

Annual Results 2016

Presentation to Investors and Analysts

Basel, 23 March 2017



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Agenda

1. Annual Results 2016 – In a Nutshell
2. Payout and Capital
3. Non-Life
4. Life
5. Banking and Asset Management
6. Assets
7. Baloise Figures
8. Further Information

1. Annual Results 2016 – In a Nutshell

Annual Results 2016

1. Growth in target segments and excellent result
2. Stronger balance sheet due to reserve strengthenings
3. Again outstanding Combined Ratio in Non-Life and significant improved margins in Life

improved business mix

Performance

Growth
 Non-Life 3.0%
 Life -5.6%
 Investment-type +5.5%

Net Income (+4.4%)
CHF 535 mn
 RoE 9.7%
 EPS CHF 11.53

Capital
 Equity CHF 5.8 bn
 S&P Rating A
 Outlook stable
 Economic Capitalisation SST
 'in the green'

Shareholder

Dividend

Proposed dividend
5.20 (+ CHF 0.20)
 Dividend yield
4.1%
 Payout ratio
49%

Total Shareholder Return

4.9%

Share buy-back 2015/2016

Completed in
July 2016
 Average purchase price
 CHF 113.83
 (VWAP: CHF 118.74)
 Total amount returned to shareholders
 CHF 113.83 mn

Our 5-year ambition: become THE trusted choice for people who want to feel 'simply safe.'
 Find out more: baloise.com/strategy

A leading employer in the sector

The trusted choice for our customers: one million additional customers

A reliable and attractive investment: CHF 2 bn cash remittance to the Holding



New share buy-back of 3 mn shares starting Q2 2017

- Mobile Insurer Friday launched with the ambition to become Germany's most popular mobile insurer by 2021
- Fintech partnership with Anthemis Group and F10 started to accelerate Baloise's digital revolution
- Various products launched to attract young clients

Non-Life

Group C/R net **92.2%**

🇨🇭 C/R CH 🇩🇪 C/R GER 🇧🇪 C/R BEL 🇱🇺 C/R LUX
 81.2% 109.7% 93.4% 93.9%

EBIT CHF 396 mn

One-off reserve strengthening

Life

21.3%
 New business margin

117 bp
 Interest rate margin

EBIT CHF 226 mn

Banking & Asset Management

Net Investment Yield Assets under Management

2.9%

Life 2.9%
 Non-Life 2.6%

Group Assets CHF 62.9 bn

Third Party CHF 4.9 bn

EBIT CHF 92 mn

2016

2. Payout and Capital

Payout

Dividend

	2016
Proposed dividend	CHF 5.20 (+ CHF 0.20)
Payout ratio	49%
Dividend yield	4.1%

Strong commitment to current dividend level and ambition to enhance cashflow sources for Bâloise Holding going forward

Share buy-back

2015/2016 share buy-back programme completed on 29 July 2016

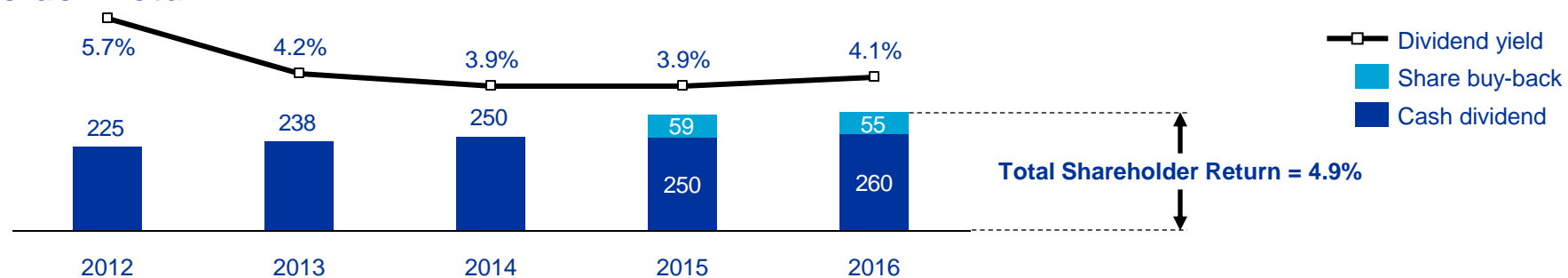
Shares repurchased	1 mn
Average repurchase price	CHF 113.83 (VWAP: CHF 118.74)

New share buy-back programme (starting Q2 2017)

Shares to be repurchased	3 mn
Expected buy-back period	3 years

Total Shareholder Return

in CHF mn



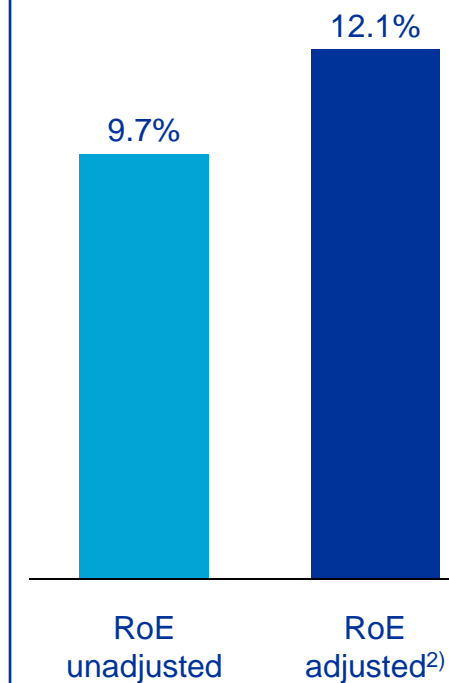
Capital - IFRS Total Equity

Change in equity

In CHF mn, incl. non-controlling interests	2016	Per share ¹⁾
Total equity at January 1	5,454	116.0
Other comprehensive income	-103	
Dividends	-232	
Profit for the period	534 $\Delta = 5.9\%$	$\Delta = 6.7\%$
Purchase / sale of treasury shares	121	
Change in non-controlling interests	-	
Total equity at December 31	5,774	123.8

¹⁾ Based on consolidated total equity (excl. non-controlling interests) and on average shares outstanding

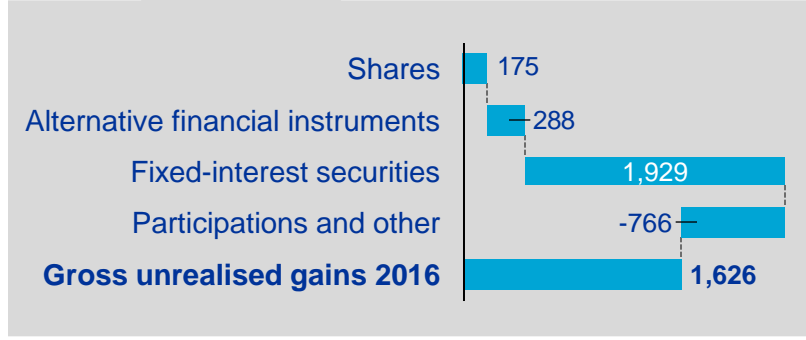
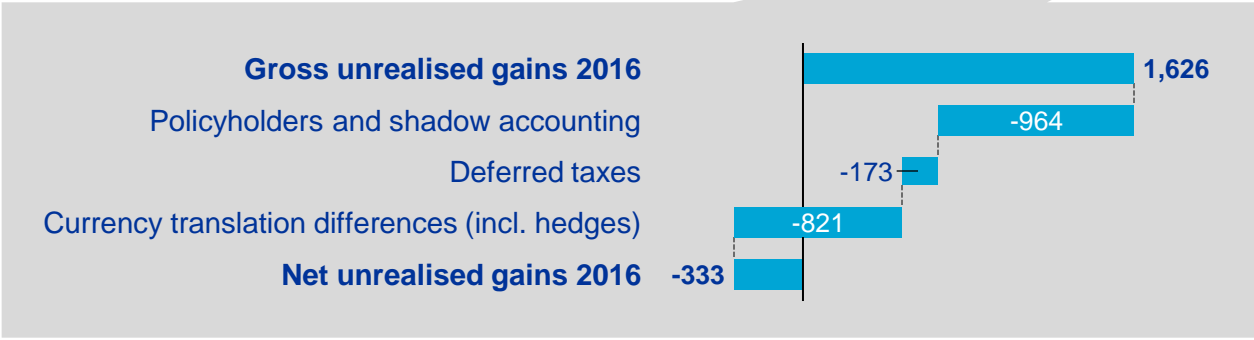
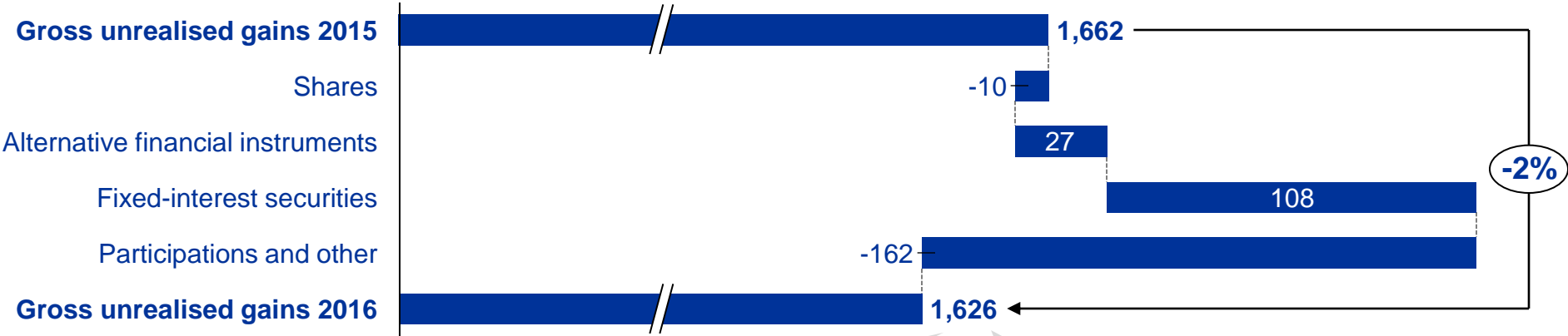
Return on Equity



²⁾ Adjusted for unrealised gains and losses on available-for-sale securities

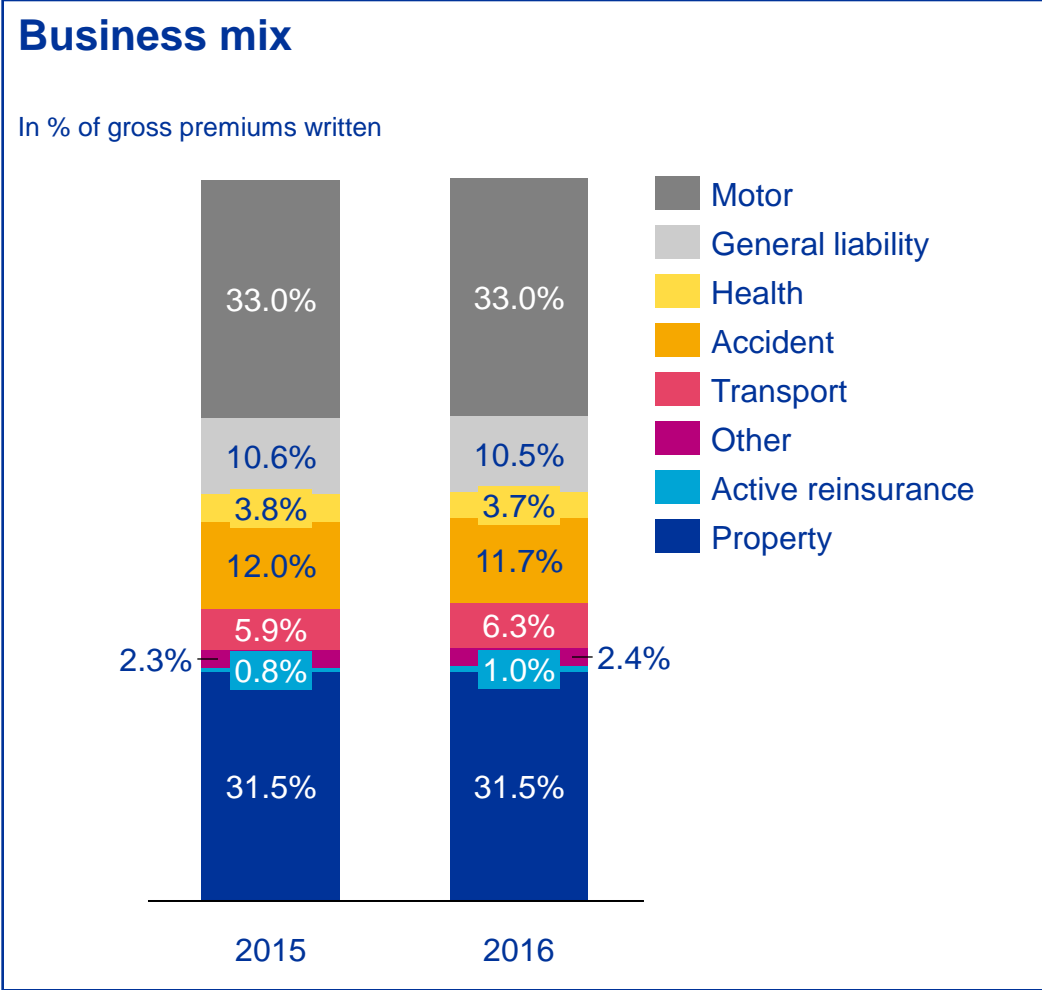
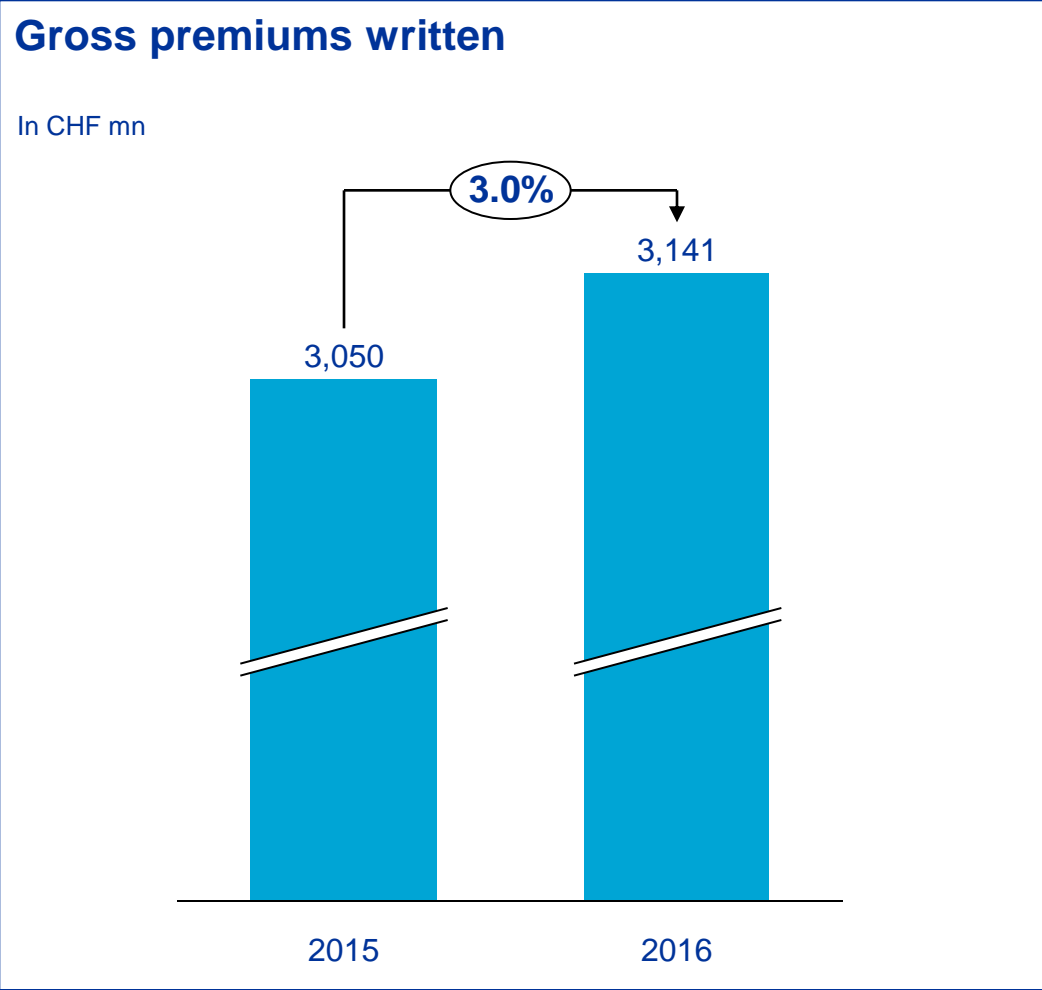
Capital - Unrealised Capital Gains

Gross and net unrealised capital gains



3. Non-Life

Non-Life – Business Volume and Business Mix



Non-Life – Earnings and Combined Ratio

Profit & Loss

In CHF mn	2015	2016
Premiums earned (net)	2,919	2,960
Premiums earned (gross)	3,049	3,110
Reinsurance premiums ceded	-130	-150
Claims and benefit paid (net)	-1,820	-1,830
Claims and benefits paid (gross)	-1,854	-1,860
Reinsurers' share of claims incurred	90	96
Change in technical reserves	-55	-67
Technical costs	-899	-928
Acquisition costs	-409	-440
Operating and administrative expenses	-490	-489
Net investment result	230	243
Other	-35	-48
EBIT	396	396

Incl. one-off reserve strengthening in Germany of CHF 55 mn

Increase in costs driven by growth

See page 15 for details

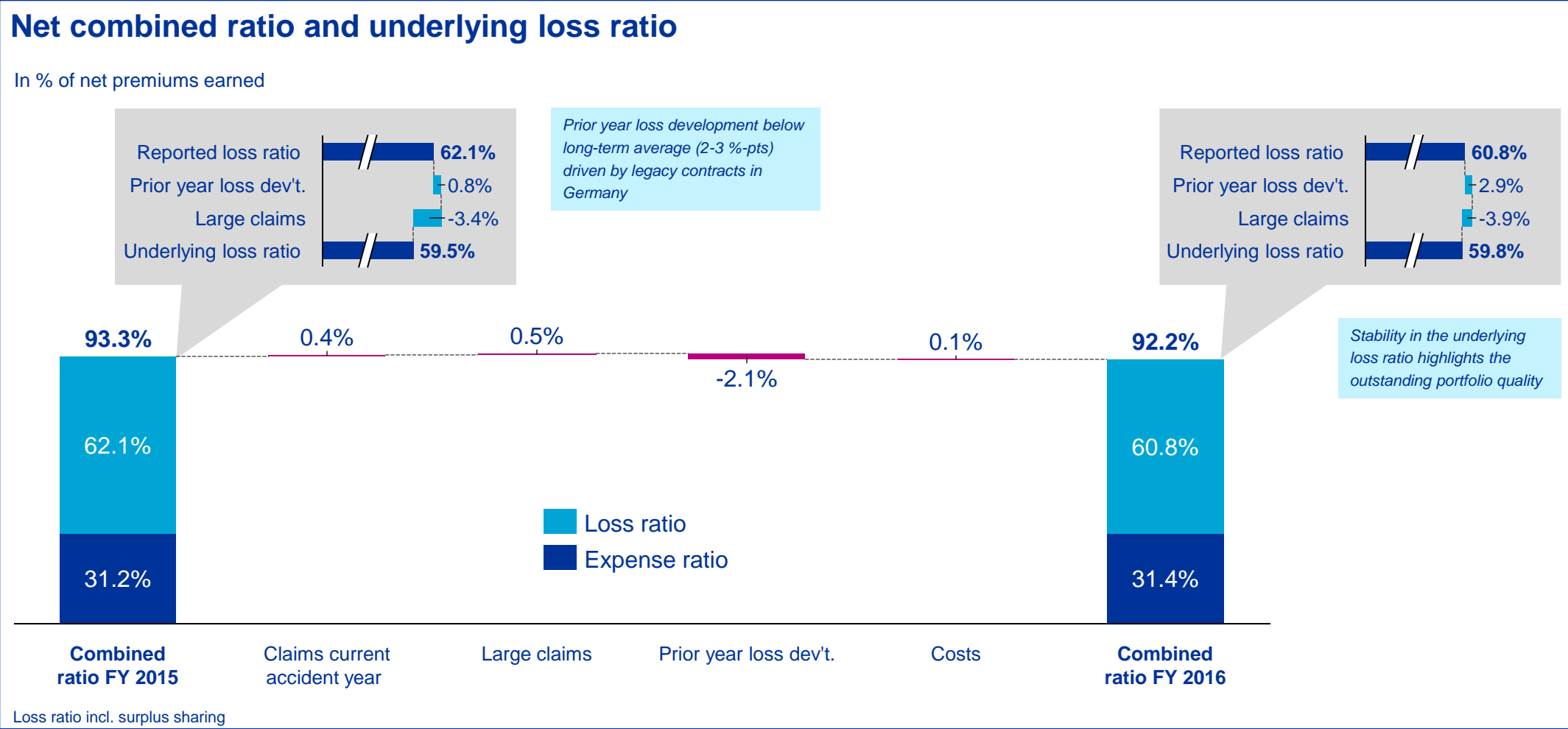
Margin – Net combined ratio

In %	2015	2016
Net combined ratio	93.3	92.2
Loss ratio	62.1	60.8
Claims and benefit paid (net) / premiums earned (net)	62.3	61.8
Adjustment for non-life annuities ¹⁾	-0.6	-0.6
Adjustment for impending losses ²⁾	0.4	-0.5
Expense ratio	31.2	31.4
Technical costs / premiums earned (net)	30.8	31.4
Expense adjustment	0.4	0.0





¹⁾ For interest effect from discounted non-life annuity reserves

²⁾ Relating to future reporting periods

Non-Life – Analysis of Change



Non-Life – Margins by Country

Net combined ratio					
	Switzerland	Germany	Belgium	Luxembourg	Group
In % of net premiums earned					
Loss ratio	55.0	72.8	58.9	64.0	60.8
Expense ratio	26.2	36.9	34.5	29.9	31.4
Combined ratio 2016	81.2	109.7	93.4	93.9	92.2
Change vs. FY 2015 (in pts)					
Δ Loss ratio	-5.6	4.8	-1.0	3.3	-1.3
Δ Expense ratio	-0.4	1.2	0.8	-4.1	0.2
Δ Combined ratio	-6.0	6.0	-0.2	-0.8	-1.1

Loss ratio incl. surplus sharing

Adjusted for the reserve strengthening the combined ratio of Germany amounts to 102.2%, the one of the Group to 90.3%.

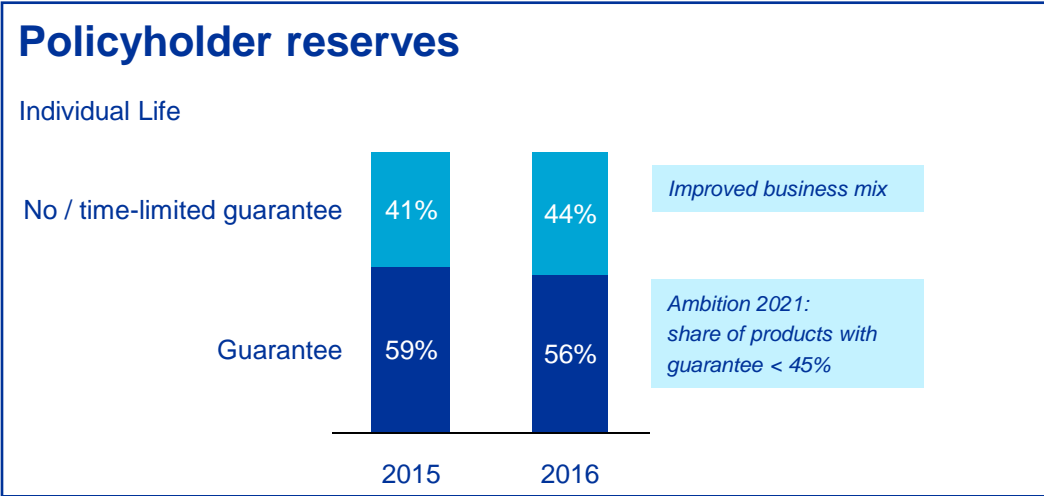
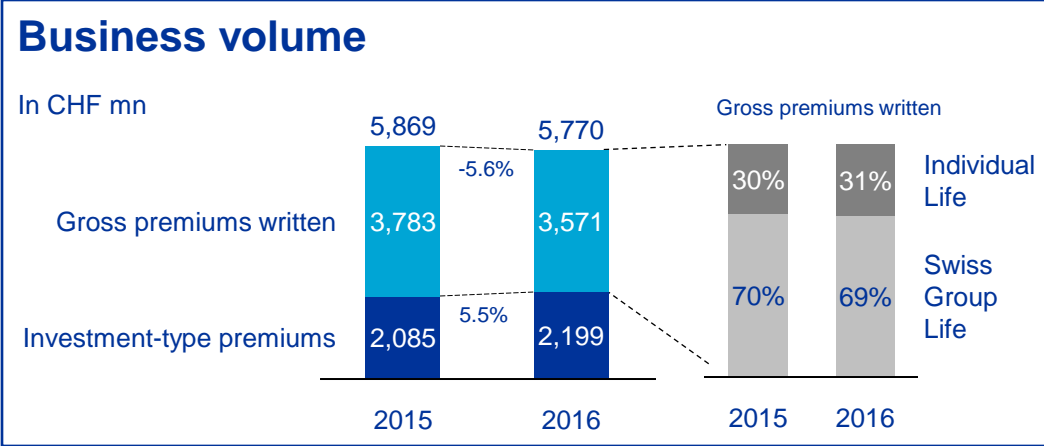
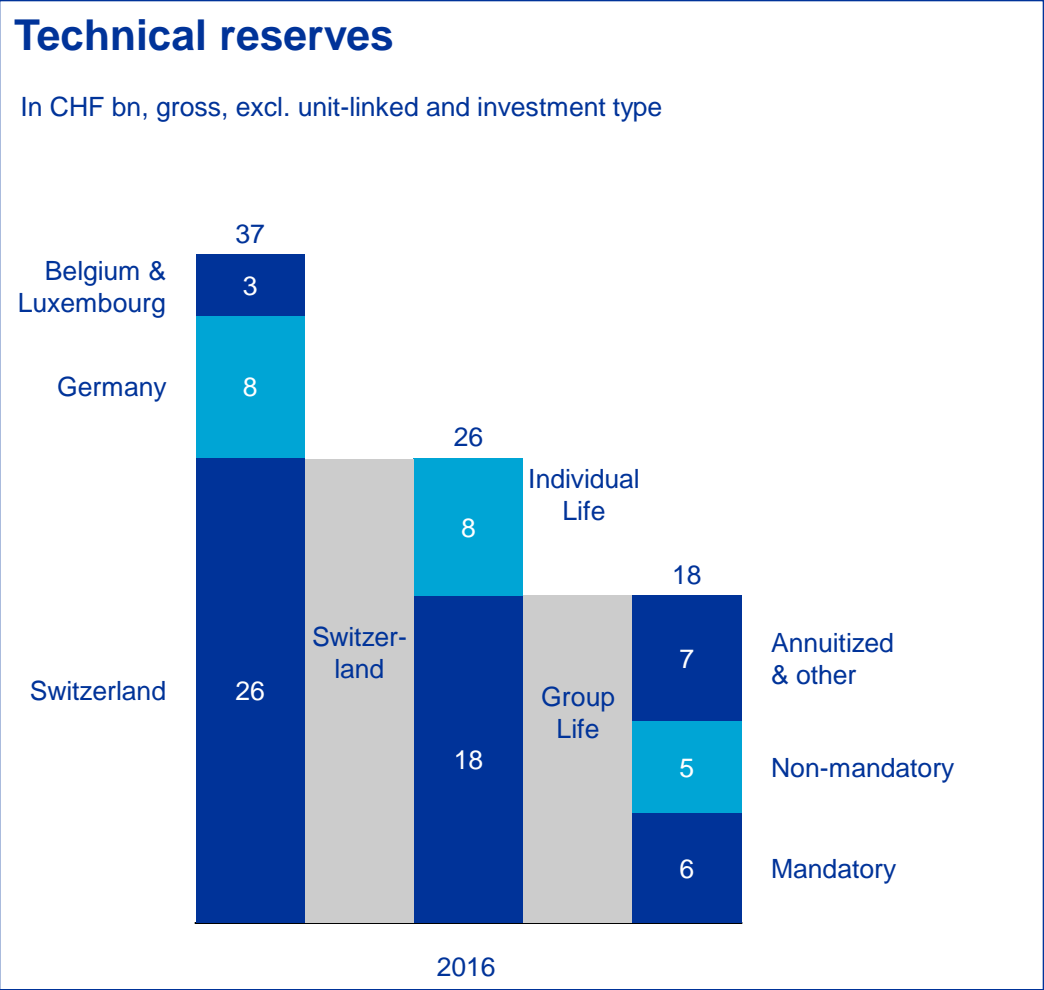
Non-Life – Investment Result

Investment income and yield							
In CHF mn	FY 2016 Current investment income	FY 2016 Impairments	FY 2016 Gains and losses through income statement			FY 2016 Net investment result	FY 2015 Net investment result
			On underlying	On derivatives	Net		
Fixed-income securities	101	0	62	-	62	163	154
Equities ¹⁾	44	-29	41	-25	16	30	40
Investment property	38	-	11	-	11	49	55
Other ²⁾	35	-3	8	-	8	41	68
Total before FX and investment expenses	218	-32	122	-25	97	282	317
FX: gains / losses and hedging costs			9	-26		-17	-65
Investment expenses						-23	-22
Net investment result						243	230
Average investments						9,163	9,517
Net investment yield						2.6%	2.4%

¹⁾ incl. senior secured loans ²⁾ incl. mortgages and loans

4. Life

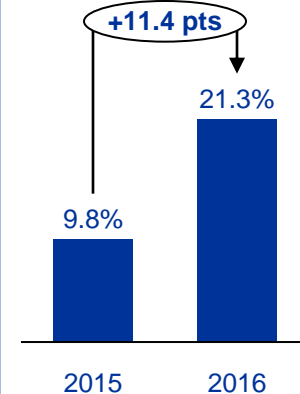
Life – Business Volume and Business Mix



Life – Volume and Value of New Business

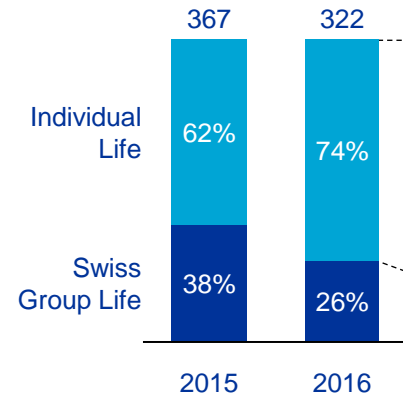
New business

Margin
in % APE

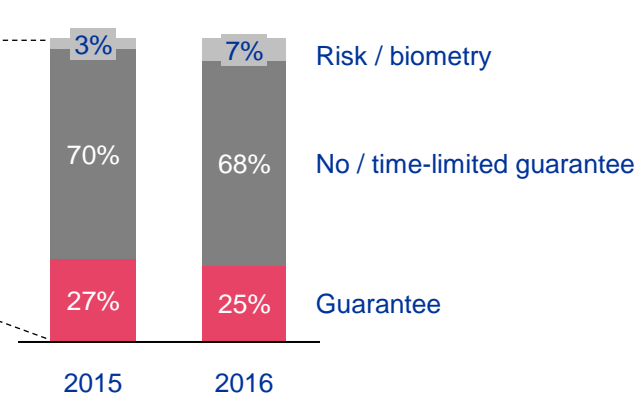


Improved margin due to selective underwriting, improved business mix and model refinements in Switzerland

Volume
APE, in CHF mn



Business mix
Individual Life, in % APE



Ambition 2021:
share of products with
guarantee < 15%

	2015					2016				
	CH	D	B	Lux ¹⁾	Group	CH	D	B	Lux ¹⁾	Group
Margin (in % APE)	1.1%	24.1%	28.5%	11.6%	9.8%	23.7%	25.1%	32.4%	11.5%	21.3%
Volume (APE)	178	27	52	109	367	115	39	58	110	322
Value (MCVNB)	2	7	15	13	36	27	10	19	13	69

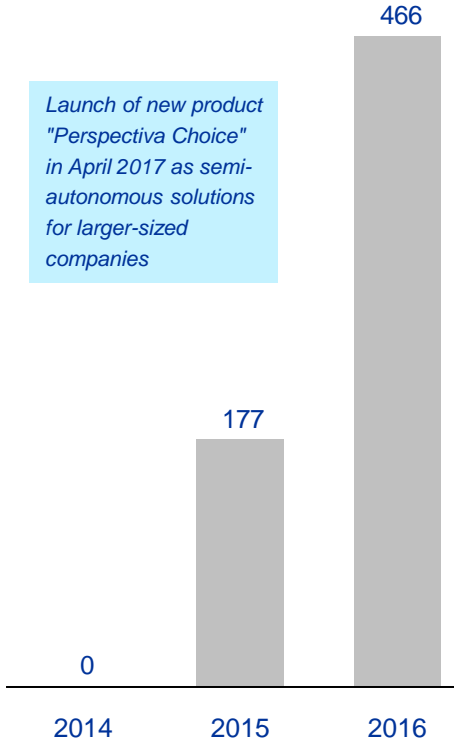
¹⁾ excl. Baloise Life Liechtenstein

For further details see MCEV Report 2016

Swiss Group Life

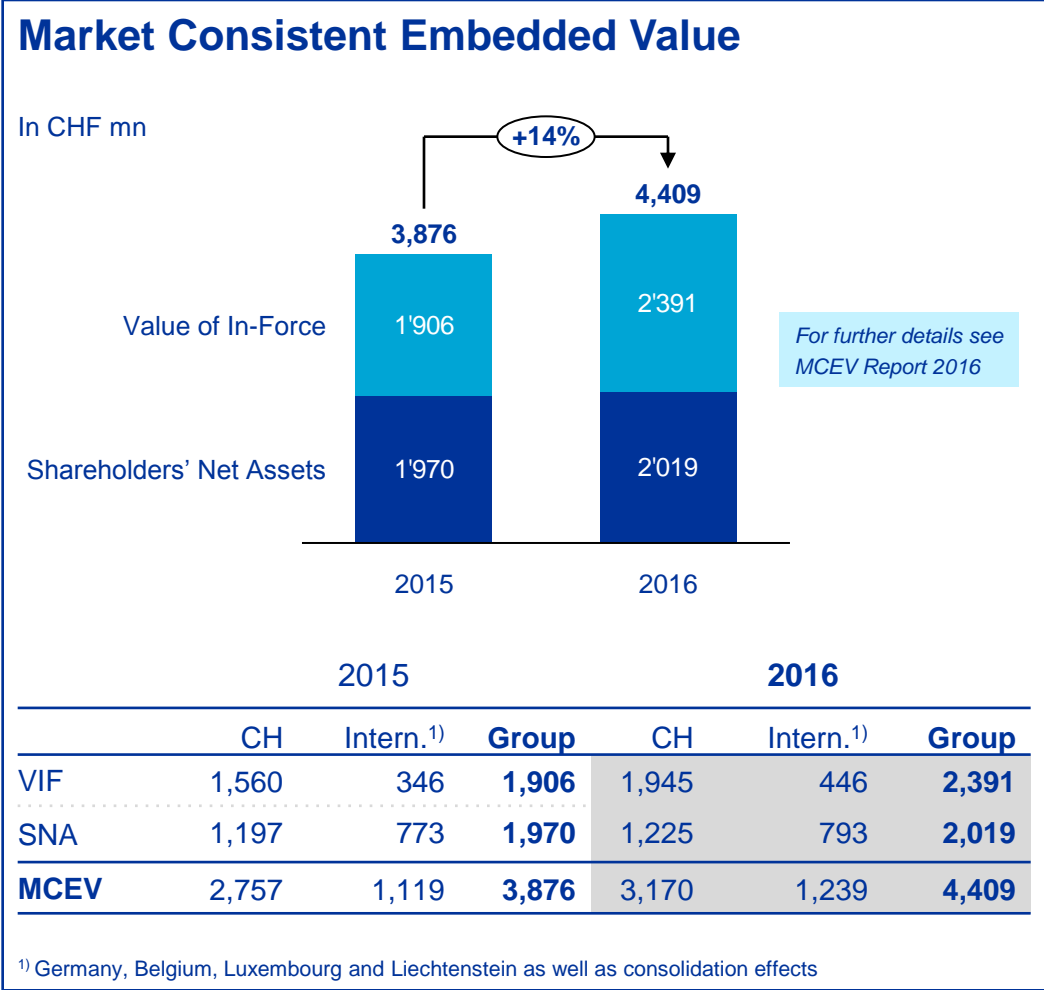
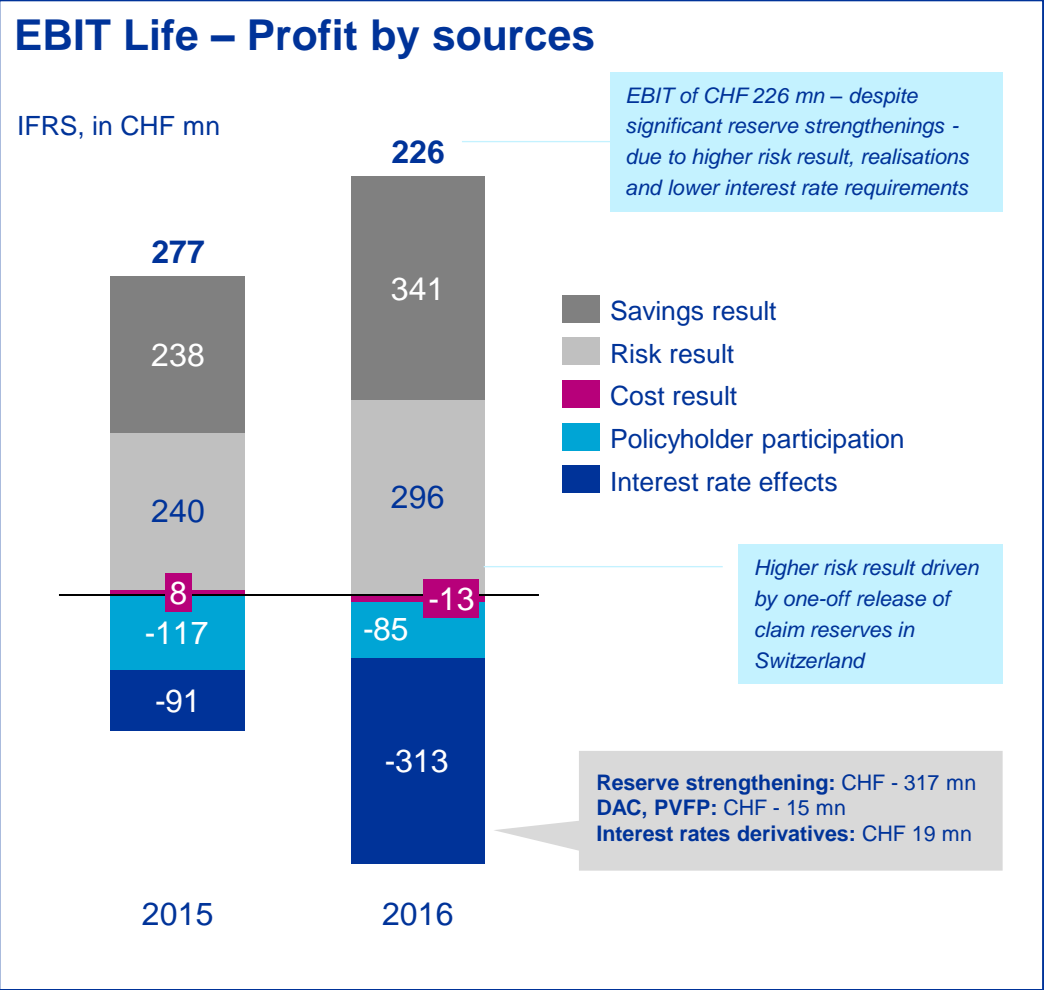
Semi-autonomous solution «Perspectiva»

total companies



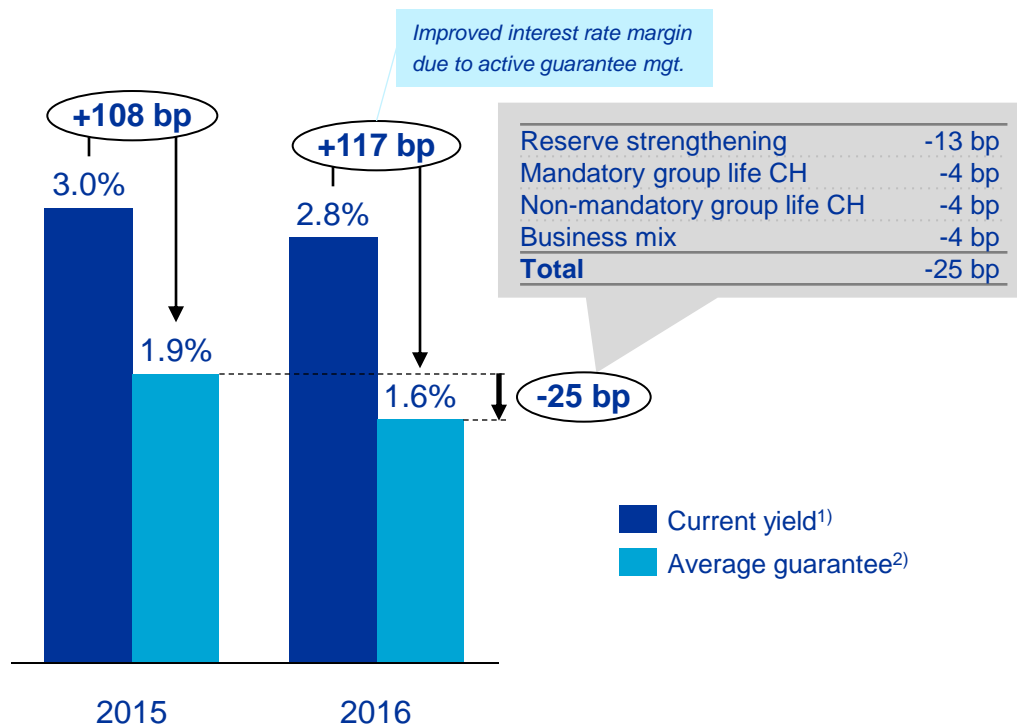
Launch of new product "Perspectiva Choice" in April 2017 as semi-autonomous solutions for larger-sized companies

Life – Earnings and Value



Life – Average Guarantees and Interest Rate Margin

Current yield and guarantees



¹⁾ Current investment income (IFRS) in % of statutory reserves, excl. realised capital gains / losses, incl. investment costs

²⁾ Average guarantee (statutory basis), as at 1.1. next year

Technical reserves and average guarantees

Statutory basis

	CH Ind. Life	CH Group Life	CH +	D +	B +	Lux +	Group
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Technical reserves³⁾

As at 31.12. current year, in CHF bn

2015	8.0	16.0	23.9	6.0	5.0	0.4	35.4
2016	8.1	16.6	24.7	5.9	5.3	0.5	36.4

Average guarantees

As at 1.1. next year

2015	1.9%	1.3%	1.5%	2.8%	2.9%	2.7%	1.9%
2016	1.7%	1.0%	1.2%	2.4%	2.6%	2.6%	1.6%

Reserve strengthening and lower guarantees (mandatory minimum rate from 1.25% to 1.0% and non-mandatory rate from 0.75% to 0.5% in Swiss Group Life)

Additional reserving in line with German interest rate reserve ("Zinszusatzreserve")

Active management of guarantees

³⁾ Excl. unit-linked

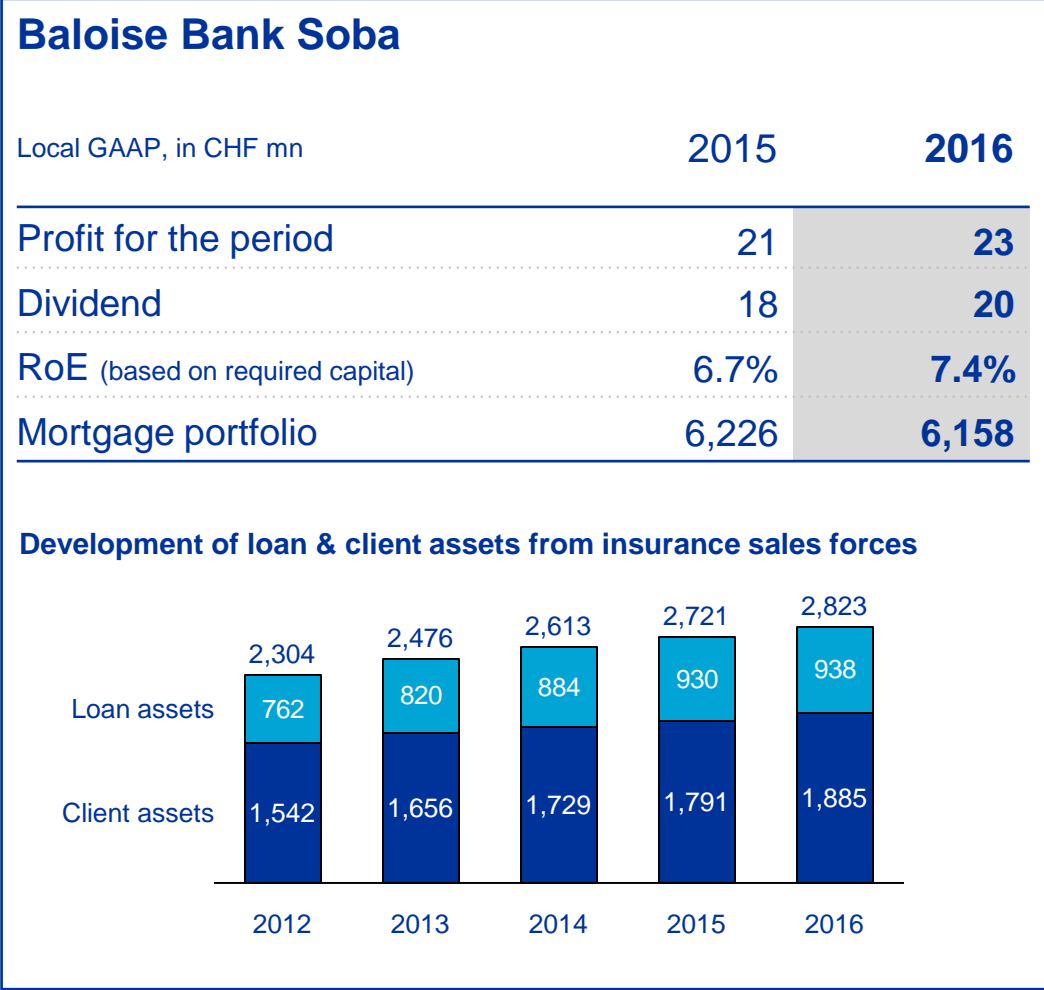
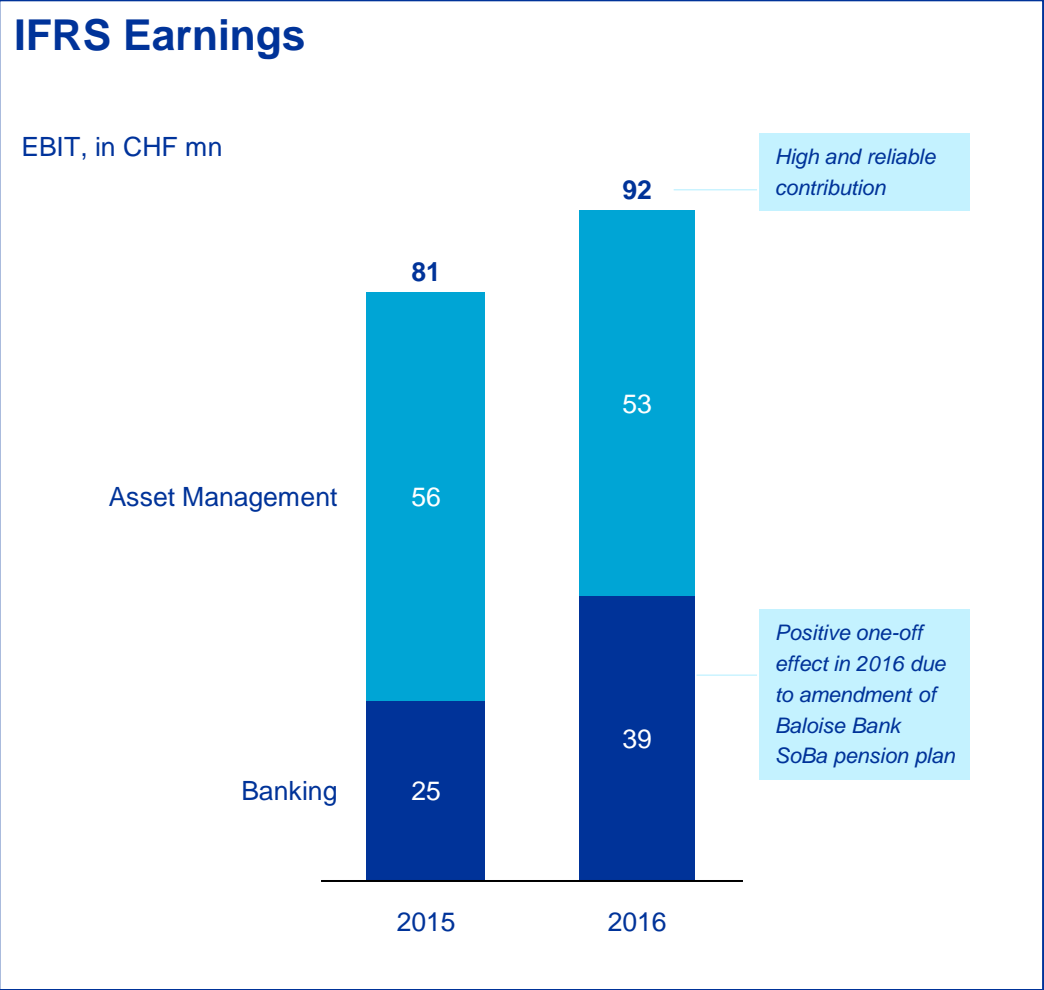
Life – Investment Result

Investment income and yield							
In CHF mn	FY 2016 Current investment income	FY 2016 Impairments	FY 2016 Gains and losses through income statement			FY 2016 Net investment result	FY 2015 Net investment result
			On underlying	On derivatives	Net		
Fixed-income securities	588	-	244	40	284	872	932
Equities ¹⁾	107	-66	64	-37	27	69	63
Investment property	208	-	48	-	48	256	305
Other ²⁾	258	-18	67	-	67	307	374
Total before FX and investment expenses	1,161	-83	423	3	425	1,504	1,673
FX: gains / losses and hedging costs			50	-133		-83	-131
Investment expenses						-84	-87
Net investment result						1,336	1,456
Average investments						45,706	46,393
Net investment yield						2.9%	3.1%

¹⁾ incl. senior secured loans ²⁾ incl. mortgages and loans

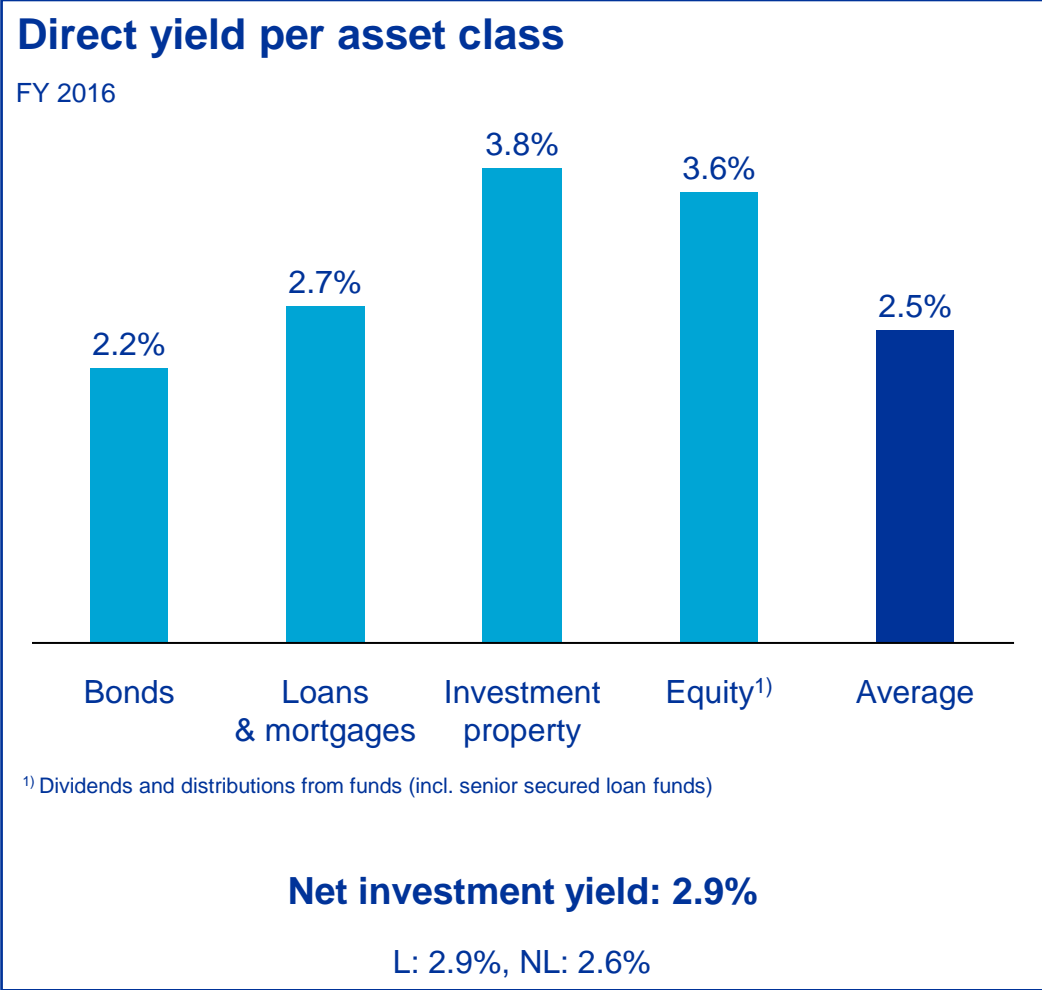
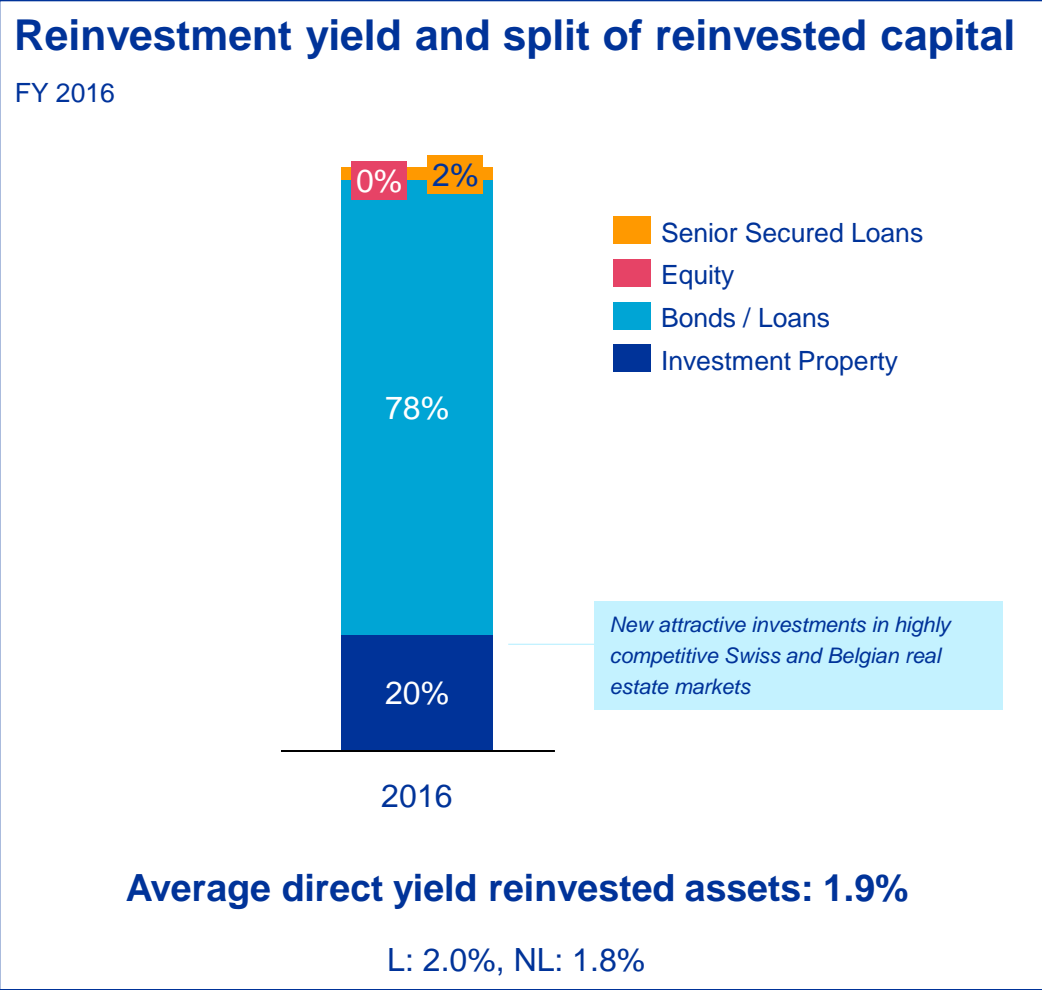
5. Banking and Asset Management

Banking and Asset Management – Earnings



6. Assets

Reinvestment and Direct Yield

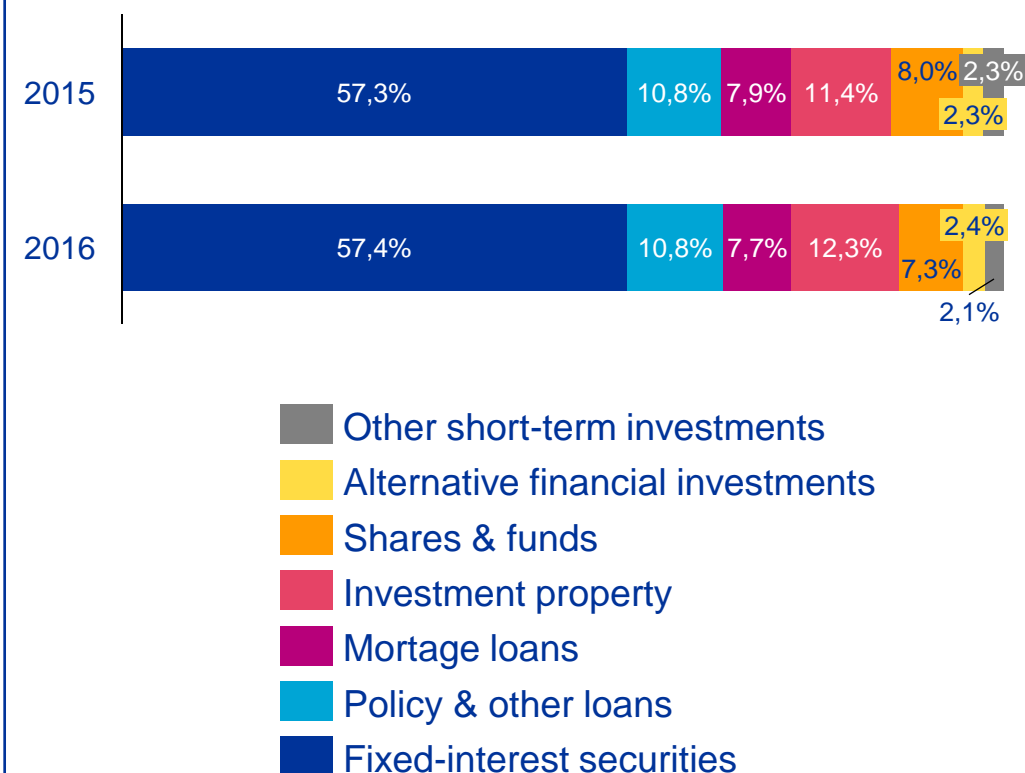


Split of Assets and Insurance Asset Allocation

Split of total assets

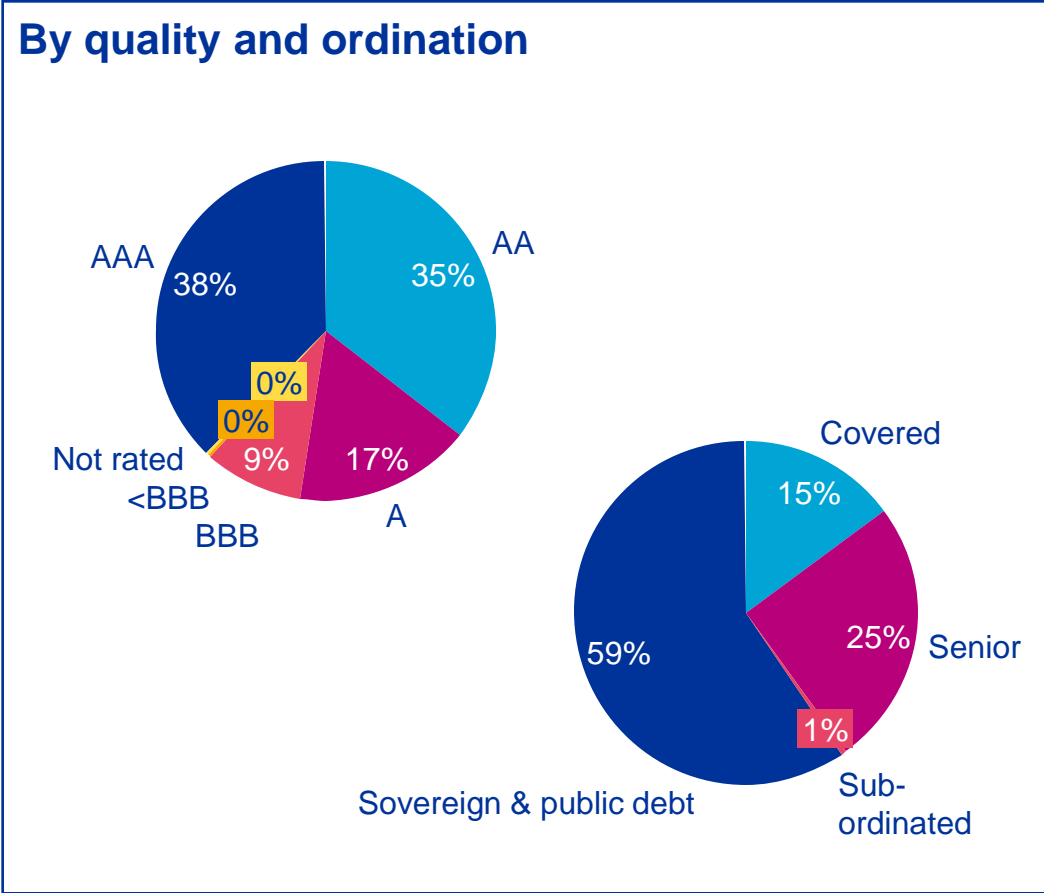
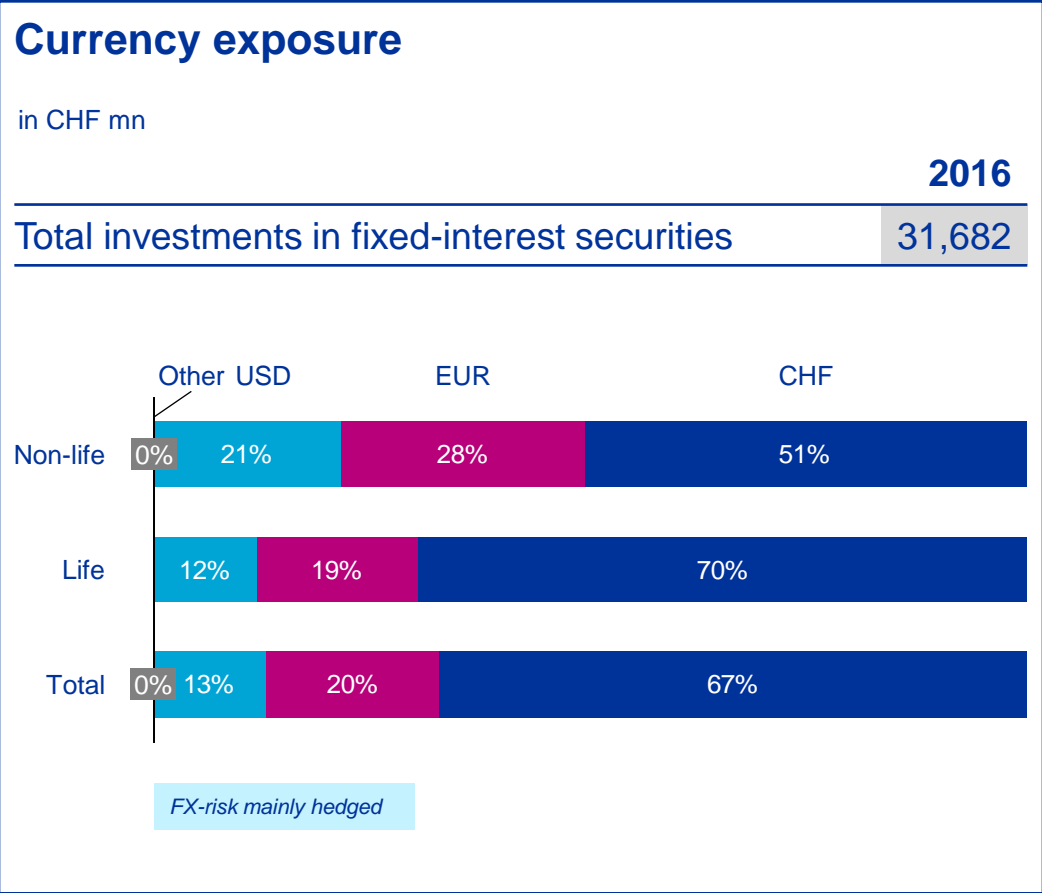
In CHF mn	2015	2016
Insurance assets	54,566	55,173
Non-life	9,160	9,167
Life	45,406	46,006
Banking assets	7,902	8,121
Other and elimination	-193	-401
Group assets	62,275	62,892
Investment-linked life insurance	11,186	12,337
Asset management for third parties	4,986	4,938
Total assets	78,447	80,168

Insurance asset allocation

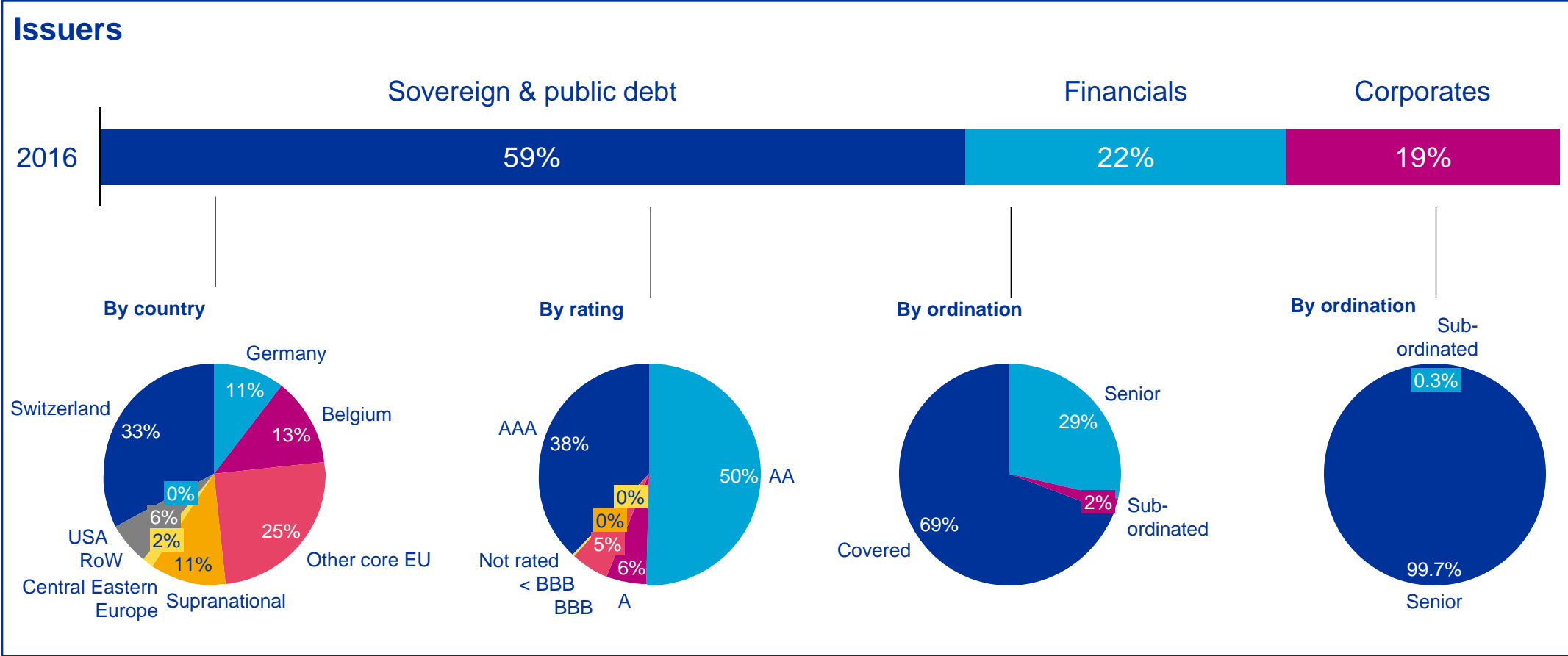


Insurance Assets: Fixed-Interest Securities (1/3)

2016



Insurance Assets: Fixed-Interest Securities (2/3)



Duration: Fixed-Interest Securities (3/3)

2016

57.4%

55,173

Duration of bonds and promissory notes

Duration by classification

	2015		2016	
	Years	in %	Years	in %
Duration bonds available-for-sale (AFS)	8.4	59.9%	8.6	60.9%
Duration bonds held-to-maturity (HTM)	10.4	24.9%	10.4	24.3%
Duration promissory notes	8.3	15.2%	8.9	14.8%
Duration portfolio	8.9	100%	9.1	100%

Duration by line of business

	2015		2016	
	Years	in %	Years	in %
Duration life bonds (incl. promissory notes)	9.3	87.1%	9.6	85.8%
Duration non-life bonds (incl. promissory notes)	5.7	12.9%	5.8	14.2%
Duration portfolio	8.9	100%	9.1	100%

Insurance Assets: Policy Loans, Mortgages, Investment Property



Policy & other loans

In CHF mn

	2016
Total investments	5,940

Investment property

In CHF mn

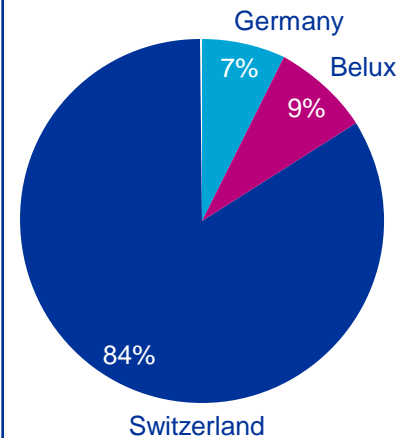
	2016
Total investments	6,793

Mortgages

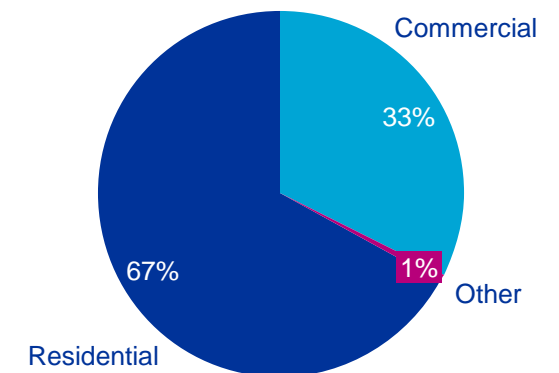
In CHF mn

	2016
Total investments	4,237

By country



By type



Insurance Assets: Shares & Funds

2016

7.3%

55,173

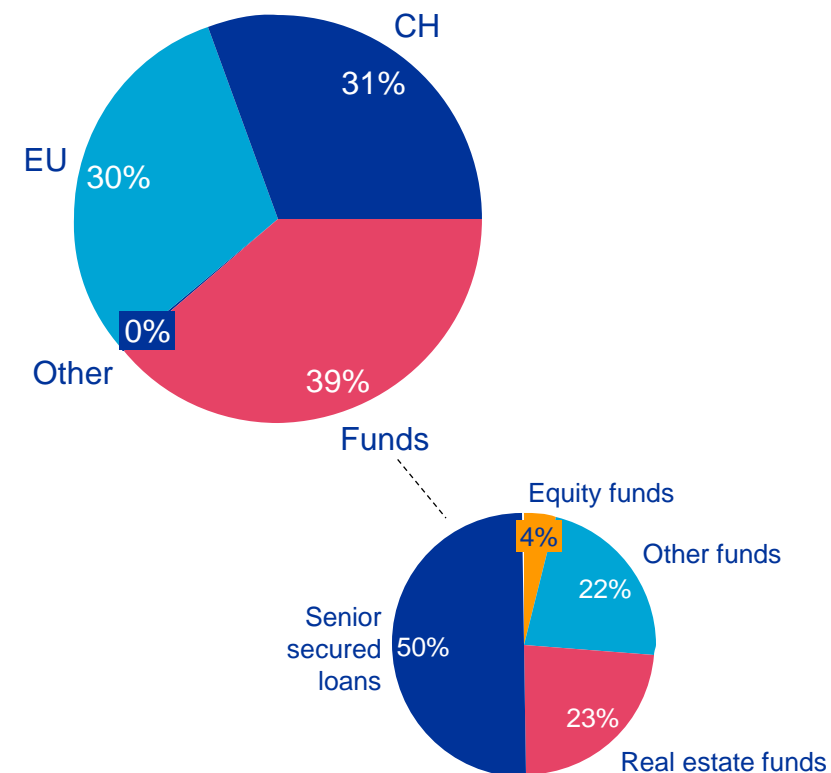
Shares & funds

in CHF mn

	2016
Total investments	4,042
IFRS equity exposure	
Equities	4.5%
Other equity classified assets ¹⁾	2.8%
Shares & funds	7.3%
Private equity	1.1%
Hedge funds (equity related)	0.3%
Equity derivatives	-1.0%
IFRS equity exposure	7.7%

¹⁾ e.g. bond & property funds treated as equity under IFRS

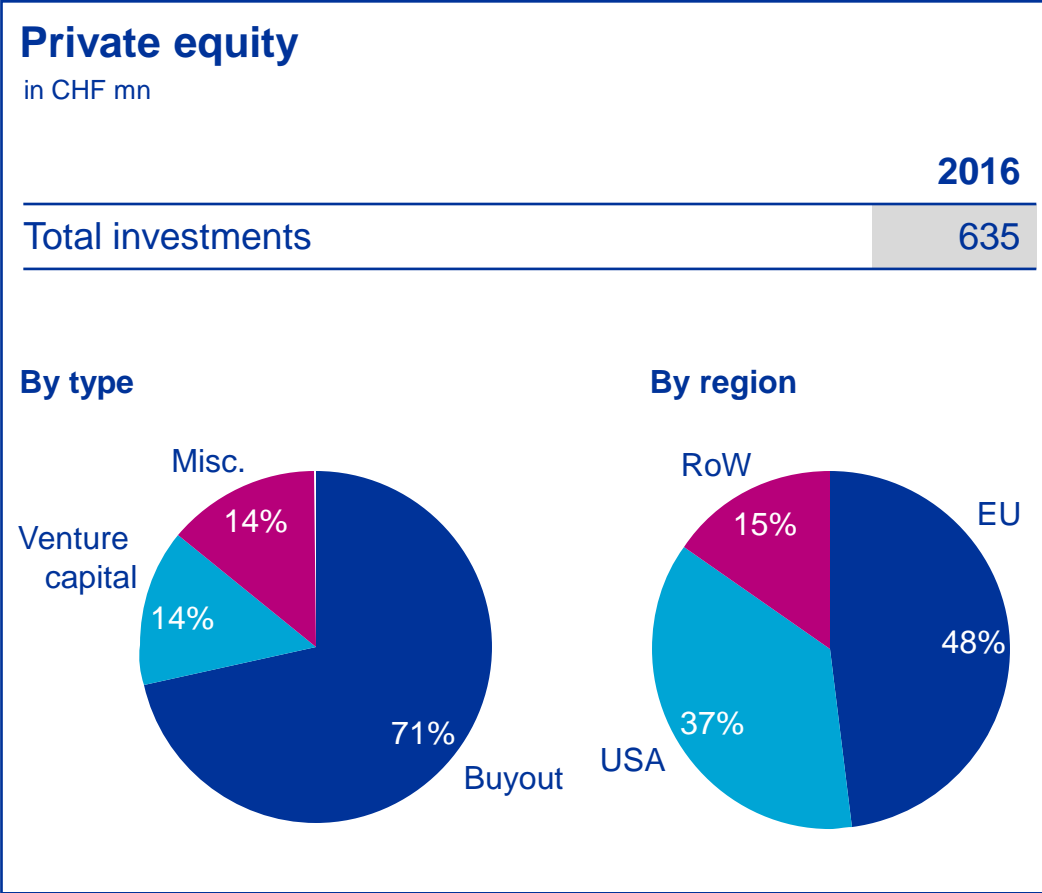
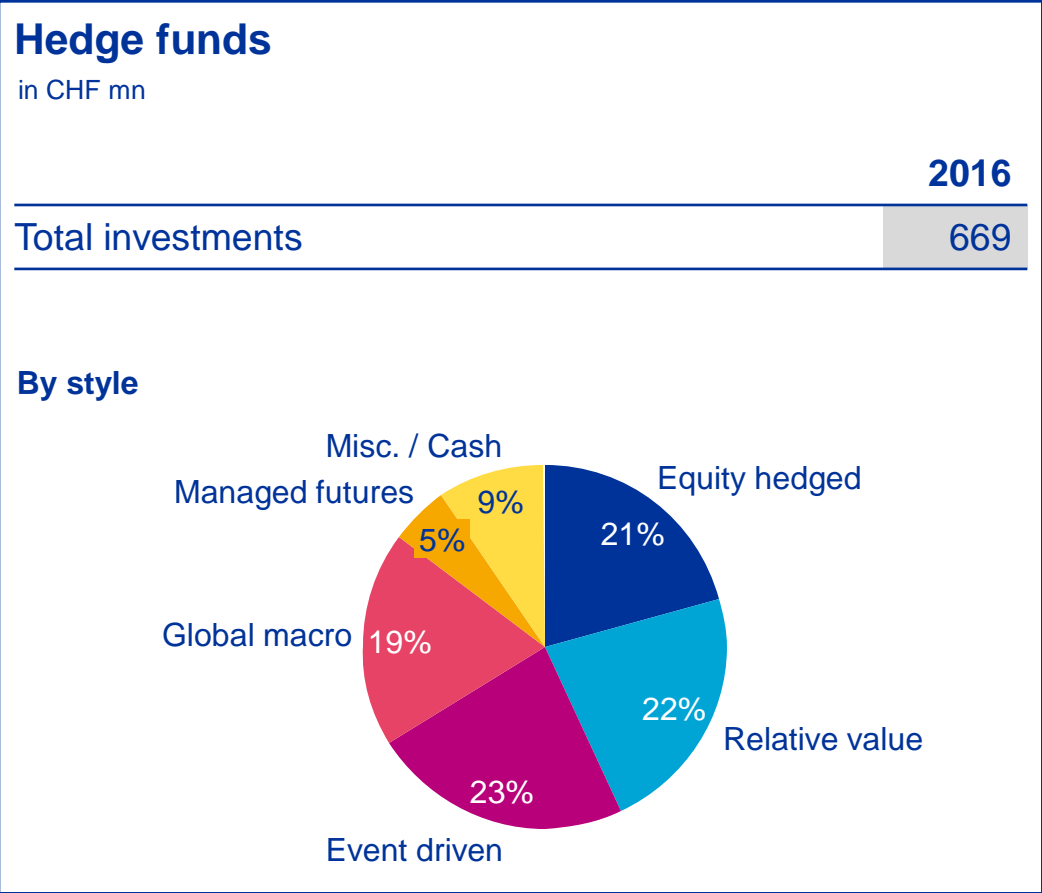
Regional exposure



Insurance Assets: Alternative Financial Investments

2016

2.4% 55,173



7. Baloise Figures

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DIMENSIONS		COLUMNS		Year	2011	2012	2013	2014	2015
Measures		Year							
Year									
				Year	2011	2012	2013	2014	2015
				Gross premiums written (non-life) [CHF mn]	3,143.5	3,317.7	3,441.7	3,358.8	3,050.0
				Gross premiums written (life) [CHF mn]	3,659.8	3,424.0	3,787.2	3,816.8	3,783.4
				Sub-total of IFRS gross premiums written [CHF mn]	6,803.3	6,741.7	7,228.9	7,175.6	6,833.4
				Investment-type premiums [CHF mn]	1,341.2	1,616.6	1,780.6	2,130.2	2,085.1
				Total business volume [CHF mn]	8,144.5	8,358.3	9,009.5	9,305.8	8,918.6
				Profit/loss - Non-life [CHF mn]	127.0	409.7	366.3	422.7	395.5
				Profit/loss - Life [CHF mn]	15.9	176.7	261.1	481.1	277.3
				Profit/loss - Banking [CHF mn]	73.3	78.6	75.4	73.7	80.8
				Profit/loss - Other activities [CHF mn]	-72.3	-47.1	-44.5	-48.9	-34.4
				Profit/loss - Profit for the period [CHF mn]	61.3	485.2	455.4	711.9	511.1
				Technical reserves [CHF mn]	45,561.9	46,591.9	47,435.6	48,738.9	45,765.8
				Equity [CHF mn]	3,893.6	4,641.3	4,906.4	5,831.0	5,462.3
				Return on equity (RoE) [%]	1.60	11.80	9.80	13.54	9.26
				Gross combined ratio (non-life) [%]	92.40	93.20	93.10	93.70	92.50
				Net combined ratio (non-life) [%]	95.50	94.10	94.90	93.60	93.30
				New business margin (life) [%]	10.20	8.90	13.50	15.00	9.80
				Investment performance (insurance) [%]	2.80	6.60	2.30	6.90	1.80
				Embedded value (MCEV) [CHF mn]	2,153.0	2,752.8	3,808.6	3,610.2	3,876.2
				Annual premium equivalent (APE) [CHF mn]	341.7	264.4	333.2	389.6	367.0
				Value of new business [CHF mn]	34.9	23.5	44.9	58.6	36.1
ROWS				Shares issued [units]	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
Measures				Basic earnings per share [CHF]	1.30	10.24	9.65	15.15	10.96
				Diluted earnings per share [CHF]	1.29	9.96	9.38	14.63	10.65
				Equity per share [CHF]	82.30	98.30	103.50	123.40	116.20
				Closing price [CHF]	64.40	78.50	113.60	127.80	127.60
				Market capitalisation [CHF mn]	3,220.0	3,925.0	5,680.0	6,390.0	6,380.0
				Dividend per share [CHF]	4.50	4.50	4.75	5.00	5.00

Business Volume Matrix FY 2016

in CHF mn	Switzerland	Germany	Belgium	Luxembourg	Rest	Total
Life	2,879.3 80.6% 66.8%	466.2 13.1% 32.6%	143.5 4.0% 9.2%	81.9 2.3% 5.1%	- - -	3,570.9 100% 40.1%
Investment-type premiums	112.1 5.1% 2.6%	209.0 9.5% 14.6%	470.8 21.4% 30.2%	1,407.3 64.0% 87.7%	- - -	2,199.2 100% 24.7%
Non-life	1,315.8 41.9% 30.5%	755.9 24.1% 52.8%	947.1 30.2% 60.7%	116.4 3.7% 7.3%	5.5 0.2% 100%	3,140.7 100% 35.2%
Total	4,307.2 48.3% 100%	1,431.2 16.1% 100%	1,561.4 17.5% 100%	1,605.5 18.0% 100%	5.5 0.1% 100%	8,910.8 100% 100%

Growth Matrix FY 2016

in % in CHF (in % in LC)	Switzerland	Germany	Belgium	Luxembourg	Rest	Total
Life	-6.7%	-2.3% (-4.3%)	-0.7% (-2.6%)	10.8% (8.6%)	-	-5.6% (-6.0%)
Investment-type premiums	-31.0%	3.4% (1.3%)	14.2% (12.0%)	7.6% (6.0%)	-	5.5% (3.8%)
Non-life	0.0%	2.9% (0.9%)	6.6% (4.5%)	7.1% (5.0%)	83.5% (83.5%)	3.0% (1.8%)
Total	-5.7%	1.2% (-0.8%)	8.1% (5.9%)	7.7% (6.0%)	83.5% (83.5%)	-0.1% (-1.0%)

EBIT Matrix FY 2016

in CHF mn (change in %)	Switzerland	Germany	Belgium	Luxembourg	Rest	Eliminated	Total
Life	221.7 (2.8)	13.7 (-30.1)	27.7 (-65.1)	13.6 (4.6)	-6.5 (-30.1)	-44.0 (7.1)	226.1 (-18.5)
Non-life	301.7 (61.1)	-52.5 (n.a.)	144.1 (28.3)	9.5 (-8.7)	2.9 (-92.7)	-9.3 (34.8)	396.4 (0.2)
Banking & AM	35.7 (58.0)	-1.8 (n.a.)	- (n.a.)	- (n.a.)	18.4 (-12.0)	39.8 (7.9)	92.1 (14.0)
Other	-12.4 (21.6)	-20.3 (150.6)	- (n.a.)	0.2 (100.0)	-11.9 (-56.4)	13.5 (21.6)	-31.0 (-9.9)
Total	546.6 (31.6)	-60.9 (n.a.)	171.7 (-10.4)	23.3 (-0.9)	2.9 (-87.8)	- (n.a.)	683.6 (-4.9)

8. Further Information

Reporting Agenda and Contact Details

Reporting agenda

Annual General Meeting	28 April 2017
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Ex-dividend date	3 May 2017
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Half-year results 2017	30 August 2017
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Q3 2017 interim statement	15 November 2017
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Full-year results 2017	27 March 2018
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Contact details

Investor Relations: +41 58 285 81 81

www.baloise.com/investors

investor.relations@baloise.com

Media Relations: +41 58 285 84 67

www.baloise.com/media

media.relations@baloise.com

Further Disclosure

Annual Report




Annual Report FY 2016

Press Release



Press Release FY 2016

MCEV Report




MCEV Report FY 2016

C-Level Roundtable




C-Level Roundtable FY 2016

Travel Guide




Travel Guide


Investor Day October 2016



Livestream YouTube



Presentation



Strategy Map