - Cost reduction programme
 - Legal structure simplification

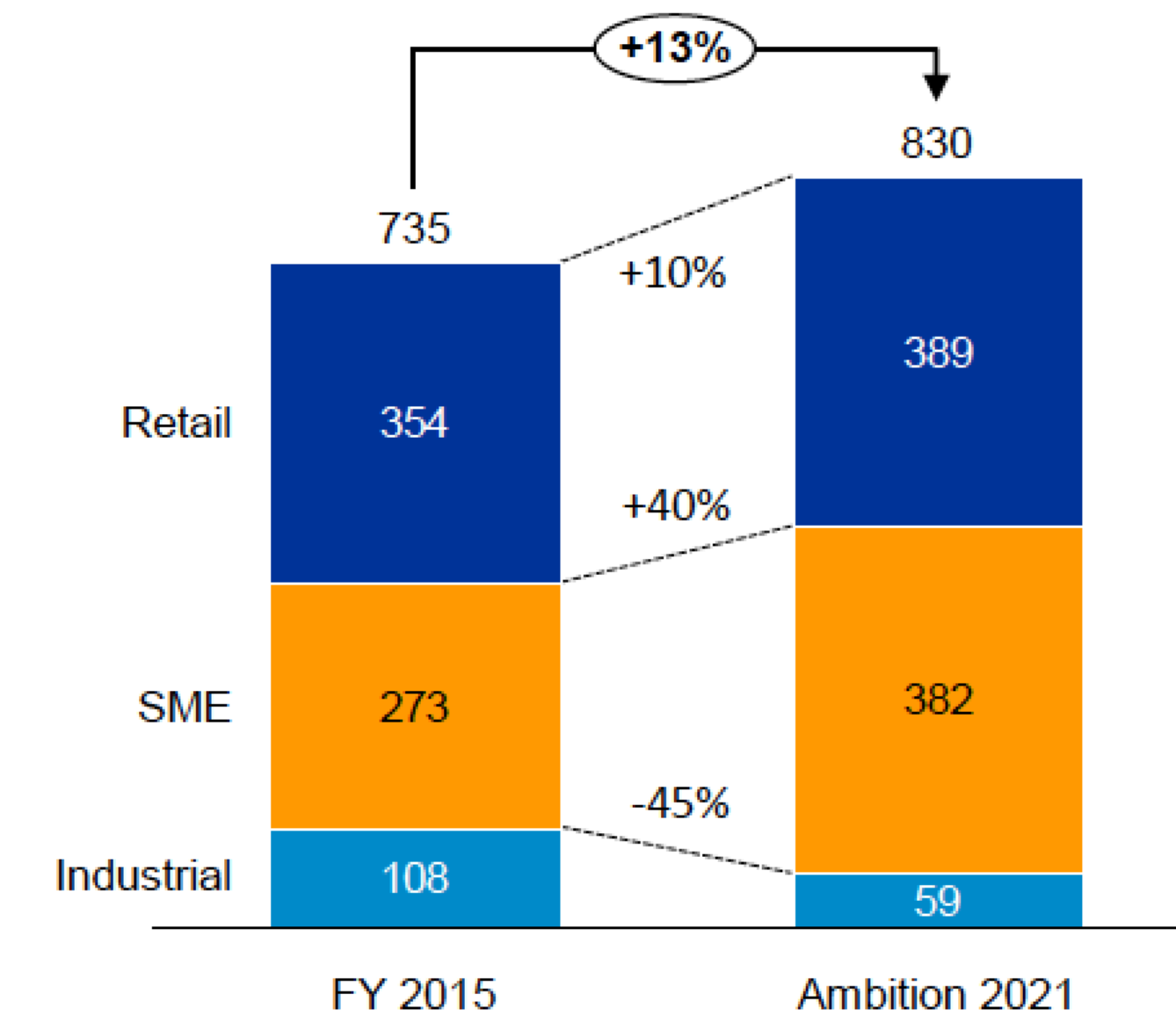


Germany – turnaround inbound

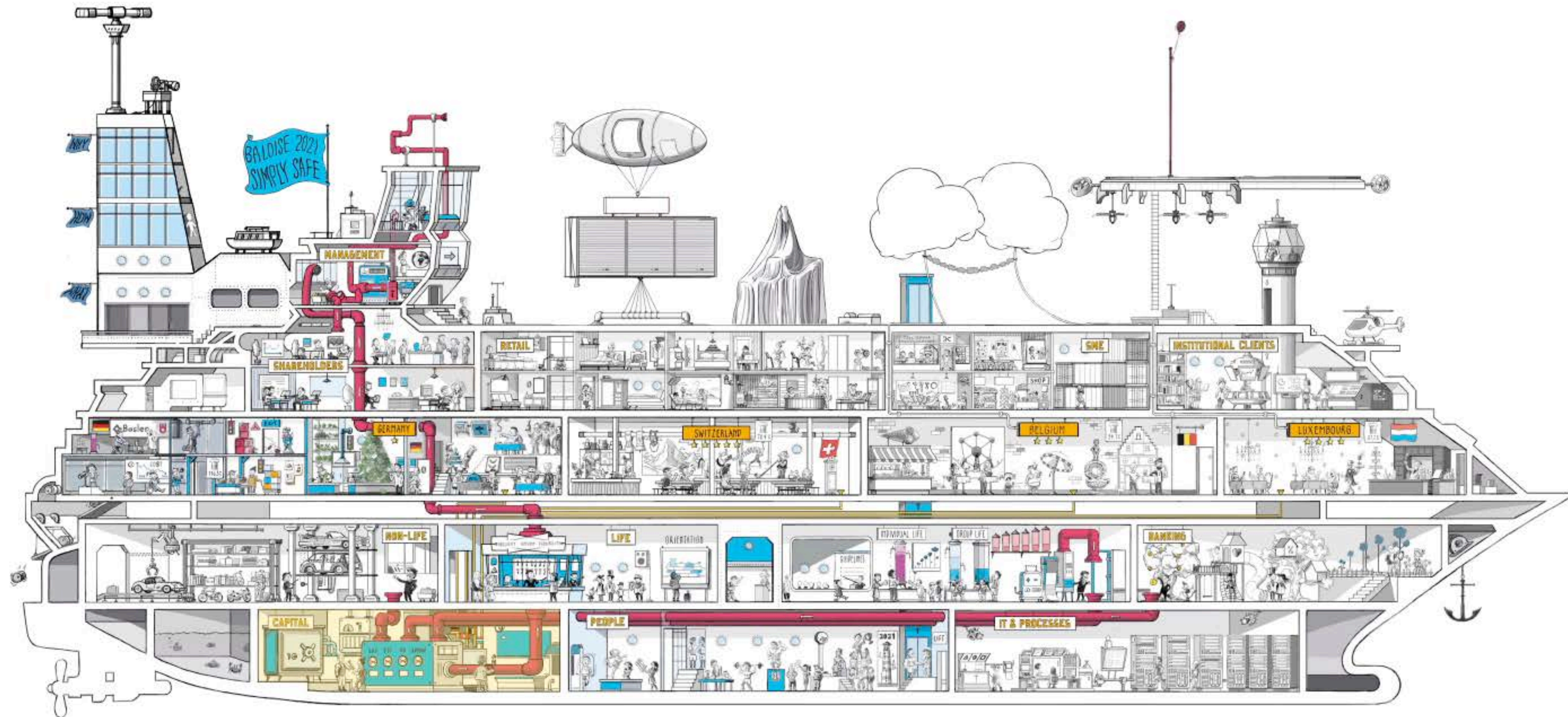
- Looking forward: improve earnings from non-life substantially and accelerate growth
 - Cleaning up legacy issues by way of reserve strengthening
 - Improving underwriting discipline
 - Growing in profitable segment

Germany Non-Life Premium Mix

In CHF mn

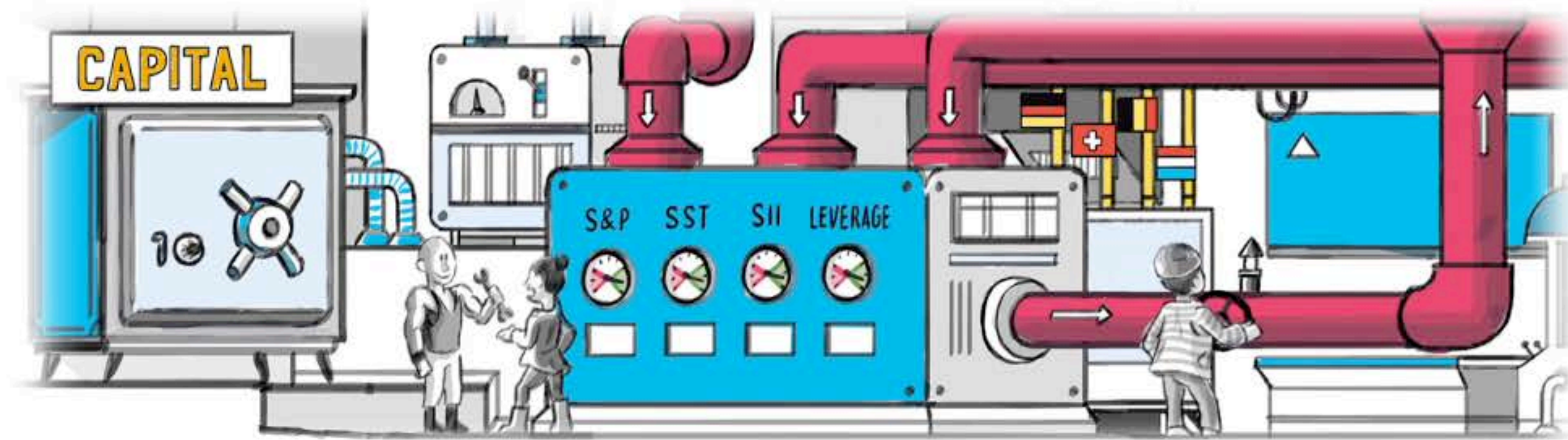


Capital – excellent capitalisation, high flexibility and strong cash generation



Leveraging the Core

Capital – excellent capitalisation, high flexibility and strong cash generation



1. Operational earnings – today and tomorrow

Non-Life

- One of the most profitable insurance portfolios in Europe
- Guidance: combined ratio in the range of 90-95%

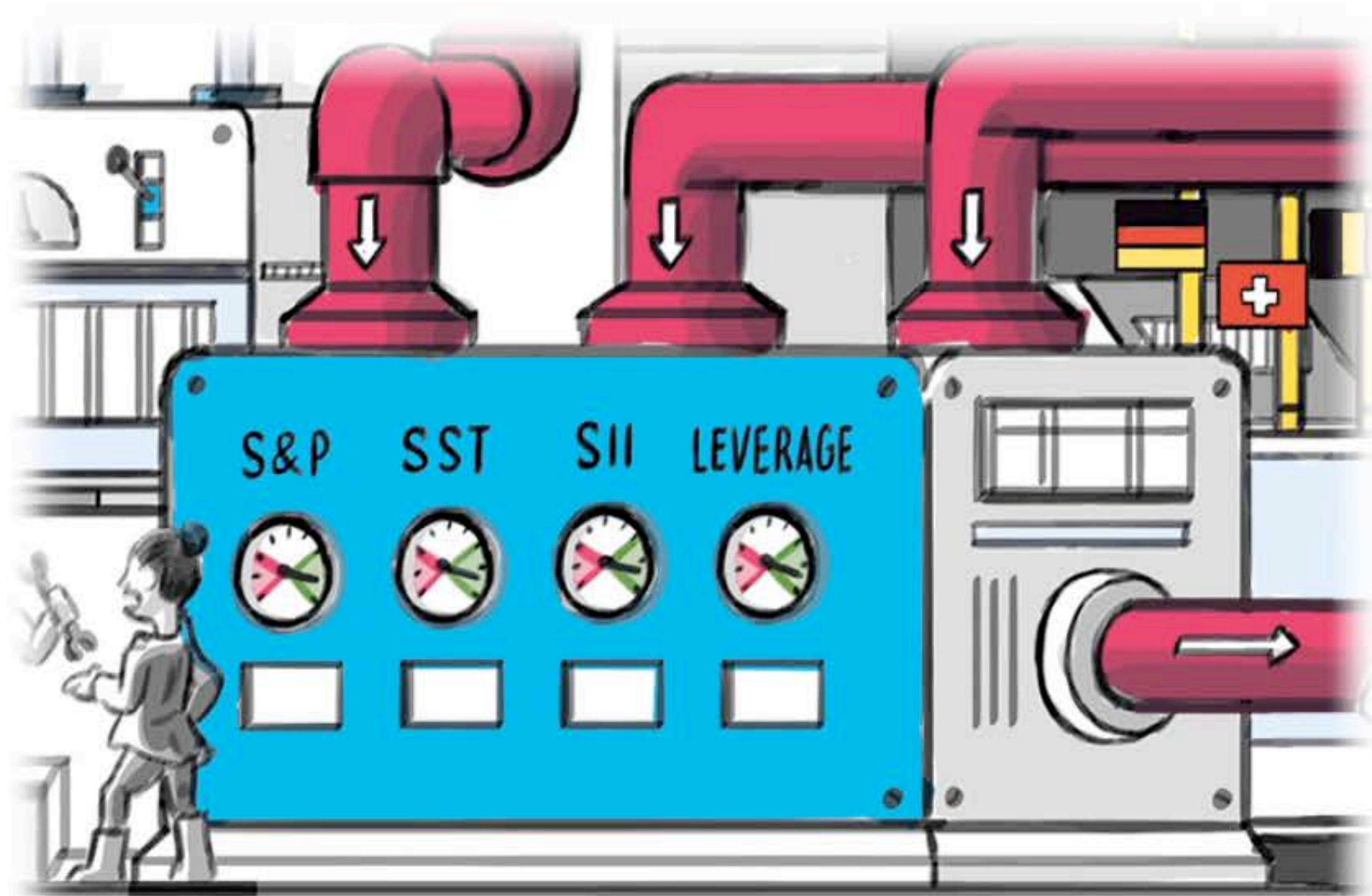
Life

- Reliable risk result and resilient investment margin
- Consequent shift in business mix
- Guidance: EBIT of CHF 200 mn

Banking

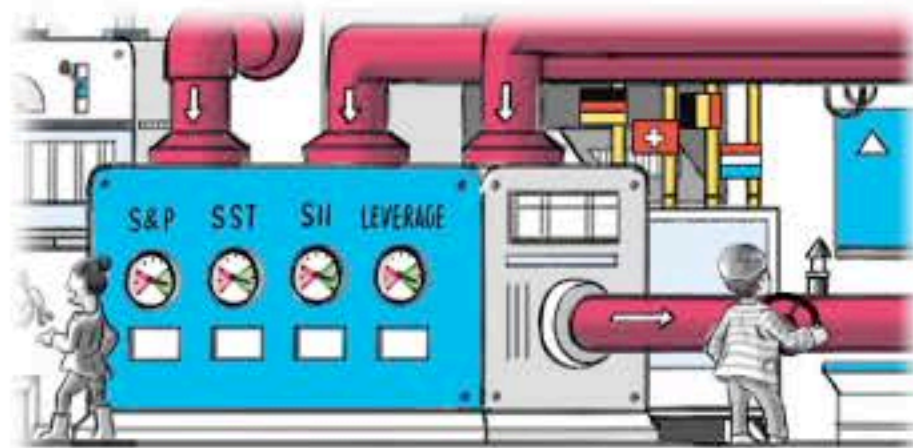
- Very reliable cashflows
- Growing fee result out of new projects

Capital – excellent capitalisation, high flexibility and strong cash generation



2. Excellent risk management capabilities, a conservative and forward-looking investment policy and strong capitalisation
 - Swiss Solvency Test (SST) for Baloise Group solid "in the green"
 - Strong Enterprise Risk Management (among the 15% best in Europe) and AAA capitalisation according to the 2016 S&P Report
 - All EU-entities with Solvency II quotas "in the green" (as at year-end 2015 even without transitionals and volatility adjustment)
 - Full and untapped hybrid capacity

Capital – excellent capitalisation, high flexibility and strong cash generation



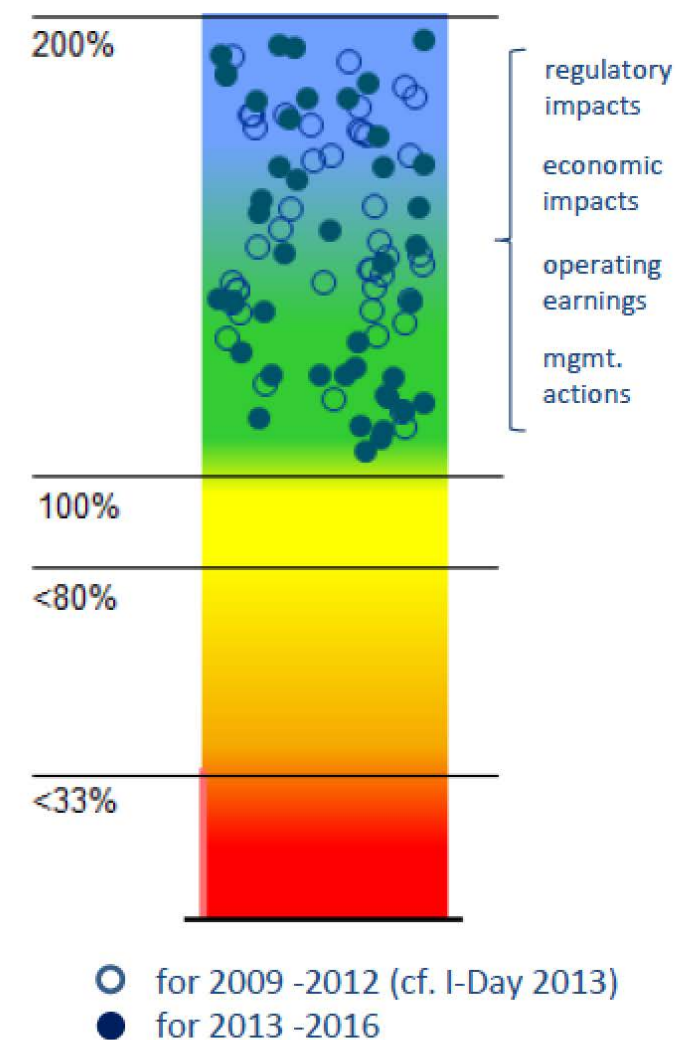
3. Baloise Swiss Solvency Test-sensitivities "in the green" even in a one-in-fifty-year scenario

- Managing economic capital within the SST framework is the art of managing bandwidths instead of points using the right management actions

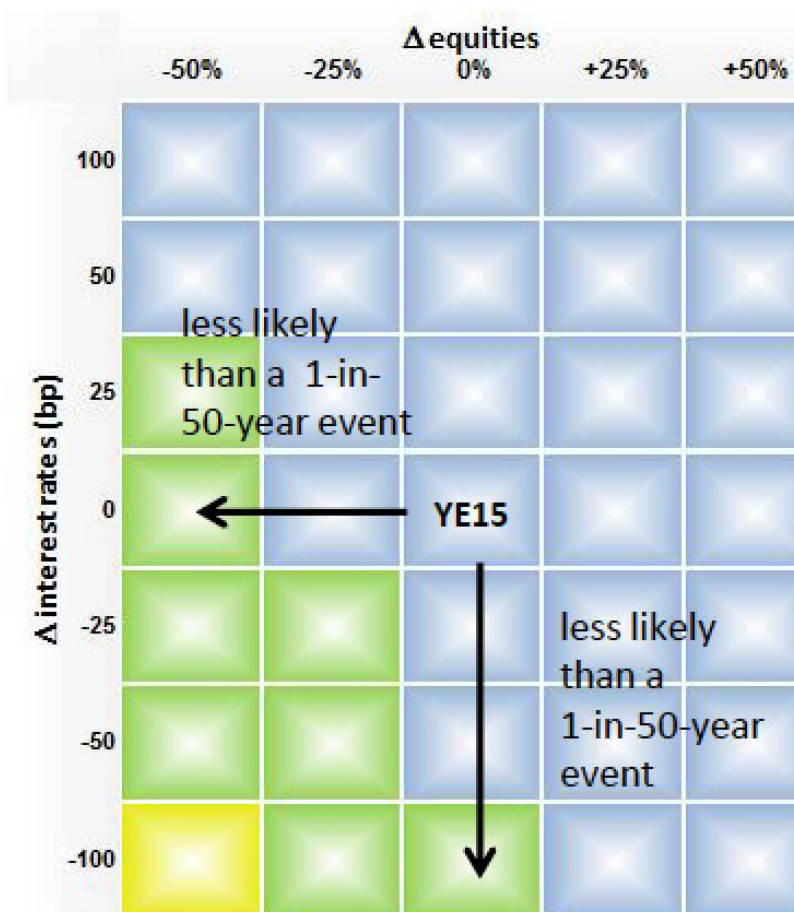
- Distribution of SST results 2013 – 2016 stays in same bandwidth as distribution from 2009 – 2012 (cf. I-Day 2013) even though interest rates decreased by about 300 bps from 2009 to 2016

- SST still "in the green" in one-in-fifty-year economic stress events such as if interest rates drop by additional 100 bps or if equity markets crash by 50%

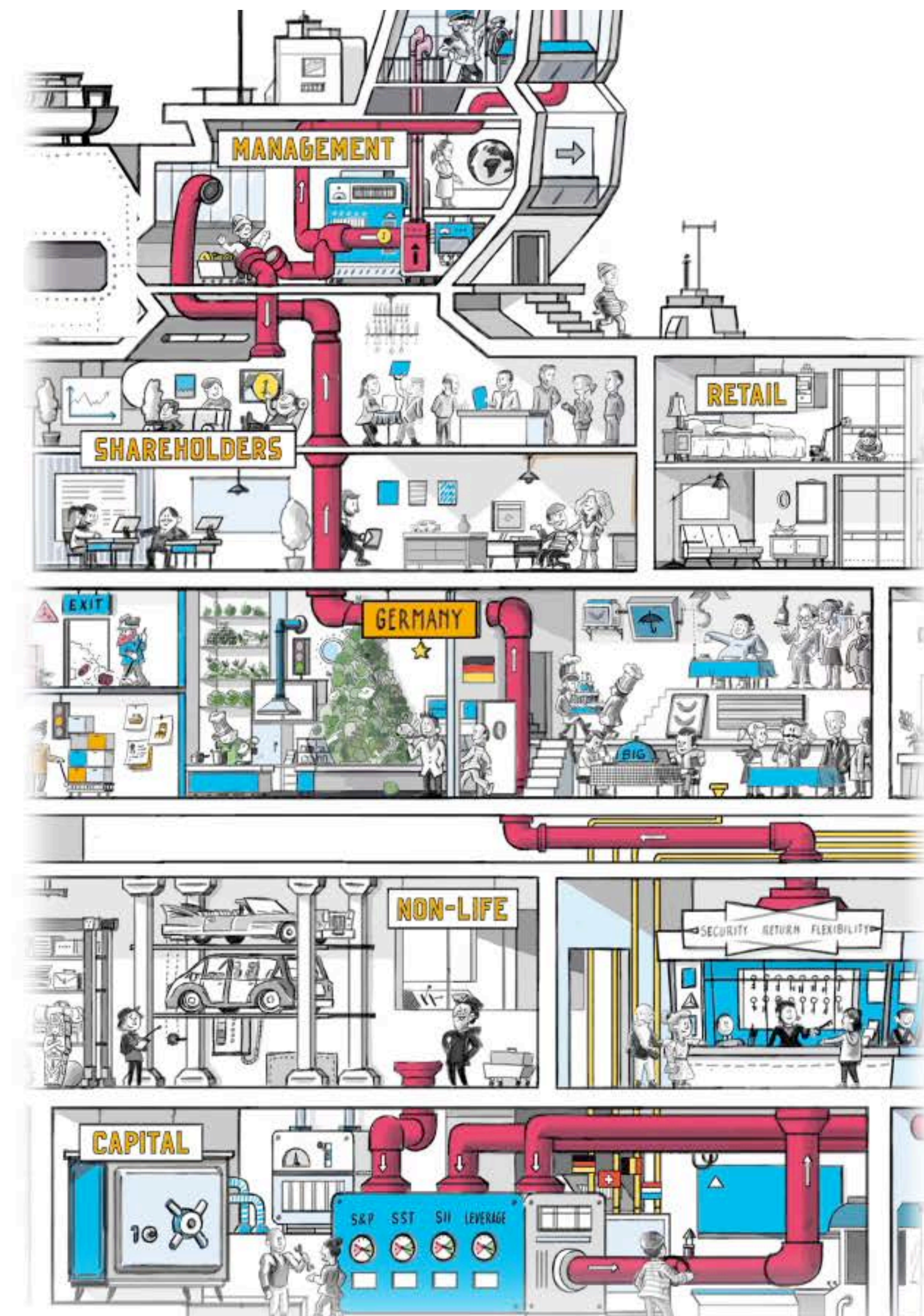
Monthly SST values



Sensitivities as at YE 2015



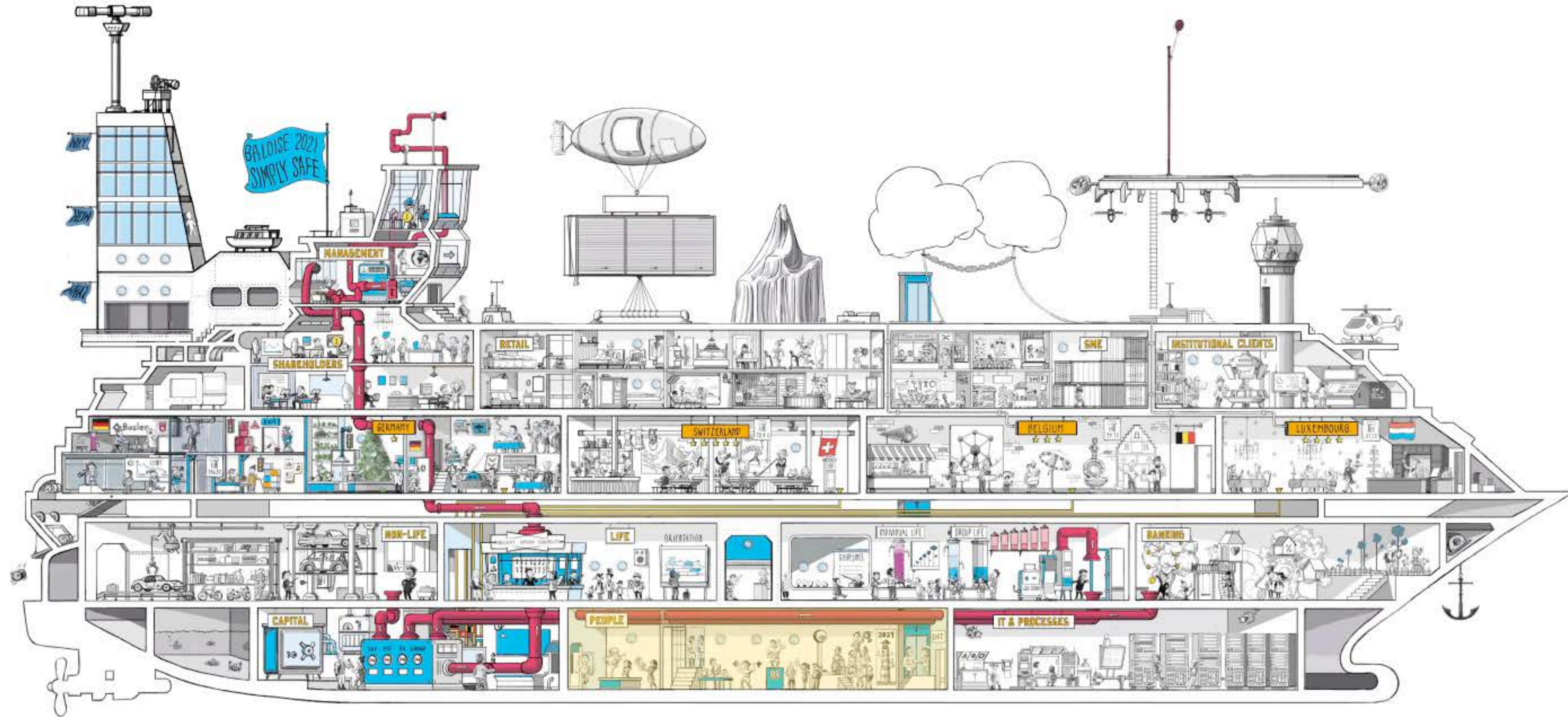
Capital – excellent capitalisation, high flexibility and strong cash generation



4. Increase of cash remittance to Holding

- New financial ambition: CHF +2.0 bn cumulative cash remittance to the Holding company in the next five years to ensure an attractive and reliable dividend policy with the ability to invest in future growth
- New share buy-back programme of 1 mn shares. This corresponds to 2% of the issued share capital

People – developing a good corporate culture into a great entrepreneurial and agile mindset

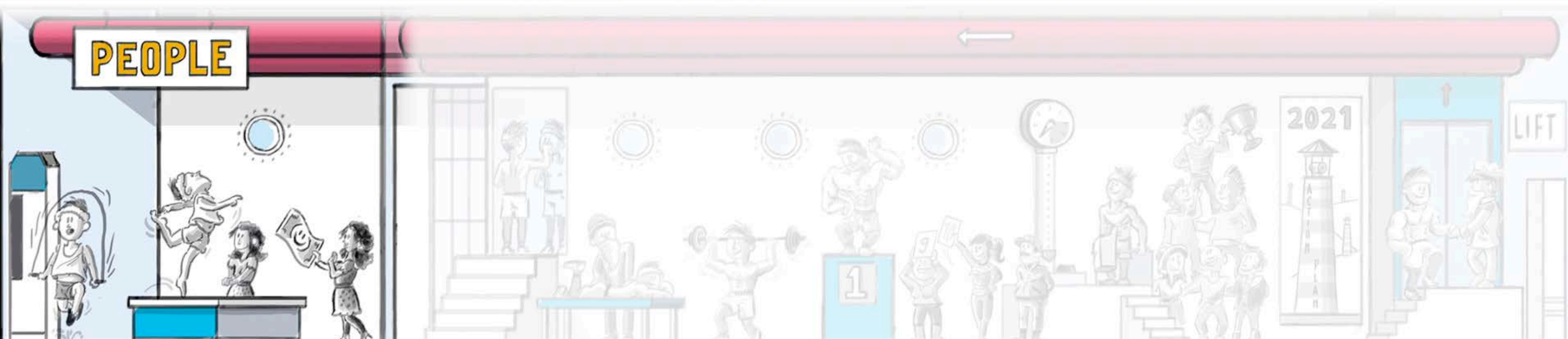


Leveraging the Core

People – developing a good corporate culture into a great entrepreneurial and agile mindset

1. Employee focus

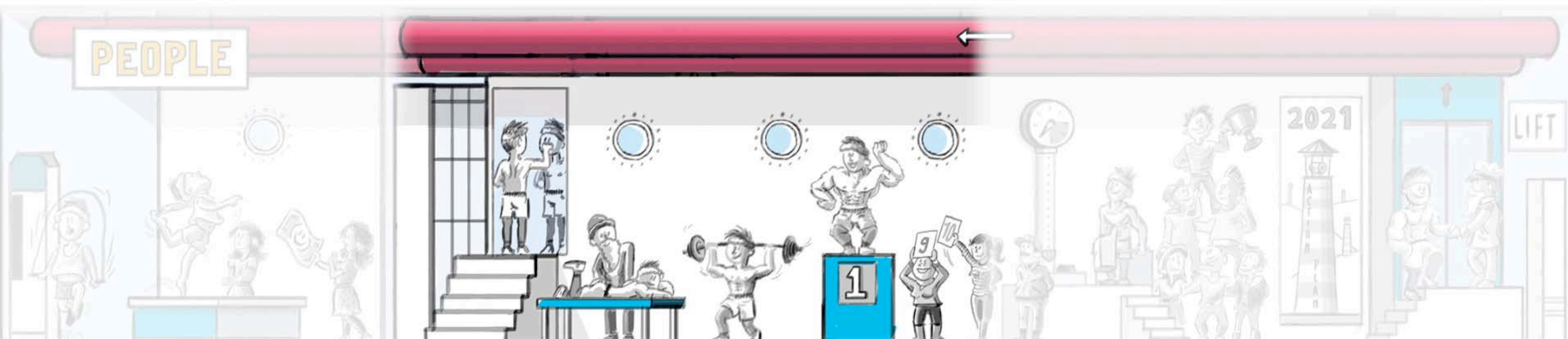
- "Employee focus" is a core pillar of our new strategy model
- Putting our employees at the center will lead to loyal customers and fuel our results



People – developing a good corporate culture into a great entrepreneurial and agile mindset

2. From good to great

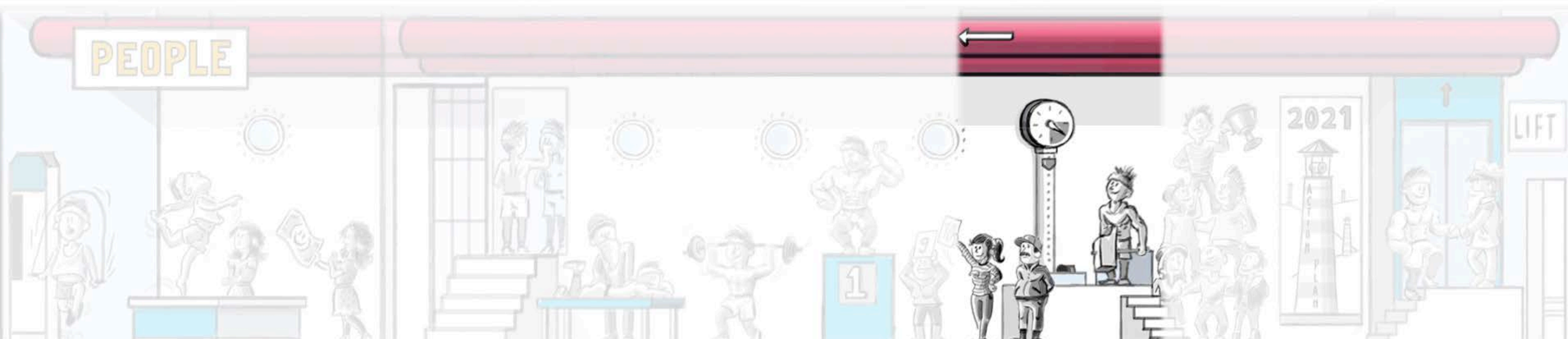
- We will develop from a company with a people culture to one with a relentless focus on its people
- This is a leap from Good to Great



People – developing a good corporate culture into a great entrepreneurial and agile mindset

3. Our ambition

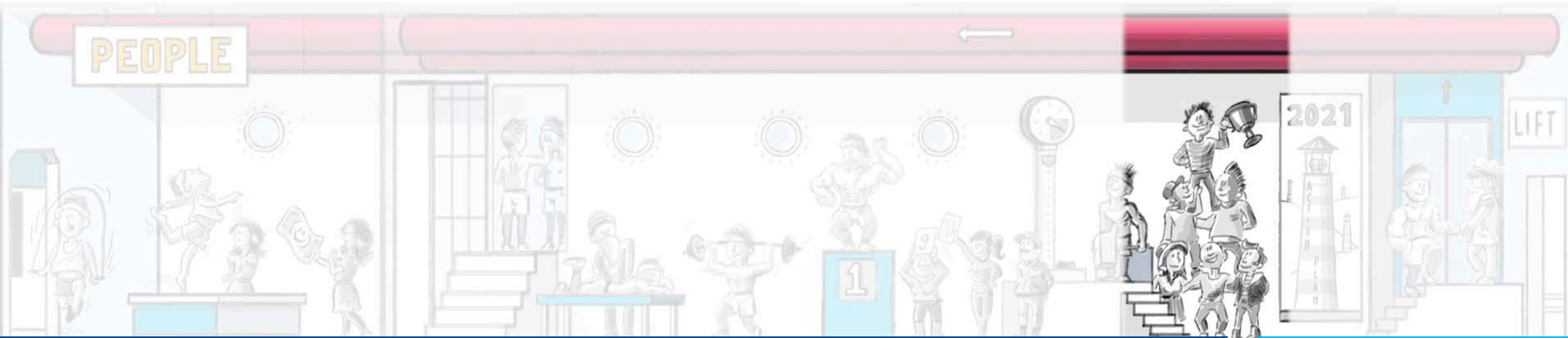
- We set ourselves a high ambition: becoming a leading employer in the sector
- We will start to regularly measure and communicate the progress towards this ambition with a new Employee Promoter KPI



People – developing a good corporate culture into a great entrepreneurial and agile mindset

4. How to bring our ambition to life?

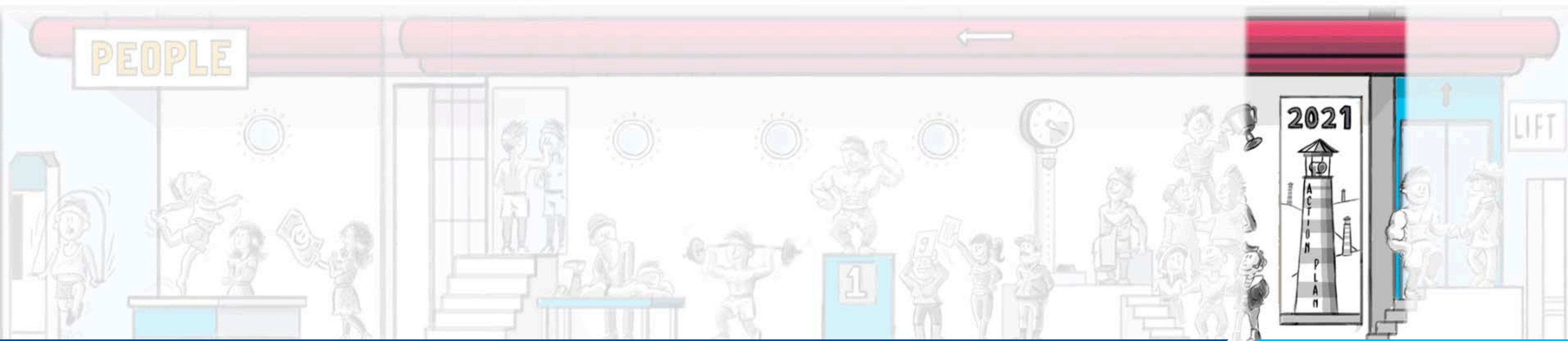
- By enhancing our already running transformational activities...



People – developing a good corporate culture into a great entrepreneurial and agile mindset

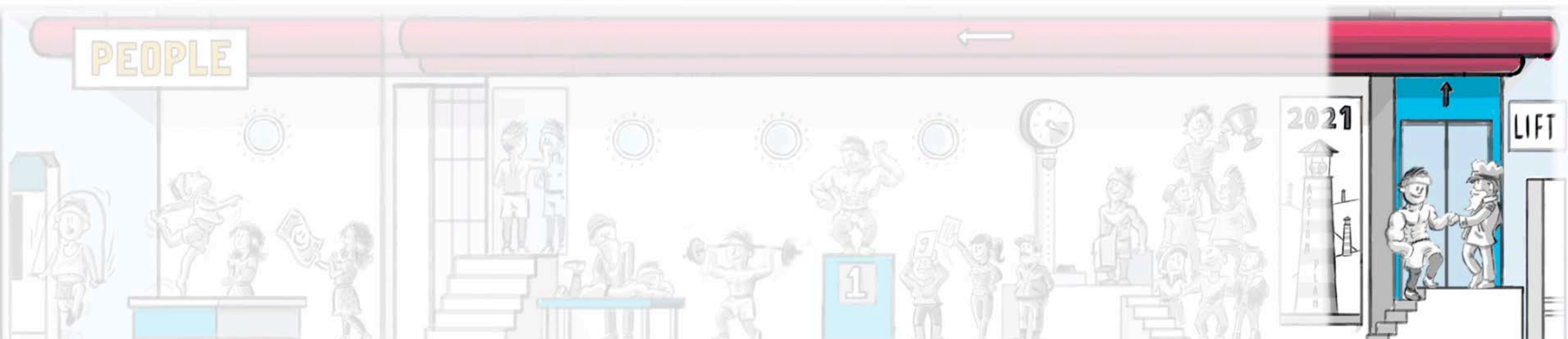
5. How to bring our ambition to life?

...and by setting up a new Actionplan 2021 with carefully selected "Lighthouse measures"

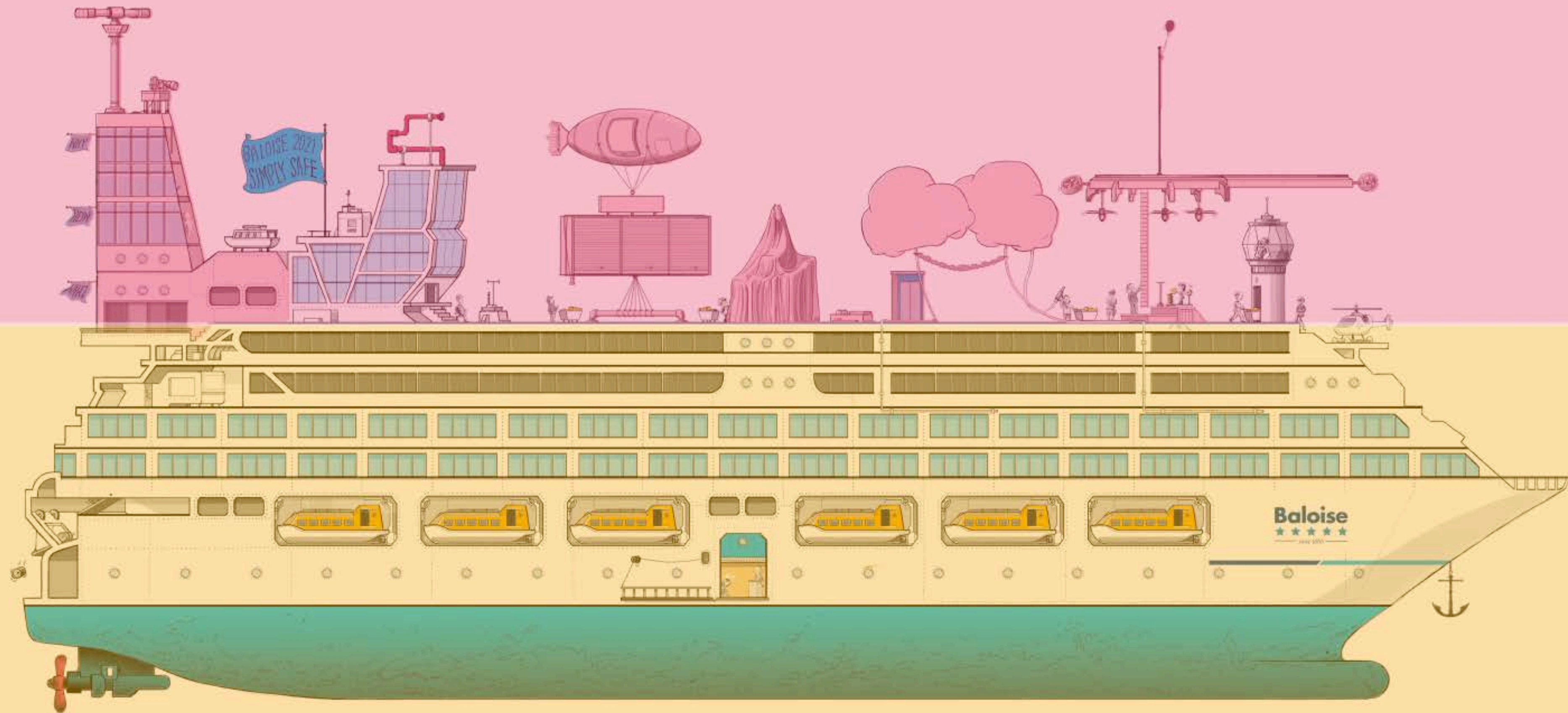


People – developing a good corporate culture into a great entrepreneurial and agile mindset

6. Our whole management is strongly committed
 - to implement these measures and
 - to make this culture change a success

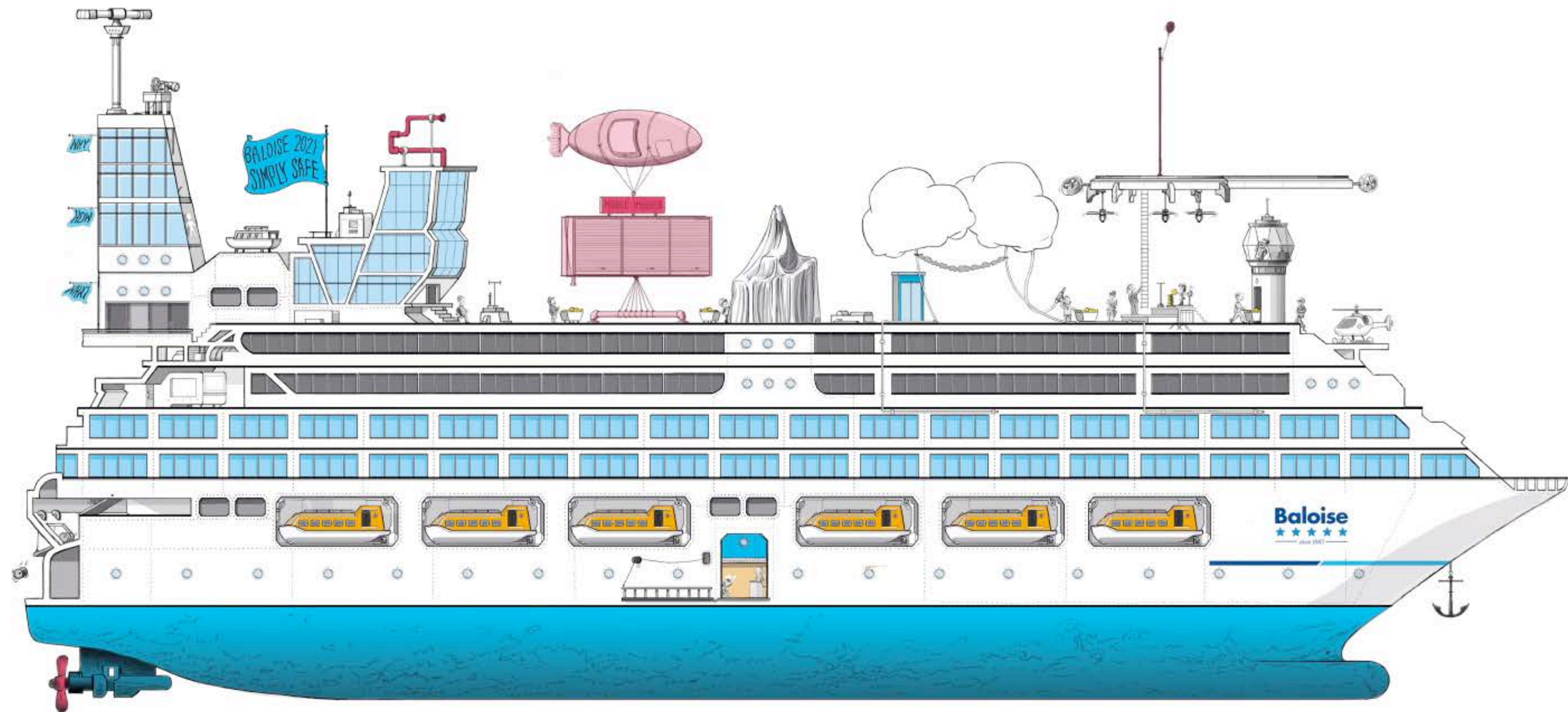


Go Beyond Traditional Insurance

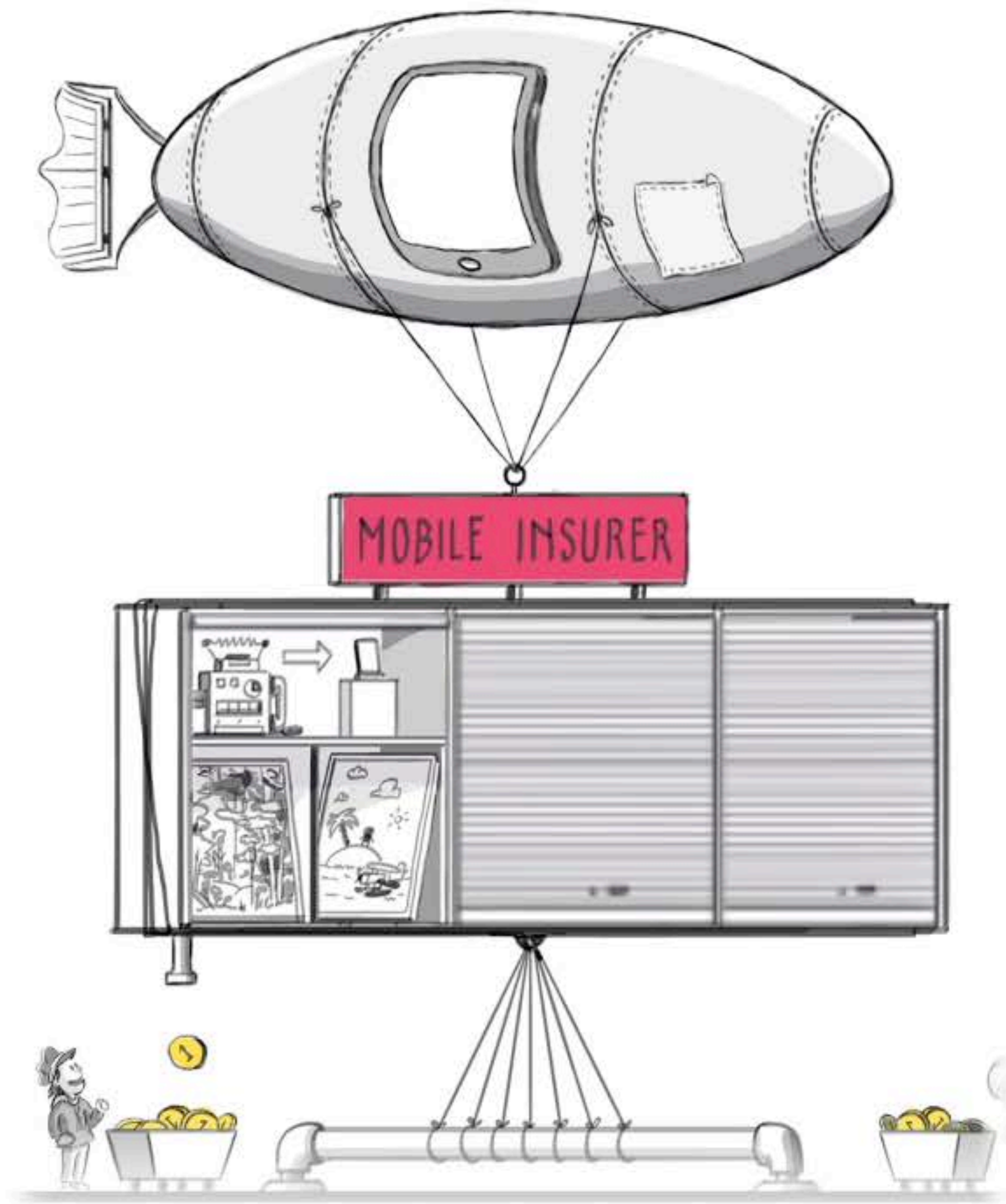


Leveraging the Core

Mobile Insurer – a new innovative mobile insurance company for the German market

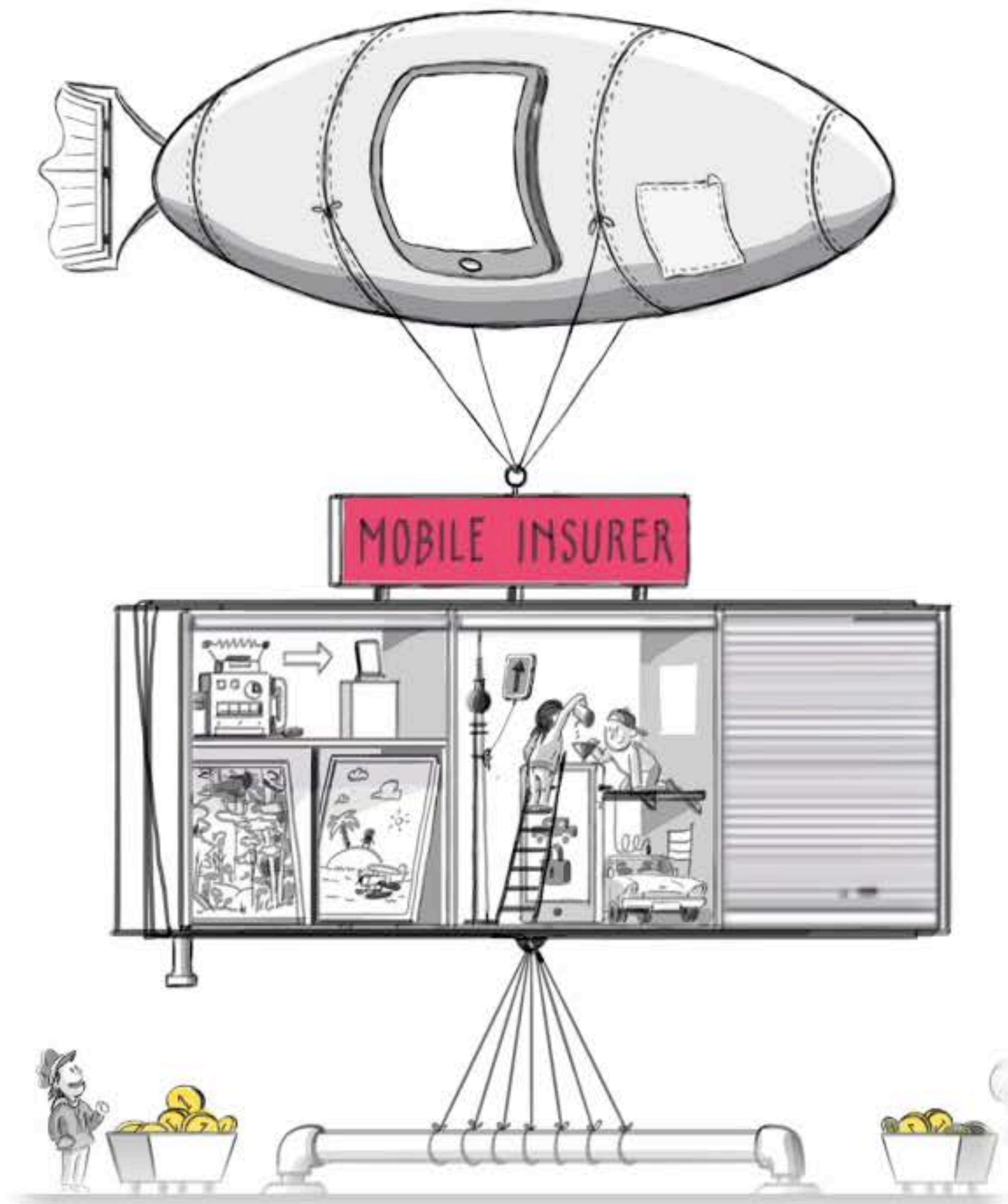


Mobile Insurer – a new innovative mobile insurance company for the German market



1. Motivation – technology and fast changing customer expectations
 - Smartphones are more than just means of communication
 - Digitalisation leads to changing user expectations also in the insurance sector
 - The mobile insurer will address these new trends

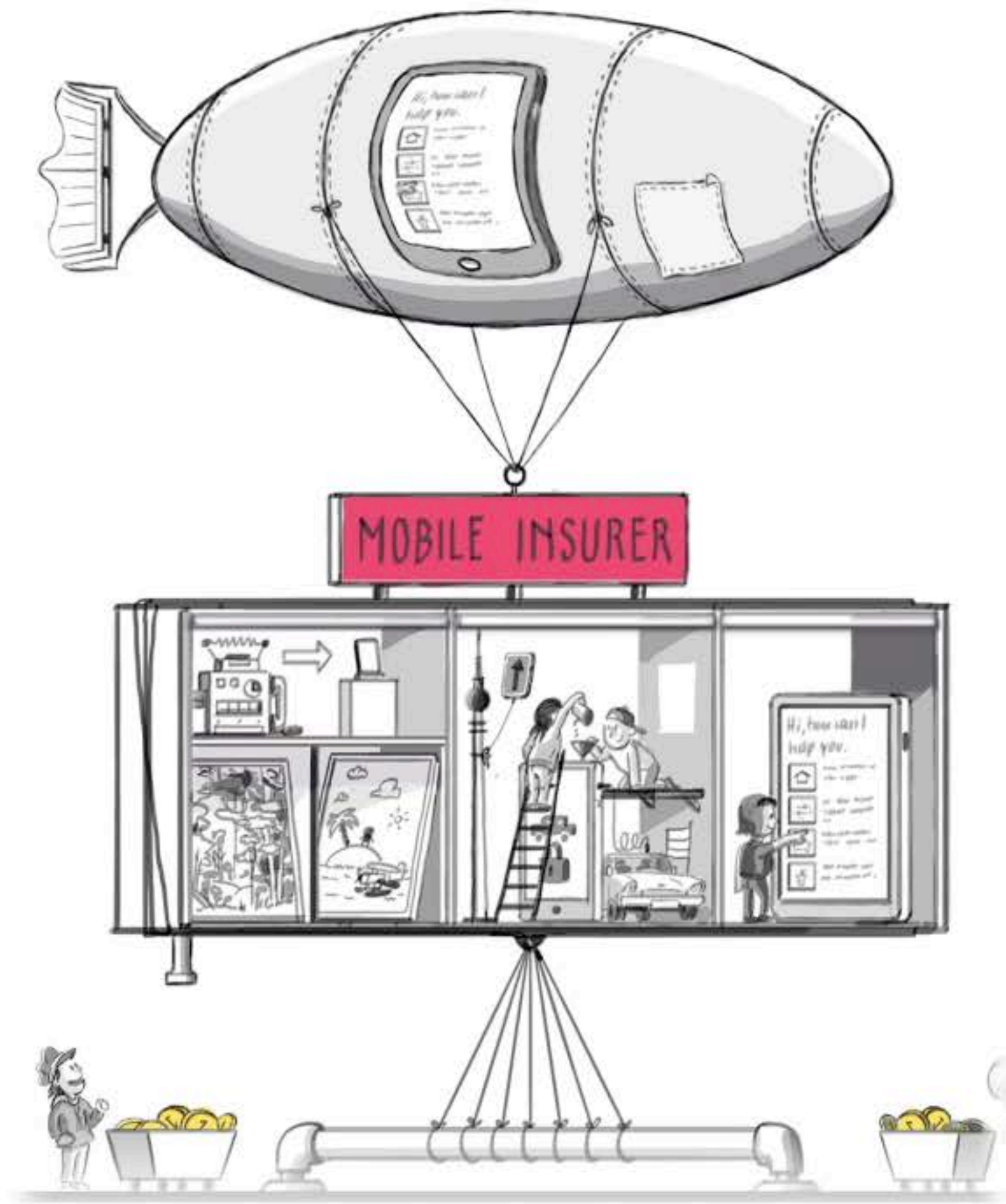
Mobile Insurer – a new innovative mobile insurance company for the German market



2. Project – fulfill the evolving customers' needs

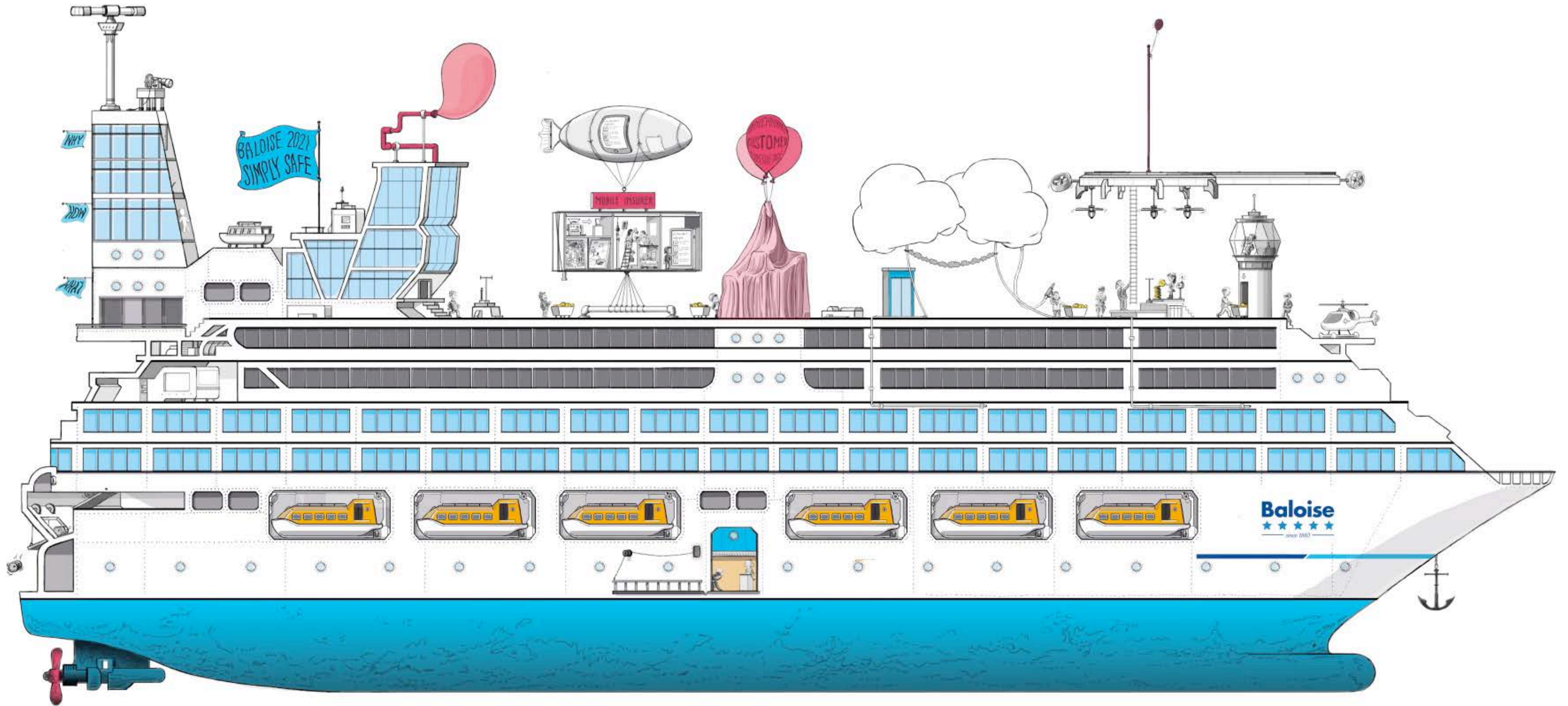
- The result is a concept for an end-to-end mobile car insurance product on the German market that focuses on providing a customer experience characterised by:
 - new technologies (e.g. usage-based pricing)
 - new and more frequent ways of interaction with the customer (e.g. gamification, rewards)
 - easy, transparent, fair and understandable products and processes
 - flexible coverage
- We want to grow into other lines of business and in other countries at later stages

Mobile Insurer – a new innovative mobile insurance company for the German market

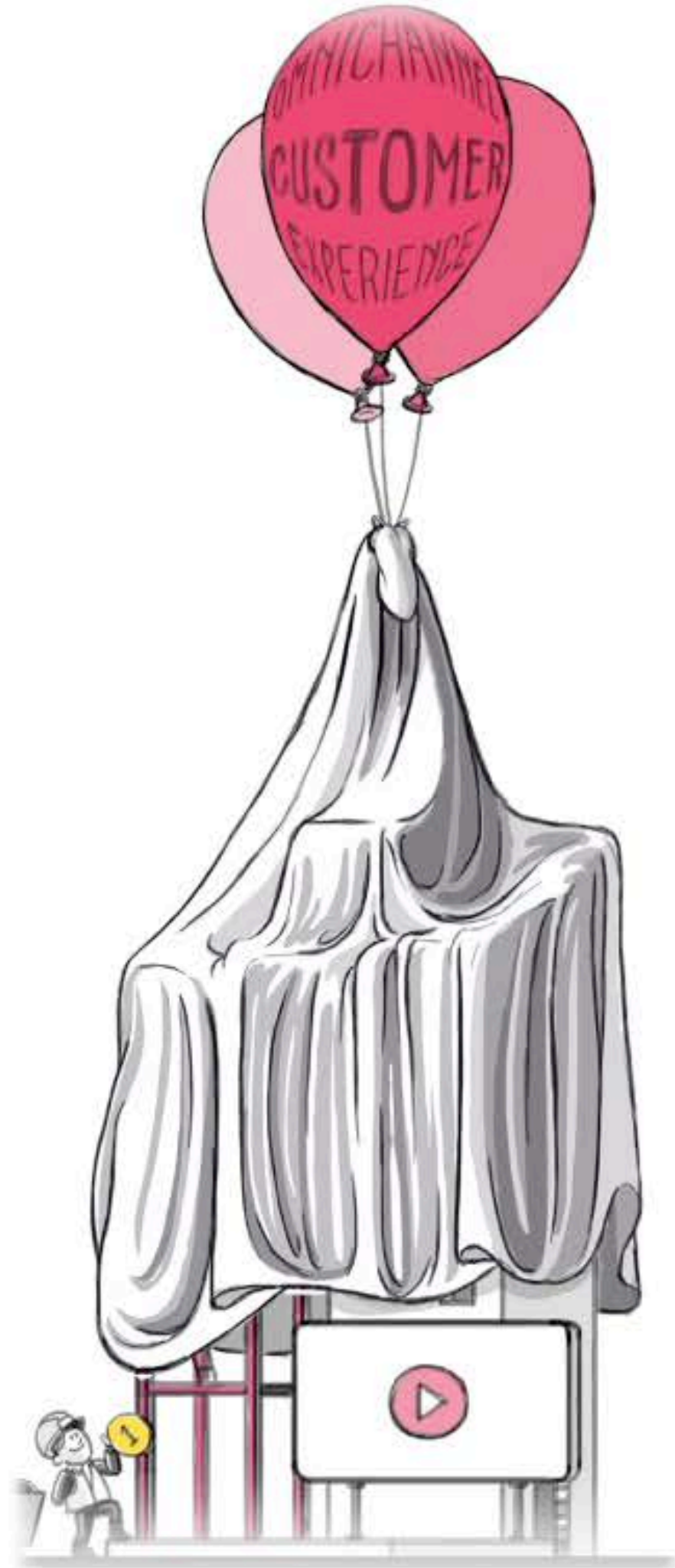


3. Ambition – become the customer's most preferred mobile insurer in the German market and beyond
- An alpha version of the Mobile Insurer will be launched in early 2017
 - Based on user feedback the product will be improved in short iterations to be prepared for the next car insurance switching season in fall 2017

A Customer Journey – the future omnichannel customer experience



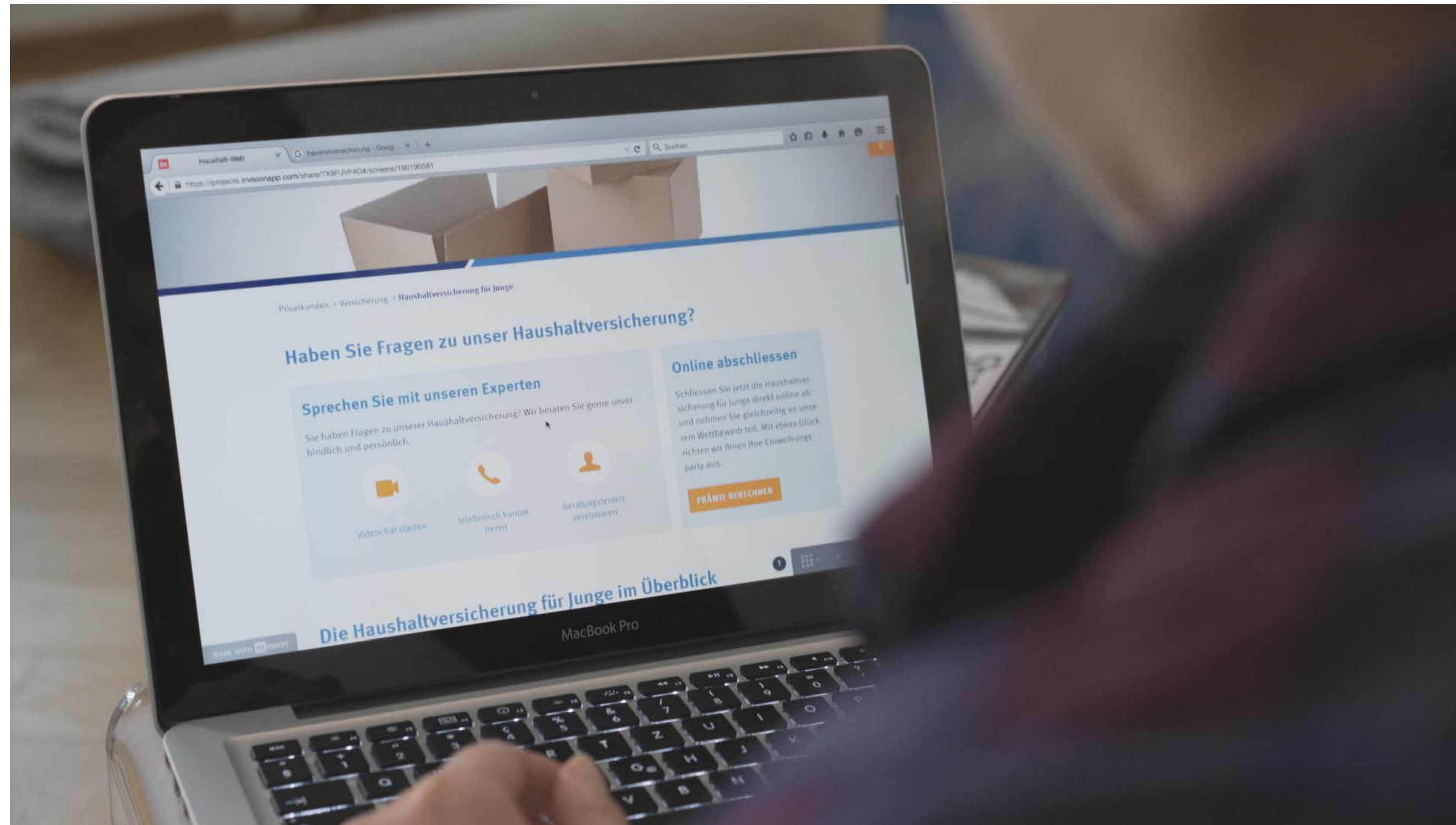
A Customer Journey – the future omnichannel customer experience



1. Getting new clients

- Baloise's digital presence quickly turns a potential customer into a buyer thanks to optimised Google Ads and tailored support throughout the purchasing process
- Omnichannel – customers can select the channel that best meets their needs at any time during the customer journey
- Customers can modify policies and add new cover quickly, easily and at any time on the customer interaction platform

A Customer Journey – the future omnichannel customer experience



1. Getting new clients

- Baloise's digital presence quickly turns a potential customer into a buyer thanks to optimised Google Ads and tailored support throughout the purchasing process
- Omnichannel – customers can select the channel that best meets their needs at any time during the customer journey
- Customers can modify policies and add new cover quickly, easily and at any time on the customer interaction platform

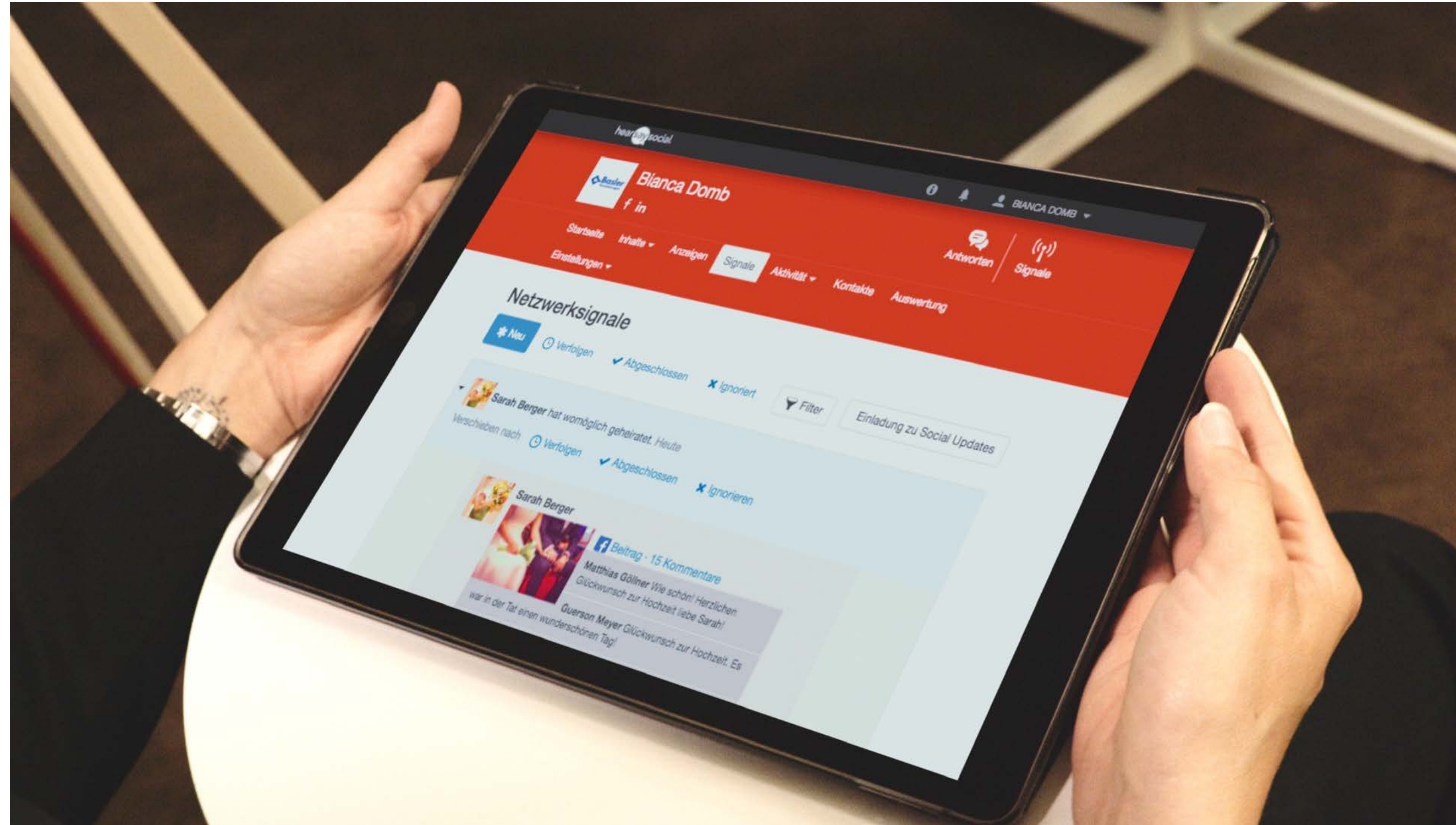
A Customer Journey – the future omnichannel customer experience



1. Getting new clients

- Baloise's digital presence quickly turns a potential customer into a buyer thanks to optimised Google Ads and tailored support throughout the purchasing process
- Omnichannel – customers can select the channel that best meets their needs at any time during the customer journey
- Customers can modify policies and add new cover quickly, easily and at any time on the customer interaction platform

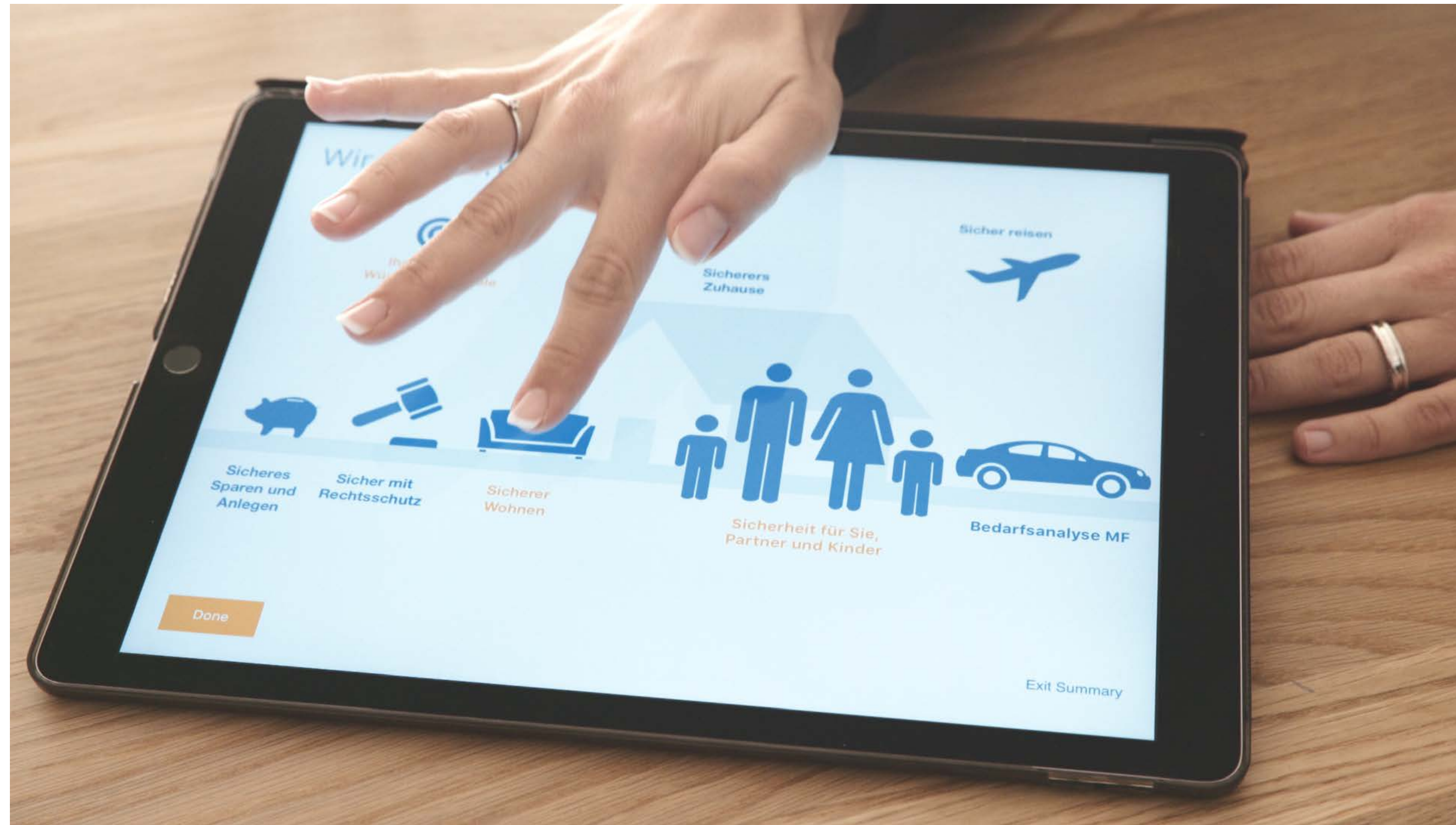
A Customer Journey – the future omnichannel customer experience



2. Developing client relationships

- Tool-based management of trends from social media makes needs-oriented advice and made-to-measure solutions possible
- Customers can modify policies and add new cover quickly, easily and at any time on the customer interaction platform

A Customer Journey – the future omnichannel customer experience



2. Developing client relationships

- Tool-based management of trends from social media makes needs-oriented advice and made-to-measure solutions possible
- Customers can modify policies and add new cover quickly, easily and at any time on the customer interaction platform

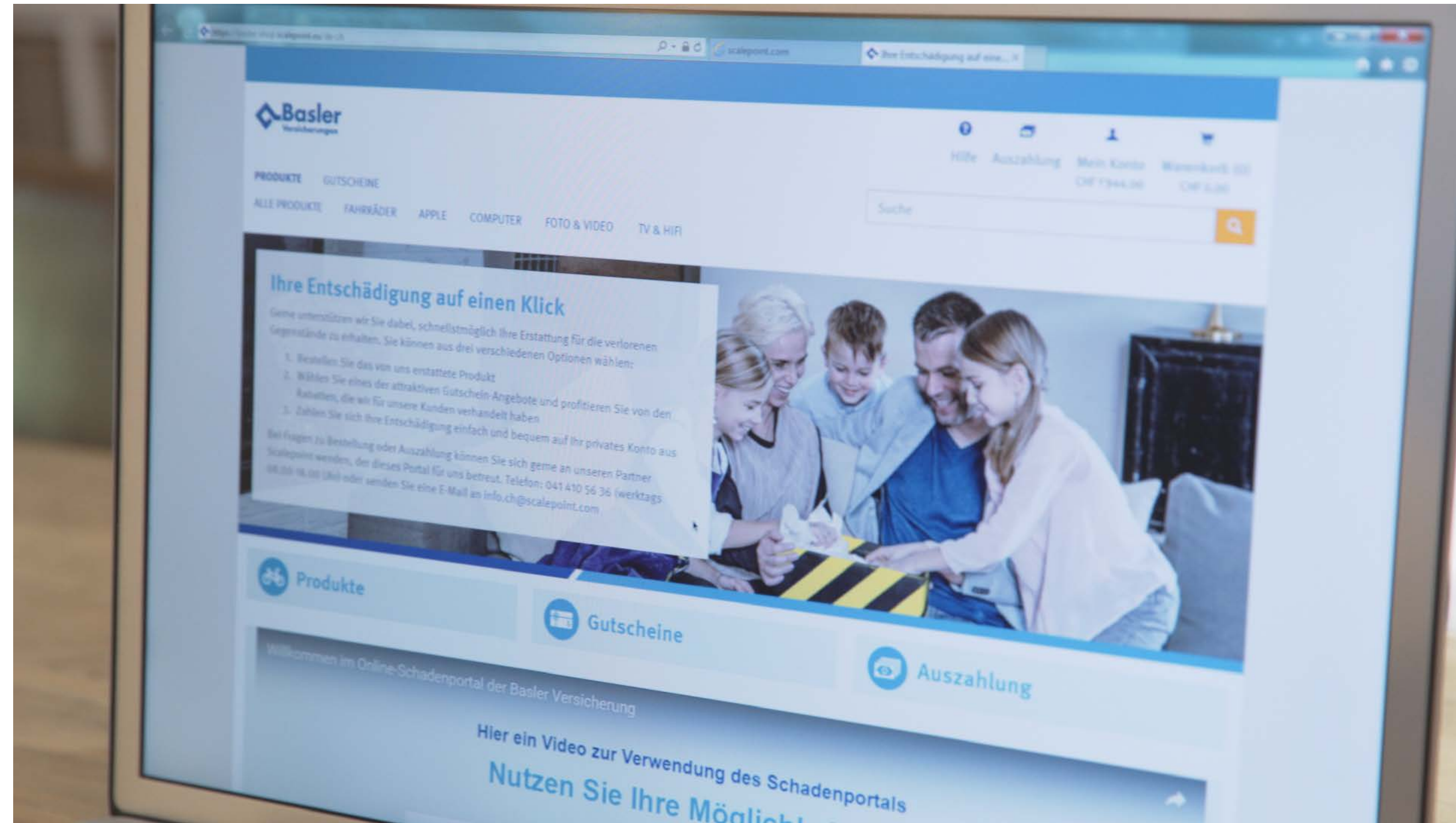
A Customer Journey – the future omnichannel customer experience



2. Developing client relationships

- Tool-based management of trends from social media makes needs-oriented advice and made-to-measure solutions possible
- Customers can modify policies and add new cover quickly, easily and at any time on the customer interaction platform

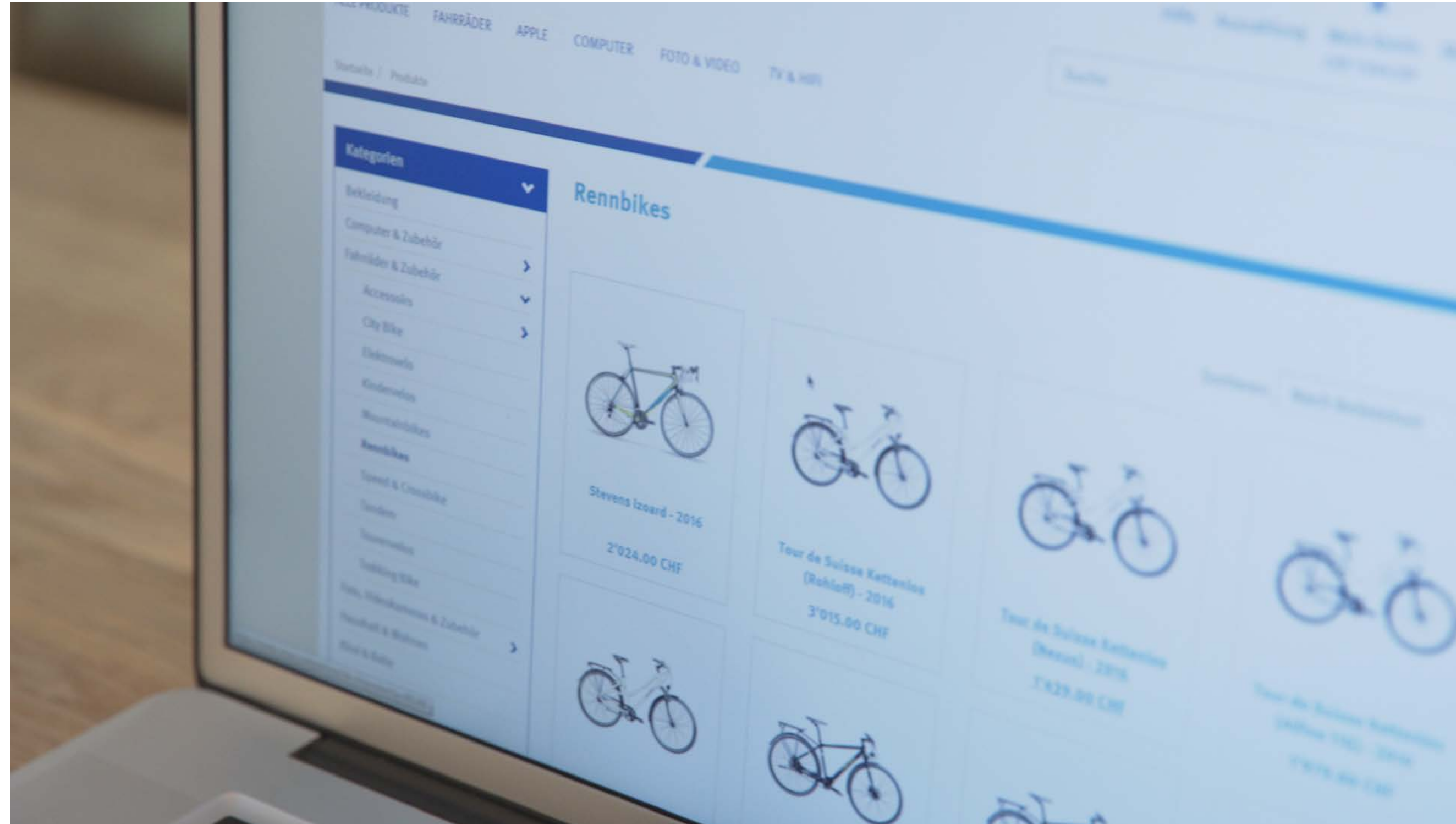
A Customer Journey – the future omnichannel customer experience



3. Claim – moment of truth

- Simple customer communication and the handling of minor claims within one working day using a considerably simplified process
- Measurement of customer satisfaction with a response rate of 70% – customers can already voice their opinion within 30 seconds simply by pressing a key on their phone

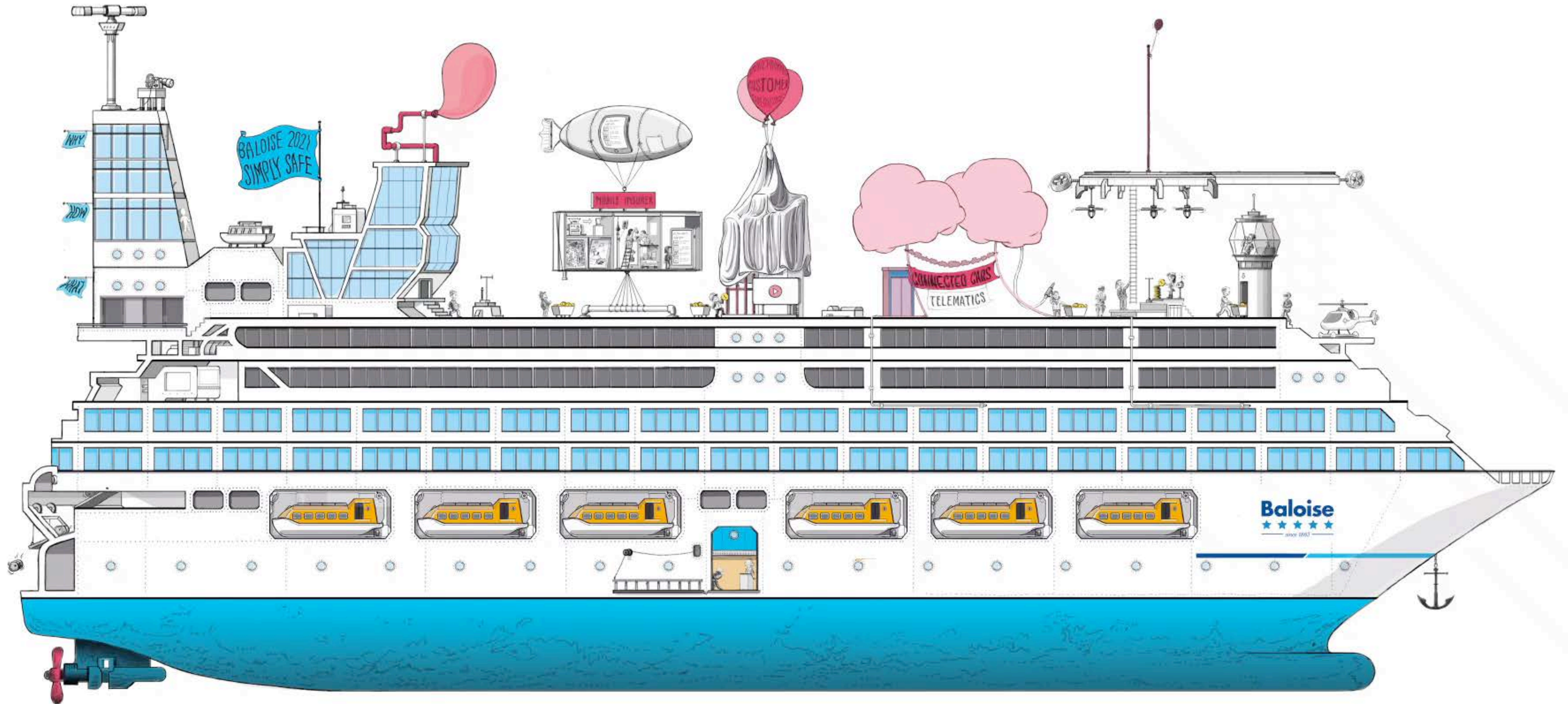
A Customer Journey – the future omnichannel customer experience



3. Claim – moment of truth

- Simple customer communication and the handling of minor claims within one working day using a considerably simplified process
- Measurement of customer satisfaction with a response rate of 70% – customers can already voice their opinion within 30 seconds simply by pressing a key on their phone

Connected Cars – redefining motor insurance

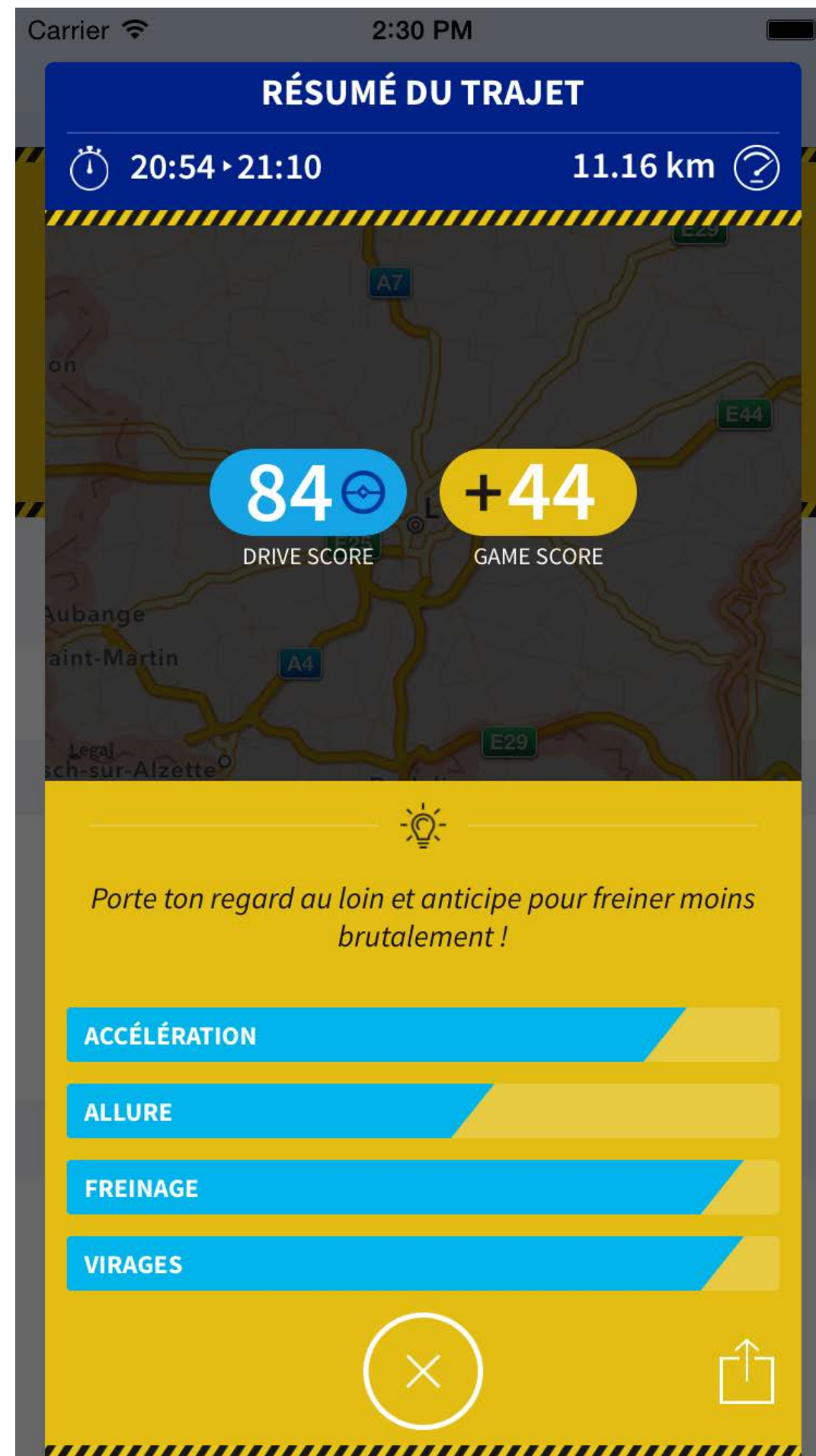


Connected Cars – redefining motor insurance



1. Game of Roads – introducing "pay how you drive" in Luxembourg
 - In 2015, Baloise launched in Luxembourg "Game of Roads", an app aimed at raising road safety awareness in a playful way – building on its success, we are now transiting from a gamification to an enhanced safety focused approach
 - Using advanced telematics we will soon start offering "pay how you drive" tariffs and hence reward drivers that chose to drive responsibly
 - We are convinced that being a first mover in the market will allow us to triplicate our market share with young drivers between 18 and 25 years old within the next five years

Connected Cars – redefining motor insurance



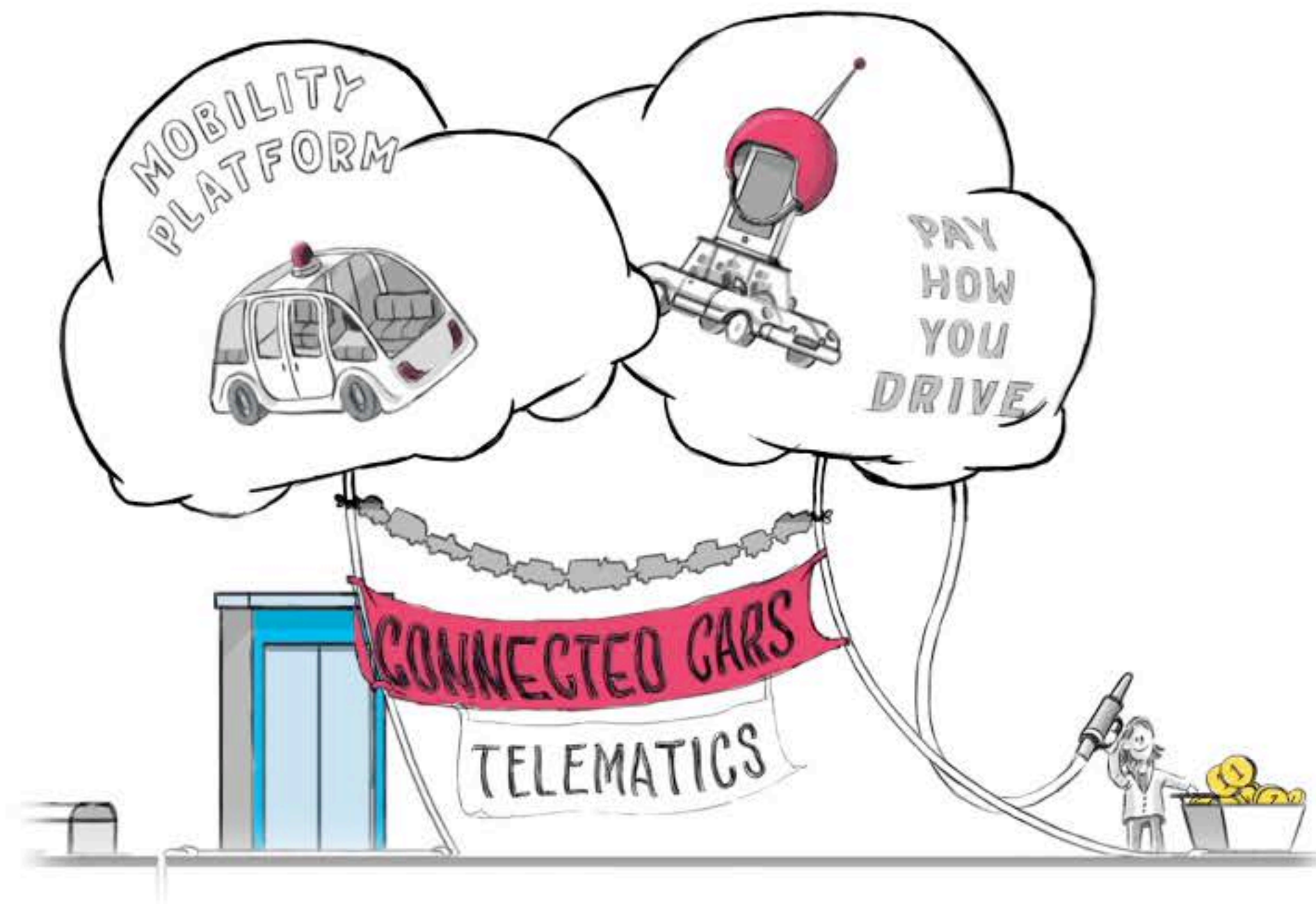
1. Game of Roads – introducing "pay how you drive" in Luxembourg
 - In 2015, Baloise launched in Luxembourg "Game of Roads", an app aimed at raising road safety awareness in a playful way – building on its success, we are now transiting from a gamification to an enhanced safety focused approach
 - Using advanced telematics we will soon start offering "pay how you drive" tariffs and hence reward drivers that chose to drive responsibly
 - We are convinced that being a first mover in the market will allow us to triplicate our market share with young drivers between 18 and 25 years old within the next five years

Connected Cars – redefining motor insurance



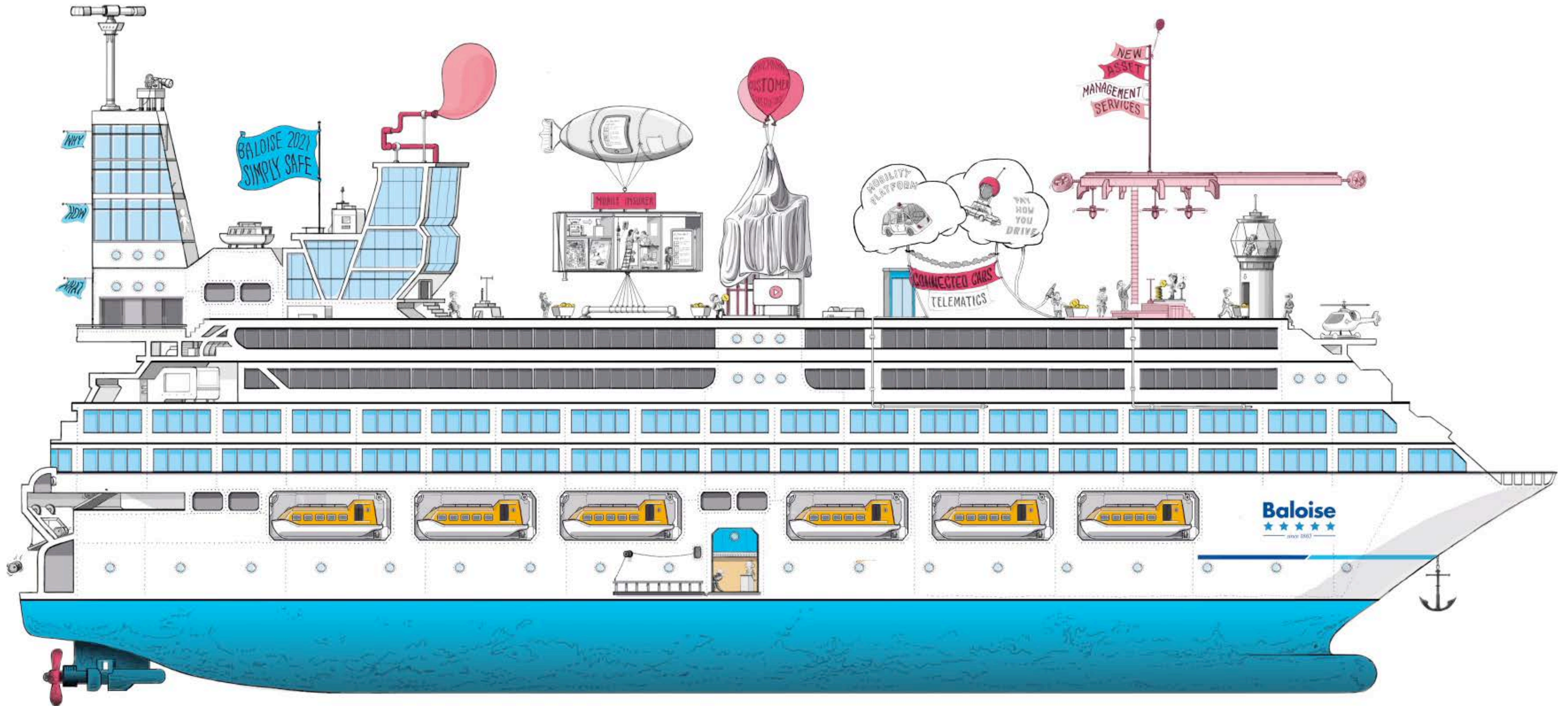
1. Game of Roads – introducing "pay how you drive" in Luxembourg
 - In 2015, Baloise launched in Luxembourg "Game of Roads", an app aimed at raising road safety awareness in a playful way – building on its success, we are now transiting from a gamification to an enhanced safety focused approach
 - Using advanced telematics we will soon start offering "pay how you drive" tariffs and hence reward drivers that chose to drive responsibly
 - We are convinced that being a first mover in the market will allow us to triplicate our market share with young drivers between 18 and 25 years old within the next five years

Connected Cars – redefining motor insurance

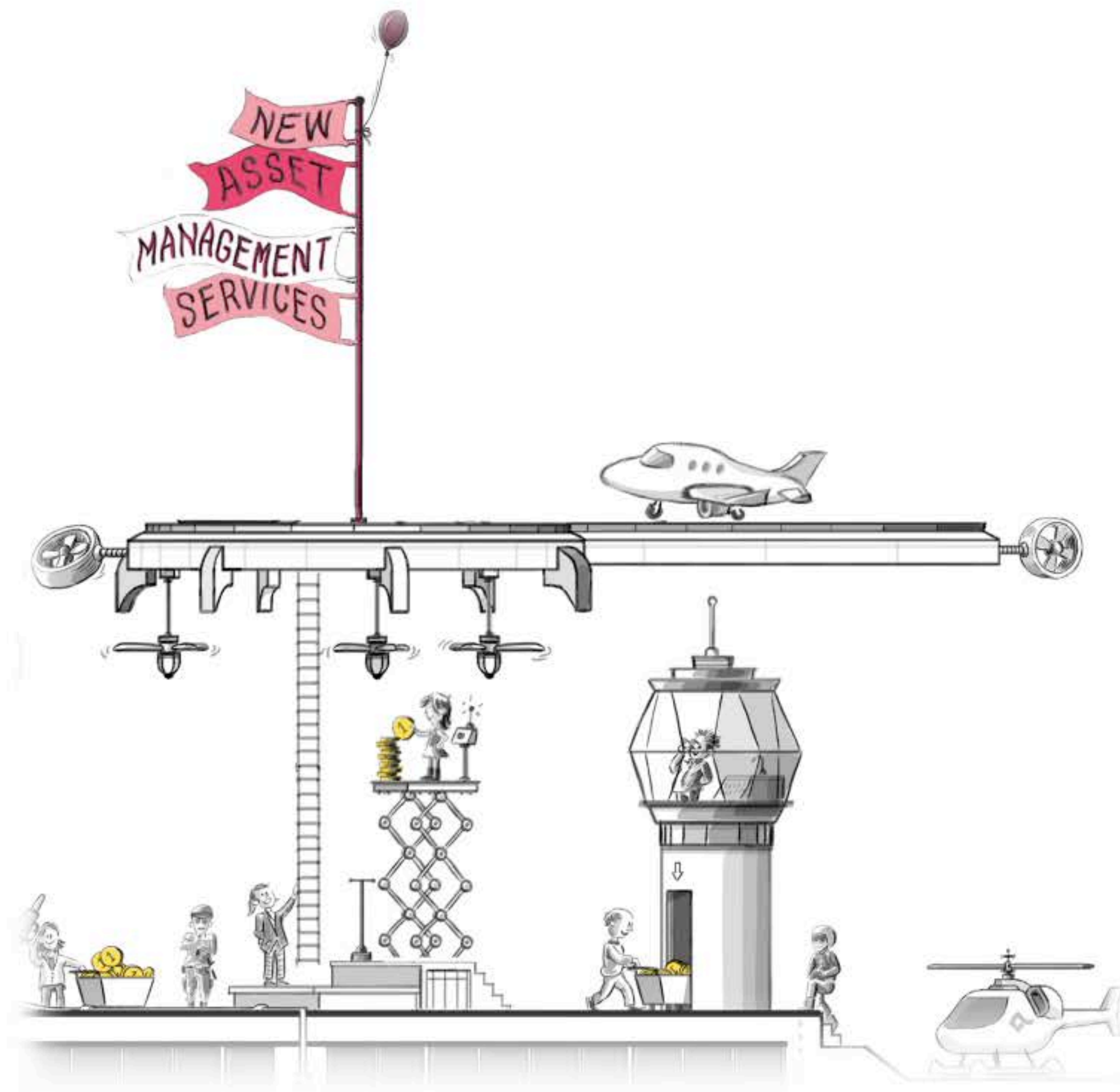


2. Mobility Platform – evolving our business model to tackle the customers' future mobility needs
 - The challenges: technology evolution, changing customer mobility behaviors and social changes will represent a clear business disruptor for traditional insurance
 - Our ambition: we will transform this threat into an opportunity by shifting gradually away from traditional motor insurance to offering services that will better satisfy our customers' future mobility needs
 - The project: we will achieve our ambition by using self-diagnostic devices embedded in cars and partnering up with players from different industries – we strive to create a comprehensive marketplace that will enable us to become the customers' trusted choice when it comes to providing mobility solutions

Leveraging Our Core Strength – new asset management services for pension funds

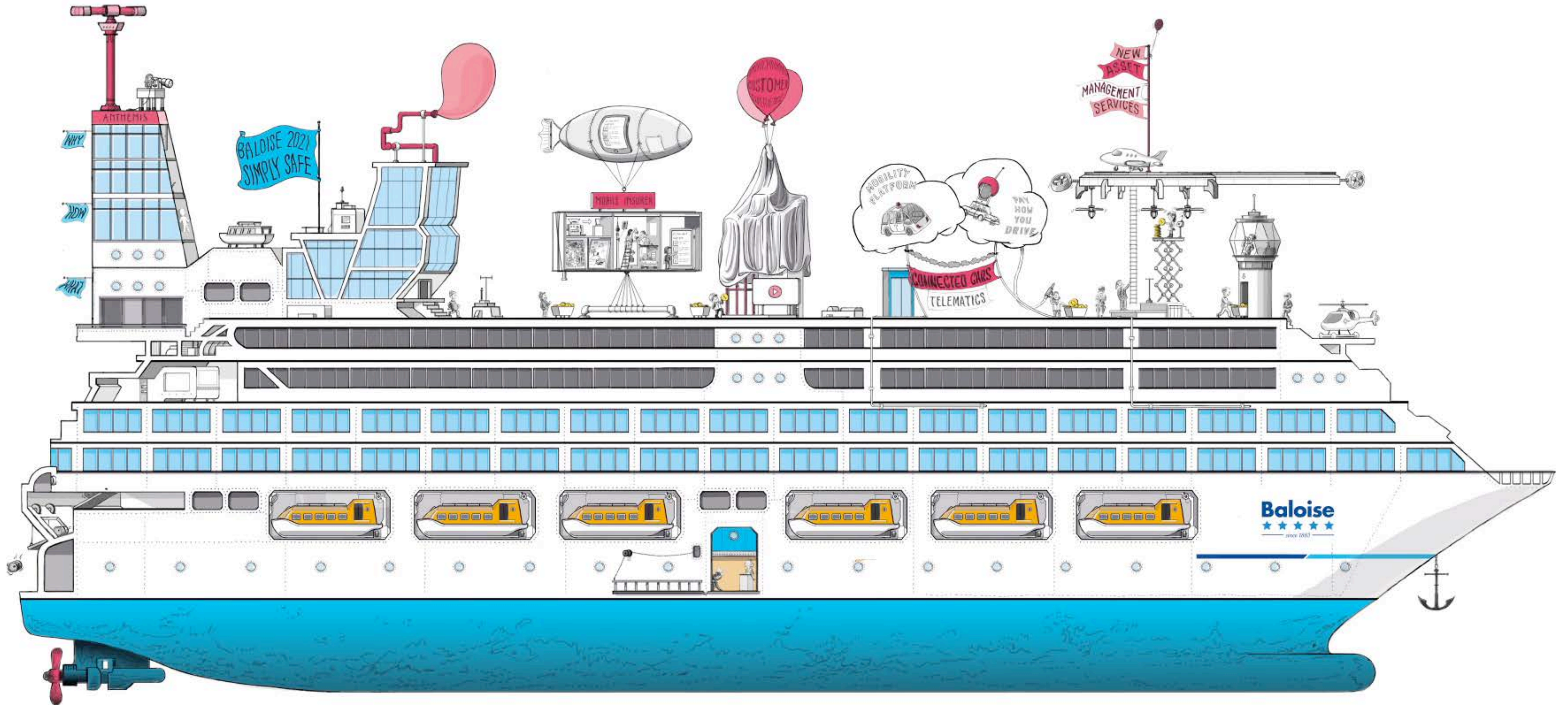


Leveraging Our Core Strength – new asset management services for pension funds

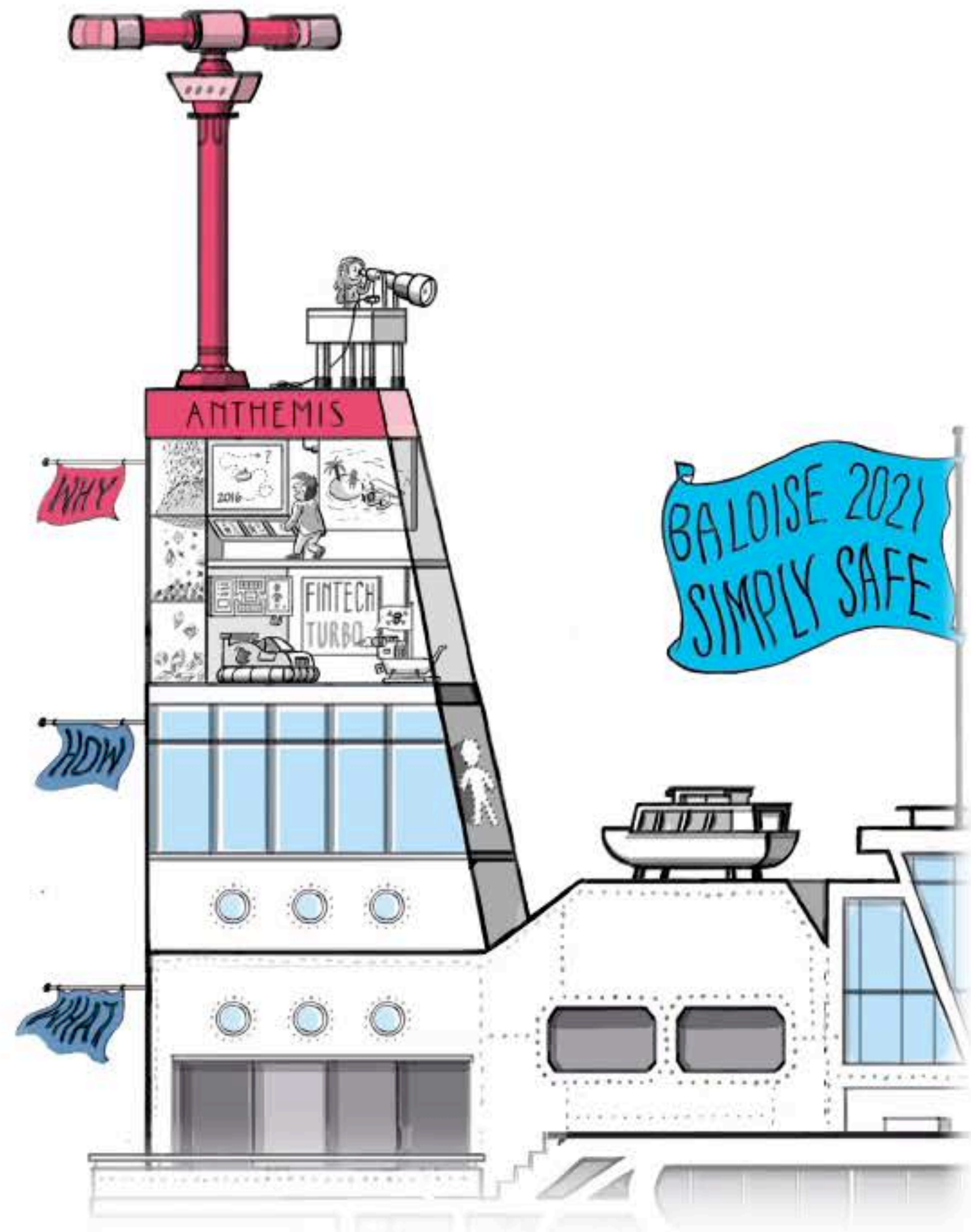


- Baloise has built a strong asset management organisation with a focus on managing own assets
- Starting from 2017, we will leverage these capabilities and position ourselves as a strong partner for Swiss pension funds
 - Dedicated sales team
 - Enhancement of the product portfolio
 - Set up of a real estate management company
 - Complement offering with pension services
- Increase Assets under Management by more than CHF 5 bn in the next five years and increase fee income substantially

Anthemis – our long-range scanner for innovative business opportunities

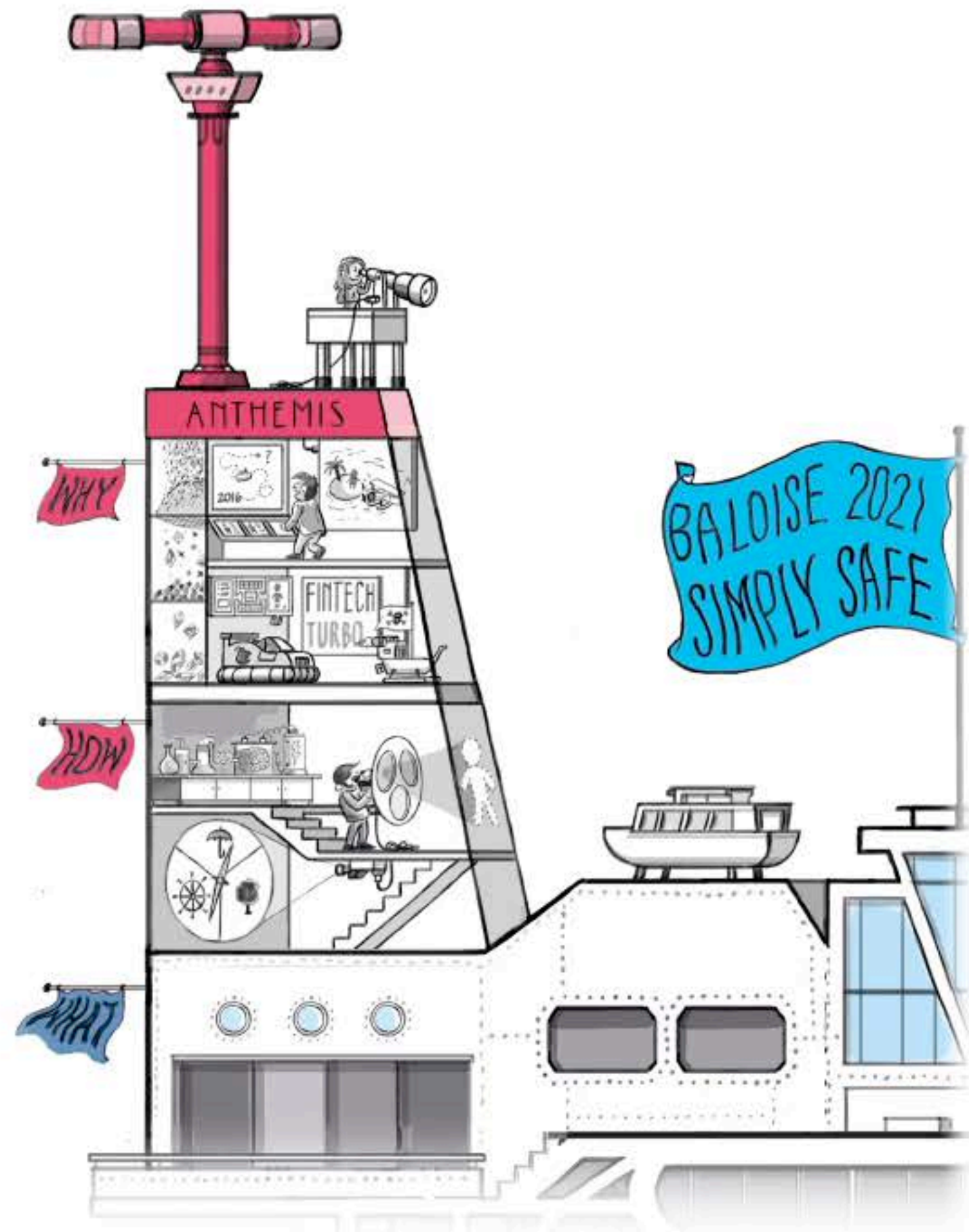


Anthemis – our long-range scanner for innovative business opportunities



1. WHY – fundamental changes at the horizon
 - We expect fundamental changes in the way insurance business will be conducted
 - Our ambition is to identify, assess and translate market innovation into real opportunities for Baloise

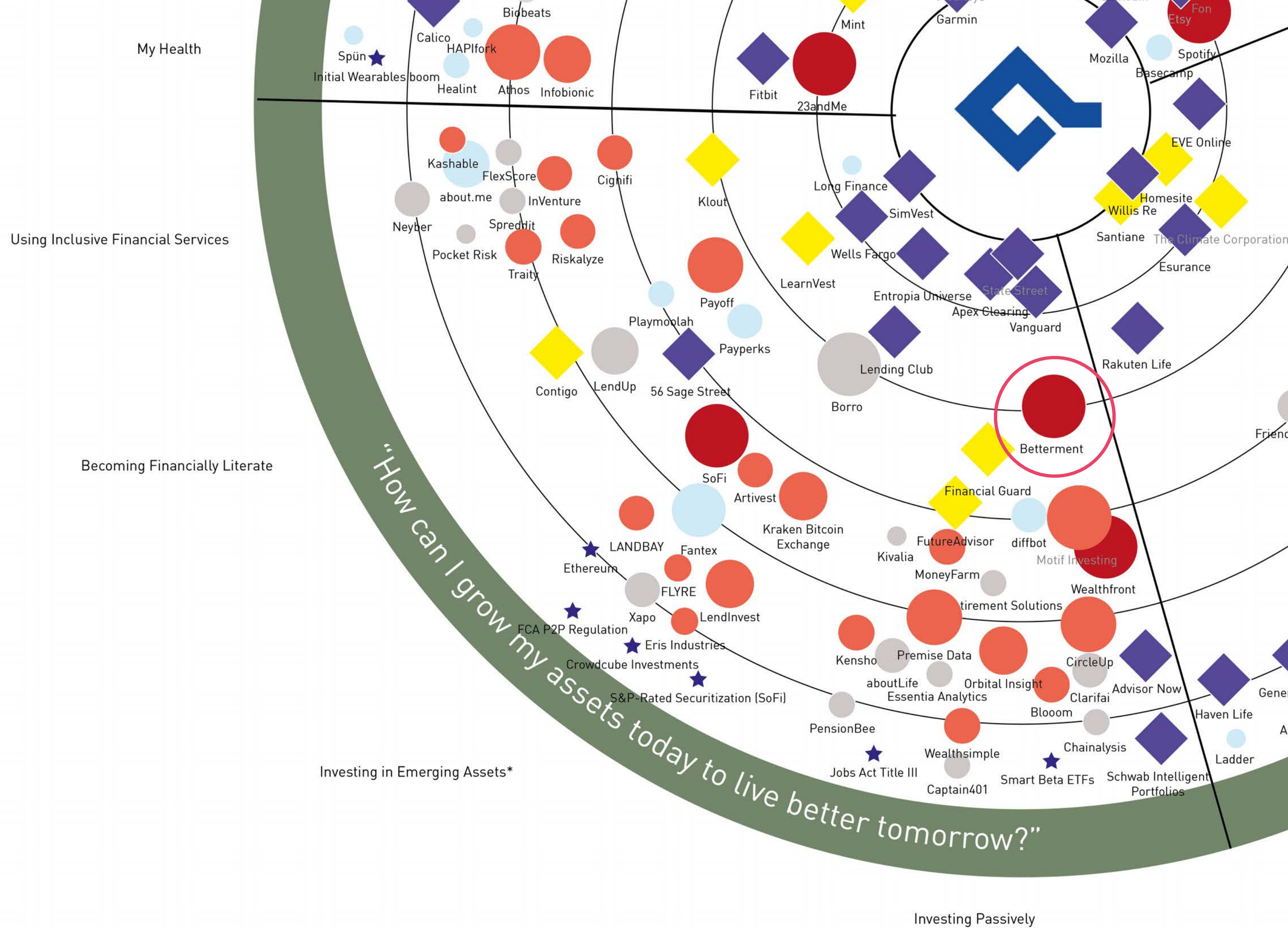
Anthemis – our long-range scanner for innovative business opportunities



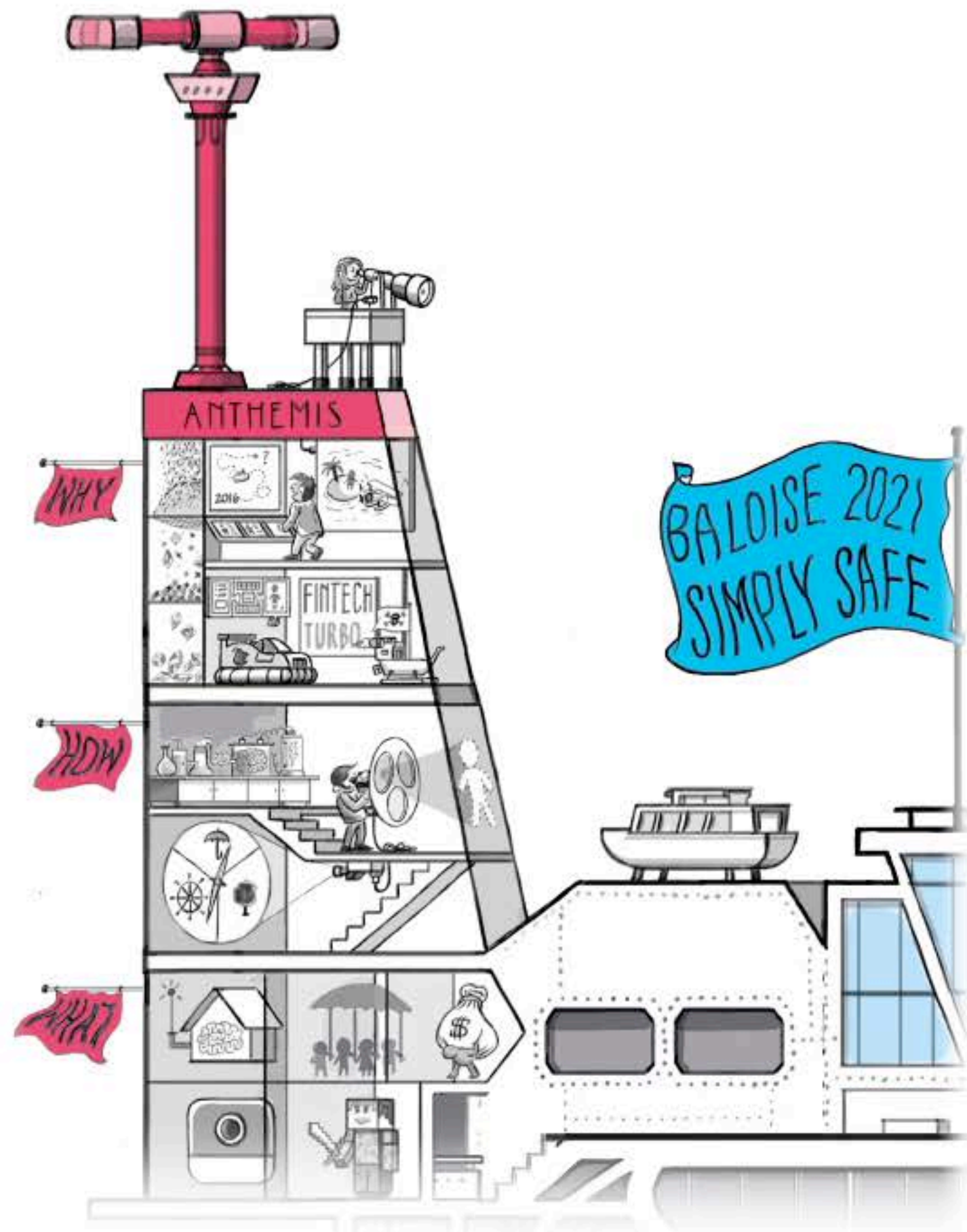
2. HOW – think tank lab for innovative fintech solutions

- We have teamed up with a London-based think-tank called Anthemis
- Structured approach with customer view as guiding lens for future opportunities

"How can I grow my assets today to live better tomorrow?"



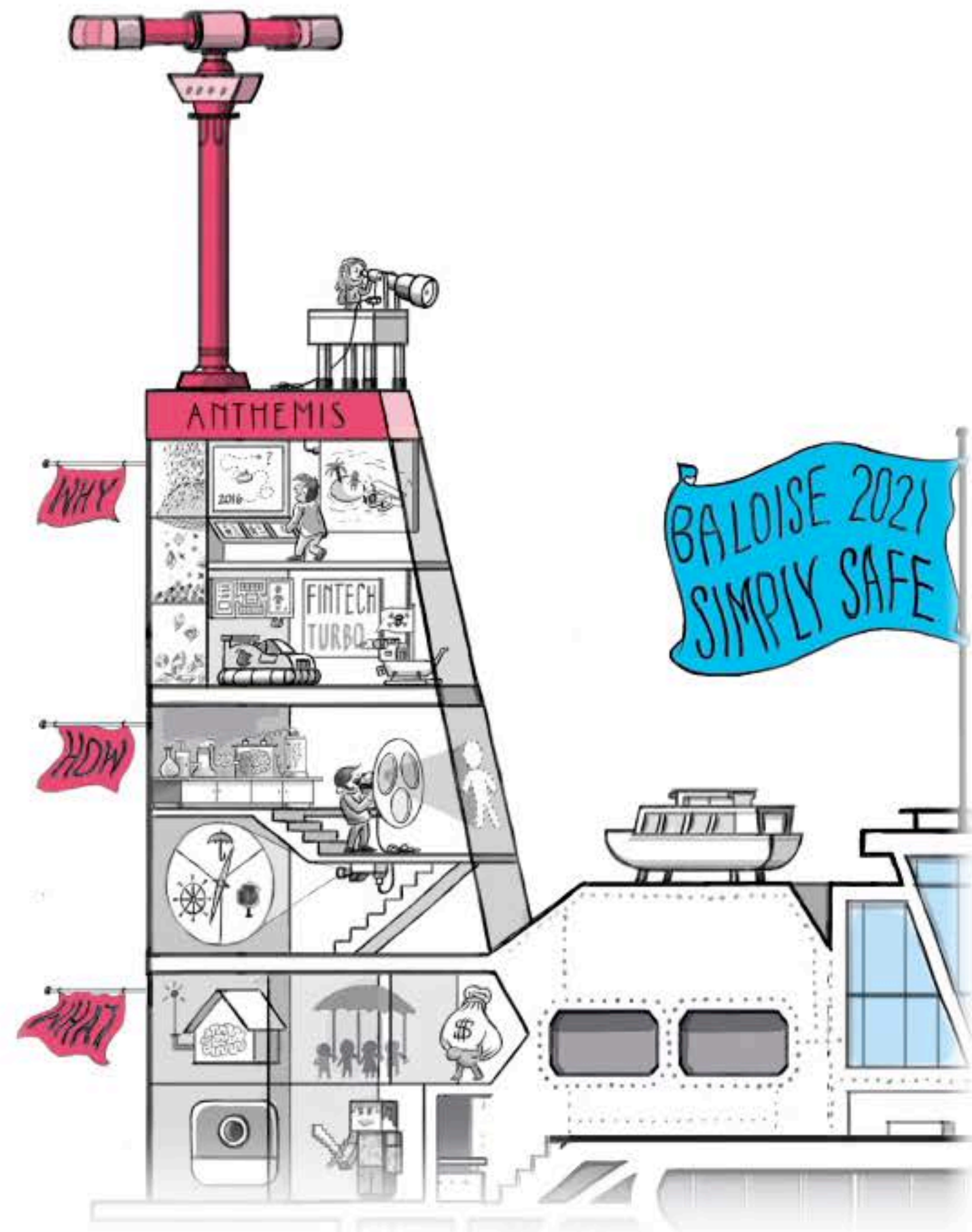
Anthemis – our long-range scanner for innovative business opportunities



3. WHAT – hypothesis fuel pipeline of opportunities

- Mobility and home content maintenance systems are virtually accident-free thanks to data science advancements
- Anyone can get coverage for pretty much anything they need
- Individuals incur more debt and they require more financial wellness services
- Identity has become a tradable asset class
- Digital assets become insurable and tradable

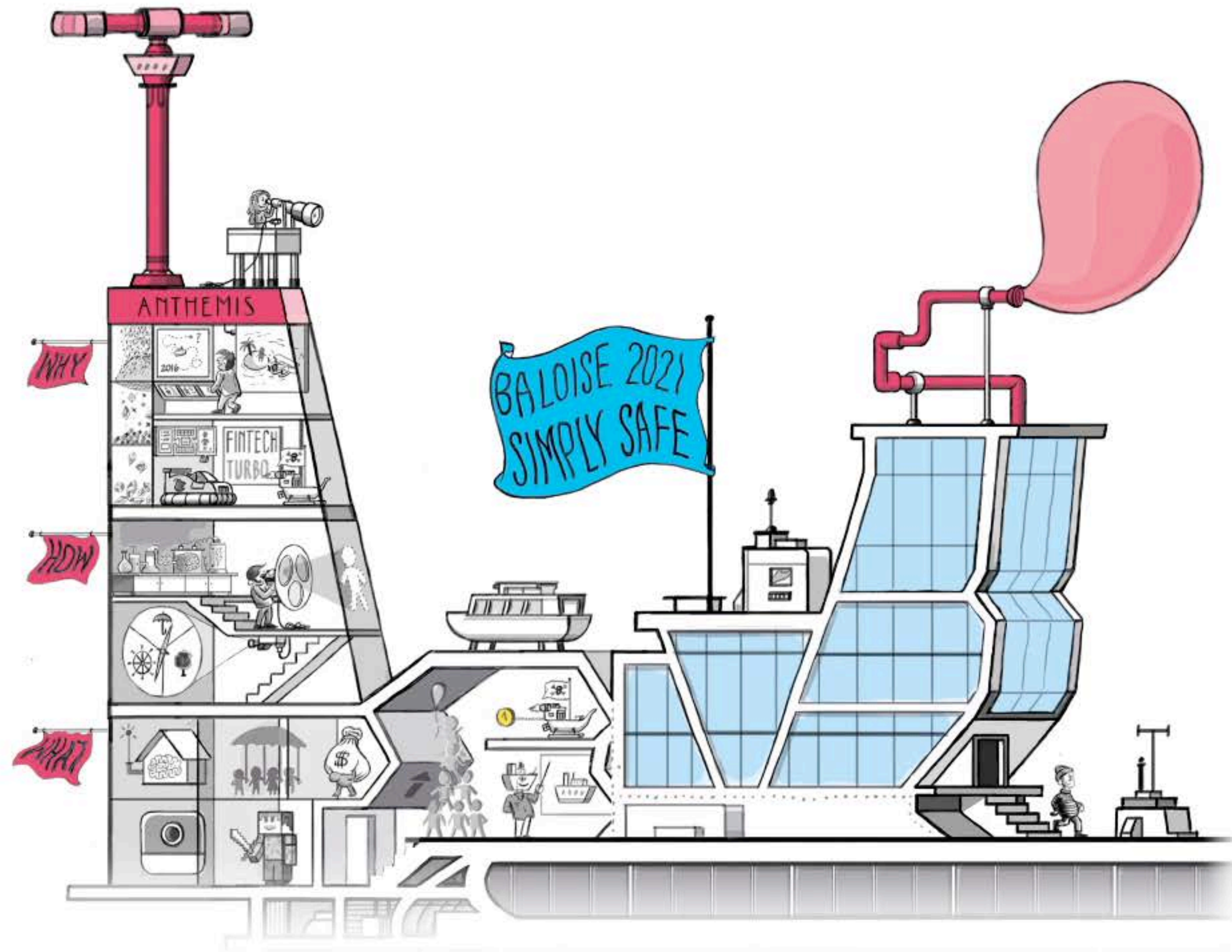
Anthemis – our long-range scanner for innovative business opportunities



3. WHAT – hypothesis fuel pipeline of opportunities

- Invest in an artificial intelligence analytics platform to acquire advanced forecasting capabilities
- Partner with a gaming company to learn about nonmaterial reward systems and how players value and share in-game assets
- Partner with an industry expert to understand the cycle of digital assets
- Partner with existing Peer-to-Peer Platform in order to incubate a Baloise insurance product

Anthemis – our long-range scanner for innovative business opportunities



4. Next steps – fostering a learning organisation and placing bets
 - Newly formed team "Group Strategy and Digital Transformation"
 - Baloise is committed to growing a learning organisation
 - Setting up a dedicated fund to make strategic investments into start-ups amounting to ca. CHF 50 mn or roughly 10% of our overall private equity investments



Our Ambition:

Become THE trusted choice
for people who want to
feel 'simply safe'

Our 5-Year Ambitions



Employees: A leading employer in the sector

Starting 2017 new disclosure of
Employee Promoter KPI



Our 5-Year Ambitions



Customers: The trusted choice for our customers

+ 1'000'000 new customers (+30%)



Our 5-Year Ambitions

Shareholders: A reliable and attractive dividend payer with the ability to invest in future growth

+ CHF 2.0 bn remittance to Holding





Baloise



Baloise



— *since 1863* —