

Simply Safe - Season 2

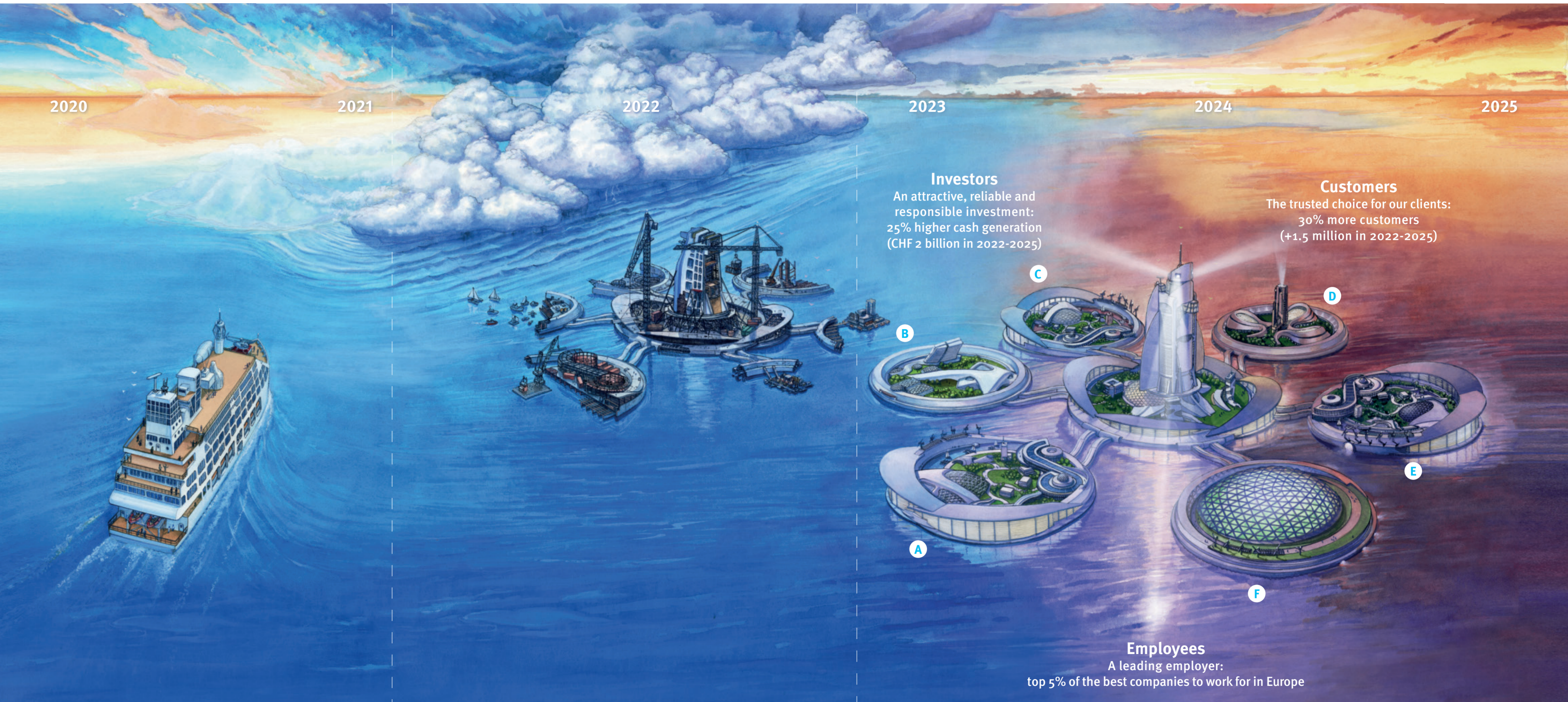
Becoming essential to people's lives

www.baloise.com/investorday

In the next phase of its strategy - 'Simply Safe: Season 2' - Baloise will embark on its journey to become a tech-driven provider of financial services and a key player in ecosystems to meet the demands of its stakeholders in a disruptive and fast-changing environment. Season 2 is Baloise's attempt to build on the successes already achieved in Season 1 by focussing on three core areas of Employees, Customers and Investors. The following strategic story, divided into six chapters, will guide you through the efforts to achieve yet another ambitious set of targets, this time for the period 2022 to 2025.

Our commitments to our stakeholders:

- A) Employees** - Increasing happiness at work
- B) Partners** - Responsible and successful cooperation
- C) Investors** - Attractive, reliable and responsible investment
- D) Customers** - Higher customer satisfaction
- E) Society** - Valued member of society
- F) Environment** - Climate protection



2020

2021

2022

2023

2024

2025

Investors

An attractive, reliable and responsible investment:
25% higher cash generation
(CHF 2 billion in 2022-2025)

Customers

The trusted choice for our clients:
30% more customers
(+1.5 million in 2022-2025)

Employees

A leading employer:
top 5% of the best companies to work for in Europe

1. We have made a good start with Simply Safe Season 1

Since 2016, when we launched Simply Safe, we have been delivering on the strategy's ambitious goals.

- **Employees:** we achieved our target of being in the top 10% of the best companies to work for in the European financial sector in 2020 by virtue of our outstanding culture.
- **Customers:** we have already gained more than half a million net new customers and are well on track to welcome 1 million more by 2021 thanks to new innovations, by leveraging our core business and by extending our reach beyond traditional insurance.
- **Investors:** we have already achieved a total shareholder return of 34% in the last 4 years and expect to achieve our CHF 2 billion cash target by 2021.

2. But we still risk everything if we don't change faster

We risk everything if we only rely on what has worked well in the past. Rapidly changing customer needs, the pressure to bring legacy IT infrastructure into the new digital age, new competitors entering markets and the threat of persistently low interest rates spell trouble for our industry.

3. Our outstanding culture is the key to become truly relevant

By becoming the home of talented and dedicated people we will innovate, move with focus and pace to achieve even better results for our stakeholders and will enhance our reputation with society by being simply responsible.

4. By refining, modernising and extending what we do

We will endeavor to reach the ambitious targets we have set ourselves by **focusing** on the core business, by **reimagining** the customer journey and by **diversifying** into new and innovative ecosystems. See flipside for details.

5. And each of us being quick to adapt, team up and achieve

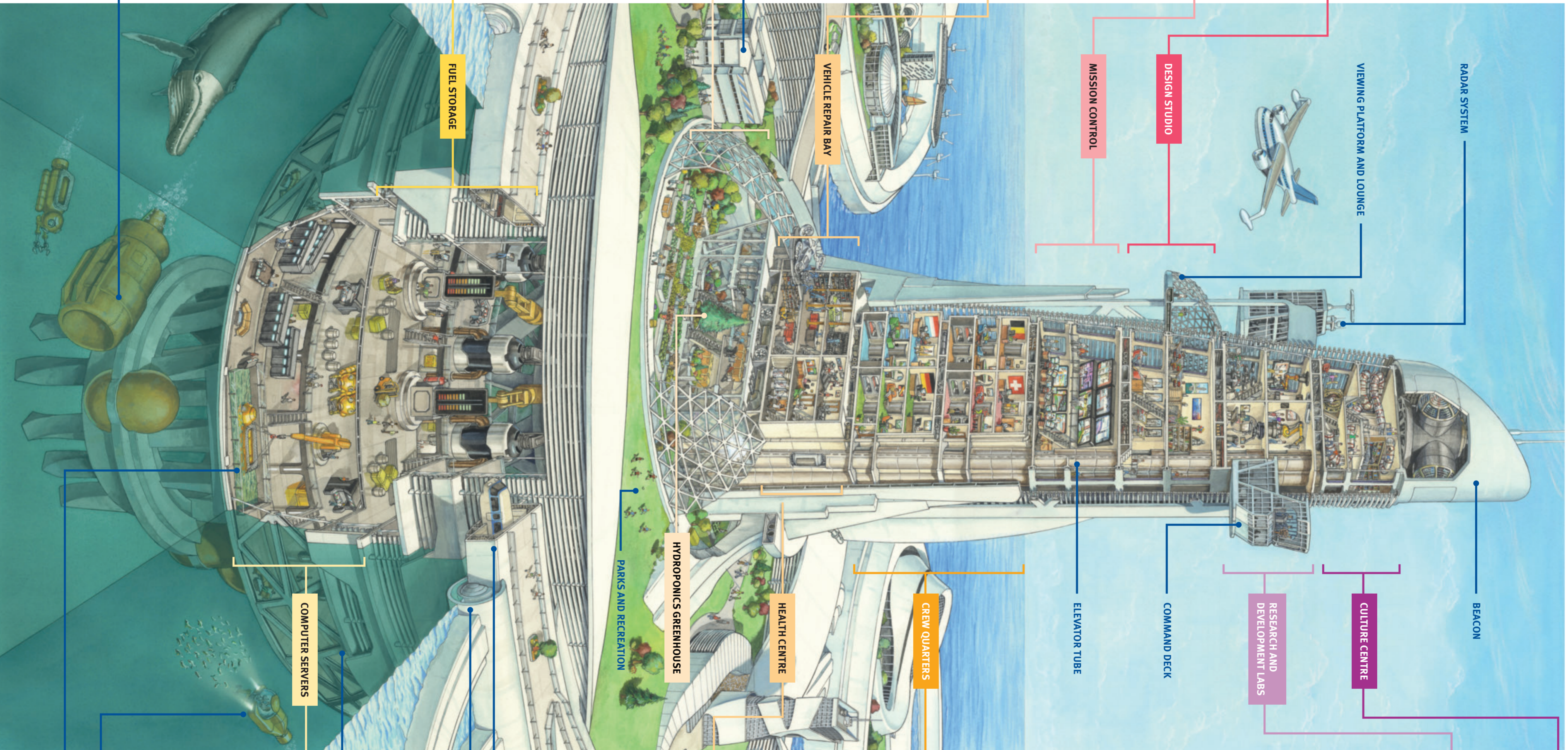
By **transforming** our organization we will develop our people and culture to learn, collaborate, connect and take on an entrepreneurial mindset: we will master the challenges of becoming a modern agile enterprise. See flipside for details.

6. We'll stand out and become essential to people's lives

In the next phase of the strategy spanning 2022 to 2025 we will follow the successful course set with Simply Safe Season 1 and focus even more on our three-pronged approach to success: happy employees, satisfied customers who can enjoy peace of mind and an attractive and reliable return for our shareholders. By transforming into a tech-driven provider of financial services and a key player in ecosystems we will become essential to people's lives.

Baloise's new strategic phase Simply Safe - Season 2 (2022-2025)

In Season 2 we will be building what we need to succeed in tomorrow's markets. We will **Focus** on our core business, **Reimagine** customer relations, **Diversify** both within the core business and beyond and further **Transform** our business and corporate culture to become an agile organization and an even better place to work.



REIMAGINE

'Reimagine' is about using data and feedback as a basis for refining our relationship with customers. The goal is to substantially increase the number of customers by 30% (+1.5 million in 2022-2025).

FOCUS

'Focus' encompasses all life and non-life initiatives in the core insurance business as well as capital and cash management. This shall reinforce the high resilience of our core business and lead to further growth, higher efficiencies and a stronger cash generation.

Non-Life

- **Further growth:** Achieve sustainable and profitable growth focused on retail and SMEs by enhancing our position as a trusted customer-centric business partner.
- **Further simplification:** We will simplify our business model, streamline processes and eliminate dependencies. This will contribute to cost synergies of 200 mn CHF in the Group by 2025.
- **Enhanced profitability:** Building on our successful strategy of managing target customers and partners, we will further enhance profitability and strive for a Group net combined ratio of 90%.

Asset Management & Banking

- Asset Management is to be established as a **leading asset manager in Switzerland** and a strong pillar of the Group alongside the insurance business.
- **Further stabilization of the insurance investment result** by focusing on solvency-optimized investments that provide a strong and reliable current income.
- **Acceleration of the third-party business** by implementing an optimized product and agile business strategy and by systematically integrating sustainability criteria into all investment decisions. Baloise aims to secure at least 10 bn CHF net new assets in the period 2022-2025.

Capital & Cash

- **Strong capital position:** Baloise's strong balance sheet gives it a high degree of financial flexibility and security for all of its stakeholders.
- **Ambitious cash generation:** Increase of the cash remittance target by 25% (i.e. CHF 2 billion in 2022-2025).
- **Attractive cash deployment:** 60-80% cash payout ratio for dividends and 10-30% for investments in innovation within our core business and beyond.

TRANSFORM

Baloise aims to become a sustainable, innovative and efficient company through agile working methods and its outstanding corporate culture and aims to be in the top 5% of the best companies to work for in Europe by 2025.

DIVERSIFY

- Baloise will look beyond its current business model and endeavor to become a key player in ecosystems. This new business domain is to become a major strategic pillar.
- **Open Innovation Funnel:** Since 2016 we have invested CHF 200 mn in new innovations, which look set to generate CHF 50 mn revenue in 2020. We are targeting a total valuation of CHF 1 billion of our innovation funnel by 2025.
- **Mobility Ecosystem:** Baloise is building a European network of investments and partnerships in the broad domain of mobility to make traveling from A to B a simple and digital experience. By 2025 we aim to be generating CHF 100 mn revenues.
- **Home Ecosystem:** In its core markets Baloise is extending its services related to real estate, financial services and insurance products by integrating new solutions for the needs of tenants, property owners and real estate professionals. By 2025 we aim to be generating CHF 100 mn revenues.

Countries

Our strong market positions are the platform for further growth. With its combination of insurance and banking services, Baloise has established a unique business model in **Switzerland** and is the first Swiss insurer to offer its customers a genuine omnichannel solution. Through targeted strategic acquisitions and strong organic growth, Baloise has considerably improved on its market positions in **Belgium** (top five) and **Luxembourg** (top three). **Germany** is set for profitable growth after the successful turnaround.

Life

- **Reliable partner in life:** We offer a comprehensive range of solutions to cover the growing customer demand for financial security and wealth accumulation.
- **Sustained profitability and reliable contribution to cash:** We expect this area of business to be contributing over CHF 200 mn to EBIT annually and making a substantial contribution to the Group's cash remittances.
- **Resilient with strong reserves:** Strong risk result and interest rate margin is expected to be at over 75bps in three decades from now.

OUTER RING

PIVOT

OBSERVATION DECK

IT

- Baloise is a **global leader in agile working methods** benefiting from more than 1,000 person-years of experience.
- Through modern cloud-based end-to-end business processes Baloise will create a business that is able to **play a leading role in the new digital world**.
- We will shorten our innovation cycles to 12 weeks or faster, **reduce our run-the-company IT costs by CHF 20 mn** and further strengthen our cyber resiliency.

EXPLORATION TEAM

SUBMARINE BAY

PROPULSION SYSTEM